DMEA Form 9
Rev. 6/57

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

OFFICIAL DOCKET FILE  Idm-E NO. 18  DMEA NO. 81

Application
- [ ] Denied
- [ ] Withdrawn

Contract
- [ ] Terminated - Not Certified
- [ ] Terminated - Certified
- [ ] Cancelled
- [ ] Royalty Agreement

The records contained in this file are marked (x) and arranged in this order:

Folder No. 1:

Left Side

- [x] Royalty Audits
- [ ] Certification of Discovery
- [ ] Closing Letter
- [x] Cost Audits
- [ ] Termination Notice or Agreement
- [ ] Recision Notice
- [ ] Assignment of Contract
- [x] Contract Amendments
- [x] Contract with all exhibits and annexes
- [x] Owner's Consent to Lien and Subordination Agreement
- [x] Application and attachments

Right Side

- [x] Project summary (final)
- [x] Work Completed analysis (final)

All other material filed in chronological order including the following reports if checked:

- [x] Field Team Semi-Annual Report for Certified Project
- [x] Final Field Team Report (Tab) 3/56
- [x] Operator's Final Report (Tab) 3/56
- [ ] Interim Field Team Reports
- [ ] Operator's monthly reports and all attachments
- [x] On-site Exam Report (Tab)
- [ ] Settlement Sheets
- [ ] Drill Logs

Additional Folders:

Left Side

Folders No. _____ : Reports
- [ ] Analysis of Semi-Annual Inspection Reports
- [ ] Project Summary (Interim) by DMEA Engineers

Right Side

- [x] Field Team Semi-Annual Report for Certified Project
- [x] Field Team Interim Reports
- [x] Operator's Monthly Reports with transmittal, narrative and maps.

Folders No. _____ : Maps (Use pocket folder or envelope)

Folders No. _____ : Settlement Sheets

Folders No. _____ : Drill Logs

Folders No. _____ : Royalty material

Reported Inactive 12/28/59

17963

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

## REPORT OF ROYALTY REVIEW

I have reviewed the files of the Washington office pertaining to Contract Idm-E18, Docket DMA-81 (zinc-lead), dated June 22, 1951, with

United Minerals Corporation
518 Felt Building
Salt Lake City 1, Utah

for the purpose of determining the amount of royalty payable to the U. S. Government on sales of minerals from property referred to as the Homestake and Long Grade Mines located in Blaine County, Idaho, during the period September 9, 1959, through December 11, 1961.

In accordance with Amendment No. 6 and Article 14 of the contract, royalty is payable on all minerals produced from the land described in Article 2 of the contract for a period of 11 years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A Report of Review dated July 24, 1956, indicated accepted costs under the exploration contract amounting to $43,567.83 with the Government's contribution on a 50 percent basis being $21,783.91; however, the Government's actual contribution amounted to $24,308.99.

The status of the project, the scope of review, and the reasons therefor are stated on page 2.

This review established no sales subject to the Government's royalty subsequent to the period covered by a prior Report of Royalty Review which also found no sales subject to the Government's royalty through September 8, 1959. The royalty account as of September 8, 1959, was:

| | |
|---|---|
| Total Royalty Payable | $ -0- |
| Total Royalty Paid | -0- |
| Balance of Royalty Due | $ -0- |

As of December 11, 1961, the royalty account of this project was found to be:

| | |
|---|---|
| Total Royalty Payable | $ -0- |
| Total Royalty Paid | -0- |
| Balance of Royalty Due | $ -0- |

March 5, 1962

E. B. Talbert, OME Auditor

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

Exploration work under the contract was suspended for the winter months on October 15, 1952. However, due to financial difficulties, the Operator made no attempt to resume work and the termination provisions of Amendment No. 6 became effective on May 1, 1954. One provision thereof requires the payment of royalty, in the same manner as if certification of discovery or development had been made, on all mineral production from the land under the contract.

The land under the contract consists of 13 claims in the Homestake Group and 10 claims in the Long Grade Group located in the Lake Creek Area. At the time the contract was executed the Operator was in possession of the Homestake Group by assignment on June 26, 1950, by Harold A. Covey, George W. Snyder, Jr., and Mason W. Rankin (all officers of the Operator-Corporation) of a Lease and Option granted on May 26, 1959, by Anna B., Lester T., and Angela Ditter of Twin Falls, Idaho, and Alfred F. and Hazel M. Donovan of Grand View, Washington.

Possession of 4 of the claims in the Long Grade Group was by assignment on June 26, 1950, by Harold A. Covey and George W. Snyder, Jr., of a July 10, 1959, Lease and Option from Grant W. and Thelma E. Crutchley, Ketchum, Idaho. Possession of the other 7 claims in the Long Grade Group was by virtue of a Mining Deed executed on June 26, 1950, by Harold A. Covey and George W. Snyder, Jr., as owners.

In connection with the contract, the several lessors executed Landlord's Subordination Agreements, which provide for assumption by the lessors of the Operator's royalty obligations in the event of termination or surrender of the leasehold. However, in a February 2, 1954, memorandum the DMEA Chief Counsel indicated that, inasmuch as certification was not made, the subordination agreements may not be binding.

There was no production from the property from the date of the contract up to the cessation of exploration work. The files indicate that subsequent examinations of the property and local inquiries have disclosed no activity other than some assessment work. In a December 11, 1961, reply to an inquiry on MME Form 63, George W. Snyder, Jr., the Operator's president, stated that there has been no production but "The property owners granted a second or top lease to other persons and litigation appears probable".

Final accounting for exploration costs of this project disclosed an overpayment of $3,272.07, which the Operator failed to refund. The

matter was referred to the Attorney General of the United States on June 20, 1956. Negotiations by the United States Attorney at Salt Lake City resulted in a compromise settlement by acceptance in April 1958 of the Operator's six month's interest bearing note in the amount of $1,500.00 and offset of $746.99 due George W. Snyder and George W. Snyder, Jr., under Contract Idm-E322, Docket DMEA-1949. The Operator defaulted on the note and the case was closed "on the ground of uncollectibility". This decision was based on findings by the United States Attorney that the Operator had no assets, was not operating, was subject to unsatisfied tax liens of the Internal Revenue Service, and owed considerable sums to others.

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

(1) The files indicate that the property under the contract has been inactive since October 1952;

(2) No minerals have been produced since the date of the contract; and

(3) The administrative cost to the Government of an on-site royalty audit at this time would be excessive in relation to the amount of possible royalty which might be disclosed.

Transmitted

225

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Office of Minerals Exploration, Washington, D. C., pertaining to Contract No. Idm-E18, Docket No. DMEA-81 (Zinc-Lead), dated June 22, 1951, with

United Minerals Corporation
518 Felt Building
Salt Lake City, Utah

for the purpose of determining the amount of royalty due the U. S. Government on sales of minerals from property referred to as Homestake Mine located in Blaine County, Idaho, during the period June 22, 1951, through September 8, 1959.

In accordance with Amendment No. 6 of the contract royalty is payable on all minerals mined or produced from the land described in Article 2 of the contract for a period of 11 years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A Report of Review in lieu of final cost audit dated July 24, 1956, indicated accepted costs under the exploration contract amounting to $43,567.83 with the Government's contribution, on a 50 percent basis, being $21,783.91. However, the Operator actually received net contributions of $25,055.98, an overpayment of $3,272.07. The Attorney General is attempting to recover the amount of the overpayment.

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

(1) Semi-annual reports by representatives of the Field Team, Region I, and other documents in the file indicate that there has been no production from the mine since June 22, 1951, and that the property has been idle since termination of the exploration work in October, 1952; and

(2) The administrative cost to the Government of an on-site royalty audit at this time would be excessive in relation to the amount of possible royalty which might be disclosed.

The review indicated that there has not been any production or sales of minerals from the land described in Article 2 of the contract since June 22, 1951, and no royalty is due the Government.

C. E. Fisher

C. E. Fisher, OME Auditor

October 20, 1959

MME Form 22
April 59

DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration

## CHECK SHEET OF EXAMINING ENGINEER

Operator's Name United Minerals Corporation

Address Felt Building

Salt Lake City, Utah

Exploration Contract No. Idm-E18 Docket No. DMEA-81

| | | Check One Yes | Check One No. |
|---|---|---|---|
| 1. | (a) Does the Operator stockpile ore subject to royalty repayment? | | X |
| | (b) If so, is segregation and identification procedure adequate? | | |
| 2. | (a) Does Operator commingle production subject to DMEA or OME royalties with exempt production? | | X |
| | (b) If so, do you consider the allocation of the commingled production equitable? | | |
| 3. | (a) Does the Operator stockpile mine or mill rejects (low grade ore, tailing, middlings, etc.) that may have potential value within the royalty payment period? | | X |
| | (b) If so, are adequate records maintained on such material to protect the Government's interest? | | |
| 4. | Do you consider the assay controls in effect are adequate? | X | |
| 5. | Do you consider that the manner of disposing of production gives the Government its fair royalty returns? | X | |
| 6. | Do your periodic examinations of operations indicate the Operator is properly reporting his production of ores subject to DMEA or OME royalties? | X | |
| 7. | Does the Operator buy from or sell to other Operators? | | X |
| 8. | Comment on any item 2 (b) to 6 if answer is No. | | |

Property inactive.

September 8, 1959
Date

S. W. Zoldok
Mining Engineer
S. W. Zoldok

53362

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

## REPORT OF REVIEW

I have reviewed the records pertaining to the operations of the:

United Minerals Corporation
518 Felt Building
Salt Lake City, Utah

under Exploration Project Contract No. Idm-418, Docket No. DMA-81, including Amendments Nos. 1 to 6, inclusive, covering a project for the exploration of zinc and lead on property known as the Homestake Mine, located in Blaine County, Idaho, for the period of July, 1951, to October, 1952, and the subsequent disposition of project property.

This review was for the purpose of revising the findings stated in an Audit Certificate issued by T. H. Brading, DMEA Auditor, on July 13, 1955. Such revision is required by the Administrator's decision (as stated in his letter of April 16, 1956, to the Operator) that the Government had no liquidation equity in a certain compressor, which had been considered by the audit as having a salvage value of $5,761.52.

This review disclosed the following revised facts in regard to the amount paid or to be paid the Operator:

| | |
|---|---|
| Total cost as billed by Operator | $50,469.82 |
| Less: Salvage value of property | 3,703.74 |
| Net cost claimed | 46,766.08 |
| Exceptions (per Audit Report) | 3,198.25 |
| Accepted Costs | $43,567.83 |

The contract calls for a 50 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Twenty-one thousand seven hundred eighty-three and 91/100 Dollars

**$21,783.91**

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

E. D. Talbert, Auditor

July 24, 1956

MF-500

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

# REFERENCE SLIP

DATE 8/8/55

REFERRED TO:

1. ~~Mr. Mirhendorf~~
2. ~~Mr. Johnson~~
3. Mr. Griswold
4.

FOR:

| | | | |
|---|---|---|---|
| | Action | | Recommendation |
| | Approval | | Record of |
| | Comment | | Referring to |
| | Conference | | Reply for signature of |
| | Consideration | | Rewriting |
| 3 | Filing | | Signature |
| | Instructions | | Suggestions |
| | Investigation | X | Your information |
| | Initials | | |
| | Mailing | | |
| | Previous correspondence | | |

REMARKS:

See pp 8-9-10-13

Check (X) before the items needing attention.

E. D. Talbert
*Initials of sender.*

GPO 16—63815-1

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

AUDIT CERTIFICATE

I have examined the records and transactions of the:

United Minerals Corporation
Formerly United Minerals Reserve Corporation
518 Felt Building
Salt Lake City, Utah

pertaining to Exploration Project Contract No. Idm-E18, Docket No. DMA-81, including amendments one through six, covering a project for the exploration of zinc and lead in Blaine County, Idaho, commonly known as Homestake Mine, for the period of July 1951 to October 1952, and subsequent disposition of project property.

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

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

| | | |
|---|---|---|
| Total cost as billed by contractor | | $50,469.82 |
| Less: Proceeds from disposition of property | | 9,465.26 |
| Net Claimed Cost | | 41,004.56 |
| Exceptions (See audit report for details) | | |
| Prior to this audit | $357.86 | |
| During this audit | 2,840.39 | 3,198.25 |
| Total Accepted Cost | | $37,806.31 |

The contract calls for a 50 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Eighteen thousand nine hundred three and 15/100 Dollars,

--$18,903.15--

is valid and proper.

This certificate is issued on the provision that the Regional Executive Officer, the Administrator, or other competent official has accepted or will accept the project as having otherwise met the terms of the contract.

July 13, 1955

T. H. Brading, Auditor

# A U D I T  R E P O R T

RECEIVED
JUL 20 1955

## I. INTRODUCTION

On September 28, 29, 30 and October 1, 1954 a final audit (covering the period June 22, 1951 to October 31, 1952) was made of the records and transactions pertaining to Exploration Project Contract No. Idm-E18, Docket No. DMA-81 including amendments one through six, with the:

United Minerals Corporation
Formerly United Minerals Reserve Corporation
518 Felt Building
Salt Lake City, Utah

covering a project for the exploration of zinc and lead in Blaine County, Idaho, commonly known as Homestake Mine.

The records under the contract were maintained in the office of the Company, 518 Felt Building, Salt Lake City, Utah.

During the course of the audit the following officers of the Company were consulted from time to time:

George W. Snyder, Jr., President
Harold A. Covey, Vice President

Mr. Richard E. Hawkins, of Gardner and Hawkins, CPA, Provo, Utah, Auditor for the company, spent one day in explaining data in connection with the MF-104 Reports prepared by his firm.

Mr. Thomas E. Howard, Mining Engineer, Spokane office, collaborated in the audit.

## II. GENERAL INFORMATION ON RECORDS

The original records covering the costs of the project were recorded on Monthly Work Sheets which form the basis for preparation of the Monthly MF-104 Reports. This audit, therefore, involved in general a check of source data to the Monthly Work Sheets and reconciliation with the Monthly MF-104 Reports. Costs were recorded on a combination of cash and accrual basis.

Prior to the on-site audit, considerable pre-audit analysis was performed by the auditor in the DMEA office at Spokane, Washington.

RECEIVED
JUL 2 2 1953

## III. SCOPE OF AUDIT AND FINDINGS

The audit was limited to ascertaining the accuracy, propriety and validity of the costs as shown in the "Totals to Date" column of Form MF-104, Operator's Monthly Report and Voucher for October 1952.

The extent of the audit and findings under each of the "Items of Costs" follows:

(1) Independent Contracts

Not applicable to this contract.

(2) Labor and Supervision

Charges for Labor and Supervision were redistributed during the course of the audit. The redistribution was discussed with Mr. George Snyder, Jr., President of the Company, who approved the corrected distribution as follows:

As claimed on October 1952 MF-104

| | |
|---|---|
| Labor | $10,913.17 |
| Supervision | 9,705.18 |
| Other | 149.60 |
| | $20,767.95 |

Corrected Distribution

| | |
|---|---|
| Labor | $13,961.83 |
| Supervision | 3,001.19 |
| Technical Services | 3,092.94 |
| Clerical | 711.99 |
| | $20,767.95 |

Labor

All charges for labor were checked from payroll records to monthly work sheets. Time cards approved by the foreman for the months of July, August and September 1951 and July, August, September and October 1952 were checked to payroll records. All extensions and footings were recomputed. In the month of September 1952, the Finance officer disallowed $77.28, as the rate of pay was in excess of that allowed in the contract. The auditor confirms the disallowance for the same reason as advanced by the Finance officer. The total cost determined to be proper and allowable under the terms of the contract is as follows:

Corrected Distribution

| | |
|---|---|
| Total labor claimed by operator | $13,961.83 |
| Less Disallowances | 77.28 1/ |
| Allowable Net Labor | $13,884.55 |

Supervision and Technical

All charges for Supervision and Technical Services were based on time reported as actually devoted to the project. The amount of these charges are less than the amounts allowed in the contract. A breakdown of Supervisory Salaries, which include salaries of Foreman, is as follows:

| | | |
|---|---|---|
| W. A. Savaria, Foreman<br>June 20, 1951 to December 30, 1951 | | $1,751.97 |
| Lowell Thompson, Foreman<br>May 1952 to October 1952 | $1,249.22 | |
| Less Disallowed by Finance Officer | 123.34 2/ | |
| Total - Lowell Thompson | | 1,125.88 |
| Total Allowable Supervision | | $2,877.85 |

In September 1952 the operator filed claims for wages paid to miners as follows:

| Name | Total Hours Paid: Hours Worked | O.T. Premium | Total | Rate | Total Wages |
|---|---|---|---|---|---|
| Joseph Axner, Miner | 203½ | 13 3/4 | 217 1/4 | 1.73375 | $376.66 |
| Lowell Thompson, Foreman | 203½ | 13 3/4 | 217 1/4 | 1.73375 | 376.66 |
| Contract Differential Bonus | | | | | 77.28 |
| Total Mining Labor | | | | | $830.60 |
| Lowell Thompson, Foreman | | | | | $123.34 |

1/ Disallowed under labor.
2/ The Finance Officer disallowed the claim for Thompson's salary as foreman on the basis that he had been paid as a miner for 25 days (plus) at 8 hours per day plus overtime, that he was not entitled to compensation of $123.34 as a foreman in the same period. The auditor sustains this disallowance.

Technical

| | |
|---|---|
| Harold A. Covey (Engineer) | $2,479.96 |
| M. A. Rankin (Geologist) | 612.98 |
| Total Allowable Technical Services | $3,092.94 |

A further detail of these services is shown below:

| | Covey | Rankin |
|---|---|---|
| June 22 to July 31, 1951 | $520.00 | $169.00 |
| August 1951 | 359.96 | 143.98 |
| September 1951 | 500.00 | 200.00 |
| October 1951 | 250.00 | 100.00 |
| November 1951 | 50.00 | - |
| June 1952 | 200.00 | - |
| July 1952 | 250.00 | - |
| August 1952 | 250.00 | - |
| September 1952 | 50.00 | - |
| October 1952 | 50.00 | - |
| | $2,479.96 | $612.98 |

Charges for supervision and technical services are based on time reported as actually devoted to project operations.

The Executive Officer considers the charges for supervision and technical services as reasonable and proper.

(3) Operating Materials and Supplies

All charges for operating materials and supplies were verified by examination of source documents and tracing amounts charged each month to the Monthly Work Sheets.

The costs determined by the audit to be allowable are summarized below:

| Description | Claimed | Disallowed | Property Liquidation | Allowed By Audit |
|---|---|---|---|---|
| Timber | $2,234.12 | | $332.00 * | $1,902.12 |
| Explosives | 1,366.54 | $20.00 (A)<br>360.00 (B) | | 986.54 |
| Pipe | 729.91 | | 220.00 | 509.91 |
| Track | 178.43 | | 89.20 | 89.23 |
| Other | 2,990.83 | 528.59 | 330.00 | 2,132.24 |

Other is further analyzed as follows:

| | Claimed | Disallowed | Property Liquidation | Allowed By Audit |
|---|---|---|---|---|
| Hose - Rope - Wire | $479.75 | | | $479.75 |
| Oxygen and Acetylene | 61.51 | | | 61.51 |
| Hand Tools | 326.82 | | | 326.82 |
| Oil and Gas | 665.21 | $146.20 (C)<br>198.27 (D) | | 320.74 |
| Steel and Bits | 959.02 | 141.96 (E) | | 817.06 |
| Carbide | 42.97 | | | 42.97 |
| Miscellaneous | 455.55 | 42.16 (F) | $330.00 | 83.39 |
| | $2,990.83 | $528.59 | $330.00 | $2,132.24 |

(A) Credit memo from Vendor not deducted from project costs.

(B) Credit for powder returned to Hailey Trading Company confirmed by statement from company dated July 8, 1955 not credited to project costs.

(C) $146.20 disallowed by Finance Officer in September 1952, improper documentation; disallowance approved by auditor for same reason.

(D) $15.50 for gasoline and oil; invoice clearly showed that supplies were used on another company project.

$74.92 credit memorandum, Wescott Oil Co., 9-21-51 entered on MF-104 as a debit, disallow 2 x $74.92 = $149.84. $32.93 lack of documentation September 1952, $15.50 + $149.84 + $32.93 = $198.27.

(E) $76.86 - Invoice June 27, 1951, J. K. Wheeler shows that material charged was used on another company project. $65.10 - Credit memorandum Copco Pacific dated February 11, 1953 includes material charged to project in September 1952 in that same amount. No credit passed on to project. $76.86 + $65.10 = $141.96.

(F) $17.16 - Discount on bill Fran Jones paid July 25, 1951 not credited to project. Operator returned a McCowan pump to J. J. Coan Company, Salt Lake City, Utah. Vendor issued credit for $225.00, difference or handling charge of $25.00 was made by Coan Company. Operator charged the "Handling Charge" to other supplies. This is not considered as an allowable charge and is disallowed. $17.16 + $25.00 = $42.16.

In those months when supplies were used on company mining, charges were pro-rated between project and company operations on a man shift basis. The operator advised that this procedure was established as the suggestion of the examining engineer, and was accepted by this auditor as record of actual usage of supplies between project and company operation was not maintained, due to minor amounts involved.

* In the absence of any bid from the operator, property liquidation of supplies on hand was based on report of examining engineer, V. Z. Johnson, dated August 19, 1954. Values were determined by a conference between Mr. S. W. Zoldok, Project Leader, and Mr. Thomas E. Howard, Assistant Chief, Spokane Field Office. These amounts are approved by the Executive Officer, DMEA Field Team, Region I, N. W. District (formerly Region II), Auditor concurs in this approval.

(4) Operating Equipment Rental

All charges for Rental of Equipment were traced to monthly work sheets. Invoices substantiating charges were examined. An analysis of these charges follows:

| Description | Rate Per Month | Period Used | Amount Claimed | Allowable Charge |
|---|---|---|---|---|
| 315 C.F.M. Compressor | $470.00 | 16 Mo. | $7,300.25 1/ | |
| Bucking Machine | 258.00 | 5 Mo. | 1,290.00 | $1,290.00 |
| Eimco Air Locomotive | 196.00 | 5 Mo. | 980.00 | 980.00 |
| | | | $9,570.25 | $2,270.00 |
| 1/ Transferred to Equipment Purchased | | | 7,300.25 | |
| | | | $2,270.00 | $2,270.00 |

1/ This balance was transferred to equipment purchased, as payments made were on a lease rental basis, and balance transferred is considered as charge to equipment when operator ceased operations October 1952.

In addition to the rental charges for equipment, Exhibit "C", of the contract allows 15¢ per mile for rental of a 3/4 ton pickup truck. Effective June 1952 a Jeep was substituted for the 3/4 ton pickup truck, and charge to the project for the use of Jeep was at 10¢ per mile instead of 15¢ per mile as charged for the 3/4 ton pickup truck. This auditor was advised that while contract was not amended to cover the rate change as well as change in equipment used, the Executive Officer DMEA Field Team, Region II had approved the change verbally. In view of the decreased cost to the project this explanation was accepted by the auditor. A summary of mileage costs follows:

| Truck | Rate Per Mile | Miles | Allowable Charge |
|---|---|---|---|
| 3/4 Ton Pickup | 15¢ | 7,000 | $830.12 (A) |
| Jeep | 10¢ | 7,425 | 742.50 |
| Total Truck Rental | | | $1,572.62 |

(A) Prorated between company operations and project on basis of man shifts in August and November 1951 and May 1952. In view of available information and amount involved, proration is accepted by auditor.

Reports showing mileage each month and related cost, as submitted by foreman for operator, were traced to monthly work sheets. In the opinion of the Executive Officer, DMEA Field Team, Region II, the mileage charged is reasonable. Summary of allowable rental charge is shown below:

| | |
|---|---|
| Equipment | $2,270.00 |
| Truck and Jeep | 1,572.62 |
| Total Accepted Rental Costs | $3,842.62 |

(5) Operating Equipment Purchased

Invoices covering equipment purchased as listed on Schedule "B" attached hereto and made a part of this report were examined and costs as charged traced to the monthly work sheets.

The total amount charged and allowable costs are summarized as follows:

| | | |
|---|---|---|
| Total Charged (Corrected Distribution) | | $12,116.85 |
| Disallowances | $2,013.50 | |
| Property Liquidation | 7,894.06 | 9,907.56 |
| Allowable Cost to Project | | $ 2,209.29 |

Mr. George W. Snyder, Jr., President of the United Minerals Corporation, made repeated promises to submit a bid on equity in jointly-owned property. Inasmuch as no bid was submitted, Mr. Thomas E. Howard, Assistant Chief, Spokane Field Office, N. W. District, Region I (formerly Region II) developed the formula based on Section (d) Article 9 of the new contract form which provides in part; "If within 90 days after completion of the work . . . the Operator has failed to sell or otherwise liquidate or dispose of any property in which the Government has an interest, the Government . . . may place upon such property what in its opinion is a fair valuation thereof, not in excess of the cost less 1.66 percent per month from the date such property was purchased under this contract to the termination of said 90 day period; and such property shall thereon be considered and accounted for as having been purchased by the operator at the valuation so fixed by the Government . . ." This formula, in the absence of any bid by the operator, is approved by the Executive Officer, DMEA Field Team, Region I, N. W. District (formerly Region II).

This auditor concurs in the approval by the Executive Officer for the same reasons. Details are shown in Exhibit "B" attached hereto and made a part of this report.

Operator entered into a rental purchase agreement with Foulger Equipment Company, Salt Lake City, Utah covering 1 W.K.80 Model 315-D Joy compressor Serial No. 44692. While copy of this agreement was not submitted for this auditor's examination, it is understood that there was such an agreement. Operator made 16 payments of $470.00 each or $7,520.00 plus freight charge of $102.76 or a total of $7,622.76. Of this amount $7,300.25 was charged to the project costs as follows:

| | |
|---|---|
| 13 month's @ $470.00 | $6,110.00 |
| Prorated rental including freight based on usage chargeable to project for June and July 1951 | 695.18 |
| August 1951 prorated rental | 338.40 |
| November 1951 prorated rental | 156.67 |
| Total Charged to Project | $7,300.25 |

On May 20, 1955 Mr. George W. Snyder, Jr. wrote to Mr. A. E. Weissenborn, Executive Officer, DMEA Field Team, Region II, attaching copy of a letter from Mr. Guy Snyder under the same date, addressed to United Minerals Corporation, which outlined the details of the transaction covering compressor Serial No. 44692. In part this letter stated that a conditional sales contract was entered into with C.I.T. which involved the aforementioned compressor and a compressor of the same size and model, Serial No. 44291. The details of this transaction, according to Mr. Guy Snyder, are as follows:

| | | |
|---|---|---|
| Total contract, both compressors | | $21,160.45 |
| Cash allowance, Compressor Serial #44692 | $6,016.00 | |
| Cash allowance, Compressor Serial #44291 | 799.00 | |
| Total Allowance | | 6,815.00 |
| Balance | | $14,345.45 |

C.I.T. submitted a statement on December 3, 1954 showing this balance was liquidated as follows:

| | | |
|---|---|---|
| Sale of one compressor | $5,655.00 | |
| Sale of one compressor | 3,906.44 | |
| Total from sale of 2 compressors | $9,561.44 | |
| Payments - Source not indicated | | |
| In 1953 | 2,693.94 | |
| In 1954 | 1,500.00 | |
| Interest Rebate | 590.07 | |
| | | $14,345.45 |

Mr. George W. Snyder, Jr. was advised both verbally and by correspondence that the Government considered that it had an interest in the equity established as a result of rental payments, in the amount paid on the rental purchase agreement to which it had contributed. He was asked to submit a bid on the Government's interest in the equity. In Mr. Guy Snyder's letter of May 20, 1955, he stated that in his opinion any money received (on the rental purchase agreement) was for rental. In view of the fact that Mr. Snyder has not submitted a bid, and the opinion in the letter of Mr. J. L. Hofflund, Acting Assistant Solicitor, DMEA, dated April 22, 1955, the following calculation was developed by this Auditor.

| | |
|---|---|
| Total payments to October 1952 | $7,520.00 |
| Freight | 102.76 |
| | $7,622.76 |
| Total amount charged to project | 7,300.25 |

$\frac{\$7,300.25}{\$7,622.76}$ = 95.77% or total percentage charged to project in which Government participated. $6,016.00 x 95.77 = $5,716.52 the amount of the equity in which the Government participated $\frac{\$5,716.52}{2}$ = $2,858.26 or Government interest in equity of $6,016.00.

To summarize:

| | |
|---|---|
| Total amount charged to project | $7,300.25 |
| Portion of equity in which Government has an interest | 5,716.52 |
| Allowable Cost to Project | $1,583.73 |

Cash allowance made by C.I.T. on compressor Serial No. 44692, at time contract was refinanced, according to Mr. Guy Snyder's letter of May 20 was $6,016.00. On July 8, 1955 this auditor requested C.I.T. to confirm this balance. On July 11, 1955 C.I.T. advised that the contract which they purchased from the Foulger Equipment Company, Salt Lake City, Utah, covered two compressors on which the unpaid balance was $14,345.45, but not having any details of the composition of these figures they were unable to furnish the information requested. They went on to say that inasmuch as the information contained in the contract was compiled by the Foulger Equipment Company, it might be possible to obtain the desired information from them. On November 15, 1954 the Field Team, Region II wrote Foulger Equipment Company asking for information concerning Compressor Serial No. 44692. On November 18, 1954, Mr. B. L. Foulger, President-Manager, Foulger Equipment Company replied to this letter and advised that the matter was discussed with Mr. George Snyder, Jr. that morning, and he advised "that he has supplied, or is supplying, you all the information required and we, consequently, see no justification for our being injected into this act." In the opinion of Mr. Thomas E. Howard the $6,016.00 allowance as reported by Mr. Guy Snyder is reasonable and is accepted by the IMEA Field Team, Region I, N. W. District (formerly Region II).

This amount of $6,016.00 is considered by the auditor to represent the equity in the rental purchase contract covering compressor Serial No. 44692 on October 31, 1952.

Equipment Depreciation

Costs deemed allowable and proper under the terms of the contract for depreciation are:

| Description | Rate Per Month | No. Month | Allowed by Audit |
|---|---|---|---|
| Mine Skip | $4.20 | 2 | $8.40 |
| 12 1 Ton Mine Cars | 20.40 | 2 | 40.80 |
| 6 1 Ton Cars | 10.20 | 2 | 20.40 |
| 2 Mine Timber Trucks | 2.50 | 2 | 5.00 |
| 1 Mine Timber Truck | 1.25 | 2 | 2.50 |
| 1 Sump Pump | 4.20 | 2 | 8.40 |
| Blacksmith Shop Equipment | 1.70 | 4 | 6.80 |
| Total | | | $92.30 |

Rehabilitation and Repairs

All costs under this category were checked to monthly work sheets. Verification of charges was made by examination of payroll records and Vendors invoices, as follows:

| | |
|---|---|
| Labor | $1,921.41 |
| Materials - Supplies | 120.01 |
| Jeep Rental @ 10¢ per mile 628 miles | 62.80 |
| Total | $2,104.22 |

The amount of $2,104.22 was determined by audit to be proper and allowable under the terms of the contract.

(6) New Buildings and Improvements

Source documents covering charges to subject category were examined and found to be in order. The total amount determined by this audit as charged to New Buildings and Improvements is $1,275.28.

In line with the recommendation made by examing engineer, V. Z. Johnson, in his report of August 14, 1954, salvage value of $600.00 was established for New Buildings and Improvements. This amount was approved by the Executive Officer DMEA Field Team, Region I N.W. District (formerly Region II).

| | |
|---|---|
| Total Claimed Cost | $1,275.28 |
| Salvage Value | 600.00 |
| Allowable Cost to Project | $ 675.28 |

Under presently existing circumstances, the auditor has accepted this valuation as being equitable.

(7) Miscellaneous

Repairs to Equipment

All charges under this category were checked to monthly work sheets. The amount determined by this audit to be a proper and allowable charge under terms of the contract is further analyzed below:

| | |
|---|---|
| Compressor | $243.03 |
| Trammer | 129.80 |
| Mucking Machine | 193.53 |
| Mine Cars | 69.35 |
| Tractor | 81.54 |
| Total | $717.25 |

Payroll Taxes and Insurance

All charges for payroll taxes were recomputed at rates determined to be effective by examination of the company's files. The total allowable payroll taxes were found to be as follows:

| | |
|---|---|
| F.I.C.A. | $273.76 |
| F.U.T.A. | 515.34 |
| | $789.10 |

In preparing the claim for October 1952, the auditor made an error of $4.50 in extending his figures. This amount was deducted from total amount claimed of $793.60.

Workmen's Compensation Insurance

All charges for Workmen's Compensation Insurance were recomputed at rates shown to be in effect by examination of the company's files. In July 1951 a deposit of $60.00, made with State Insurance Fund was claimed as a part of the cost. As a deposit is not part of the cost of operation it is disallowed. A disallowance of $11.04 applicable to labor and supervision disallowed was made by Finance Officer and approved by Auditor. Total accepted cost of Workmen's Compensation Insurance was determined to be $1,010.65.

Other

Invoices totaling $10.85 for assaying were examined and found to be in order.

(3) Contingencies

Invoice from H. L. Young & Sons, Inc. in the amount of $167.38 for hauling load of equipment from Salt Lake City, Utah to Ketchum, Idaho was examined and is deemed to be a proper and allowable charge under the terms of the contract.

Office Salaries

A total of $711.99 for office salaries was charged during the period of the operation. This is a prorated charge based on time reported as actually devoted to project work. The charge is considered proper and allowable under the terms of the contract.

Other Observation

At the time of the on site audit, Mr. George W. Snyder, Jr., told this Auditor and Mr. Thomas E. Howard, Mining Engineer, Spokane Office, that he would see that bids were submitted on all materials and equipment in which the operator and the Government had a joint equity. The question of the location of some of the equipment and supplies which Mr. V. Z. Johnson covered in his report of August 14, 1954 was brought up. Mr. Snyder advised that he was not certain just where some of the equipment was located, but he would check into the matter and advise the DMEA Field Team, Region II of the exact location, and also the condition of the materials and equipment involved. In addition, Mr. Snyder agreed to submit all data in connection with the original cost and also the refinancing of Joy Compressor, Serial No. 44692. In the interval from the time of the on site audit to date, there has been considerable correspondence and at least one conference between Mr. Snyder and Mr. Weissenborn, Executive Officer, DMEA Field Team, Region I, N.W. District (formerly Region II). In view of the fact that the operator has not submitted a bid for the supplies and equipment on hand, after a full discussion of the matter with Mr. Thomas E. Howard, the procedure established to determine the Governments equity as outlined under Equipment Purchases and Operating Materials and Supplies was adopted. The executive Officer, DMEA Field Team, Region I N.W. District (formerly Region II) approves this procedure. The auditor concurs with the Executive Officer.

## IV. CONCLUSIONS

The audit has disclosed that all costs charged to this project, with the exception of disallowances totaling $3,198.25, and giving effect to property disposals totaling $9,465.26 as itemized in a previous section of this report, are reasonable and proper under the terms of the contract.

The adjustments between "Items of Costs" as shown on the October 1952, Form MF-104, the disallowances, property liquidation and accepted costs as disclosed by this audit are summarized in Exhibit "A" attached hereto.

At the conclucion of the audit on October 1, 1954, the findings, on that date, which did not include property disposal, were discussed with Mr. George W. Snyder, Jr. (President of the Company) on July 12, 1955 the findings were discussed with Mr. Thomas E. Howard, representative of the Executive Officer, DMEA Field Team, Region I, N.W. District (formerly Region II).

July 13, 1955

T. H. Brading, Auditor

Exhibit "A"

UNITED MINERALS CORPORATION
Audit Summary

Idm-$18

| | MF-104 October 1952 | Distribution Corrected | Disallowances Finance Officer | Disallowances By Audit | Proceeds From Property Disposal | Allowed By Audit |
|---|---|---|---|---|---|---|
| 1 Independent Contract | | | | | | |
| 2 Labor and Supervision | | | | | | |
| Labor | $10,913.17 | $13,961.83 | $77.28 | | | $13,884.55 |
| Supervision | 9,705.18 | 3,001.19 | 123.34 | | | 2,877.85 |
| Technical | | 3,092.94 | | | | 3,092.94 |
| 3 Operating Materials and Supplies | | | | | | |
| Timber | 2,640.53 | 2,234.12 | | | $332.00 | 1,902.12 |
| Explosives | 1,366.54 | 1,366.54 | | $380.00 | | 986.54 |
| Pipe | 252.61 | 729.91 | | | 220.00 | 509.91 |
| Track | 46.00 | 178.43 | | | 89.20 | 89.23 |
| Other | 3,331.12 | 2,990.83 | 146.20 | 382.39 | 330.00 | 2,132.24 |
| 4 Operating Equipment | | | | | | |
| Rental | 11,142.87 | 3,842.62 | | | | 3,842.62 |
| Purchase | 4,513.60 | 12,116.85 | | 2,013.50 | 7,894.06 | 2,209.29 |
| Depreciation | 92.30 | 92.30 | | | | 92.30 |
| 5 Initial Rehabilitation and Repairs | 2,104.22 | 2,104.22 | | | | 2,104.22 |
| 6 New Buildings Improvements etc. | 1,275.28 | 1,275.28 | | | 600.00 | 675.28 |
| 7 Miscellaneous | | | | | | |
| Repairs to Equipment | 883.28 | 717.25 | | | | 717.25 |
| Payroll Taxes | 1,875.29 | 793.60 | | 4.50 | | 789.10 |
| Liability Insurance | | 1,081.69 | 11.04 | 60.00 | | 1,010.65 |
| Other | 160.45 | 10.85 | | | | 10.85 |
| 8 Transfer of Equipment | 167.38 | 167.38 | | | | 167.38 |
| Office Salaries | | 711.99 | | | | 711.99 |
| | $50,469.82 | $50,469.82 | $357.86 | $2,840.39 | $9,465.26 | $37,806.31 |

UNITED MINERALS CORPORATION EQUIPMENT PURCHASES

Schedule "B"

| | Description | Cost | Date Purchased | Months To 1/31/53 | Depreciation 1.66 Per Month $ | Depreciation | Depreciated Value | Government Equity | Disallowed | Net Cost Allowed |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | J-40 Jack Hammer Serial 670123 | $345.00 | 7-24-51 | 18.25 | 30.3 | $104.54 | $240.46 | $120.23 | | $104.54 |
| 1 | Mule Harness and Collar | 79.20 | A | | | | | | $79.20 | |
| 1 | R-45-Stoper | 670.00 | 6-20-51 | 19.33 | 32.1 | 215.07 | 454.93 | 227.46 | | 215.07 |
| 1 | 20 Gallon Water Pressure Tank | 78.00 | 8-10-51 | 17.66 | 29.3 | 22.85 | 55.15 | 27.58 | | 22.85 |
| 1 | Prestweld Welding Outfit | 124.50 | B | | | | | | 124.50 | |
| 2 | Used Timber Trucks | 75.00 | C | | | | | | 75.00 | |
| 1 | 50 Pound Anvil | 75.00 | D | | | | | | 75.00 | |
| 1 | 2 x 6 Air Receiver | 75.00 | D | | | | | | 75.00 | |
| 1 | Model H A Air Hoist | 550.00 | 8-14-51 | 17.5 | 29.1 | 160.05 | 389.95 | 194.97 | | 160.05 |
| 1 | 6 x 4 x 6 McGowan Duplex Pump | 250.00 | E | | | | | | 250.00 | |
| 1 | J-40 Jack Hammer Serial 669421 | 345.00 | E | | | | | | 345.00 | |
| 2 | JL - J-40 Jack Hammer Legs | 390.00 | E | | | | | | 390.00 | |
| 1 | Atlas Rock Drill Serial 431455 | 599.80 | E | | | | | | 599.80 | |
| 1 | Atlas Rock Drill Serial 432350 | 495.00 | 6-16-52 | 7.5 | 12.5 | 61.88 | 433.12 | 216.56 | | 61.88 |
| 1 | Wright Pneumatic Power Saw | 362.10 | 6- 4-52 | 7.875 | 13.1 | 47.44 | 314.66 | 157.33 | | 47.44 |
| 1 | 30" Scraper Bucket | 175.00 | 7-10-52 | 6.66 | 11.1 | 19.43 | 155.57 | 77.78 | | 19.43 |
| 1 | Sheave Block | 50.00 | 7- 1-51 | 18.5 | 30.7 | 15.35 | 34.65 | 17.33 | | 15.35 |
| 1 | 20 Gallon Water Pressure Tank | 78.00 | 7- 1-51 | 18.5 | 30.7 | 23.95 | 54.05 | 27.03 | | 23.95 |
| 1 | Joy Compressor Model 44692 | 7,300.25 | | | | | 5,761.52* | 2,880.76 | | 1,538.73 |
| | | $12,116.85 | | | | $670.56 | $7,894.06 | $3,947.03 | $2,013.50 | $2,209.29 |

A No salvage value (item missing and Operator agreed to disallowance).
B Not included in contract
C Depreciation on this item was allowed by amendment No. 2, therefore disallowed.
D Items under this classification, purchased prior to date of contract.
E These pieces of equipment were returned to Vendor by Operator as evidenced by credit memorandum examined during course of audit.
* Equals 95.77% of $6,016.00.

RECEIVED
JUL 9 C 1955

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

7

## AUDIT CERTIFICATE

I have examined the records and transactions of

United Minerals Corporation
518 Felt Building
Salt Lake City, Utah

pertaining to Exploration Project Contract No. Idm-E18, Docket No. DMA 81X for the period of April 1 through August 31, 1952.

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

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

| | |
|---|---|
| Total cost as billed by contractor | $46,570.54 |
| Exceptions | None |
| Total accepted cost | 46,570.54 |

The contract calls for a 50 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Twenty three thousand two hundred eighty five and 27/100 Dollars

$23,285.27

is valid and proper.

This certificate is issued on the provision that the Regional Executive Officer, the Administrator or other competent official has accepted or will accept the project as having otherwise met the terms of the contract.

October 17, 1952

Robert M. Hull

Robert M. Hull, Auditor

## I INTRODUCTION

On September 11 and 12, 1952, an interim audit (covering the period of April 1 through August 31, 1952) was made of the records and account of operations pertaining to Contract No. Idm-E18, Docket No. DMA 81X, dated June 22, 1951 and as subsequently amended on September 24, 1951, April 23, May 24, and June 25, 1952, with the

United Minerals Corporation
518 Felt Building
Salt Lake City, Utah

covering a project for the exploration of zinc and lead.

The United Minerals Corporation is a Nevada corporation. The exploration project is located at the head of Lake Creek Canyon near Hailey, Blaine County, Idaho. The books and records, however, are in the company's office at 518 Felt Building, Salt Lake City, Utah.

During the course of the audit the following officers of the company were consulted as required:

Mr. Harold A. Covey, vice-president
Mr. Glen A. Gardner, auditor

Their cooperation and assistance greatly facilitated the audit.

## II GENERAL INFORMATION ON RECORDS

The accounting records for the exploration project consist of summary monthly statements supported by detailed payroll records, copies of purchase invoices or suppliers' statements and cancelled bank checks.

In several instances duplicate purchase invoices were not available for examination. These invoices had been attached to the monthly Form MF-104 and filed in compliance with the documentation requirements of

the IMEA Finance Officer. The auditor, however, was able by examination of the cancelled checks and the monthly statements from suppliers to satisfy himself concerning the propriety of such items.

## III SCOPE OF AUDIT AND FINDINGS

The audit consisted of a detailed examination of all accounting data as to accuracy, propriety and validity of the costs as shown in the "Totals to Date" column of the Form MF-104, Operator's Monthly Report and Voucher, for August 1952.

(1) Labor and Supervision

The charges under this item were checked against the payroll records for the entire period under audit. The daily time cards were checked against the payroll ledger and the cancelled pay checks were reviewed. The rates of pay were those approved by the Executive Officer on June 19, 1952.

The amount expended for supervision, while allowable under the exploration contract, appears to be excessive as compared to the amount spent for labor.

Totals to Date - August 1952

| | |
|---|---|
| Labor | $9,943.87 |
| Supervision | 9,341.84 |

This matter has been called to the Operator's attention both by letter from the Field Team and verbally.

(2) Operating Materials and Supplies (Timber, explosives, pipe, etc.)

The charges against this category were checked against the monthly work sheet and traced back to the weekly reports submitted by the mine

foreman. An analysis was made to determine the propriety of the items charged. The purchases for the period under audit were verified for adequate accounting support and checked for proof of payment against the cancelled checks.

(3) Operating Equipment

a. Rental

Amendment No. 1, dated September 24, 1951, and Amendment No. 4, dated June 25, 1952, provide for monthly rental allowances to the Operator for sundry equipment furnished. Charges for these items were made at the rates authorized.

The Operator has erroneously charged the rental of a 3/4-ton pickup truck to "Transportation." This item should be included under "Equipment Rental."

b. Purchase

The articles of equipment purchased and the prices paid by the Operator were checked against those allowable by Exhibit "C" of the contract and Amendments Nos. 1 and 4. These purchases were adequately supported from an accounting standpoint.

The proper and allowable costs for monthly depreciation on equipment furnished by the Operator as established under Amendment No. 4 were verified and found to be correct.

| Quantity | Item | Monthly depreciation allowance |
|---|---|---|
| 1 | 1-ton mine skip | $ 4.20 |
| 12 | 1-ton mine cars @ $1.70 | 20.40 |
| 2 | Mine timber trucks | 2.50 |
| 1 | Sump pump | 4.20 |
| Misc. | Blacksmith stop equipment | 1.70 |
| | Total | $33.00 |

(4) Initial Rehabilitation and Repairs

Initial rehabilitation and repairs of $2,104.22 consist of charges for retimbering of the Homestake No. 6 level and the lining and chute repairs to two ore bins. These charges were adequately supported from an accounting standpoint.

(5) New Buildings, Improvements, etc.

The items charged to this item included installation of shower facilities in the "dry" portion of the main portal building, installation of a pipe storage rack and other miscellaneous items as allowable under the exploration contract Exhibit "B".

(6) Miscellaneous

a. Repairs to equipment

All charges to this item were examined, analyzed as to propriety, and found to be properly supported.

b. Payroll taxes

The charges for payroll taxes were checked by computation at the rates shown by the company files to be in effect.

c. Contract work

This item covers assaying and has erroneously been classified under "Contract Work."

## IV CONCLUSIONS AND RECOMMENDATIONS

The audit has disclosed that all costs as charged to this project as reflected in Exhibit "A" attached to this report are in accordance with the terms of the contract and the amendments thereto.

At the conclusion of the audit the findings were discussed with the accountant, Mr. Gardner.

United Minerals Corporation
Contract Idm-E18

Exhibit "A"

| | Totals August MF-104 | Distribution corrected | Allowed by audit |
|---|---|---|---|
| (1) Labor and Supervision | | | |
| Labor | $ 9,943.87 | $ 9,943.87 | $ 9,943.87 |
| Supervision | 9,341.84 | 9,341.84 | 9,341.84 |
| (2) Operating Materials and Supplies | | | |
| Timber | 2,640.53 | 2,640.53 | 2,640.53 |
| Explosives | 1,303.84 | 1,303.84 | 1,303.84 |
| Pipe | 252.61 | 252.61 | 252.61 |
| Track | 46.00 | 46.00 | 46.00 |
| Other supplies | 2,709.56 | 3,084.75 | 3,084.75 |
| ***Power | 375.19 | | |
| (3) Operating Equipment | | | |
| *Rental | 8,552.37 | 9,150.27 | 9,150.27 |
| Purchase | 4,513.60 | 4,513.60 | 4,513.60 |
| Depreciation | 66.00 | 66.00 | 66.00 |
| (4) Initial Rehabilitation and Repairs | 2,104.22 | 2,104.22 | 2,104.22 |
| (5) New Buildings, Improvements, etc. | 1,275.28 | 1,275.28 | 1,275.28 |
| (6) Miscellaneous | | | |
| Repairs to Equipment | 784.06 | 784.06 | 784.06 |
| Payroll taxes | 1,735.84 | 1,735.84 | 1,735.84 |
| *Transportation | 597.90 | | |
| Transportation of equipment | 167.38 | 167.38 | 167.38 |
| Other (assaying) | 10.85 | 160.45 | 160.45 |
| (7) **Contract Work | 149.60 | | |
| | $46,570.54 | $46,570.54 | $46,570.54 |

*Included under "Operating Equipment" - Rental
**Included under "Miscellaneous" - Other
***This sum covers the purchase of supplies of fuel and should be included under "Other Supplies" (Gas and Oil) and not under "Power".

code 500

Dmea

81

Section Minerals Exploration Administration
Contract Administration and Audit Division

## Audit Certificate

I have examined the records and transactions of:

**United Minerals Corporation**
**Salt Lake City, Utah**

pertaining to Exploration Project Contract No. [illegible] for the period of June 22, 1951, through February 29, 1952.

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

The audit disclosed the following facts in regard to amount to be paid the Contractor:

| | |
|---|---|
| Total cost as billed by Contractor | $2[illegible],[illegible]1[illegible].25 |
| Exceptions taken by the Government | None |
| Total Approved Cost | 2[illegible],[illegible]15.25 |

The Contract calls for a 50 percent participation of exploration expenses by the United States Government. Therefore, the amount of reimbursement to be paid the Contractor by the Government is:

Fourteen thousand four hundred fifty
seven dollars and 62/100.

$14,457.62

This certificate is issued on the provision that the Executive Officer, the Administrator, or other competent official accepts the report as having otherwise met the terms of the Contract.

Robert M. Hull
Auditor

April 1, 1952

Docket copy

EXPLORATION PROJECT CONTRACT
UNITED MINERALS RESERVE CORPORATION
DOCKET NO. DMA-81

AMENDMENT NO. 6

This Agreement, entered into this 8th day of January, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government, and United Minerals Reserve Corporation, hereinafter called the "Operator," is an amendment of Exploration Project Contract Idm-E18, Docket No. DMA-81, dated June 22, 1951, as amended, hereinafter called the "Contract," and WITNESSETH THAT:

WHEREAS, by the terms of the Contract the work is required to be completed within three years from June 22, 1951, i.e., on or before June 22, 1954; and

WHEREAS, the work has been in suspension since November 1, 1952; and the Operator does not intend and would not now be able to resume the work so as to bring the project to completion within the time limited by the Contract; and

WHEREAS, under the terms of the Contract, the Government cannot make a certification of discovery or development except "upon the completion of the exploration project or termination of the contract"; and the Government is unwilling to permit the work to remain in suspension without at the same time securing its rights to a percentage royalty should the property be brought into production in the future within the time here limited;

NOW THEREFORE, it is agreed as follows:

1. The period fixed for the completion of the work is extended to November 22, 1954.

2. The current suspension of operations beginning November 1, 1952, is approved by the Government and authorized to continue to May 1, 1954.

3. No costs incurred by the Operator during the period of suspension, from November 1, 1952, to any time when

the work may be resumed before May 1, 1954, are allowable as costs for contribution by the Government; and the Operator, at its own cost and expense, without contribution by the Government, shall do all things necessary and proper to preserve the work and any property in which the Government may have an interest, during the period of suspension. No equipment to the cost of which the Government has contributed and in which it may have an interest shall be used by the Operator during the period of suspension, without the advance written approval of the Government, except to the extent necessary for the preservation of the work.

4. If the work is not resumed on or before May 1, 1954, in a manner required to bring the project to completion on or before November 22, 1954:

(a) All obligation of the Government to contribute to costs not then accrued shall terminate;

(b) The Operator shall promptly perform all winding-up and settlement actions provided for in the Contract, including the disposal of any facilities, buildings, fixtures, equipment, or other items to the cost of which the Government has contributed and in which it has an equity; and shall promptly render to the Government a final report and final accounting;

(c) The total net amount contributed by the Government under the provisions of the Contract, as amended, shall be repayable in the form of a percentage royalty on any minerals mined or produced from the land described in Article 2 of the contract form, in the same manner and to the same extent as if the Government had made a certification of discovery or development under the provisions of the contract; except that the maximum period of royalty payments and lien for the payment thereof is changed from ten years to eleven years; and

(d) The Operator shall and hereby does release and agrees to save the Government harmless from all claims or demands under or arising out of the Contract, except as herein otherwise provided.

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

THE UNITED STATES OF AMERICA

By C P Mittendorf
Administrator, Defense Minerals
Exploration Administration

Hoffhund
Chamberlin

UNITED MINERALS RESERVE CORPORATION

By George W Snyder Jr

By _____

Docket Copy

EXPLORATION PROJECT CONTRACT
UNITED MINERALS RESERVE CORPORATION
DOCKET NO. DMA-81

AMENDMENT NO. 5

It is agreed this 15th day of May 1953, by the United States of America acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and United Minerals Reserve Corporation, an Nevada corporation, hereinafter called the "Operator," each acting in consideration of the agreement of the other to the terms hereinafter set forth, that Exploration Project Contract Idm-E18, Docket No. DMA-81, dated June 22, 1951, as amended, between the parties hereto be further modified and amended as of said date as follows:

1. In Article 3 of the contract, the words "two (2) years" shall be changed to read "three (3) years."

2. This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may pay, or the percentage of the costs which the Government may pay under the provisions of Article 11 of the contract form.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By [signature]
ACTING Executive Officer
DMEA Field Team, Region II

UNITED MINERALS RESERVE CORP.

By [signature]
Vice-President

Docket Copy

AMENDMENT NO. 4

It is agreed this 25th day of June 1952, between the the United States of America, acting through the Department of the Interior, Defense Minerals Administration and United Minerals Corp., 213 Felt Bldg., Salt Lake City, Utah (Docket No. 61 - zinc & lead)

each acting in consideration of the agreement of the other to the terms hereinafter set forth, that the Exploration Project Contract DMA-112 of June 22 1951 between the parties hereto be modified and amended as described in Exhibit "2", attached hereto, which, with any maps or drawings attached thereto, is made a part of this agreement. The effective date of this amendment shall be June 25 1952.

This amendment is made by authority granted the Executive Office, DMA Field Team, Region II in Order No. 2684 by the Acting Secretary of the Interior.

This amendment shall not be construed to increase the estimated total cost of the project, the amount of the Government's contribution, or any item of allowable cost which is expressly designated "Allowable Maximum".

Executed in sextuplicate the day and year first above written.

UNITED MINERALS CORPORATION
(Operator)

By Harold A. Gorry
V. Pres.

The United States of America

By A. E. Weissenborn
A. E. Weissenborn, Exec. Officer
DMEA Field Team, Region II

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 21 1952

UNITED MINERALS CORPORATION

Docket No. DMA 81X Contract Idm-E18

Amendment No. 4

Exhibit "F"

Changes and modifications

1. In Exhibit "C" of the contract, under "Operating Equipment to be Purchased", delete the following items:

| Quantity | Item | Cost |
|---|---|---|
| 7 | 1-ton ore cars @ $165.00 | $1,155.00 ✓ |
| 1 | air receiver | 250.00 |
| 1 | 1-ton sinking skip | 350.00 ✓ |
| 1 | sinking pump | 460.00 |

2. In Exhibit "C" of the contract, page 2, add the following paragraph:

"Equipment to be furnished by Operator"

| Quantity | Item | Monthly allowance for depreciation |
|---|---|---|
| 1 | 1-ton mine skip | $ 4.20 |
| 12 | 1-ton mine cars @ $1.70/mo. each | 20.40 |
| 2 | mine timber trucks | 2.50 |
| 1 | sump pump | 4.20 |
| Misc. | blacksmith shop equipment | 1.70 |

Dmea 81

AMENDMENT NO. 3

It is agreed this 24th day of May 1952, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration and ~~United Minerals Corporation, 518 Felt Building, Salt Lake City 1, Utah, A Nevada corporation~~

each acting in consideration of the agreement of the other to the terms hereinafter set forth, that the Exploration Project Contract Idm-E18 of June 22, 1951 between the parties hereto be modified and amended as described in Exhibit "F", attached hereto, which, with any maps or drawings attached therto, is made a part of this aggrement. The effective date of this amendment shall be May 1, 1952.

This amendment is made by authority granted the Executive Office, DMA Field Team, Region II in Order No. 2653 by the Acting Secretary of the Interior.

This amendment shall not be constued to increase the estimated total cost of the project, the aggregate total amount which the Government may be obligated to pay, or the percentage of costs which the Government may be obligated to pay, under the provisions of Article 13 of the contract form.

Executed in sextuplicate the day and year first above written.

~~United Minerals Corporation~~
(Operator)

By Harold A. Berry, V.P.

The United States of America

By A E Weissenborn

A. E. Weissenborn, Exec. Officer
DMEA Field Team, Region II

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUN 16 1952

UNITED MINERALS CORPORATION
Exploration Project Contract Idm-E18
Docket No. 81 (lead-zinc)

AMENDMENT NO. 3

Exhibit "F"

Changes and modifications

1. To Exhibit "A" of the contract add the following paragraph:

"In order that work on the project may be resumed after the winter shut-down, some rehabilitation and repair to the No. 6 level adit and the surface plant of the Homestake mine must be done. The cost of such rehabilitation and repair, not to exceed $1,500.00, shall be allowable as a cost of the project."

2. In Exhibit "C" of the contract, under Equipment to be Purchased, delete the following:

"1 Semi-portable sawmill $1500.00"

and substitute the following:

"1 Double-drum slusher with scraper and rope $1500.00"

DEPARTMENT OF THE INTERIOR
Dmea-8-1
MAY 19 1952

AMENDMENT NO. 2

It is agreed this 23d day of April 1952, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration and United Minerals Reserve Corporation, a Nevada corporation whose principle place of business is Salt Lake City, Utah.

each acting in consideration of the agreement of the other to the terms hereinafter set forth, that the Exploration Project Contract Idm-E18 of June 22, 1951 between the parties hereto be modified and amended as described in Exhibit "F", attached hereto, which, with any maps or drawings attached thereto, is made a part of this agreement. The effective date of this amendment shall be April 23, 1952.

This amendment is made by authority granted the Executive Officer, DMA Field Team, Region II in Order No. 2653 by the Acting Secretary of the Interior.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be obligated to pay, or the percentage of costs which the Government may be obligated to pay, under the provisions of Article 13 of the contract form.

Executed in sextuplicate the day and year first above written.

United Minerals Corporation
(Operator)

By George W. Snyder Jr.
President

The United States of America

By M E Volin
M. E. Volin, Acting Exec. Officer
DMEA Field Team, Region II

MAY 9 1952
U.S.G.S.
SPOKANE, WASH.

United Minerals Reserve Corporation
Exploration Project Contract Idm-E18

Amendment No. 2

Exhibit "F"

Changes and Modifications

In Exhibit "A" of the contract, under work to be performed, add the following paragraph:

A maximum of $1,000 shall be allowable to construct an access road from the end of the existing road to the portal of the No. 5 level of the Long Grade mine.

R+R

AMENDMENT NO. 1

It is agreed this 24th day of September 1951, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration and the United Minerals Reserve Corporation, a Nevada corporation whose principal place of business is Salt Lake City, Utah

each acting in consideration of the agreement of the other to the terms hereinafter set forth, that the Exploration Project Contract DMA-81 IDMA-18 of 22 June 1951 between the parties hereto be modified and amended as described in Exhibit "F", attached hereto, which, with any maps or drawings attached thereto, is made a part of this agreement. The effective date of this amendment shall be Date of said Contract 195___.

This amendment is made by authority granted the Executive Officer, DMA Field Team, Region II in Order No. 2653 by the Acting Secretary of the Interior.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be obligated to pay, or the percentage of costs which the Government may be obligated to pay, under the provisions of Article 13 of the contract form.

Executed in sextuplicate the day and year first above written.

United Minerals Reserve Corp.
(Operator)

By Harold A. Berry
Vice President

The United States of America

By M E Wolin
Acting Executive Officer
DMA Field Team, Region II

UNITED MINERALS RESERVE CORPORATION

EXPLORATION PROJECT CONTRACT AMENDMENT NO. 1

EXHIBIT "F"

Changes and modifications

(1) In Exhibit "C" of the Contract, page 1, line 12, delete the item "1 315-ft. Air compressor $9400.00". Rental on a 315CFM portable air compressor, not to exceed $470.00 per month, shall be allowable as a cost of the project.

(2) In Exhibit "C" of the Contract, page 1, line 17, delete the item "1 Mucking machine $3,100.00". Rental on a mucking machine, not to exceed $260.00 per month, shall be allowable as a cost of the project.

(3) In Exhibit "C" of the Contract, page 1, lines 18 and 19, delete the items "1 Electric trammer with batteries $6900.00" and "1 charging unit (diesel) $1,700.00". Rental on a compressed-air-driven trammer, not to exceed $200.00 per month shall be allowable as a cost of the project.

(3) In Exhibit "D" of the Contract, page 1, under "Base Rate" change the allowable wage rates as follows:

| | |
|---|---|
| Miners | $12.32/day |
| Motormen | 12.32/day |
| U/G Hoistmen | 12.32/day |
| U/G Trammer | 12.32/day |
| Muckers | 11.84/day |
| Carpenters | 12.64/day |
| Shaftsman | 13.16/day |

(4) In Exhibit "D" of the Contract, page 1, line 24, after the sentence "Both are subject to time and one-half over 40 hours per week." add the sentence "The above wage rates are subject to change, upon notification of and approval by DMA Field Team, Region II, for increases made to conform with going rates for like work in the region in which the project is located.".

(6) In Exhibit "D" of the Contract, page 2, line 3, under "Base Rate" change the allowable rate for Mine Foreman to $400.00 per month.

(6) In Exhibit "D" of the Contract, page 2, add the paragraph "Labor for the sinking and drifting, described in Exhibit "A" of the Contract, may be paid at unit contract rates not to exceed rates generally paid for like work in the region in which the project is located.

MF-200
(April 1951)

Docket No. DMA -81
Commodity Zinc & Lead

I-DMA-518

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

# EXPLORATION PROJECT CONTRACT[1]

It is agreed this 22nd day of June, 1951, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration, hereinafter called the "Government," and[2] United Minerals Reserve Corporation
518 Felt Building
Salt Lake City 1, Utah,
a Nevada corporation,
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 Idaho, County of Blaine described as follows:[3] the so-called Long Grade and Homestake Mines located at the head of Lake Creek Canyon in Secs. 3, 4, 5, T. 5 N., R. 18 E., and unsurveyed Secs. 32, 33, T. 6 N., R. 18 E., Boise Meridian.
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 ten (10) days from the date of this contract shall commence work on a project of exploration for[5] Zinc and lead; 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] two (2) years from the date of this contract. The exploration project and the work to be performed are more fully described on Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, is made a part of this contract.

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

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

6. *Operating equipment.* Attached hereto, marked "Exhibit 'C'," is a detailed list of operating equipment divided into categories of items to be rented, purchased, or furnished by the Operator, with the allowable rental, purchase price, or rental value, as the case may be, annexed to each. As to equipment purchased for the project, the Government will contribute its agreed pro-rata share of the cost thereof, and the difference between the cost and the salvage value at the conclusion of the work shall be charged as a cost of the project to which the Government has contributed its pro-rata share.

[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.

(5)

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.* Attached hereto, marked "Exhibit 'D'," is an itemized schedule of labor, by numbers and classes (miners, muckers, millmen, etc.), and of supervisors, by numbers and positions, with the maximum wages or salaries that may be paid to each as an allowable cost of the project.

9. *Rehabilitation and repairs.* Attached hereto, marked "Exhibit 'E'," is a detailed schedule of existing facilities, buildings, installations, and fixtures, with a statement of the cost of any necessary rehabilitation or repairs to put into useful and operable condition, which cost shall be allowed as a cost of the project.

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

11. *Participation by the Government.* At the end of the first full calendar month after the Operator has commenced work under the project, and at the end of each succeeding calendar month, the Operator shall submit to the Government a voucher for payment with a detailed statement of work done and allowable costs (as defined in Article 10 of this agreement) incurred, in a form and with supporting data acceptable to the Government. After approving the voucher, the Government shall pay to the Operator Fifty (50) percent of the sum of such costs incurred; *Provided,* That the aggregate total of all sums paid by the Government under this agreement shall not exceed $ 52,000.00, which is Fifty (50) percent of the agreed estimated total cost of this project, $ 104,000.00.

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

13. *Progress reports.* The Operator shall provide the Government with monthly reports of progress in form and content satisfactory to the Government, and upon the completion of the project or termination of the contract shall provide the Government with a comprehensive geologic and engineering report, including an estimate of ore reserves, to the best of his ability. Four copies of all reports shall be furnished to the Government.

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

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

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

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

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

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

Executed in triplicate the day and year first above written.

UNITED MINERALS RESERVE CORPORATION
(Operator)

By George W. Snyder Jr.
GEORGE W. SNYDER, JR. PRESIDENT

THE UNITED STATES OF AMERICA

By [signature]
Administrator
Defense Minerals Administration

U. S. GOVERNMENT PRINTING OFFICE 16—04066-1

EXHIBIT "A"

EXPLORATION PROJECT CONTRACT
Dated _____

The exploration work to be performed under the EXPLORATION PROJECT CONTRACT attached hereto, together with maps pertinent thereto, are hereinbelow described.

PROJECT A:

It is proposed to explore the underground lateral extent of the Homestake vein by drifting along its strike for a distance of 1,000 feet. This work will be performed from the present face of the Homestake No. 6 Level and from a new level below this elevation as established by the sinking described below under Project B. All of this work will be performed within or close to the limits of the vein, and distribution of footage will depend on geologic conditions encountered as the work advances. See Map II.

PROJECT B:

It is proposed to sink on the Homestake vein from the No. 6 Level for a distance of 100 feet. This work will be performed as close as is practicable within the downward extension of the vein and permit a new lower drift level to be established. The cutting of hoist room above the level, rock transfer chutes, skip pockets, etc., have been taken into account and are included within this project. See Map II.

PROJECT C:

It is proposed to extend the No. 5 Level of the Long Grade Mine from its present face for a distance of 600 feet. As in the above described drifting, this work will be performed along the strike of and within the fissure. This work will explore the ground, which has been found to be highly mineralized in workings above, and will provide adequate depth below the surface for mining. See Map III.

EXHIBIT "A" (CONT'D.)

PROJECT D:

It is proposed to reopen and make accessible certain upper workings and then to perform sufficient surface stripping by bulldozer work to expose the vein along its surface trace on the Long Grade group. The cutting will be performed at sufficient intervals to permit geologic study and possible mining for a slope distance on the surface of approximately 4,500 feet. See Map III.

ESTIMATED COST BREAKDOWN:

| | | | | | |
|---|---|---|---|---|---|
| Project | "A" | 1000' | @ | 25.00 | $25,000.00 |
| " | "B" | 100' | @ | 100.00 | 10,000.00 |
| " | "C" | 600' | @ | 25.00 | 15,000.00 |
| " | "D" | Contract | | | 3,500.00 |
| SUB TOTAL: | | | | | $53,500.00 |
| Construction (Exhibit "B") | | | | | 5,700.00 |
| Equipment (Exhibit "C") | | | | | 35,931.00 * |
| Rehabilitation (Exhibit "E") | | | | | 6,000.00 |
| SUB TOTAL: | | | | | $101,131.00 |
| Contingency Reserve: | | | | | 2,869.00 |
| GRAND TOTAL: | | | | | $104,000.00 |

* Omitting mine rail, pipe, etc.

UNITED MINERALS RESERVE
CORPORATION
518 Felt Building
Salt Lake City 1, Utah

EXHIBIT "B"

EXPLORATION PROJECT CONTRACT
Dated _____

A list of additional facilities, buildings and fixtures to be purchased, installed or erected is as follows:

| Item | Approximate Cost |
|---|---|
| 1. Combination warehouse, machine shop, change room and compressor building to be erected at Portal No. 6 Level, Homestake Mine . . . . . | $ 2,500.00 |
| 2. Powder magazine to be erected near Portal No. 6 Level, Homestake Mine . . . . | 1,000.00 |
| 3. Combination storage and compressor building to be erected at Portal No. 5 Level, Long Grade Mine . . . . . | 1,000.00 |
| 4. 60-ton ore bin to be erected at Portal No. 5 Level, Long Grade Mine. . . . | 1,200.00 |

United Minerals Reserve

DMA 81
E-18

EXHIBIT "C"

EXPLORATION PROJECT CONTRACT
Dated _____

A list of the operating equipment to be purchased by the Operators hereunder, with a purchase price noted, follows. Note is taken that the prices shown are from recent quotations secured from standard suppliers for new equipment and are subject to such revision as may be necessary from price fluctuations or the purchase of used equipment.

| Quantity | Item | Cost |
|---|---|---|
| 7 | 1-ton ore cars @ $165 | $ 1,155.00 |
| 4 | Jackhammers w/jackleg @ $554 | 2,216.00 |
| 2 | Stopers @ $670 | 1,340.00 |
| 2 | Drifters w/columns @ $1,070 | 2,140.00 |
| 1 | 105-ft. Air compressor | 3,400.00 |
| 1 | 315-ft. Air compressor | 9,400.00 |
| 2 | Air receivers @ $250 | 500.00 |
| 1 | 1-Ton sinking skip | 350.00 |
| 1 | 1-Ton hoist, pneumatic | 950.00 |
| 200 ft. | 3/4" steel cable @ .30 per ft. | 60.00 |
| 1 | Mucking machine | 3,100.00 |
| 1 | Electric trammer with batteries | 6,900.00 |
| 1 | Charging unit (diesel) | 1,700.00 |
| 1 | Sinking pump | 460.00 |
| 1 | Portable chain saw | 580.00 |

UNITED MINERALS RESERVE
CORPORATION
518 Felt Building
Salt Lake City 1, Utah

United Minerals Reserve

EXHIBIT "C" (Cont'd.)

| Quantity | Item | Cost |
|---|---|---|
| 1 | Semi-portable sawmill | $ 1,500.00 |
| 3200 ft. | 20-lb. mine rail w/fish-plates, bolts, and spikes | 2,000.00 |
| 3500 ft. | 2" air pipe | 2,100.00 |
| 3500 ft. | ½" water pipe | 700.00 |
| 4 | Pressure water tanks @ $60 | 240.00 |

| Quantity | Item | Rental |
|---|---|---|
| 1 | 3/4-ton Pickup Truck | 15¢ /mile |

UNITED MINERALS RESERVE
CORPORATION
518 Felt Building
Salt Lake City 1, Utah

EXHIBIT "D"

EXPLORATION PROJECT CONTRACT
Dated _____

Following is an itemized schedule of labor by numbers and classes, direct supervisors by numbers and positions, and maximum applicable wages or salaries that may be paid to each properly chargeable as a cost of the project. Note is taken that the wages and salaries are based on the current going rates for each category in the vicinity of the proposed operations. Further, the total number of employees shown below will not be employed thruout the project, e.g., the carpenters will be required only during the initial construction; rather, the figures are intended to show the maximum required at any one time.

| Number | Classification | Base Rate |
|---|---|---|
| 5 | Miners | 12.31/ day |
| 2 | Motormen | 12.31/ day |
| 2 | U/G Hoistmen | 12.31/ day |
| 1 | U/G Trammer | 11.78/ day |
| 5 | Muckers | 11.78/ day |
| 1 | Mechanic | 12.60/ day |
| 2 | Carpenters | 12.60/ day |
| 1 | Sawyer | 12.60/ day |
| 1 | Sawyer Helper | 12.33/ day |
| 1 | Mechanic Helper | 11.78/ day |
| 2 | Bullgang Laborers | 11.78/ day |

Note: Base shown above is for Day Shift. Night Shift differential is 6¢ per hour additional. Both subject to time and one-half over 40 hours per week.

UNITED MINERALS RESERVE
CORPORATION
518 Felt Building
Salt Lake City 1, Utah

EXHIBIT "D" (Cont'd.)

| Number | Classification | Base Rate |
|---|---|---|
| 1 | Supervising Engineer | 500.00/mo. |
| 1 | Mine Foreman | 350.00/mo. |
| 1 | Geologist | 200.00/mo. |
| 1 | Timekeeper | 100.00/mo. |
| 1 | Accounting & Secretarial | 100.00/mo. |

Note: Above categories are shown as part-time or prorated to the direct costs of the project.

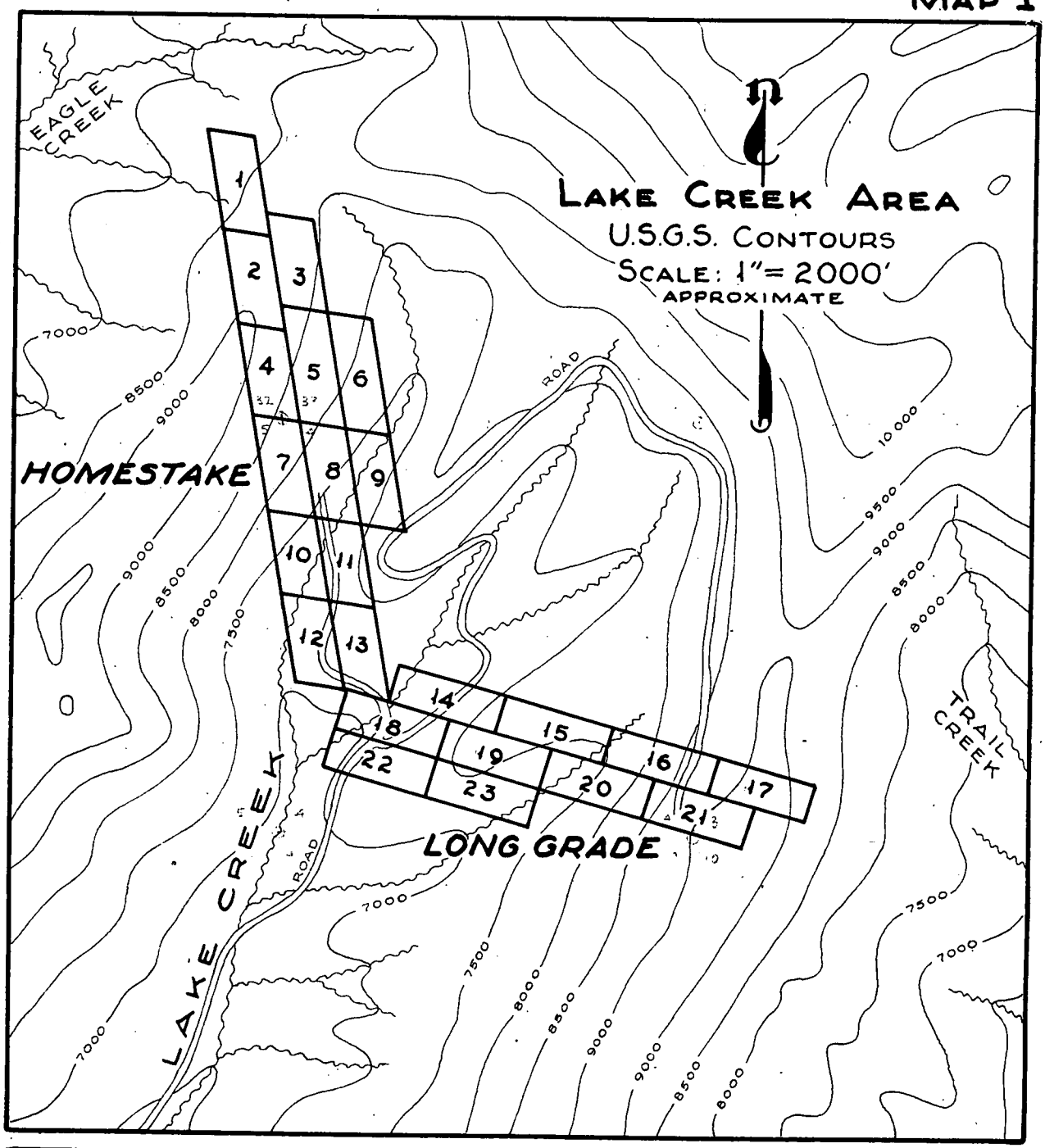
EXHIBIT "E"

EXPLORATION PROJECT CONTRACT
Dated _____

Existing facilities, building, installations and fixtures requiring rehabilitation and repairs, with the cost for each, is as follows:

| Item | Approximate Cost |
|---|---|
| 1. Approximately 2,400 feet of the Homestake No. 6 Level may be utilized for this project. This will require some rehabilitation and repair consisting mostly of retimbering. Cost: . . . . . | $ 5,000.00 |
| 2. Two 60-ton ore bins are available for use adjacent to the portal of the No. 6 Level at the Homestake Mine. They require lining and chute repairs. The cost therefor: . . . . . | 500.00 |
| 3. Two miner's cabins are in place at the Homestake requiring minor repairs before they can be made habitable. Cost: . . . . . | 500.00 |

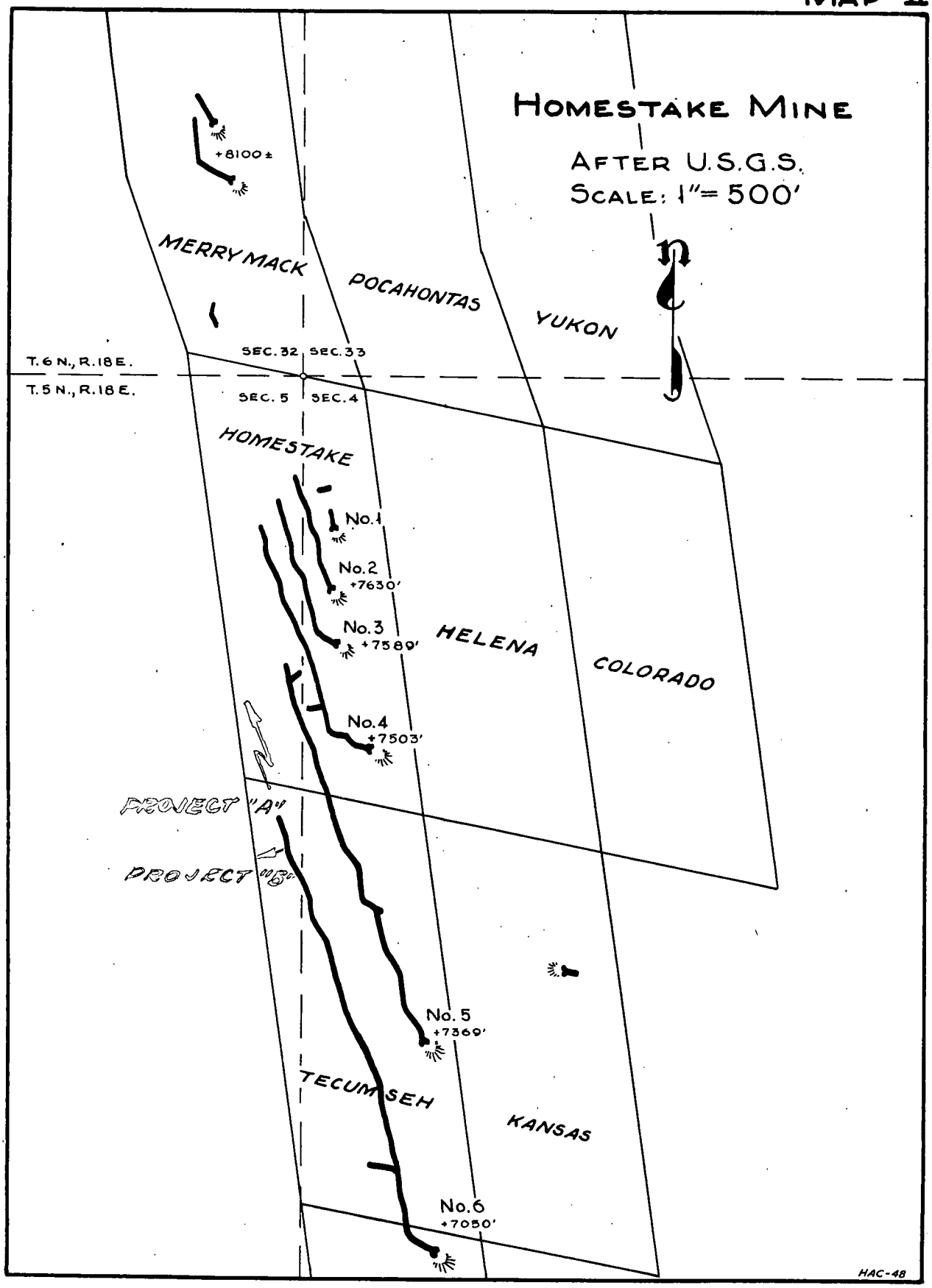
MAP I

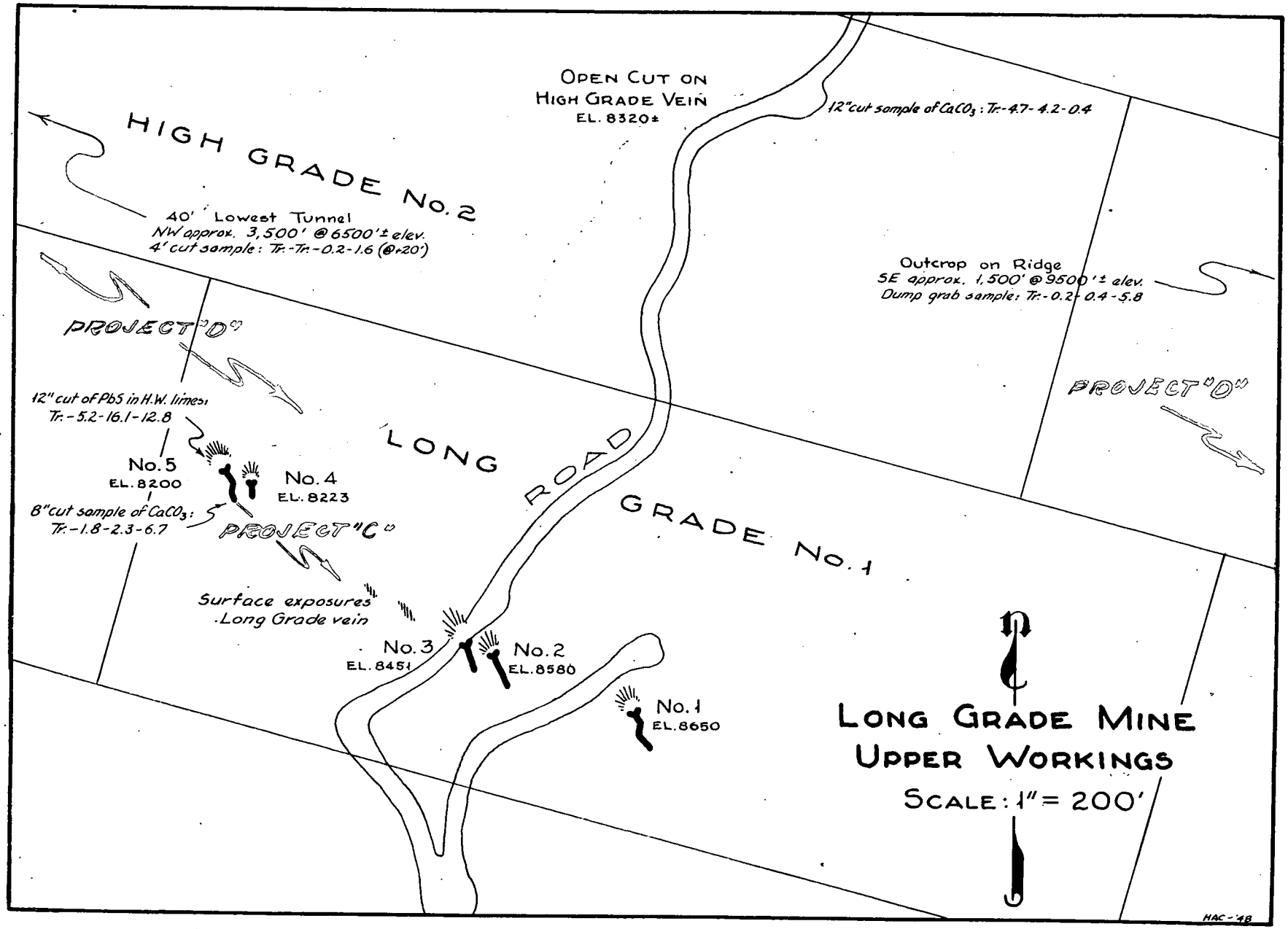



1 - Montreal
2 - Chatham
3 - Lillian B.
4 - Merry Mack (Pat.)
5 - Pocahantas
6 - Yukon
7 - Homestake
8 - Helena
9 - Colorado
10 - Tecumseh
11 - Kansas
12 - Lone Jack
13 - Marona
14 - High Grade No. 4
15 - High Grade No. 3
16 - High Grade No. 2
17 - High Grade No. 1
18 - Long Grade No. 4
19 - Long Grade No. 3
20 - Long Grade No. 2
21 - Long Grade No. 1
22 - Stalwart No. 1
23 - Stalwart No. 2

MAC-48

MAP II


HOMESTAKE MINE
AFTER U.S.G.S.
SCALE: 1"= 500'
+8100±
MERRYMACK
POCAHONTAS
YUKON
T. 6 N., R. 18 E.
T. 5 N., R. 18 E.
SEC. 32
SEC. 33
SEC. 5
SEC. 4
HOMESTAKE
No. 1
No. 2
+7630'
No. 3
+7580'
HELENA
COLORADO
No. 4
+7503'
PROJECT "A"
PROJECT "B"
No. 5
+7369'
TECUMSEH
KANSAS
No. 6
+7050'
HAC-48


HIGH GRADE No. 2
OPEN CUT ON
HIGH GRADE VEIN
EL. 8320±
12" cut sample of CaCO3: Tr.-4.7-4.2-0.4
40' Lowest Tunnel
NW approx. 3,500' @ 6500'± elev.
4' cut sample: Tr.-Tr.-0.2-1.6 (@+20')
Outcrop on Ridge
SE approx. 1,500' @ 9500'± elev.
Dump grab sample: Tr.-0.2-0.4-5.8
PROJECT "D"
PROJECT "D"
12" cut of PbS in H.W. limes:
Tr.-5.2-16.1-12.8
LONG ROAD
No. 5
EL. 8200
No. 4
EL. 8223
8" cut sample of CaCO3:
Tr.-1.8-2.3-6.7
PROJECT "C"
GRADE No. 1
Surface exposures
Long Grade vein
No. 3
EL. 8451
No. 2
EL. 8580
No. 1
EL. 8650
N
LONG GRADE MINE
UPPER WORKINGS
SCALE: 1" = 200'
HAC-48

MAP III

MF-202

# LANDLORD'S SUBORDINATION AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, the undersigned ~~is~~ are the ~~owner~~ owners in fee simple of that certain parcel of ground in the county of Blaine, State of Idaho, described in a certain Exploration Project Contract dated _____, 195__, between UNITED MINERALS RESERVE CORPORATION, a Nevada corporation, the Lessee of said property, and the United States of America;

NOW, THEREFORE, the undersigned, as Lessor~~s~~ of said property under lease dated May 26, 1949, does by these presents subordinate all of ~~its~~ their right, title, and interest under the provisions of said lease to the right, title, and interest of the United States of America under the provisions of said Exploration Project Contract, and agree~~s~~ that the lien and claim of the United States of America under the provisions of said contract shall be prior to the undersigned's rights to rentals or royalties under the terms of said lease; and

The undersigned further agree~~s~~ that if said leasehold interest should be surrendered or if said lease should terminate at any time prior to the expiration of the rights of the United States of America under said Exploration Project Contract, the undersigned shall assume and do~~es~~ hereby assume all of the obligations of the Lessee under said Exploration Project Contract to make repayment to the United States of America according to the terms of said contract; and

The undersigned agree~~s~~ to commit no act, nor assert any claim under judicial process or otherwise that may contravene or conflict with the prior lien and claim of the United States of America under the provisions of said Exploration Project Contract.

This undertaking and covenant shall be binding upon the heirs, successors, and assigns of the undersigned.

Dated this 17 day of June, 195 1

Lester T. Dillon
Angela Dillon
Lynnan B. Dillon
A. F. Donovan Jr.
Hazel M. Donovan Jr.

U. S. GOVERNMENT PRINTING OFFICE 930768

# POWER OF ATTORNEY

Know All Men by These Presents: That A. F. (JACK) and HAZEL M. DONOVAN, husband and wife,

have made, constituted and appointed, and by these presents do make, constitute and appoint

LESTER T. DITTER

true and lawful attorney for them and in their name s, place and stead, and for their use and benefit, for a period of two years from the date hereof, unless revocation be made by recording revocation in the County and State where this Power of Attorney has been recorded,

to ask, demand, sue for, recover, collect and receive all such sums of money, debts, dues, accounts, legacies, bequests, interests, dividends, annuities and demands whatsoever, as are now or shall hereafter become due, owing, payable or belonging to them and have, use and take all lawful ways and means in their name s or otherwise for the recovery thereof, by attachments, arrests, distress or otherwise, and to compromise and agree for the same, and acquittances or other sufficient discharges for the same for themselves and in their name s, to make, seal and deliver, to bargain, contract, agree for, purchase, receive and take lands, tenements, hereditaments, and accept the seizin and possession of all lands, and all deeds and other assurances in the law therefor, and to lease, let, demise, bargain, sell remise, release, convey, mortgage and hypothecate lands, tenements and hereditaments, upon such terms and conditions, and under such covenants as he shall think fit. Also, to bargain and agree for, buy, sell, mortgage, hypothecate, and in any and every way and manner deal in and with goods, wares and merchandise, choses in action, and other property in possession or in action, and to make, do and transact all and every kind of business of what nature and kind soever, and also for them and in their name s, and as their act and deed, to sign, seal, execute, deliver and acknowledge such deeds, leases and assignments of leases, covenants, indentures, agreements, mortgages, hypothecations, bottomries, charter parties, bills of lading, bills, bonds, notes, receipts, evidences of debt, releases and satisfaction of mortgage, judgments and other debts, and such other instruments in writing of whatever kind or nature, as may be necessary or proper in the premises.

*GIVING AND GRANTING* unto their said attorney full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises, as fully to all intents and purposes as they might or could do if personally present, hereby ratifying and confirming all that their said attorney shall lawfully do or cause to be done by virtue of these presents.

*IN WITNESS WHEREOF,* they have hereunto set their hand s and seal s the 16th day of April, A. D., 1949.

*Signed, Sealed and Delivered in presence of*

A. F. (Jack) Donovan (SEAL)

Hazel M. Donovan (SEAL)

(SEAL)

(SEAL)

STATE OF WASHINGTON,

County of Benton } ss. (INDIVIDUAL ACKNOWLEDGMENT)

I, R. M. White, Notary Public in and for the State of Washington, residing at Prosser, do hereby certify that on this 16th day of April, 19 49 personally appeared before me A. F. (JACK) DONOVAN and HAZEL M. DONOVAN, husband and wife,

to me known to be the individuals described in and who executed the within instrument and acknowledged that they signed and sealed the same as their free and voluntary act and deed for the uses and purposes herein mentioned.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this 16th day of April, 19 49

R. M. White

Notary Public in and for the State of Washington, residing at Prosser in said County.

No. 95215

**Power of Attorney**

FROM

A. F. Jack Donovan et ux

TO

Lester G. Letter

STATE OF IDAHO, } ss.
COUNTY OF BANNOCK }

I HEREBY CERTIFY THAT THIS INSTRUMENT WAS FILED FOR RECORD IN MY OFFICE AT THE REQUEST OF Lester G. Letter

at 2:45 o'clock P. M. April 20 A.D. 1949

RECORDED IN BOOK 6 ON PAGE 3,32 OF Power of Attorney

Fred Hagerty
EX-OFFICIO RECORDER

BY _____ DEPUTY

RECORDED ON MICROFILM

# LEASE AND OPTION

THIS LEASE AND OPTION, made this 26 day of March, 1949,

BETWEEN Mrs. Anna B. Ditter, now of Twin Falls, Idaho, owning an undivided 3/5 interest, Lester T. Ditter and Angela Ditter, husband and wife, now of Twin Falls, Idaho, owning an undivided 1/5 interest, Alfred F. Donovan and Hazel M. Donovan, husband and wife, now of Grandview, Washington, owning an undivided 1/5 interest, together owning a total of 5/5 interest in and all of the property hereinafter described, LESSORS,

AND Harold A. Covey and George W. Snyder, Jr., now having the same address of Salt Lake City, Utah, and Mason W. Rankin, now of Helena, Montana, LESSEES,

WITNESSETH: That the said Lessors, for and in consideration of the sum of One Dollar ($1.00), lawful money of the United States, and other valuable considerations, the receipt whereof is hereby acknowledged, and in further consideration of the royalties, covenants and agreements hereinafter reserved, and by said Lessees to be paid, kept and performed, have granted, demised and let, and by these presents do grant, demise and let unto said Lessees all of their right, title and interest in and to the following described property and mining claims situate in Warm Springs Creek Mining District, Blaine County, Idaho, known as and recorded in Quartz Locations books and at pages, records of the Clerk and Recorder of Blaine County, Idaho, to-wit:

| | | | |
|---|---|---|---|
| MONTREAL, | Book 5 Q, Page 18, | CHINOOK, | Book 102 Q, Page 233, |
| CHATHAM, | Book 5 Q, Page 19, | MINNEHAHA, | Book 102 Q, Page 234, |
| TECUMSEH, | Book 5 Q, Page 587, | RAMONA, | Book 102 Q, Page 235, |
| LONE JACK, | Book 75 Q, Page 36, | MANITOU, | Book 102 Q, Page 236, |
| POCAHANTAS, | Book 102 Q, Page 232, | CURAY, | Book 102 Q, Page 237, |
| or, | Book 102 Q, Page 544, | UTE, | Book 102 Q, Page 246, |
| LILLIAN B., | Book 102 Q, Page 543, | or, | Book 102 Q, Page 550, |
| YUKON, | Book 102 Q, Page 545, | | |
| HELENA, | Book 102 Q, Page 546, | | |
| COLORADO, | Book 102 Q, Page 547, | | |
| KANSAS, | Book 102 Q, Page 548, | | |
| VARONA, | Book 102 Q, Page 549, | | |
| HOMESTAKE, | Book Six Q.L. (Alturas County), Page 462, | | |

and THE MERRY MACK LODE, Lot No. 1007, a patented claim,

also LOTS 31, 32, 33 and 34, Block 173, Village of Ketchum, Blaine County, Idaho,

and more fully described in such recorded instruments upon the public record hereinabove referred to; together with all water rights, privileges, roads, ways, easements, tenements and hereditaments belonging to or in any way appertaining in and to the real property hereinabove described, including the apexes, dips, spurs, angles and variations of all veins, workings, lodes and mineral deposits contained within and belonging to each and all of said lode mining claims;

TO HAVE AND TO HOLD SAID DEMISED PREMISES and property unto said Lessees for the purposes of mining and removing ores and metals therefrom, for the term of ten (10) years from the date hereof, unless at any time sooner terminated as hereinafter provided.

AND IN CONSIDERATION of said demise, the lessees do hereby covenant and agree with the lessors as follows, to-wit:

1. That lessees herein are independent contractors and there shall be no privity of contract between Lessors and the employees of Lessees; Lessees shall have exclusive dominion and control over the leased property and the operations thereof during the term hereof.

2. lessees will enter upon said premises and take possession thereof and will commence exploration, development and mining operations upon said property before June 30, 1949, and will continue such operations with reasonable continuity, and to expend in such operations at least ***Five Thousand** Dollars ($ 5,000.00 ) during each twelve-month period following July 1, 1949, and thereafter so long as this agreement shall be in force. In full compliance with this provision, lessees may elect to pay to Lessors an advance royalty equal to twenty percent ( 20 %) of the difference between actual amounts expended and the minimum amount hereinbefore stipulated. In no event shall the actual expenditure be less than the amount necessary to comply with existing statutory requirements for annual assessment work.

3. Lessees will perform all work in said demised premises in a safe and minerlike fashion in accordance with the mining laws and such rules and regulations as may have been issued by any Officers, Boards or Commissions of the State of Idaho; and all active working places shall be maintained in accordance with the standards established by such rules and regulations.

4. Lessees, at their own expense, will carry workmen's compensation insurance and liability insurance covering their operations hereunder and also any other insurance required by the laws of the State of Idaho covering them and all their employees; lessees will pay all taxes and contributions and make all deductions required under the Federal Social Security Act and the Idaho State Employment Security Law, and for which Lessees may become obligated; and Lessees will comply with all other rules and regulations of any governmental authority affecting Lessees' operations upon said premises and shall furnish Lessors with supporting evidence of such compliance upon request.

5. There is reserved to Lessors the right of entry in and upon said property for the purposes of inspection, surveying and sampling of the workings and for checking upon compliance by Lessees with the terms and conditions hereof, all at the sole expense and risk of Lessors, and without interference with the Lessees' operations hereunder.

6. Lessees will immediately post and record, according to law, statutory notices to material men and laborers to indemnify Lessors and said property against obligations and liability incurred by Lessees in their operations hereunder.

7. Lessees will hold Lessors harmless and fully indemnify Lessors against all claims and demands of every kind and nature which may be made upon Lessors or against the above described premises for or on account of any debts or expenses contracted or incurred by Lessees, as well as from and against all acts, transactions or omissions by Lessees, their agents and servants, including claims, demands, causes of action, costs and expenses to any person. Lessors will hold Lessees harmless and indemnify Lessees against all claims and demands of every kind and nature arising from reasons of any condition of said premises as of the date hereof or operations prior to Lessees taking possession.

8. This Lease and Option may be assigned by lessees in whole or in part at any time upon Lessees submitting to lessors a copy of such article of assignment showing that such assignees or sub-lessees accept all terms and conditions of this indenture.

9. Lessees shall surrender to Lessors the said premises with the appurtenances and improvements thereto without demand or further notice on the last day of the term, or any extension of the term hereof, or any time previous thereto upon demand after forfeiture; and upon termination in any manner other than by purchase of said premises, any sums of money theretofore and thereafter paid to the lessors under the provisions hereof shall be retained by the Lessors as liquidated damages and rental in full; provided, that Lessees shall have thirty (30) days from and after date of any such termination in which to remove all broken ore from the property for shipment under the terms of this agreement, and Lessees shall have the right during such interim, to remove from said premises, all tools, equipment and supplies owned by lessees.

10. All ores shall be marketed by Lessees; the ore buyer shall make such divisions of the proceeds as is agreed herein and pursuant to instructions to be submitted by the parties hereto. Lessees shall not be liable for ores lost by theft, accident or financial difficulties of the ore buyer not arising from their own negligence.

11. Lessors shall have access to all original records of Lessees concerning ore production to enable Lessors to ascertain compliance herewith; such examinations shall be conducted by Lessors at no cost to Lessees and not more often than once each calendar month and within normal business hours. Lessors shall have the right to be present or be represented at the sampling of any ores should they so desire. Lessors shall pay the cost of assaying mine samples and of any control assays and also the cost of any surveys desired by lessors.

12. lessees shall pay the Lessor royalties upon all ores, concentrates, and other products of operations hereunder, as follows:

On Concentrates: Seven and one-half percent ( 7½ %) of the net smelter returns.

On Crude Ores: (a) Ten percent ( 10 %) of the net smelter returns when such returns are $ 25.00 per ton and under.

(b) Twelve and one-half percent ( 12½%) of the net smelter returns when such returns are $ 25.01 per ton and over to, but not in excess of, $ 50.00 per ton.

(c) Fifteen percent ( 15 %) of the net smelter returns when such returns are $ 50.01 per ton and over.

The term "net smelter returns" as used herein is defined and means the amount by lot paid by the smelter or other purchaser after all deductions for smelting and/or treatment charges, sampling, assaying, R.R. freight, and truck haulage costs, whether by Lessees or independent contractors. An additional royalty of five percent ( 5 %) shall be paid on any premium or bonus payments made to Lessees by or on behalf of any governmental agency under any premium or bonus price plan for lead, zinc, copper, and other metal products produced from said premises, to the extent that the law or regulations applicable to such premium or bonus payments permit. All royalties paid shall be credited as payments upon the purchase price hereinafter stipulated.

13. lessees will annually file proof of labor on or before the 30th day of June of each year showing full compliance with the statutes regarding the same, it being understood that should Congress again waive annual assessment work lessees may file such notice of intention to hold as such act of Congress may provide.

14. During the life of this contract the Lessees shall pay all state and county taxes lawfully assessed or levied against improvements, machinery and other property placed upon said mining claims by them, or upon any operations carried on hereunder. Lessors, however, shall pay their pro rata share of any production or severance taxes assessed against the products of such operations.

15. In the event the Lessees shall fail to keep, observe and perform each and all of the terms and conditions hereof on their part, as and when required by this contract, the Lessors may give the Lessees sixty (60) days written notice of their intention to declare a forfeiture hereof, stating in such notice the alleged grounds of forfeiture; and if the Lessees shall fail to cure and correct any defaults of which they may then be guilty, within sixty (60) days after service of such notice, then this Option and Lease shall become null and void at the expiration of said period; but if they shall remedy all such defaults within said time, then this contract shall continue in full force and effect as though such notice had not been given.

16. The Lessees may surrender this Option and Lease at any time upon thirty (30) days written notice to the Lessors.

17. When the operations of the Lessees hereunder are prevented by strikes, acts and results of war or civil strife, governmental requirements or regulations, adverse weather conditions or other acts of God, or other conditions beyond their control, operations and work requirements hereunder, except the doing of the annual assessment work as required, shall be excused during the period of such prevention, and the term of this Lease and Option shall be automatically extended for a period equal to the time of such prevention, provided the Lessees shall have otherwise kept their observance and performed the terms and conditions hereof on their part.

18. In consideration of the execution and delivery of the foregoing lease, Lessors hereby give and grant unto Lessees the exclusive right and option to purchase all the right, title and interest of Lessors in and to said demised premises and property for the sum of Sixty-seven Thousand, Five Hundred ** Dollars ($ 67,500.00 ) and agree that all royalties received by Lessors hereunder shall be applied toward the payment of said purchase price. Lessees shall have the right to make such other and further payments upon said purchase price as they may at any time desire, and upon the payment of the balance of said purchase price in full Lessors will execute and deliver to Lessees a good and valid conveyance of said property.

19. Lessees may institute suits to quiet title on said premises if, in their opinion, such suits are necessary; Lessees may, on behalf of Lessors, institute such proceedings as are required, do such surveys and make such amended locations on said premises as are reasonably necessary for issuance of mineral patent to such claims; and upon furnishing satisfactory evidence as to costs and expenses of such suits, proceedings, surveys, et cetera to Lessors, the said costs and expenses shall also be applied on the above mentioned purchase price.

20. It is agreed that Lessor shall, after Ten Thousand * * * * * * Dollars ($ 10,000.00 ) in royalties or other payments shall have been paid to them, execute good and sufficient deeds warranting the title to the above described property and shall place the same together with abstract of title showing good and marketable title as against everyone except the United States of America, in Escrow with a Bank to be agreed upon, together with a copy of this agreement and with instructions that upon purchase price hereinabove named being paid in full said deed will be delivered to Lessees herein.

21. Written notices hereunder shall be sent by registered mail and addressed to: Harold A. Covey, Felt Building, Salt Lake City 1, Utah, for Lessees, and to: Lester T. Ditter, 142 Jefferson Street, Twin Falls, Idaho, for Lessors, or to such other more correct addresses as may be furnished in writing from time to time between the parties hereto. Such notices shall be deemed complete upon deposit in a Post Office of the United States.

22. This agreement shall be binding upon the heirs, personal representatives, executors, administrators and assignees of all parties hereto.

23. It is understood and agreed by and between all parties hereto that all of this Lease and Option is contingent upon and subject to the termination of the existing indenture between the Lessors as aforesaid and the Casino Mining and Milling Company, a corporation of the State of Washington, and will become effective, valid and binding only after the date and hour of such termination of said indenture.

IN WITNESS WHEREOF, Lessors and Lessees have hereunto set their hands and seals in triplicate as of the 26 day of May, 1949.

Mrs Anna B. Ditter — Harold A. Covey
Lester T. Ditter — George W. Snyder Jr.
Angela Ditter — William M. Fairbourn
Alfred T. Donovan By L.T.D. — LESSEES
Hazel M. Donovan By L.T.D.
LESSORS

STATE OF Utah :
) ss
County of Salt Lake :

On this 15th day of April, 1949, before the undersigned, a Notary Public in and for said County and State, personally appeared Harold A. Covey and George W. Snyder, Jr., known to me to be the persons described in and who executed the foregoing instrument, and aknowledged to me that they executed the same freely and voluntarily and for the uses and purposes therein stated.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in said County and State, the day and year in this certificate first above written.

Marlene White
Notary Public
Residing at: Salt Lake City, Utah

My Commission Expires:
Apr 4, 1950

STATE OF Idaho :
) ss
County of Twin Falls :

On this 26th day of May, 1949, before the undersigned, a Notary Public in and for said County and State, personally appeared Mrs Anna B. Ditter, Lester T. Ditter & Angela Ditter, husband & wife known to me to be the persons described in and who executed the foregoing instrument, and acknowledged to me that they executed the same freely and voluntarily and for the uses and purposes therein stated.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in said County and State, the day and year in this certificate first above written.

Alice C. Taylor
Notary Public
Residing at: Twin Falls, Idaho

My Commission Expires:
Feb 22-1951

STATE OF Utah :
) ss
County of Salt Lake :

On this 26th day of May, 1949, before the undersigned, a Notary Public in and for said County and State, personally appeared Mason W. Rankin,
known to me to be the person__ described in and who executed the foregoing instrument, and acknowledged to me that he executed the same freely and voluntarily and for the uses and purposes therein stated.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in said County and State, the day and year in this certificate first above written.

My Commission Expires:
April 1950

Notary Public
Residing at:

STATE OF Idaho :
) ss
County of Twin Falls :

On this 26th day of May, 1949, before the undersigned, a Notary Public in and for said County and State, personally appeared Lester J. Ditter, Attorney in Fact for Alfred J. and Hazel M. Donovan,
known to me to be the person__ described in and who executed the foregoing instrument, and acknowledged to me that he executed the same freely and voluntarily and for the uses and purposes therein stated.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in said County and State, the day and year in this certificate first above written.

My Commission Expires:
Jan 22-1951

Notary Public
Residing at: Twin Falls Idaho

STATE OF :
) ss
County of :

On this _____ day of _____, 1949, before the undersigned, a Notary Public in and for said County and State, personally appeared
_____
known to me to be the person__ described in and who executed the foregoing instrument, and acknowledged to me that _____ executed the same freely and voluntarily and for the uses and purposes therein stated.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in said County and State, the day and year in this certificate first above written.

Notary Public
Residing at:

My Commission Expires:
_____

# ASSIGNMENT

Undersigned, Harold A. Covey, George W. Snyder, Jr., and Mason W. Ran- for a valuable consideration, receipt whereof is hereby acknowledged, y assign and transfer to United Minerals Reserve Corporation, a corpor- & under the laws of Nevada, that certain lease and option agreement dated May 26, 1949, between Mrs. Anna B. Ditter et als, lessors, and the undersigned as lessees and optionees, describing the Montreal and seventeen other unpatented lode mining claims, The Merry Mack lode, Lot No. 1007, patented, situate in Warm Springs Creek Mining District, Blaine County, Idaho, and Lots 31, 32, 33 and 34, Block 173, Village of Ketchum, Blaine County, Idaho.

This assignment is made upon the express condition and consideration that assignee shall keep and perform all the obligations of said agreement on the part of lessees to be kept and performed; provided that assignee may relinquish its rights and be relieved of liability hereunder by serving a thirty day notice in writing on the undersigned of its intention so to do and returning to them the property described in said agreement; otherwise assignee shall be and remain liable to undersigned for all damages caused by its failure to keep the obligations of said agreement.

WITNESS our hands this 26th day of June, 1950.

Harold A. Covey

George W. Snyder Jr.

Mason W. Rankin

STATE OF UTAH :
) ss
County of Salt Lake:

On this 26th day of June, 1950, before the undersigned, a Notary Public in and for said county and state, personally appeared Harold A. Covey and George W. Snyder, Jr., known to me to be the persons described in and who executed the foregoing instrument, and acknowledged to me that they executed the same freely and voluntarily and for the uses and purposes therein stated.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal in said county and state, the day and year in this certificate first above written.

Hortense White
Notary Public
Salt Lake City, Utah

My Commission Expires:
April 4, 1952

STATE OF MONTANA :
) ss
County of Lewis and Clark:

On this 12 day of July, 1950, before the undersigned, a Notary Public in and for said county and state, personally appeared Mason W. Rankin, known to me to be one of the persons described in and who executed the foregoing instrument, and acknowledged to me that he executed the same freely and voluntarily and for the uses and purposes therein stated.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal in said county and state, the day and year in this certificate first above written.

R. E. Wallace
Notary Public
Residing at
NOTARY PUBLIC for the State of Montana,
Residing at Helena, Montana.
My commission expires March 15th, 1952

My Commission Expires:

MF-202

# LANDLORD'S SUBORDINATION AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, the undersigned are the owners in fee simple of that certain parcel of ground in the county of Blaine, State of Idaho, described in a certain Exploration Project Contract dated _____, 195__, between United Minerals Reserve Corporation, a Nevada Corporation, the Lessee of said property, and the United States of America;

NOW, THEREFORE, the undersigned, as Lessors of said property under lease dated July 10, 1948, does by these presents subordinate all of their right, title, and interest under the provisions of said lease to the right, title, and interest of the United States of America under the provisions of said Exploration Project Contract, and agree that the lien and claim of the United States of America under the provisions of said contract shall be prior to the undersigned's rights to rentals or royalties under the terms of said lease; and

The undersigned further agree that if said leasehold interest should be surrendered or if said lease should terminate at any time prior to the expiration of the rights of the United States of America under said Exploration Project Contract, the undersigned shall assume and do hereby assume all of the obligations of the Lessee under said Exploration Project Contract to make repayment to the United States of America according to the terms of said contract; and

The undersigned agree to commit no act, nor assert any claim under judicial process or otherwise that may contravene or conflict with the prior lien and claim of the United States of America under the provisions of said Exploration Project Contract.

This undertaking and covenant shall be binding upon the heirs, successors, and assigns of the undersigned.

Dated this 14th day of June, 1951

Thelma E. Crutchley

U. S. GOVERNMENT PRINTING OFFICE 940768

Grant W. Crutchley

LEASE AND OPTION

THIS LEASE AND OPTION made as of this 10th day of July, 1948, between GRANT W. CRUTCHLEY and THELMA E. CRUTCHLEY, of Ketchum, Idaho, hereinafter called lessors and HAROLD A . COVEY and GEORGE W. SNYDER JR. of Salt Lake City, Utah, hereinafter called lessees, WITNESSETH:

That lessors, for and in consideration of the royalties, covenants and agreements hereinafter reserved and by said lessees to be paid, kept and performed, have granted, demised and let, and by these presents do grant, demise and let, unto said lessees all of their right, title and interest in and to the following described property and unpatented mining claims, situate in Warm Springs Mining District, Blaine County, Idaho, to-wit:

UNPATENTED MINING CLAIMS

HIGH GRADE
LONG GRADE NO. I
LONG GRADE NO. II
LONG GRADE NO. III

Together with water rights, privileges, raods, ways, easements, tenements, and hereditaments belonging to or in any way appertaining in and to the real property hereinabove described, including the apexes, dips, spurs, angles and variations of all veins, workings, lodes and mineral deposits contained within and belonging to each and all of the lode mining claims hereinabove described.

TO HAVE AND TO HOLD SAID DEMISED PREMISES and property unto said lessees for the purposes of mining and removing ores and metals, therefrom for the term of ten (10) years from the date hereof, unless at any time sooner terminated for default on the part of said lessees as hereinafter provided. And in consideration of said demise the lessees do hereby covenant and agree with the lessors as follows, to-wit:

1. That lessees herein are independent contractors and there shall be no privity of contract between lessors and the employees of lessees; lessees shall have exclusive dominion and

control over the leased property and the operations therein during the term hereof.

2, Lessees will enter upon said premises and take possession thereof and will commence and continue the working of said premises in a good and minerlike fashion, accidents not arising from negligence excepted, and will perform a minimum of 150 shifts of work annually upon said premises; a shift of work being that amount of work performed by one man under the customs in this vicinity.

3. Lessees will perform all work in said demised premises in a safe and minerlike fashion in accordance with the mining laws of the State of Idaho and such rules and regulations as may have been issued by any boards or commissions or the State Mine Inspector of the State of Idaho. All openings shall be maintained in accordance with the standards established by such rules and regulations.

4. Lessees will at their expense carry workmen's compensation insurance and liability insurance covering their operations hereunder and also any other insurance required by the laws of the State of Idaho covering them and all their employees, and lessees will pay all taxes and contributions and/or make all deductions required under the Federal Social Security Act and/or the Idaho Unemployment Security Act, and for which lessees may become obligated and lessees will comply with all other rules and regulations of any governmental authority affecting lessee's operations upon said premises and shall furnish lessors with supporting evidence of such compliance upon request.

5. There is reserved to lessors the right of entry in and upon said property for the purposes of inspection of workings or for surveying and sampling, and for checking upon compliance by lessees with the terms and conditions hereof, all at the expense and risk of lessors.

6. Lessees will immediately post a a record according to law statutory notices to material men and laborers.

7. Lessees will hold lessors harmless and fully indemnify them against all claims and demands of every kind and nature which may be made upon them or against the above described premises for or on account of any debts or expenses contracted or incurred by lessees, as well as from and against all acts, transactions or omissions by lessees, their agents and servants, including claims, demands, causes of action, costs and expenses arising during the continuance of this agreement from or on account of injury to any person. Lessors will hold lessees harmless and indemnify them against all claims and demands of every kind and nature by reason of any condition of said premises as of the date hereof or operations prior to lessees taking possession.

8. This lease and option may be assigned by lessees in whole or in part at any time upon lessees submitting to lessors a copy of such sub lease or assignment showing such sub-lessees accept all terms and conditions of this agreement.

9. Lessees shall deliver to lessors the said premises with the appurtenances and improvements in good order and condition, accidents not arising from negligence alone excepted, without demand or further notice on the last day of the term, or any extension of the term thereof, or any time previous thereto upon demand after forfeiture; provided, that lesssees shall have thirty days from and after date of any such termination in which to remove all broken ore from the property for shipment under the terms of this agreement; and lessees shall have the right during such interim, to remove from said premises, all tools, equipment, and supplies owned by them.

10. Lessees shall ship all ores produced by lessees from said premises under such names as is agreed upon, and lessors

are hereby given a lien upon all ores extracted from the premises during the term of this lease to secure to them any and all sums due or owing by lessees. The ore buyers or smelter shall make such divisions of the proceeds as is agreed herein and pursuant to instructions to be submitted by the parties hereto.

11. Lessees shall have access to all original records of mine, mill and smelter returns to enable them to check such receipts, deductions and payments. Lessees shall have the right to be present or be represented at the sampling of any ores should they so desire. Lessees shall pay the cost of assaying mine samples and of any controls and also the cost of any surveys desired by them. Lessors shall not be liable for ore lost by theft, accident or financial difficulties of the ore buyer not arising from their negligence nor shall they collect any royalties on ores so lost.

12. Lessees shall pay to lessors, as rental for the property hereby leased by them, a royalty on all ores mined, removed and marketed from said premises in an amount equal to ten (10%) per cent of the net value thereof.

13. The term "net value" as hereinabove used shall be construed to mean the gross smelter value of each lot of ore shipped to the smelter, less smelter treatment, assay and sampling charges and less all haulage and freight charges from mine to smelter and in addition thereto, the above specified percentage of any premium or bonus payments made to lessees by or on behalf of any governmental agency under any premium or bonus price plan for lead, zinc, copper, or other metal products produced from said leased premises, to the extent that the law or regulations applicable to such premiums or bonus payments do not prohibit the payment to lessors of royalties based thereon.

~~14. Should lessees erect upon or in the vicinity of said leased premises a mill for the treatment and concentration~~

~~of low grade ores mined from said premises, or should lessees elect to have such ores milled in this vicinity then there shall be charged as against the net value as above defined an addtional $2.00 per ton for each ton of ore so processed or milled which charge shall be deducted from the gross value in determining royalty.~~

Hab
G.W.C.

15. That all installed rails, car tracks, including ties, air pipes and permanent building, placed upon said demised premises by lessees shall remain upon the premises and become the property of lessors upon the termination of this agreement.

16. Lessees shall pay before delinquent all general taxes levied and assessed against said leased property during the term hereof.

17. Lessees will annually file proof of labor on or before the 30th day of June of each year showing full compliance with the statutes regarding the same, it being understood that should Congress again waive annual assessment work lessees may file such notice of intention to hold as such act of Congress may provide.

18. In consideration of the execution and delivery of the foregoing lease, lessors hereby give and grant unto lessees the exclusive right and option to purchase all the right, title and interest of lessors in and to said demised premises and property for the sum of Seventy-five Thousand Dollars ($75000) and agree that all royalties received by lessors hereunder shall be applied toward the payment of said purchase price. Lessees shall have the right to make such other and further payments upon said purchase price as they may at any time desire, and upon the payment of the balance of said purchase price in full lessors will execute and deliver to lessees a good and valid conveyance of said property.

19. Lessees may on behalf of lessors institute such proceedings as are required, do such surveys and make such amended locations on said premises as are necessary for issuance

of mineral patent to such claims, and upon furnishing satisfactory evidence as to costs of such proceedings, surveys and etc. to lessors the cost of such proceedings shall also be applied on the above mentioned option price.

20. It is agreed that lessors shall after $10,000 in royalties or other payments shall have been paid to them, they will execute good and sufficient deeds warranting the title to the above described property and shall place the same together with abstract of title showing good and marketable title as against everyone except the United States of America, in Escrow with a bank, to be agreed upon, together with a copy of this agreement and with instructions that upon purchase price herein above named being paid in full said deed will be delivered to lessees herein.

21. It is further specifically understood and agreed by and between the parties hereto that should lessees violate any covenant or condition of this lease on their part to be performed during the term thereof, and if such default or violation shall continue at the expiration of sixty (60) days after lessors shall have given to lessees written notice of such violation or default and demand possession of said leased premises because thereof, this lease and all rights of lessees hereunder shall at the option of lessors terminate and expire at the expiration of sixty day period, lessees being given said sixty day period in which to overcome the cause of such forfeiture by full compliance with the violated covenant or agreement and that if such default be not cured at the expiration of said sixty day period lessors without further demand or notice may themselves or by their agents or attorneys, enter upon the same and lessees shall have no further right in or under this agreement either as lessees or as optionees.

22. Written notices shall be addressed to Lessees at their business address at Salt Lake City, Utah, and to lessors at Ketchum, Idaho.

23. This agreement shall be binding upon the heirs, executors, administrators and assignees of all parties hereto.

IN WITNESS WHEREOF, Lessors and lessees have hereunto set their hands and seals in triplicate as of the 10th day of July, 1948.

Grant W. Crutchley
Thelma E. Crutchley
LESSORS

Harold A. Covey
George W. Snyder Jr.
LESSEES

STATE OF IDAHO )
) SS
County of Blaine )

On this 30th day of October, 1948, before the undersigned, a Notary Public in and for said State, personally appeared Grant W. Crutchley and Thelma Crutchley of Ketchum, Idaho, and known to me to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year above written.

NOTARY PUBLIC FOR IDA
Residing At:

STATE OF UTAH )
) SS
County of )

On this 30th day of October, 1948, before me the undersigned a Notary Public in and for said State, personally appeared Harold A. Covey and George W. Snyder, Jr. known to me to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year above written.

Lorlene White
NOTARY PUBLIC FOR UTAH
Residence:

# AMENDMENT OF LEASE AND OPTION

WHEREAS there is in full force and effect LEASE AND OPTION by and between GRANT W. CRUTCHLEY and THELMA E. CRUTCHLEY, of Ketchum, Idaho, lessors and HAROLD A. COVEY and GEORGE W. SNYDER JR. OF Salt Lake City, Utah, lessees; and,

WHEREAS it is lessees desire to make amendment to said LEASE AND OPTION;

Now therefore, for and in consideration of the sum of One Dollar ($1.00) lawful money of the United States and other valuable considerations, the receipt whereof is hereby acknowledged, the parties hereto hereby agree as follows, to-wit:

1. Paragraph 2 of said LEASE AND OPTION is hereby amended as follows, in full. Lessees will enter upon said premises and take possession thereof and will commence exploration, development and mining operations upon said property before June 15, 1949, and will continue such operations with reasonable continuity, and to expend in such operations at least Two Thousand Dollars ($2000) during each twelve-month period following July 1, 1949 and thereafter so long as this agreement shall be in force. In full compliance with this provision, lessees may elect to pay to lessors an advance royalty equal to twenty percent (20%) of the difference between actual amounts expended and the minimum amount hereinbefore stipulated. In no event shall the actual expenditure be less than the amount necessary to comply with existing statuatory requirements for annual assessment work.

IN WITNESS WHEREOF the parties hereto have executed these presents this 1st day of May, 1950.

Grant W. Crutchley
Thelma E. Crutchley
Lessors

George W. Snyder Jr.
Harold A. Covey
Lessees

STATE OF IDAHO )
) SS
County of Blaine )

On this 1st day of May, 1950 before me A. A. Samuels, a Notary Public in and for said State, personally appeared Grant W. Crutchley and Thelma E. Crutchley known to me to be the persons described in and who executed the foregoing instrument, and aknowledged to me that they executed the same freely and voluntarily and for the uses and purposes therein stated.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in said County and State, the day and year in this certificate first above written.

A. A. Samuels
Notary Public
Residing at: Kitchum, Idaho

My Commission Expires:
May 14, 1951

STATE OF UTAH )
) SS
County of Salt Lake )

On this 1st day of June, 1950 before me Hortense White a Notary Public in and for said State, personally appeared George W. Snyder Jr & Harold A. Coney known to me to be the persons described in and who executed the foregoing instrument, and aknowledged to me that they executed the same freely and voluntarily and for the uses and purposes therein stated.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in said County and State, the day and year in this certificate first above written.

Hortense White
Notary Public
Residing at:

My Commission Expires:
April 6, 1954

JUN 16 1951

## ASSIGNMENT

Undersigned, Harold A. Covey and George W. Snyder, Jr., for a valuable consideration, receipt whereof is hereby acknowledged, hereby assign and transfer to United Minerals Reserve Corporation, a corporation under the laws of Nevada, that certain lease and option agreement dated July 10, 1948, between Grant W. Crutchley and Thelma E. Crutchley, lessors, and the undersigned as lessees and optionees, describing the High Grade and three other unpatented lode claims, situate in Warm Springs Mining District, Blaine County, Idaho.

This assignment is made upon the express condition and consideration that assignee shall keep and perform all the obligations of said agreement on the part of lessees to be kept and performed; provided that assignee may relinquish its rights and be relieved of liability hereunder by serving a thirty day notice in writing on the undersigned of its intention so to do and returning to them the property described in said agreement; otherwise assignee shall be and remain liable to undersigned for all damages caused by its failure to keep the obligations of said agreement.

WITNESS our hands this 26th day of June, 1950.

Harold A. Covey

George W. Snyder Jr.

STATE OF UTAH :
) ss
County of Salt Lake:

On this 26th day of June, 1950, before the undersigned, a Notary Public in and for said county and state, personally appeared Harold A. Covey and George W. Snyder, Jr., known to me to be the persons described in and who executed the foregoing instrument, and acknowledged to me that they executed the same freely and voluntarily and for the uses and purposes therein stated.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal in said county and state, the day and year in this certificate first above written.

Hortense White
Notary Public
Salt Lake City, Utah

My Commission Expires:
April 4, 1954

# MINING DEED

THIS INDENTURE made the 26th day of June, 1950, by and between Harold A. Covey and George W. Snyder, Jr., parties of the first part, and United Minerals Reserve Corporation, a corporation under the laws of Nevada, party of the second part,

WITNESSETH:

That the said parties of the first part for and in consideration of the sum of Ten Dollars and other considerations, receipt whereof is hereby acknowledged, hereby quit claim unto the party of the second part all of their right, title and interest in and to the following named unpatented lode mining claims in Warm Springs Creek Mining District, Blaine County, State of Idaho, to-wit:

High Grade No. 2
High Grade No. 3
High Grade No. 4
High Grade No. 5
Long Grade No. 4
Stalwart No. 1
Stalwart No. 2

To HAVE and to HOLD all of said property with the water rights, easements, privileges and appurtenances thereunto belonging to the said party of the second part, its successors and assigns forever.

IN WITNESS WHEREOF the parties of the first part have hereunto set their hands the day and year first above written.

George W. Snyder Jr.
Harold A. Covey

STATE OF UTAH :
) ss
County of Salt Lake:

On this 26th day of June, 1950, before the undersigned, a Notary Public in and for said county and state, personally appeared Harold A. Covey and George W. Snyder, Jr., known to me to be the persons described in and who executed the foregoing instrument, and acknowledged to me that they executed the same freely and voluntarily and for the uses and purposes therein stated.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal in said county and state, the day and year in this certificate first above written.

Hortense White
Notary Public
Salt Lake City, Utah

My Commission Expires:
April 4, 1954

~~DIRECTOR~~
L B Moore

# UNITED MINERALS RESERVE CORPORATION

FELT BUILDING
SALT LAKE CITY 1, UTAH

231 SO. LASALLE ST.
CHICAGO 4, ILLINOIS

December 15, 1950

Refer to:

Docket No. DMA-81

Dr. James Boyd, Director
U.S. Bureau of Mines
New Interior Building
Washington 25, D. C.

Dear Dr. Boyd:

Herewith enclosed are four copies of Application for Government Loan, under Section 302 of the Defense Production Act of 1950 (Form NSRB-146), made by this Corporation.

The Application covers the so-called Lake Creek Zinc Properties in Warm Springs Creek Mining District, Blaine County, Idaho. This project was the subject of a preliminary letter under date of November 18, 1950, with accompanying maps, reports and other data, also filed in quadruplicate.

Your kind consideration of this proposal is much appreciated. If there is anything further we may do concerning this matter, please so advise us.

Respectfully yours,

UNITED MINERALS RESERVE CORP.

Harold A. Covey

Harold A. Covey, Vice President

HAC:jhl

Encls.

RECEIVED
DEC 27 1950
BUREAU OF MINES
OFFICE OF DIRECTOR

BUREAU OF MINES
WASHINGTON, D.C.
DEC 27 10 07 AM '50

Form NSRB-146
(Nov. 1950)

UNITED STATES GOVERNMENT

Exploration Project

**APPLICATION FOR ~~GOVERNMENT~~ LOAN**

**UNDER SEC. 302 OF**

**DEFENSE PRODUCTION ACT OF 1950**

*FORM APPROVED*
*BUDGET BUREAU NO. 25-R002*

AMOUNT OF LOAN REQUESTED

$ 104,000.00

TERMS OF LOAN REQUESTED

Payable from net proceeds, interest to 5% per annum, maximum ~~term 5 yr. (See Item 2, Page 2)~~

DATE OF APPLICATION

December 15, 1950

TO BE FILLED IN BY DELEGATE AGENCY

(DATE RECEIVED)

COMM.

AGRIC.

INT.

D.T.A.

FILE NO.

NAME AND ADDRESS OF APPLICANT (*Street, City, Zone, State*)

United Minerals Reserve Corporation
518 Felt Building
Salt Lake City 1, Utah

(Docket Number: DMA - 81) (I-DMA-18)

**INSTRUCTIONS**

Application should be filed with the Department of Commerce, Department of Agriculture, Department of Interior, or the Defense Transport Administration, whichever has the primary interest in the facilities, products, or processes involved. However, for convenience of the applicant, he may file with any government agency with which he has contract or other pertinent relationships and such agency will arrange for the transmittal of the application to the appropriate office.

Submit four (4) signed copies of the application. Name and address of applicant should be stamped or typed for identification of each sheet of the application and all accompanying papers. When a question is inapplicable, this should be so stated on the form. Additional sheets may be attached in answering any questions or in providing other supporting information.

**1. PURPOSE OF LOAN**

Give a brief general statement of the purpose of the loan requested, including in the table below estimated amounts for such major purposes as land acquisition, building construction, purchase of plant, purchase of equipment, working capital, repayment of debt, etc. Statement should make clear whether funds will be used for expansion of capacity, development of technological processes, or production of essential materials.

General Statement

Loan requested for purchase of equipment and establishment of working fund to permit renewal of mining project (See Item 3, Page 2). Project concerns base production of essential non-ferrous metals.

| NATURE OF EXPENDITURE | AMOUNT |
|---|---|
| Development and Preparatory Costs | $ 65,500.00 |
| Equipment and Supply Items | 29,400.00 |
| Contingency Reserve | 9,100.00 |
| Total amount applied for | $ 104,000.00 |

**2. PROPOSED METHOD FOR REPAYMENT OF LOAN**

State sources of funds, and proposed schedule of repayment

(See Exhibit "A" attached hereto.)

**3. NATURE OF BUSINESS AND DESCRIPTION OF PROJECT**

Describe fully the business activity for which the funds are intended. In so doing, identify the materials and services to be produced, describe the facilities and processes involved, and explain in detail any research activity and the nature of the results expected. Attach blueprints and specifications, if available, and furnish other technical details to the extent that they are not covered elsewhere in the application.

Project involves all normal activities in underground mining for non-ferrous metals — chiefly the production of zinc (See Item 5, Page 3). Project described in detail with accompanying reports, maps and other data in letter to Dr. James Boyd, Director, U.S. Bureau of Mines, under date of November 18, 1950, from Applicant. This material filed with the Director in quadruplicate and may be referred to hereinafter as "Letter to Director, November 18, 1950, Docket No. DMA-81".

**4. Relationship to National Defense.** Explain carefully how the expenditure of the funds will contribute to national defense. As a part of such explanation, the following questions should be answered to the extent possible:

(a) What evidence exists as to current shortages of the materials or services to be produced?

Government sources have listed critical shortages of zinc, both as to stockpiled material and current production and demand.

(b) What evidence exists as to future shortages of the materials or services to be produced?

Civilian use of zinc has been set for allocation, and it is believed that lead also may become in short supply because of increased useage in defense production. Lesser amounts of lead will also be produced hereunder (See Item 5, Page 3)

(c) Are such shortages, if any, regional or national in scope?

National

(d) In what respects will the use of the funds aid directly in expediting the carrying out of government defense contracts? (A listing of defense contracts, if any, held by applicant is required in item 8 below.)

No defense contracts currently held by Applicant.

**4. Relationship to National Defense** - Continued

(e) In what respects will the use of the funds aid indirectly in expediting the carrying out of government defense contracts or related operations?

Increased production of zinc will help supply users under government defense contracts.

(f) Are there available alternative methods or facilities to accomplish the same purpose as that for which these funds are intended? (For instance, unused capacity, possibility of multiple shift operations, idle facilities, readily convertible equipment, sub-contracting?) If answer is yes, explain why alternatives are not used.

No alternative method.

**5. Maximum Designed Production**

| List separately materials or services identified in item 3 (a) | Unit of measure (b) | Maximum designed production with existing facilities (c) | Average percentage of maximum designed production used in quarter preceding filing of application (d) | Maximum designed production including use of funds applied for (e) |
|---|---|---|---|---|
| Zinc | Lbs/month | Nil | Nil | 360,000 |
| Lead | Lbs/month | Nil | Nil | 120,000 |
| | | | | |
| | | | | |
| Note: Minor amounts of Silver, Gold and Copper will also be produced. "Maximum" production cannot be estimated due to nature of business; rather, a conservative assured production rate has been used above as more of a "minimum" production estimate. | | | | |

**6. Employment**

(a) Number currently employed at location(s) where funds are to be used. (Use pay period ending nearest 15th of month preceding filing of application.)

None — operations temporarily suspended.

(b) Maximum feasible employment with existing facilities.

(1) Single shift operation.

—

(2) Multiple shift operation (specify how many shifts).

—

(c) Estimated additional employees required by the use of the funds applied for.

10 initially, up to 22 for production specified in Item 5 above.

**7. Timing**

(a) On what date(s) are the requested funds needed?

Funds needed before project can be begun.

(b) On what expected date(s) will applicant begin to use such funds and obtain output from the use of such funds? Wherever possible, give planned schedule of output.

Funds will begin to be used as soon as available and output will begin 60 days thereafter. Schedule of output listed in "Letter to Director, November 18, 1950, Docket No. DMA-81."

8. Output from the use of funds applied for will be for the following purposes:

a. For the following principal prime defense contracts (if any) with the United States Government:

| Date of contract (a) | Contracting Government Agency (b) | Program symbol (2 digits) or other contract identification (c) | Materials or services (d) | Delivery date(s) (e) | Amount (Dollars) (f) |
|---|---|---|---|---|---|
| | No defense contract held by Applicant | | | | |

b. For the following subcontracts (if any) with U.S. Government prime defense contractors:

| Date of contract (a) | Materials or services (b) | Supplied to (Give name and address of firm) (c) | Delivery date(s) (d) | (e) Government agency receiving end product or services<br>(f) Program symbol (2 digits) or other contract identification | Amount (Dollars) (g) |
|---|---|---|---|---|---|
| | No subcontracts held by Applicant | | | (e)<br>(f) | |
| | | | | (e)<br>(f) | |
| | | | | (e)<br>(f) | |

c. For the following classes or types of customers not covered by contracts listed above (list materials or services to be provided and, wherever possible, also indicate final product use):

Zinc will be sold to smelters and other normal buyers for such uses including: Zinc coating (galvanizing), die casting, as zinc pigments and salts, brass making, rolled zinc products and other.

9. **Feasibility**

Salt Lake City, Utah

(a) Estimate anticipated requirements for manpower, equipment, raw materials, energy, fuel, transportation facilities, water supply, housing, community facilities, and other factors of production, for (1) preparation of the facilities and (2) actual operation thereof. (The estimates may be limited to those factors of substantial significance to the preparation and operation of the facilities for which the funds are intended.)

Preparation and operation of project inherently simultaneous. All anticipated requirements in connection therewith as set forth above can be obtained with reasonable expense and included within application. For example: No additional housing, transportation or other facilities will be required; equipment and supplies (incl. timber) readily available at going prices; a local supply of good labor can be obtained.

(b) Discuss and evaluate the availability of each of the above factors in the area(s) where the funds will be used.

The availability of trained labor is only questionable factor. Recent surveys indicate however, that sufficient labor is locally available for this project.

(See "Letter to Director, November 13, 1950, Docket No. DMA-81)

10. The following applications for necessity certificates for tax amortization (Under Section 124A of the Internal Revenue Code) for facilities at the location(s) covered by this application have been filed since January 1, 1950.

| Date of application (a) | Government file number (b) | (Estimated) Total of facilities in dollars on each application (c) | (d) If final action has been taken, give date of | |
|---|---|---|---|---|
| | | | Issuance | Denial |
| | | | | |
| | No applications for necessity certificates | | have been filed | by Applicant. |
| | | | | |
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| | | | | |
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| | | | | |

11. **Recent Efforts to Obtain Credit**

(a) Banks—List names and addresses of all Banks of Deposit of Applicant within the last 5 years: *(Mark with an asterisk (*) bank or banks in which deposits are now kept)*

First Security Bank of Utah, Exchange Place Branch, Salt Lake City, Utah

First Security Bank of Idaho, Hailey Branch, Hailey, Idaho /1

/1 Account held by certain officers individually in connection with advances by officers on behalf of corporation's activities in area.

11. **Recent Efforts to Obtain Credit** - Continued

(b) State efforts to obtain credit, within 60 days preceding date of application, from banks, the Reconstruction Finance Corporation, or other sources, results, and reasons if refused. (NOTE.- Section 302 of the Defense Production Act of 1950 states that a loan may be extended "only to the extent that it is not otherwise available on reasonable terms." Accordingly, Applicant should show that it has applied to each bank named in (a) above, or explain the reason for not doing so. The fact that a loan of the particular maturity and terms applied for is refused by a bank or banks is not sufficient to comply with the statute, if credit on reasonable terms is available. State whether a bank will participate in the loan, and if so, state name of bank and amount of participation. Full particulars must be given.) List the names and addresses of banks and other lending institutions to which applications for credit have been made, and in each case state date of application, amount of credit available, if any, maximum term for which credit is available, what consideration, if any, was given to possible guarantee of loan under Federal Reserve Regulation V, and reason for refusal or reason loan was not obtained. Indicate whether or not application was definitely refused for further credit on any basis.

No application has been made for credit from the Reconstruction Finance Corporation because Applicant repeatedly was informed no funds were available for such purposes and their collateral requirements did not permit such loans.

Applicant has applied to First Security Bank of Utah (a) above, on December 8, 1950, and credit was refused under any terms because of nature of business and bank's applicable policies. No application has been made to Idaho branch because same policies would apply. Consideration was given to Federal Reserve Regulation V (as revised), but this was deemed inapplicable. Bank was unwilling to participate in the loan in any amount unless future changes of governmental policies dictate otherwise.

(See also "Letter to Director, November 18, 1950, Docket No. DMA-81.)

12. What other forms of government financial assistance, if any, have been received or requested by the applicant in connection with the purposes of the loan herein applied for? If applicant plans to request such assistance in the future, give details.

No other forms of government financial assistance have been received, requested or planned by Applicant.

13. **HISTORY, MANAGEMENT, LEASED AGREEMENTS, INSURANCE, ETC.**

These subjects should be fully covered in statements attached hereto. Outline past management experience or other basis for showing competence of the Applicant to perform in accordance with expressed purpose of the application. If plant was purchased, state price, form and terms of payment, date of purchase, from whom and under what circumstances purchase was made. If it is proposed to construct or acquire new facilities (including equipment), state estimated cost and basis of such estimate, form and terms of payment, and from whom purchases of facilities will be made. State whether Applicant, or the business or plant, has been in receivership, bankruptcy, Chapter X, XI or XII, in hands of creditors, committee, or whether Applicant has effected a compromise with creditors, and if so, discuss fully. Indicate whether business is conducted in leased premises and whether any facilities are leased from others and describe terms of any lease agreements. List type and amount of insurance carried on plant property. Describe briefly any pending or threatened litigation affecting Applicant. (See Exhibit "B" attached hereto.)

**14. NAMES AND ADDRESSES OF OFFICERS, DIRECTORS, OR PARTNERS, AND IN ADDITION THERETO, THE FIVE LARGEST STOCKHOLDERS IF A CORPORATION.**

| NAME AND ADDRESS (a) | Official title (If officer is also director indicate by "D") (b) | Total of annual salary, commissions, bonuses, etc., received from Applicant and affiliates during last fiscal year (c) | Estimated net worth outside of Applicant (d) | Number of shares held in applicant: Common (e) | Number of shares held in applicant: Preferred (f) | Life insurance carried for benefit of Applicant: Amount (g) | Life insurance carried for benefit of Applicant: Net cash surrender value after loans (h) |
|---|---|---|---|---|---|---|---|
| George W. Snyder, Jr. | President "D" | nil | $10,000.00 | 105,375 | | | |
| Felt Bldg., Salt Lake City, Utah | | | | | | | |
| Harold A. Covey, same | Vice President "D" | nil | $10,000.00 | 105,375 | | | |
| George W. Snyder, same | Vice President "D" | nil | $100,000.00 | 106,250 | | | |
| Mason W. Rankin | Vice President "D" | nil | $10,000.00 | 106,250 | | | |
| 708 Harrison Ave., Helena, Mont. | | | | | | | |
| Harvey C. Orton | Vice President "D" | nil | $100,000.00 | 105,000 | | | |
| 231 So. LaSalle St., Chicago, Ill. | | | | | | | |
| Guy Snyder, Felt Bldg., same | Secy-Treas. ~~Total~~ | nil | x x x x x | nil | | x x x | x x x |
| | Total: | nil | | 528,250 | | | |

**15. CAPITAL STOCK ISSUES**

For Corporate Applicants

| Item | Authorized (a) | Outstanding (b) | Par value (c) | Number of shares outstanding (d) | Dividend rate last paid (e) |
|---|---|---|---|---|---|
| Common stock | $ 300,000.00 | $ 65,445.00 | $ 0.10/sh. | 654,450 | None |
| Preferred stock | $ None | $ — | $ — | — | — |

**16. PURCHASE AND SALES RELATIONS WITH OTHERS**

Does Applicant buy from, sell to, or use the services of, any concern or partnership in which an officer, director, large stockholder, or partner of the Applicant has a substantial interest? If not, so state. If so, give names of such officers, directors, stockholders, and partners, and names of such concerns or partnerships.

Applicant may buy from, sell to, or use the services of Combined Metals Reduction Co., engaged in mining including custom treatment of ores. This will be on competetive basis but may prove especially advantageous to Applicant. George W. Snyder above is a substantial stockholder thereof.

Does any officer, director, large stockholder, or partner of Applicant receive any commission, bonus, or other payment in cash or services from any concern or partnership with which Applicant has business dealings? If not, so state. If so, give names of such officers, directors, stockholders, or partners and amounts of such commissions, bonuses, or payments.

From affiliation above, Mr. Snyder receives only nominal Director's fees from above company and no other except as normal dividends.

**17. COMPENSATION SCHEDULE**

INSTRUCTIONS: The schedule shall show the amount of compensation being paid to all employees of Applicant receiving compensation at a rate in excess of $10,000 per annum, including employees paid on a part-time basis where the rate of compensation exceeds $10,000 per annum computed on a full-time basis. If Applicant is a corporation, the schedule should show the compensation, regardless of amount, being paid to all officers, directors, and such stockholders as have an interest in Applicant's business of 10 percent or more. If Applicant is a partnership, the schedule should show the compensation being paid to, or being withdrawn by, all partners for their personal use. If Applicant is an individual, the schedule should show the amount being withdrawn by Applicant for his personal use. In each case the listed person's connection with the business should be indicated (i.e., whether an officer, director, stockholder, partner, owner, etc.). The calendar basis for the compensation should likewise be shown. Attorneys or firms of attorneys on a regular retainer or salary basis should be included. The schedule should include a separate notation indicating the source and amount of any compensation being paid by a company or firm directly or indirectly controlling, affiliated with, or controlled by, Applicant. If the space provided herein is insufficient, the schedule should be continued on the reverse side or appropriate continuation sheets should be attached.

No compensation paid to any Officer or Director as such, but may employ any person including an Officer, Director or Stockholder, for technical or professional services at the usual rates of compensation for such services.

17. **COMPENSATION SCHEDULE** - Continued

The term "compensation", as used herein and such schedule, shall include all salaries, fees, bonuses, commissions, retainers, regular drawing accounts, and other payments, direct or indirect, in money or otherwise, for personal services.

| Name (a) | Position (b) | Compensation paid during previous fiscal year (c) | Proposed ~~Present~~ compensation (d) |
|---|---|---|---|
| Note: If services used, may follow example below as concerns those having substantial interest in Applicant. This, for initial operation and subject to change pending profitable operation and debt repayment hereunder and prorated charges from other operations. | | | |
| George W. Snyder, Jr. | Managerial - office | none | $ 300.00/mo. |
| Harold A. Covey | Managerial & Eng. - Mines | none | $ 500.00/mo. |
| Mason W. Rankin | Geological - Mines (If part-time basis) (Est. Aggregate: | none | $ 25.00/day $1200.00/year) |

18. **COLLATERAL**

(a) The applicant offers the following described collateral as security for repayment of the loan applied for.

| Description (a) | Date acquired (b) | Cost (c) | Book Value (Net) (d) | Appraised* value (e) |
|---|---|---|---|---|
| Property now held: | | | | |
| Leasehold interests and unpatented mining claims of Applicant not deemed acceptable collateral hereunder. | | | | |
| To be acquired: | | | | |
| Of the Equipment and Supplies listed in Item 1, Page 1 (See "Letter to Director, Nov. 18, 1950, Docket No. DMA-01" for itemization) amounting to: | | $ 29,400.00 | | |
| It is believed that only a portion thereof would be deemed as proper collateral, amounting to: | | | $ 22,230.00 | |

* This column need be filled in only if a recent appraisal has been made. If so, identify appraiser below.

| Name (a) | Title (b) | Date (c) |
|---|---|---|
| None | | |

(b) Describe existing liens, if any, on property listed above.

No liens.

Form NSRB-146 (Nov. 1950) | Name and address United Minerals Reserve Corp., 518 Felt Bldg. Salt Lake City, Utah | 

EXHIBIT A - CURRENT FINANCIAL STATEMENT

As of June 30, 1950 (Date of Last Audit (Exhibit "C"))

(Date not more than 30 days prior to date of application)

| | | | |
|---|---|---|---|
| **ASSETS** | | | |
| CURRENT ASSETS | 1. Cash | | $ 978.80 |
| | 2. Notes receivable | $ | |
| | Less reserve for doubtful notes | | |
| | 3. Accounts receivable: | | |
| | Current | $ | |
| | Past due not over 4 months | | |
| | Past due over 4 months | 4,375.00 | $ 4,375.00 |
| | Less reserve for doubtful accounts | | 4,375.00 |
| | 4. Inventories: | | |
| | Raw materials | $ | |
| | Work in process | | |
| | Finished goods | | $ |
| | Less reserve for inventory losses | | |
| | 5. Other current assets (describe) | | |
| | TOTAL CURRENT ASSETS | | $ 5,353.80 |
| FIXED AND OTHER ASSETS | 6. Plant used in business: | | |
| | Land Mine Developments | $ 22,329.28 | |
| | Buildings Property Lease & Options | 71,200.00 | |
| | 7. Machinery | | |
| | 8. Equipment, furniture, and fixtures | | $ 93,529.28 93,529.28 |
| | Less reserve for depreciation | | |
| | 9. Investments—stocks and bonds | | 18,000.00 |
| | 10. Investments in affiliated companies | | |
| | 11. Receivables due from affiliated companies | | |
| | 12. Real estate not used in business | | |
| | 13. Due from officers, directors, employees, stockholders | | |
| | 14. Deferred charges | | 1,205.70 |
| | 15. Other assets | | |
| | TOTAL ASSETS | | $118,088.78 |
| **LIABILITIES** | | | |
| CURRENT LIABILITIES | 16. Notes payable (see schedule 1, page 10): | | |
| | Banks | $ | |
| | Trade creditors | | |
| | Officers, stockholders, relatives | | |
| | Insurance companies | | $ |
| | 17. Accounts payable | | 1,957.33 |
| | 18. Other current liabilities: | | |
| | Delinquent taxes: Real estate | $ | |
| | Delinquent taxes: Federal | | |
| | Wages and salaries | 423.86 | |
| | Due officers | 519.90 | |
| | Accrued interest, rent, taxes, wages, etc. | 1,572.26 | |
| | | | 2,516.02 |
| | TOTAL CURRENT LIABILITIES | | $ 4,473.35 |
| FIXED AND OTHER LIABILITIES | 19. Machinery liens | | |
| | 20. Mortgage debts (see schedule 2, page 10) | | |
| | 21. Bonds or debentures (see schedule 2, page 10) | Non-Current Liabilities | |
| | 22. Other liabilities. (See Auditor's Statements, Exhibit "C") | | 44,290.43 |
| NET WORTH | 23. Common stock (if Applicant is incorporated) | $ 65,000.00 | |
| | 24. Preferred stock (if Applicant is incorporated) | | |
| | 25. Surplus (if Applicant is incorporated) | 4,325.00 | 69,325.00 |
| | 26. Capital and Surplus Account (if Applicant is partnership or individual) | | |
| | TOTAL LIABILITIES | | $118,088.78 |
| | 27. Contingent liabilities (explain) | | $ None |

NOTE.— Submit copy of last available audit or of financial statement at close of last fiscal period (if such date differs from date of above statement).

Salt Lake City, Utah

SCHEDULE I - Notes Payable (in detail)

| Name and address | Maturity | Amount | State amount and character of collateral | Name of guarantor(s) and/or endorser(s) |
|---|---|---|---|---|
| N O N E — See Auditor's Statements, Exhibit "C", for non-current Liabilities | | | | |

SCHEDULE 2 - Mortgage Debt (real estate and/or chattels) or Bond Issue

| Names and addresses of holders | Date of maturity | Interest rate | Unpaid principal amount | Date to which interest is paid |
|---|---|---|---|---|
| | N O N E | | $ | |
| TOTAL | X X X X X X X | X X X X X X | $ | X X X X X X X X X X X X X X X X |

If mortgage secures a bond issue, state whether bonds are principally held by management and/or stockholders or by others, and attach copy of mortgage indenture.

**EXHIBIT B - CONDENSED COMPARATIVE STATEMENT OF INCOME AND EXPENSES**

For years ended _____
(Insert date of end of fiscal year)
*(000.00 omitted)*

| | (Figures for 3 preceding years) 19 | 19 | 19 | Current year as of date of Exhibit A |
|---|---|---|---|---|
| 1. Net sales | | | | |
| 2. Cost of goods sold | | | | |
| 3. Gross profit on sales (line 1 minus line 2) | | | | |
| 4. Other income (itemize) | | | | |
| 5. Total (line 3 plus line 4) | | | | |
| 6. Salaries (officers or partners)* | | | | |
| 7. Selling and all other expenses | Non-operating to date of Audit. | | | |
| 8. Total of lines 6 and 7 | | | | |
| 9. Profit or loss before depreciation and Federal taxes (line 5 minus line 8) | | | | |
| 10. Depreciation | | | | |
| 11. Federal Income and Excess Profits Taxes | | | | |
| 12. Net profit or loss (line 9 minus lines 10 and 11) | | | | |
| **ANALYSIS OF SURPLUS** | | | | |
| 13. Total surplus at beginning of period | | | | |
| 14. Net profit or loss for period | | | | |
| 15. Line 13 plus line 14 if profit; line 13 minus line 14 if loss | | | | |
| *Add:* | | | | |
| 16. Surplus paid in during period | | | | |
| 17. Surplus resulting from revaluation of assets | | | | |
| 18. Other additions to surplus (itemize) | | | | |
| 19. Total of lines 15 to 18, inclusive | | | | |
| *Deduct:* | | | | |
| 20. Dividends | | | | |
| 21. Other charges to surplus (itemize) | | | | |
| 22. Total of lines 20 and 21 | | | | |
| 23. Surplus at end of period (line 19 less line 22), MUST AGREE WITH SURPLUS AS SHOWN IN BALANCE SHEETS | | | | |

* To include all payments of any kind (commissions, bonuses, withdrawals) to officers or partners.

NOTE—If years included in the above tables are not adequately representative of applicant's financial experience, information may be submitted for additional years.

Salt Lake City, Utah

Form NSRB-146 (Nov. 1950) | Name [redacted] address United Minerals Reserve Co[redacted], 518 Felt B. | Page 11 of 12 pages

**EXHIBIT C - CONDENSED COMPARATIVE STATEMENT OF CONDITION**

For years ended June 30, 1950
(Insert date of end of fiscal year)

(000.00 omitted. Use figures to nearest thousand. For instance, the figure $3,489.36 should be written as 3; the figure $3,689.36 should be written as 4)

| ASSETS | (Figures for 3 preceding years) 19 | 1949 | 1950 | Current year as of date of Exhibit A |
|---|---|---|---|---|
| CURRENT ASSETS: | | | | |
| 1. Cash | | -0- | 978.80 | |
| 2. Receivables (after deducting reserves) | | -0- | 4375.00 | |
| 3. Inventories | | | | |
| 4. Other current assets: | | | | |
| TOTAL CURRENT ASSETS | | None | 5353.80 | |
| FIXED AND OTHER ASSETS: | | | | |
| 5. Plant accounts (before depreciation): | | | | |
| Mine Developments | | 10,981.67 | 22,329.28 | |
| Delivery equipment | | | | |
| Property Leases & options | | -0- | 71,200.00 | |
| 6. Other assets (as investments, real estate not used in business, etc.): | | | | |
| Securities - Stock | | -0- | 18,000.00 | |
| Organizational Expenses | | 1,011.53 | 1,205.70 | |
| TOTAL ASSETS | | 11,993.20 | 118,088.78 | |
| **LIABILITIES** | | | | |
| CURRENT LIABILITIES: | | | | |
| 8. Notes payable | | | | |
| 9. Accounts payable | | 629.74 | 1,957.33 | |
| 10. Accrued liabilities | | 183.01 | 2,516.02 | |
| 11. Other current liabilities: | | | | |
| TOTAL CURRENT LIABILITIES | | 812.75 | 4,473.35 | |
| FIXED AND OTHER LIABILITIES: | | | | |
| 12. Mortgage debts | | | | |
| 13. Debentures | | | | |
| 14. Other fixed liabilities: | | | | |
| Notes Payable | | -0- | 28,500.00 | |
| Officers Advances - Notes | | 10,430.45 | 15,790.43 | |
| RESERVES: | | | | |
| 15. Reserve for depreciation | | None | None | |
| 16. Other reserves: | | | | |
| NET WORTH: | | | | |
| 17. Common stock (issued) (if Applicant is incorporated) | | 750.00 | 65,000.00 | |
| 18. Preferred stock (issued) (if Applicant is incorporated) | | | | |
| 19. Surplus (if Applicant is incorporated) | | -0- | 4,325.00 | |
| 20. Capital and surplus account (if Applicant is partnership or individual) | | | | |
| TOTAL LIABILITIES | | 11,993.20 | 118,088.78 | |

See Letter attached to Auditor's Statements, Exhibit "C"

NOTE— If years included in the above table are not adequately representative of applicant's financial experience, condition statements may be submitted for additional years.

**EXHIBIT D** Salt Lake City, Utah

**AGREEMENT AS TO COMPENSATION FOR SERVICES RENDERED OR TO BE RENDERED TO APPLICANT IN CONNECTION WITH APPLICATION AND/OR LOAN**

To induce the United States Government and its agencies to make a loan under Sec. 302 of the Defense Production Act of 1950 to _____ (hereinafter called "Applicant") and in consideration of the making of a loan to Applicant, the undersigned, having been retained by Applicant for the purpose of rendering professional or other services in connection with its application for a loan or loans, hereby represents, warrants, and agrees that the undersigned has not been paid, has not made any agreement with the Applicant to be paid, and has not procured any person to pay or agree to pay, and will not, directly or indirectly, charge or receive any bonus, fee, or commission in any form in connection with the said application for, or the obtaining of, the loan applied for by the Applicant, or any compensation in any form for services rendered or to be rendered in connection therewith except for the services and in the amounts stated below:

| Name | Description of services | Amount paid | Amount to be paid |
|---|---|---|---|
| | | $ | $ |

To induce the making of the loan and the employment of the undersigned by Applicant, the undersigned hereby further warrants, covenants and agrees, upon the consideration herein specified, and in consideration of the employment of the undersigned by Applicant, as above recited, that if the amount of compensation stated above for any such services shall not be deemed reasonable by any agency of the United States Government, the undersigned will reduce the charge for such services to such amount as shall be deemed reasonable by such agency, and will not, directly or indirectly, charge or collect from the Applicant or any other person, any sum in excess of the amount so deemed reasonable; and that if the undersigned has heretofore collected, from the Applicant or any other person, as compensation for any such services, any amount deemed by such agency to be unreasonable, the undersigned will refund to Applicant or such other person such sums as are in excess of the amount deemed reasonable. The undersigned further warrants, covenants and agrees that if the amount of the compensation for any such services is not determinable at the date of application, or is not stated above, it will not collect or charge any sum as compensation for such services without the prior written approval of the Government agency with which this application is officially filed as to the nature of the services for which such compensation is to be paid and the amount of such compensation.

Witness: _____ _____

Address of witness: _____ _____

Dated _____, 19____ _____

NOTE—Corporations must execute foregoing certificate in corporate name, by duly authorized officer, and seal must be affixed and duly attested; partnerships must execute in firm name, together with signature of a general partner. If no compensation is paid or to be paid for services rendered in connection with application or loan, this should be so stated and the Applicant should sign this Exhibit.

**CERTIFICATION**

The Applicant hereby certifies that the statements made in the foregoing application, and all exhibits and documents submitted in connection therewith, are true and correct statements to the best of Applicant's information and belief and are submitted as a basis for credit. The Applicant agrees to reimburse any agency of the United States Government upon demand for any expenses incurred in connection with or arising out of this application or any loan made pursuant hereto.

Dated _____, 19____

Witness: (For individual applicants)

_____ _____ (Signature)

Witness: (For partnership applicants)

_____ _____ (Full name of firm)

By _____, a general partner. (Signature)

(For corporate applicants)

*(CORPORATE SEAL)*

UNITED MINERALS RESERVE CORPORATION (Full corporate name of Applicant)

Attest: By Harold A. Conry Vice President (Signature) (Title)

Geo. Dreyfus Secretary (Signature) (Title)

The United States Criminal Code, 18 U.S.C., Sec. 1001, makes it a criminal offense to make a willfully false statement or representation to any Department or Agency of the United States as to any matter within its jurisdiction.

U. S. GOVERNMENT PRINTING OFFICE: 1950 O - 916171

Form NSRB-146, APPLICATION FOR GOVERNMENT LOAN
Applicant: United Minerals Reserve Corporation
518 Felt Bldg., Salt Lake City 1, Utah
Docket No.: DMA-81

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EXHIBIT "A"

ITEM 2, PAGE 2, PROPOSED METHOD FOR REPAYMENT OF LOAN:

Ore sales are the chief source of income for applicant. The proposed terms for repayment of loan hereunder derived from 20 per cent of net income (before income taxes) or greater as desired by applicant; computed first as interest (up to 5 per cent per annum), then principal.

Based on production levels set forth in Item 5, Page 3, herein, the proposed schedule for repayment is estimated (at minimum rate specified above) as follows:

| Year | Interest | Principal |
|---|---|---|
| 1st | $ 5,200 | $ 1,084 |
| 2nd | 5,146 | 21,449 |
| 3rd | 4,073 | 22,936 |
| 4th | 2,927 | 24,112 |
| 5th | 1,721 | 34,419 |
| Total: | $ 19,067 | $ 104,000 |

Form NSRB-146, APPLICATION FOR GOVERNMENT LOAN
Applicant: United Minerals Reserve Corporation
518 Felt Bldg., Salt Lake City 1, Utah
Docket No. DMA-81

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EXHIBIT "B"

ITEM 13, PAGE 6, HISTORY, MANAGEMENT, LEASED AGREEMENTS, INSURANCE, ETC.:

These subjects have been covered in "Letter to Director, November 18, 1950, Docket No. DMA-81," referred to above, but are reiterated briefly below for possible convenience in this consideration.

The Applicant Corporation was organized as a Mining Corporation and incorporated under the laws of Nevada on April 8, 1948. Subsequently the Corporation gained interests in various mining properties, the subjects for which this application is made being listed below. During parts of 1948, 1949 and 1950, the Applicant engaged in activities consisting of development, exploration, mining, engineering, geological, metallurgical and other work limited only to the extent for which funds were available. Funds therefor were advanced chiefly by officers and directors of the Applicant to the limits of their ability. Such operations were suspended temporarily in August, 1950, for lack of such funds.

Historical background of principal officers and directors and experience level of management is as follows:

Mr. George W. Snyder, Jr., Director and President of the Corporation, has been active in mining, oil, and airline enterprises in the intermountain region for the past fourteen years. He served as President and Chairman of the Board of Challenger Airlines Company (now merged as Frontier Airlines) and its predecessor from 1945 until 1948 and was one of the organizers of this concern. He has operated numerous mining leases and oil leases during this period.

Mr. Harold A. Covey, Director and Vice President of the Corporation, is an experienced Mining Engineer having been employed for six years with the Triumph Mining Company, located in the Big Wood River mining region of Blaine County, Idaho, one of Idaho's leading lead-zinc-silver producers and in same vicinity as Applicant's properties. He resigned from his position as Chief Engineer with them in 1945. Prior to that time, Mr. Covey served as Engineer for Snyder Mines, Inc., in Salt Lake City and at Mercur, Utah. He has extensively been engaged in mining since 1937, when he operated a lease in the Alta Mining District, Utah.

Form NSRB-146, APPLICATION FOR GOVERNMENT LOAN
Applicant: United Minerals Reserve Corporation
518 Felt Bldg., Salt Lake City 1, Utah
Docket No. DMA-81

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EXHIBIT "B" Cont'd.

Mr. Mason W. Rankin, Director and Vice President of the Corporation, is an experienced Mining Geologist. He has actively engaged in supervising geological examinations and mine operations in western United States since 1936; having served as Chief Geologist for the Triumph Mining Company from 1939 to 1942, when he entered the employment of the American Smelting and Refining Company as a Geologist and Engineer. He served in this capacity until February, 1949, at which time he resigned to aid in the active direction of this Corporation and to otherwise serve professionally as a Consulting Geologist.

Mr. George W. Snyder, Director and Vice President of the Corporation, has been engaged in the Mining Industry in the intermountain territory for a period of thirty-five years, and has successfully developed numerous major mining operations. He is an Officer and/or Director in fourteen mining companies, several of which are large-scale producers of gold, silver, lead, zinc and copper ores. His services are available to the Corporation as Consultant and Advisor.

Mr. Harvey C. Orton, Director and Vice President of the Corporation, is an experienced corporation executive. He was actively engaged in an executive capacity in the acquisition and management of public utilities, electric, gas and transportation for many years until January, 1935. Since that time he has been interested in a major way as an owner, consultant or director in the mining and petroleum business, both in the United States and in foreign fields. His capacity with the Corporation will be chiefly in financial matters.

It is proposed to acquire new facilities consisting chiefly of mining equipment and machinery. This has been itemized in abovementioned "Letter to Director, November 18, 1950, Docket No. DMA-81" and may be purchased from normal suppliers in new or used condition depending on condition and costs. Purchases will be made on a cash basis, if possible, to take advantage of normal discounts given for such consideration. Purchasing will be done on a strictly competetive basis.

Applicant has never been in receivership, bankruptcy, Chapter X, XI or XII, in hands of creditors, committee, nor has Applicant ever effected a compromise with creditors.

Form NSRB-146, APPLICATION FOR GOVERNMENT LOAN
Applicant: United Minerals Reserve Corporation
518 Felt Bldg., Salt Lake City 1, Utah
Docket No. DMA-81

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EXHIBIT "B" Cont'd.

The properties for which funds hereunder are sought consist of two groups of mining claims, located contiguously along the same fissure system at the head of Lake Creek Canyon, Warm Springs Creek Mining District, Blaine County, Idaho. They are held by Deed and by Lease and Option by Applicant, a description and terms and conditions of which are as follows:

Homestake Group: The Homestake Mine consists of 1 patented and 12 unpatented lode mining claims, forming a contiguous group, situated along the north slope of Lake Creek Canyon. 4 town lots along railroad trackage at Ketchum, Idaho, are also included.

The property is held under a ten-year lease with option to purchase, dated May 26, 1949, for a total purchase price of $67,500.00. A minimum expenditure of $5,000.00 annually for development and other work and improvements is required. All royalties apply on the purchase price, are based on the net smelter returns (smelter value less treatment, truck and rail transportation, assaying, etc.) and are arranged as follows:

On Concentrates: 7½ per cent

On Crude Ores: 10 per cent when $25.00 per ton and under,
or
12½ per cent when $25.01 per ton and over but not in excess of $50.00 per ton, or
15 per cent when $50.01 per ton and over.

An additional royalty of 5 per cent will be paid on any governmental metal premiums or "bonus" payments insofar as applicable regulations will permit.

Long Grade Group: The Long Grade Mine consists of 11 contiguous unpatented mining claims situated along the south slope of Lake Creek Canyon and adjacent to the Homestake. Seven of the claims were located and directly assigned by deed to the Corporation by certain of its officers and directors.

A standard mining lease and option on 4 claims of the group includes the following terms and conditions: The indenture covers a 10-year term from July 10, 1948; the minimum work requirements (by amendment) are that $2,000.00 be expended annually on development and other work; the total purchase price is $75,000.00 on which royalties of 10 per cent of the net smelter returns apply.

There is no pending or threatened litigation affecting the Applicant.

# UNITED MINERALS RESERVE CORPORATION

FELT BUILDING
SALT LAKE CITY 1, UTAH

231 SO. LASALLE ST.
CHICAGO 4, ILLINOIS

December 15, 1950

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

Gentlemen:

The Audit Report contained in the following pages is submitted on behalf of United Minerals Reserve Corporation in connection with its Application for Government Loan.

It is made as of June 30, 1950, the last regular audit period of the Applicant. The reason it was not brought up to date in strict compliance with the requested stipulations of Form NSRB-146 was that Applicant did not wish to assume the extra expense involved to so do.

The principal change in conditions since the date of this audit is that approximately $11,724.96 (with accruals) has been expended on further development of properties. Funds for this work were derived in the amounts of $1,461.71 from ore sales, $3,411.76 from the sale of Corporation's securities, $1,500.00 by loan from Combined Metals Reduction Company, and the balance was advanced by its Officers and Directors.

It is respectfully hoped that this information will prove sufficient for your requirements.

Respectfully submitted,

UNITED MINERALS RESERVE CORPORATION

Guy Snyder

Guy Snyder, Secretary-Treasurer

**NOTE: Audit Report called, <u>EXHIBIT "C"</u> of Application for Docket Number DMA-81.**

EXHIBIT "C"

GLEN A. GARDNER & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
FARMERS & MERCHANTS BANK BUILDING
P. O. BOX 385 — PROVO, UTAH

ACCOUNTANTS
AUDITORS
TAX COUNSELORS

TELEPHONE 273

September 28, 1950

The Board of Directors
United Minerals Reserve Corporation
518 Felt Building
Salt Lake City, Utah

Gentlemen:

We have examined the comparative balance sheets of the United Minerals Reserve Corporation for the fiscal years ending June 30, 1949, and June 30, 1950, and the related statement of receipts and disbursements for the fiscal year ended June 30, 1950, have reviewed the system of internal control and the accounting procedures of the company and, without making a detailed audit of the transactions, have examined or tested accounting records of the company and other supporting evidences, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

As a part of our report, we submit the following exhibits:

EXHIBIT "A" - Comparative Balance Sheets,
For Fiscal Periods Ended June 30, 1949,
and June 30, 1950.

EXHIBIT "B" - Statement of Receipts and Disbursements,
For Fiscal Period Ended June 30, 1950.

EXHIBIT "C" - Analysis of Capital Stock Account.

## HISTORY AND ORGANIZATION

The United Minerals Reserve Corporation was organized April 8, 1948, as a Nevada Corporation under the name of Stalwart Products Corporation, with an authorized capitalization of 1,000,000 shares of common stock, par value $.25 per share, and assessable. Subsequent action by the directors effected an organizational change. Accordingly, on July 5, 1949, the corporate name was changed to United Minerals Reserve Corporation and the capitalization was increased to 3,000,000 shares common stock, par value $.10 per share, and non-assessable. Also, as the result of its acquisition of certain properties in Idaho, the corporation on June 22, 1950, qualified itself as a foreign corporation under the laws of Idaho, preparatory to increasing its activities in this state.

The charter of the company shows that it was organized for the purpose of carrying on business in mining, exploration, and development of properties for its mineral reserve content, primarily, and the doing of any and all other things and acts which may be necessary or expedient for the better carrying out of the above mentioned purpose.

To the present time the company has confined its activities to the promotion and development of properties situated in Idaho. These properties were acquired by the issuance of stock to various officers and directors of this corporation for the options, leases, and bonds which they held. One group of the above mining properties has come into a limited production schedule of Silver-Lead-Zinc Ore in the period subsequent to the period covered by this audit report.

## COMMENTS ON COMPARATIVE BALANCE SHEETS - EXHIBIT A

### Subscription Receivable - $4,375.00

Common stock in amount of 5000 shares were issued to Edward W. Ackley & Co., for which payment has not been received. This Company will serve as underwriters for the United Minerals Reserve Corporation proposed stock issues.

### Fixed Assets - $111,529.28

All fixed assets are valued at cost to the corporation.

Property leases and options in amount of $67,200.00 were acquired from officers and directors of the corporation for the issuance of 422,000 shares of common stock and two notes totaling $25,000: (1) $10,000.00 plus accrued interest, dated June 3, 1949, due October 1, 1951 and (2) $15,000.00 plus interest, dated June 3, 1949, due December 1, 1951. The corporation also purchased for 40,000 shares common stock certain lease interests in properties held by Casino Mining and Milling Co. (an Idaho Corporation). The leases and options covering the above properties were in full force and effect at June 30, 1950.

Properties are located in the Mining district of Warm Springs Creek in Idaho.

For purpose of determining relative value of properties transferred to the corporation by the officers, we obtained a statement from a leading mining geologist, Mr. Earl B. Young, who is well acquainted with these properties to the effect that their acquisition cost is a very conservative valuation of these properties.

Securities represent stock investments in mining development companies as follows: The Santa Cruz Copper Co., (an Illinois Corporation), 100,000 shares common stock, representing 10% of its capitalization; and The Colorado Gold King, Inc., (a Colorado Corporation), 30,000 shares common stock, representing 1% of its capitalization. These securities have no listed market quotation, nor are there available statements reflecting financial condition.

All expenditures made on behalf of the corporation for carrying out its proposed activities which are related to the development of the Idaho properties have been capitalized under the caption of "Mine Development and Promotion", and appear on Exhibit "A" as an aggregate total of $22,329.28, at June 30, 1950. Extensive review was made of data supporting these charges, and statements were obtained from various individuals to furnish independent proof of the accuracy and propriety of this account.

Allowances for depreciation or depletion on fixed assets have not been established since this corporation has not, at this date, reached the contemplated production stage of its activities, although preparatory operations were well underway.

Current Liabilities - $4,473.35

All accounts payable were substantially confirmed directly with the creditors concerned, and so far as we were able to ascertain all liabilities, direct and indirect, are reflected in the attached exhibits.

Officers advances in the amount of $519.90 are expenses of H. C. Orton, Vice-President and Director, were submitted to October 1, 1949. Underlying data for these items are held in Mr. Orton's Chicago office and therefore, could not be vouched.

Notes Payable - $28,500.00

Notes payable have been confirmed directly with the parties concerned and are itemized in the following schedule:

| Payee | Amounts | Comments |
|---|---|---|
| W. F.. Snyder & Sons | $ 25,000.00 | See comments under "Fixed Asset" caption. |
| Combined Metals Reduction Co. | 3,500.00 | Represents Advance on future ore shipments. Terms payable $1.00 per ton. |
| | $ 28,500.00 | |

Officers Advances - $15,790.43

Four percent interest bearing notes have been issued for officers advances and will become due at various dates with none falling due before June 30, 1951. They might well be considered more in the nature of a temporary investment by the officers than notes payable, and represent a tangible proof of the faith management has in the future of this company.

Paid in Surplus - $4,325.00

On July 5, 1949, as the result of the change in capital structure which changed the par value of stock from $.25 to $.10 per share, 3000 shares of prior issue to promoters were exchanged for 3000 shares of new issue. This variation in par value resulted in establishment of $450.00 of capital surplus. The balance of $3,875.00 represents the stock premium on 5000 shares of issued common stock sold to the underwriter.

## COMMENTS ON STATEMENT OF RECEIPTS AND DISBURSEMENTS - EXHIBIT B

Cash receipts deposited from loans and advances were all identified and advances by officer's direct disbursement were carefully scrutinized and are reflected in the schedule of disbursements. Substantial verification was made of underlying supporting data to the various classified expenses, with exception of travel, lodging, and entertainment. Supporting details were not always present to give positive validity to these disbursements. However, other means such as individual travel log books, and written acceptances by officers of the corporation were obtained certifying to the reasonableness and propriety of such items.

## CERTIFICATE

In our opinion, subject to comments in the foregoing paragraphs, the accompanying comparative balance sheets for the fiscal years ended June 30, 1949, and June 30, 1950, and the related statement of receipts and disbursements for the fiscal year ended June 30, 1950, presents fairly the financial position of the United Minerals Reserve Corporation for the fiscal year then ended, and are in accordance with the books of the company, done so in conformity with generally accepted accounting principles consistently applied during the periods.

Very truly yours,

Original Signed by:

GLEN A. GARDNER
Certified Public Accountant

STATE OF UTAH )
: ss.
County of Salt Lake )

BE IT REMEMBERED, that on the 10th day of October, A.D. 1950, personally appeared before me, the undersigned, a Notary Public in and for said County and State, Glen A. Gardner, known to me to be the person described in and who executed the foregoing statements under oath, who duly acknowledged to me that he executed same freely and voluntarily, and for the uses and purposes for which it was intended.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my notarial seal this the day and year first above written.

Original signed by:

RAY H. IVIE
Notary Public

SEAL:

RAY H. IVIE
Notary Public
Commission Expires
Nov. 18, 1953
Provo, State of Utah

UNITED MINERALS RESERVE CORP.
COMPARATIVE BALANCE SHEET
FOR THE FISCAL YEARS ENDING

EXHIBIT "A"

| | | June 30 1949 | | June 30 1950 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Current Assets | | | | |
| Cash on Hand and in Bank | $ | -0- | $ | 978.80 |
| Total Current Assets | | None | | 978.80 |
| Subscriptions Receivable | | -0- | $ | 4,375.00 |
| Fixed Assets - At Cost | | | | |
| Property Leases and Options | | -0- | $ | 71,200.00 |
| Securities | | -0- | | 18,000.00 |
| Mine Development and Promotion | $ | 10,981.67 | | 22,329.28 |
| Total Fixed Assets | $ | 10,981.67 | $ | 111,529.28 |
| Intangible Assets | | | | |
| Organizational Expense | $ | 1,011.53 | $ | 1,205.70 |
| Total Assets | $ | 11,993.20 | $ | 118,088.78 |
| **LIABILITIES AND NET WORTH** | | | | |
| Current Liabilities | | | | |
| Accounts Payable - trade | $ | 629.74 | | 1,957.33 |
| Payroll Taxes | | -0- | | 134.39 |
| Accrued Wages | | -0- | | 423.86 |
| Accrued Interest Payable | | 131.94 | | 1,437.87 |
| Officers Advances | | 51.07 | | 519.90 |
| Total Current Liabilities | $ | 812.75 | $ | 4,473.35 |
| Contingent Liabilities (See Footnote #1.) | | | | |
| Non-Current Liabilities | | | | |
| Notes Payable | | -0- | $ | 28,500.00 |
| Officers Advances | $ | 10,430.45 | | 15,790.43 |
| Total Long-Term Liabilities | $ | 10,430.45 | $ | 44,290.43 |
| Net Worth | | | | |
| Capital Stock Issues (Exhibit C) | $ | 750.00 | $ | 65,000.00 |
| Paid In Surplus | $ | -0- | | 4,325.00 |
| Total Net Worth | $ | 750.00 | $ | 69,325.00 |
| Total Liabilities and Net Worth | $ | 11,993.20 | $ | 118,088.78 |

Footnote #1 -- Corporation is contingently liable for provisions in leases and options in properties calling for certain minimum performance requirements which amount to $1,057.81 should lessor so demand. Officers advise their discussions with lessor indicates payments will not be called for.

UNITED MINERALS RESERVE CORP.
Felt Bldg., Salt Lake City, Utah

UNITED MINERALS RESERVE CORPORATION
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1950

EXHIBIT "B"

| | | | | |
|---|---|---|---|---|
| Beginning Cash, July 1, 1949 | | | | $ NONE |
| **Receipts** | | | | |
| Cash Received from Officers Loans and Advances | | | | $ 4,400.00 |
| Advances by Officer's Direct Disbursement. | | | | 7,094.23 |
| Total Receipts | | | | $ 11,494.23 |
| **Disbursements** | | | | |
| Mine Developments: | | | | |
| Travel, Lodging and Entertainment | | $ 4,460.47 | | |
| Rent | | 286.00 | | |
| Telephone | | 754.56 | | |
| Supplies | | 254.08 | | |
| Wages and Supervision | | 2,401.76 | | |
| Miscellaneous | | 44.25 | | |
| Office Expense | | 141.49 | | |
| Legal | | 47.25 | | |
| Assaying and Samples | | 26.30 | | |
| Interest | | 1,585.71 | | |
| Insurance | | 55.30 | | |
| Timber | | 365.08 | | |
| Payroll Taxes | | 43.22 | | |
| Contract Labor | | 404.35 | | |
| Printing Prospectus | | 477.79 | | |
| Total Mining Development Increase | | | $ 11,347.61 | |
| Organization Expense Increase | | | 194.71 | |
| Property Leases and Options | $ 71,200.00 | | | |
| Securities | 18,000.00 | 89,200.00 | | |
| Less Capital Stock Issued | 64,200.00 | | | |
| Notes Payable Assumed | 25,000.00 | 89,200.00 | -0- | |
| Reduction of Officers Loan and Advances | | | 2,165.42 | |
| Total | | | $ 13,707.20 | |
| Increase in Current Liabilities | | $ 3,660.60 | | |
| Less Officers Advances included Above | | 468.83 | 3,191.77 | |
| Total Disbursements | | | | $ 10,515.43 |
| Ending Cash, June 30, 1950 | | | | $ 978.80 |

UNITED MINERALS RESERVE CORP.
Felt Bldg., Salt Lake City, Utah

Page 8

UNITED MINERALS RESERVE CORPORATION
ANALYSIS OF CAPITAL STOCK ACCOUNT
FOR FISCAL PERIODS ENDING

EXHIBIT "C"

| | | Shares Issued | Amount |
|---|---|---|---|
| June 30, 1949 | | | |
| Common Stock Authorized, $.24 Par Value Assessible | 1,000,000 | | $ 250,000.00 |
| Less Unissued Common Stock | 997,000 | | 249,250.00 |
| Common Stock Issued and Outstanding | | 3,000 | $ 750.00 |
| June 30, 1950 | | | |
| Common Stock Authorized, $.10 Par Value, Non-Assessible (See footnote #1) | 3,000,000 | | |
| Less: Original Shares Issued | 3,000 | | |
| Balance of Unissued Stock | 2,997,000 | | |
| Less Unissued Stock at 6-30-50 | 2,350,000 | | |
| Shares Issued During Period | | 647,000 | $ 64,700.00 |
| Total | | | $ 65,450.00 |
| Less Adjustment to Paid in Surplus (See Footnote #2) | | | $ 450.00 |
| Common Stock Issued and Outstanding | | 650,000 | $ 65,000.00 |

FOOTNOTES

(1) - July 5, 1949, the Articles of Incorporation were legally amended, increasing the authorized common stock from 1,000,000 shares, $.25 par value, assessable, to 3,000,000 shares $.10 par value non-assessable.

(2) - The par value variation of $.15 per share on 3000 shares original stock exchanged for 3,000 shares of new issue resulted in a capital surplus credit.

UNITED MINERALS RESERVE CORP.
Felt Bldg., Salt Lake City, Utah

DIRECTOR

# UNITED MINERALS RESERVE CORPORATION

ILDING
KE CITY 1, UTAH

November 18, 1950

231 So. LaSalle St.
Chicago 4, Illinois

Dr. James Boyd, Director
U. S. Bureau of Mines
New Interior Building
Washington 25, D. C.

Dear Dr. Boyd:

Pursuant to recent advice received and information given by the Assistant Secretary of the Interior, Mr. Davidson, and from your Regional Office of the Bureau of Mines, at Denver, Colorado, the following information is respectfully presented toward expediting a proposed formal application for a Government loan when the procedures have been established for the metal mining industry. Supporting data and detailed information may be found in various exhibits filed herewith but the attempt will be made below to briefly summarize the points of greatest interest.

The properties encompassed in this proposal are known collectively as the Lake Creek Zinc Properties, being at the head of Lake Creek Canyon, Wood River Mining District, Blaine County, Idaho. Singly, they have been called the Homestake Mine and the Long Grade Mine but are located contiguously on strike extensions of the same fissure system. The present operating company and holder of leasehold interests is the United Minerals Reserve Corporation with offices at 518 Felt Building, Salt Lake City 1, Utah. Previous operators have been the Casino Mining and Milling Company of Yakima, Washington, and various other individuals and leasers thruout the past years since discovery.

Altho considerable past production has been reported for which no record is now available, the production "of record" is substantial. This has been the subject of a recent review by the writer and a copy of which, titled, "PRODUCTION SUMMARY AND STATUS REPORT of the LAKE CREEK ZINC PROPERTIES," is herewith included. The total past tonnage and metal production, excluding non-economic amounts of copper, were found to be as follows:

| DRY TONS | Gold oz. | Silver oz. | Lead lbs. | Zinc lbs. |
|---|---|---|---|---|
| 5443.120 | 27.044 | 85,430.82 | 1,419,608.1 | 1,655,677.1 |

As is noted in the status report above referred to, there is no current production from this area. Such work was discontinued in August of this year because of lack of funds being available to this company to properly maintain production and perform the needed development work. Other notes regarding the past history of these properties may be found in other reports included herewith and in U.S.G.S. Bulletin No. 814 on the region.

The projects proposed to provide further development of this area have been tabulated in some detail in a report titled, "LAKE CREEK ZINC PROPERTIES," Mason W. Rankin, May 29, 1949, a copy of which is included herewith. Since preparation of his report, certain price increases have been noted in equipment and supply items and further additional information has been gained as to the physical aspects of certain parts of the proposal. Appropriate changes have been made to reflect these conditions and they may be summarized as follows:

| | | |
|---|---|---|
| Rehabilitation No. 6 Homestake Level (2,500 ft.) ? | $ 10,000.00 | |
| Drifting No. 6 Homestake Level (1,000 ft.) ? | 25,000.00 | |
| Sinking No. 6 Homestake Level (100 ft.) | 10,000.00 | |
| Drifting No. 5 Long Grade Level (600 ft.) ? | 15,000.00 | |
| Surface Stripping & Reopening Tunnels, Long Grade | 3,500.00 | |
| Misc. Rehabilitation, Preparatory to Ore Mining | 2,000.00 | |
| TOTAL DEVELOPMENT COSTS: | | $ 65,500.00 |
| Equipment and Supply Items, Homestake portion | 18,000.00 | |
| Equipment and Supply Items, Long Grade " | 11,400.00 | |
| TOTAL EQUIPMENT & INVENTORY COSTS: | | 29,400.00 |
| TOTAL DEVELOPMENT & EQUIPMENT COSTS: | | $ 94,900.00 |
| Plus Contingency Reserve @ 10% - | | 9,100.00 |
| GRAND TOTAL - ESTIMATED COSTS: | | $ 104,000.00 |

Maps are enclosed herewith showing the locations of the proposed new work and other features in a composite arrangement with geology, ore zones, etc. Equipment lists required, and matters pertaining to locations and accessibility as to ore markets are also discussed in the report and were found to be favorable.

Labor requirements will depend somewhat on the rate the proposed program is undertaken and will be on a progressive upward scale as the work is completed and working faces of ore are developed and prepared. At the outset, it is believed logical to employ only 10 miners and helpers. This would apply 6 men (two shifts) toward rehabilitation of No. 6 Homestake Level; 2 men toward drifting on No. 5 Long Grade Level; and two men toward cleanup of upper levels of Homestake preparatory to ore mining. At the end of six months (see below), it could be expected to have four additional headings under way requiring another 12 men, including mechanics, trammers, etc.

Availability of labor locally for this project presents a question which the applicant is unable to answer in a positive manner. Employment services indicate skilled labor in fairly short supply in this region. However, the applicant is of the opinion that this is more apparent than real and factors such as good working conditions and the possibility for incentive type of labor payment would not only provide sufficient labor but would also prove to be economically advantageous to the company.

As mentioned above, the rate of employment and hence, production, will depend somewhat on the work as it progresses. However, from the purely physical aspects of the matter, production can be estimated as follows:

| PERIOD | TONNAGE RATE | BASE METAL PRODUCTION Lead lbs. | Zinc lbs. |
|---|---|---|---|
| At end of 60 days | 480 tons/month | 48,000/mo. | 144,000/mo. |
| At end of 120 days | 720 tons/month | 72,000/mo. | 216,000/mo. |
| At end of 6 months | 1200 tons/month | 120,000/mo. | 360,000/mo. |

At the end of one year, or the estimated time it will take to complete the whole program as outlined in the foregoing proposals, the rate of ore mining will depend on the results of the development. From the past history of similar development along this vein, it may be reasonably assumed that the above relatively small production rate of 1200 tons per month could be maintained if not exceeded.

The current metal prices will adequately support profitable mining operations on these properties on the conservative estimates of the grade of ore expected. In fact, it is believed that these properties may be considered strictly competetive as against other similar mines of the domestic non-ferrous industry with regard to future price fluctuations. Consideration of these factors were included in the study leading to their selection for operation by the applicant. For example, they have always been more or less "self-supporting" and their shut-down was caused by an apparent neglect of continuous, well-planned development and lack of adequate working capital reserve.

As mentioned in above-referred report, no positive statement can be made for these properties at this time as to "measured" ore reserves in the strict sense of the word. This is caused only by lack of detailed and comprehensive sampling which is contemplated to be performed within this proposal. However, enough "spot" sampling and mapping has been performed so that some estimates can be made as to "reasonably assured" ore reserves without any undue projections being made. Second, by staying within close limits of the present workings, a conservative figure for "probable" ore reserves can be ascertained. Third, an estimate for "possible" future reserves can be made without exceeding the present outside limits of the vein exposure from the outcrop to the lowest level both on strike and dip.

A recent survey was made by the writer from all of the data at hand of the Homestake portion of this group, and the following results were obtained: (Map included herewith.)

ESTIMATED ORE RESERVES -- HOMESTAKE MINE

| Description | Type | Tons | Weighted Average Assay Ag oz. | pb % | Zn % |
|---|---|---|---|---|---|
| Reasonably Assured | Oxides | 8,375 | 6.5 | 3.6 | 23.1 |
| " " | Sulfides | 1,300 | 2.8 | 2.0 | 11.1 |
| Total Assured: | Both | 9,675 | 6.0 | 3.4 | 20.8 |
| Probable | Oxides | 11,140 | 4.9 | 3.1 | 25.4 |
| " | Sulfides | 2,680 | 3.5 | 3.9 | 9.8 |
| Total Probable: | Both | 13,820 | 4.6 | 3.2 | 22.3 |
| Total Possible: | Both | 30,000 | 9.5 | 6.9 | 19.6 |

Copies of engineering reports, opinions, maps and other data are included with this transmittal in quadruplicate for your possible convenience. Much other detailed work is available for inspection at company offices but is not included herewith because of its informal and voluminous nature. Research, study and aid of engineering, geological and metallurgical nature have been given and will be available by qualified persons within and indirectly associated with the management of applicant toward the able prosecution of the proposed projects.

Strenuous efforts have been made for the past two and one-half years to secure outside financial aid both from private individuals and corporations without success. Such work as has been performed during this period has mostly been carried by the individuals connected with the operations to the fullest of their means. Finally, a public offering of corporate securities was made as per the enclosed Prospectus -- wherein may be found other information pertaining to the applicant company, its interests and operations, and especially (on Page 14) brief comments regarding the experience level of the management. This public offering also failed to provide the necessary working funds.

Inasmuch as these proposals are deemed to have exceptional merit and because the nature of the project applies directly to the purposes of the Defense Production Act, both as to anticipated favorable outcome and

production of short-supply metals, the applicant intends to make formal application for Government financial assistance. Therefore, we hope that this presentation meets with your approval and the activation of the projects proposed may be thereby expedited. We will look forward to receiving your advice as to what further action can be taken on our part toward this end.

Respectfully yours,

UNITED MINERALS RESERVE CORPORATION

Harold A. Covey

Harold A. Covey, Vice President

HAC:jhl
Encl.

BUREAU OF MINES
WASHINGTON, D. C.

Nov 20 9 33 AM '50

UNITED MINERALS RESERVE
CORPORATION
518 Felt Building
Salt Lake City 1, Utah

ORDER OF EXHIBITS

Accompanying Letter To:

Dr. James Boyd, Director
U. S. Bureau of Mines
November 18, 1950

- - - - - -

1. GENERAL MAP, BIG WOOD RIVER REGION, IDAHO
   Scale: 1" = 5 miles.

2. PRODUCTION SUMMARY AND STATUS REPORT, H. A. Covey, October 27, 1950.

3. PROSPECTUS, UNITED MINERALS RESERVE CORPORATION, August 26, 1949.

4. LETTER, Earl B. Young, May 21, 1949.

5. LETTER, Mason W. Rankin, February 26, 1949.

6. LAKE CREEK ZINC PROPERTIES REPORT, Mason W. Rankin, May 29, 1949.

7. PLATE I - COLUMNAR SECTION, WOOD RIVER REGION,
   Vertical Scale: 1" = 3000'.

8. MAP, LAKE CREEK AREA (Contours & Claims),
   Scale: 1" = 2000'.

9. MAP, LONG GRADE MINE (General Upper Workings with Claims), Scale: 1" = 200'.

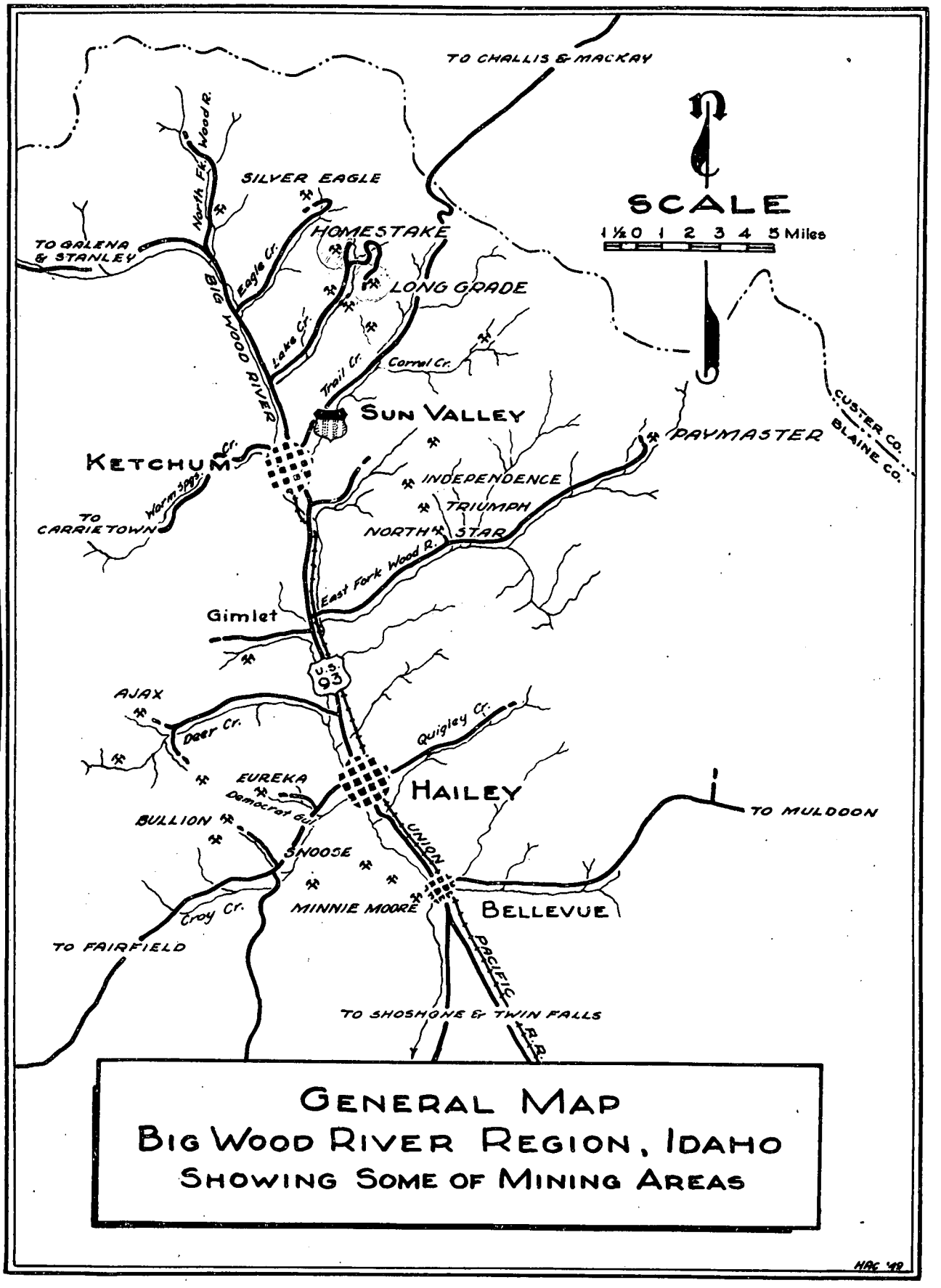
10. MAP, LONG GRADE (Insert Plan Geology),
    Scale: 1" = 50'.

11. MAP, LONG GRADE (No. 5 Tunnel, Geology & Proposed Development), Scale: 1" = 50'.

12. MAP, HOMESTAKE MINE (General with Claims),
    Scale: 1" = 500'.

13. MAP, HOMESTAKE (Composite, Ore Blocks & Proposed Development), Scale: 1" = 100'.

14. MAP, HOMESTAKE (Composite, Geology),
    Scale: 1" = 50' (in Pocket).




# GENERAL MAP
## BIG WOOD RIVER REGION, IDAHO
### SHOWING SOME OF MINING AREAS

HAC '49

# PRODUCTION SUMMARY AND STATUS REPORT

of the

# LAKE CREEK ZINC PROPERTIES

Wood River Mining District
Blaine County, Idaho

By

H. A. Covey
Oct. 27, 1950

518 Felt Building
Salt Lake City, Utah

October 27, 1950

George W. Snyder, Jr., President
United Minerals Reserve Corporation
518 Felt Building
Salt Lake City, Utah

Dear Mr. Snyder:

Herewith presented as a matter of prime interest to our Company are the results of a recent comprehensive examination and compilation of all available data concerning the past, recent and current production from the non-ferrous metal mines in Lake Creek Canyon, Idaho, in which this Company has its interests. This information is presented along with a general resumé of the present status of these properties and comments regarding proposed future development thereof.

The following production figures result from a thorough recheck of all information pertaining thereto which is now available. Much past production for the Homestake mine has been reported, for which no record is now available. However, it is felt that the figures as presented herein will be of value "for the record". The figures as shown below have been prepared as average weighted assays for reasons of convenience and in accordance with standard engineering practices.

The Long Grade mine in which this Company is also interested has a very limited production record. As has been presented in a previous report*, the shipments only of record during 1943-44 amounted

* LAKE CREEK ZINC PROPERTIES, Mason W. Rankin, May 29, 1949, p. 4.

PRODUCTION SUMMARY -- H O M E S T A K E  M I N E -- AVAILABLE DATA

| Date | Tons | Weighted Average Assay | | | | Production | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Au oz. | Ag oz. | Pb % | Zn % | Au oz. | Ag oz. | Pb lbs. | Zn lbs. |
| 1885-1903 | 402.3 | .019 | 44.69 | 39.96 | 8.31 | 1.851 | 17,977.0 | 321,535 | 10,982 |
| 1914-1924 | 1209.8 | -- | 37.07 | 30.84 | 18.44 | -- | 44,846.0 | 746,226 | 446,178 |
| 1943 | 151.099 | .007 | 5.49 | 4.83 | 16.21 | .998 | 829.33 | 14,584.6 | 48,990.8 |
| 1944 | 991.892 | .007 | 4.33 | 3.26 | 16.91 | 7.002 | 4,292.55 | 64,583.0 | 335,505.6 |
| 1945 | 751.881 | .005 | 3.17 | 2.28 | 12.83 | 3.965 | 2,385.60 | 34,310.2 | 192,886.8 |
| 1946 | 738.509 | .007 | 6.28 | 5.45 | 14.71 | 5.035 | 4,640.40 | 80,517.0 | 217,249.8 |
| 1947 | 957.191 | .006 | 7.94 | 6.12 | 16.23 | 5.892 | 7,598.27 | 117,075.4 | 293,949.6 |
| 1948 | 23.890 | .011 | 34.60 | 30.90 | 20.55 | .262 | 826.59 | 14,764.0 | 9,818.8 |
| 1949 | 48.742 | .010 | 14.75 | 9.40 | 23.00 | .487 | 718.94 | 9,163.4 | 22,421.2 |
| 1950 (to 10-1-50) | 67.276 | .008 | 15.01 | 5.33 | 27.84 | .547 | 1,009.49 | 7,177.6 | 37,458.4 |
| TOTAL | 5342.580 | .007* | 15.93 | 13.20 | 16.30* | 26.039 | 85,124.17 | 1,409,936.2 | 1,615,441.0 |

* Au averaged from only 3,829.880 tons; Zn on only 4,954.552 tons.

to 100.54 dry tons with a weighted average assay of 0.01 oz. gold, 3.05 oz. silver, 4.81% lead, and 20.01% zinc. It has been reported that small shipments of extremely high grade lead-silver ores were made from this mine in the early '80's but absolutely no record now exists of this early work. However, evidence substantiating this report is found by examination of the old upper workings where a considerable amount of high grade ore is still to be found scattered throughout the dumps.

Inasmuch as it reasonably can be assumed that the so-called Homestake and Long Grade Mines are on the same fissure system, it is felt that these two properties may be treated as one and with differentiation made only for purposes of description. Therefore, in recapitulating the recent activities in these properties since this Company gained its interests, it will be well to consider it from a chronological view point rather than a strict geographical separation.

During the latter half of 1948 a considerable amount of geological and engineering work with surface trenching was directed toward the south side of Lake Creek Canyon (on which the Long Grade Mine is located) with its prime objective being to expose and trace the principal vein to lower elevations. This work was only partially successful because of the limited amount of surface work then being possible. However, an important zone of mineralization was found in the foot-wall of the main vein (from which recent shipments were made, as noted above). It appears as tho this foot-wall structure ties in with the early upper workings and roughly parallels the other

structure. Altho not enough surface cutting was done on either structure to ascertain positive continuity, it is believed that the foot-wall fault was cut about five times and eventually, near the floor of the canyon, at which point a tunnel was started.

This lower tunnel is at an approximate elevation of 7,000 ft. above sea level, being 1,200 ft. vertically and 3,500 ft. horizontally from the Long Grade No. 5 tunnel which had been heretofore the lowest exposure made on the vein of the upper workings. The tunnel was driven a distance of 45 feet before work was discontinued with the advent of winter in the region. Concurrent with the surface bull-dozer work, a new portal site was prepared at the No. 5 tunnel and drift was driven a distance of approximately 45 ft. on the vein before work was begun at the lower elevation.

After a particularly severe winter, work was resumed in the summer of 1949. Work mainly consisted of further engineering studies on the whole vein system but with particular reference to the underground occurrences in the Homestake portion. Leaser work, which culminated in the shipment shown for 1949 above, was discontinued in July of this year. Except for a minor amount of maintenance work on the properties, there was little other development activity for the remainder of the year.

In May, 1950, rehabilitation work was begun on the No. 6 level of the Homestake mine. This was found to be in extremely poor condition being mostly caved and requiring complete retimbering. This work was continued for a distance of 180 ft. from the portal and activity was then directed toward similar work in the

No. 5 level above which was cleaned up to its face. During this period, ore was taken from the side of the drift, which settled as follows:

| Tons | Au oz. | Ag oz. | Pb % | Zn % |
|---|---|---|---|---|
| 40.910 | .005 | 9.88 | 4.10 | 24.90 |

From the same general area along No. 5 level, but above the drift, another small amount of ore was taken, which settled as follows:

| Tons | Au oz. | Ag oz. | Pb % | Zn % |
|---|---|---|---|---|
| 26.366 | .013 | 22.75 | 7.25 | 32.40 |

Both shipments were typical oxidized ores found in this vein but for economic reasons this work was discontinued during August of this year.

Additional road work and a survey were directed toward the Long Grade group during this time and a considerable amount of metallurgical research was done with typical ores from this area. The metallurgical work is still in process and, at this time, it may be noted only that the results so far have been inconclusive toward economic treatment of these ores on the site.

In view of the current strong demand for zinc, it is believed highly important that further development of this area be undertaken. Specifically, the proposed development has already been outlined in the report (see above) to which reference has already been made. This report was jointly prepared by Mr. Rankin and the writer, but it is desired to give emphasis, in a general way, to some aspects of the program.

It is believed extremely important to continue the rehabilitation work of the No. 6 Homestake tunnel. With further advance of and sinking from this level, the sulfide sections of the vein will be encountered. Beyond its face should be encountered additional good ore bodies, which conclusion has been made after a geological study of the evidences noted in the mine workings above this level which extend for a considerable length along the strike of the vein. With the ore's lessening of oxidization, its value will increase considerably and there is little reason to presume that its grade will alter appreciably. In fact, more favorable zones, with bedding sympathetic to replacement mineralization are anticipated. Along with this development, depletion thru mining of the high-grade zinc-carbonate ores, as are already exposed on the upper levels, could be undertaken. There is a considerable tonnage of these oxidized ores already developed and the rate of the mining could be determined by strictly economic factors normally involved in metal prices and costs of extraction and refinement.

A logical resumption of work on the south side of Lake Creek Canyon should be directed toward further development of the No. 5 tunnel. From experience in the district and observations made in this locality, the writer believes that there is a good chance for an ore body to be encountered after relatively short advance of this heading. Along with this work, additional surface work certainly should be performed in this area. This would entail considerable amount of stripping of surface debris in order to trace conclusively the northerly extension of this vein. If this work

were to be successful, it would provide much better facilities for ore extraction at lower elevations and the possibility exists that a near surface ore body might be discovered after removal of detritus.

In conclusion, the writer again would like to assert his strong desire that the development work on this project may be resumed as early as possible. It is hoped the foregoing comments will contribute in some way toward this.

Respectfully yours,

H. A. Covey /s/

H. A. Covey
Vice President
United Minerals Reserve Corp.

HAC:jhl

PROSPECTUS

## 250,000 Shares

# United Minerals Reserve Corporation

(A Nevada Corporation)

## Common Stock

**(Par Value 10¢ per Share)**

*Transfer Agent:*

UNITED MINERALS RESERVE CORPORATION
518 Felt Building
Salt Lake City 1, Utah

**These Securities are Offered as a Speculation**

Because these securities are believed to be exempt from registration, they have not been registered with the Securities and Exchange Commission; but such exemption if available, does not indicate that the securities have been either approved or disapproved by the Commission or that the Commission has considered the accuracy or completeness of the statements in this communication.

**IT IS A CRIMINAL OFFENSE TO REPRESENT THAT THE COMMISSION HAS APPROVED THESE SECURITIES OR HAS MADE ANY FINDING THAT THE STATEMENTS IN THIS PROSPECTUS ARE CORRECT OR COMPLETE.**

| | Price to Public | Underwriting Discounts and Commissions | Proceeds to Corporation(1) |
|---|---|---|---|
| TOTAL OFFERING | $250,000.00 | $31,250.00 | $218,750.00 |
| PER SHARE | $1.00 | 12½¢ | 87½¢ |

(1) Before deducting expenses of the issue to the Corporation estimated not to exceed $15,000.00.

**OFFERING PRICE: 1 Dollar Per Share**

Underwriter

## EDWARD W. ACKLEY & CO.

30 State Street Boston 9, Mass.

**NO DEALER, SALESMAN OR OTHER PERSON IS AUTHORIZED TO MAKE ANY REPRESENTATIONS BY THE CORPORATION OR THE UNDERWRITER OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS IN CONNECTION WITH THE OFFERING CONTAINED HEREIN, AND INFORMATION OR REPRESENTATION NOT THEREIN CONTAINED, AND IF GIVEN OR MADE, MUST NOT BE RELIED UPON. THE OFFERING OF THESE SECURITIES IS MADE ONLY BY THIS PROSPECTUS. THIS PROSPECTUS IS NOT AN OFFER OR SOLICITATION IN ANY STATE IN WHICH SUCH OFFERING OR SOLICITATION IS NOT AUTHORIZED BY THE LAWS THEREOF.**

The date of this Prospectus is August 26, 1949.

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# United Minerals Reserve Corporation

## ORGANIZATION

United Minerals Reserve Corporation represents a change in name and capitalization of "Stalwart Products Corporation". Stalwart Products Corporation was incorporated under the laws of the State of Nevada on April 8, 1948, with an authorized capitalization of 1,000,000 shares of Common stock having a par value of 25¢ per share.

It was originally organized as a mining, management, exploration and development corporation. Subsequent events, principal of which were the acquisition of certain properties possessing the opportunity for expansive development programs, plus the Corporation's decision to diversify its interests without geographical limitation, developed the necessity for an organization more nearly fitting the expanding policy of the Corporation. Accordingly, on July 5, 1949 the name of the Corporation was changed to "United Minerals Reserve Corporation" and the capitalization increased to 3,000,000 shares of Common stock having a par value of 10¢ per share. The stock was changed from assessable to non-assessable.

## BUSINESS

The Corporation's chief interest is in the field of metal mining. It owns and expects to develop and operate mining properties in its own name and it is also the intention to participate with other corporations, individuals, or associations, developing, operating, organizing or reorganizing similar property.

The Corporation has acquired properties in the manner hereinafter described. It proposes to activate operations on these properties in the manner hereinafter described just as rapidly as development responses warrant and finances and operating conditions permit.

Diversity of ownership should reduce the capital hazards of individual operations. Properly staffed central management will make beneficial contributions to administrative costs and insure capable local management. Consequently, officers and directors of the Corporation have been chosen with regard to their ability to select and operate properties of the nature herein described.

## PROPERTIES

Properties have been selected in three operating areas and the Corporation now has an interest in the following, to the extent hereinafter described:

| Property | Mining District | State |
|---|---|---|
| Paymaster Mine | Warm Springs Creek | Idaho |
| Homestake Mine | Warm Springs Creek | Idaho |
| Long Grade Mine | Warm Springs Creek | Idaho |
| Silver Eagle Mine | Warm Springs Creek | Idaho |
| Santa Cruz Copper Co. | Harshaw | Arizona |
| Colorado Gold King, Inc. | Eureka | Colorado |

Successful mining ventures are not usually the simple product of discovery. After properties have been selected as conforming to certain standards there still must be applied the skill and diligence of competent engineering and management to convert them to profitable undertakings.

The foregoing group of properties were selected after long and intensive studies and jointly they conform to sufficient basic elements of quality to recommend them, among which are the following:

(1) Substantial and profitable production record of the areas in which they are located.

(2) Impressive grade and character of mineralization.

(3) Diversification of products, including base and precious metals.

(4) Readily accessible and suitable for year around operation.

(5) Excellent opportunities for development of favorable virgin ground, both laterally and vertically.

(6) Relatively small amounts of capital required to accomplish reasonable development objectives.

**IDAHO**

These properties are located in Blaine County in Wood River area of Central Idaho. This region has been one of the foremost producers of mineral wealth in the State during the past sixty years. Headed by the Triumph Mine, the historical production of which exceeds $35,000,000.00, the district has produced upwards of $60,000,000.00, the bulk of which has been shipping ore of good grade.

These properties are within a 10-mile radius of Ketchum. The topography is mountainous with rather broad intervening valleys. Elevations range from 6,500 feet to 9,500 feet. Snowfall is considerable but year around operations may be maintained without undue difficulties. Most of the ore bodies may be exploited by tunnels, a fact that generally insures lower development and operating costs, as compared with deep shaft mining. The nearest rail heads are at Ketchum and Gimlet. Electric power may be supplied from the lines of the Idaho Power Company. In the case of the Homestake and Long Grade Mines, the connection involves the construction of a 5-mile line. In the case of the Paymaster there exists on the property a water power site capable of exploitation as a supply of power. Adequate supplies of timber and water are available. The area has very attractive living and recreational facilities, consequently, a supply of skilled miners is available under all normal conditions. Due to the proximity of the properties to Hailey, Ketchum and Sun Valley elaborate camps are unnecessary.

Operations of the early days consisted quite largely of searching for and mining outcropping bodies of high grade silver-lead ore. In more recent times milling grade sulphide ores, containing silver, lead and zinc, have furnished the principal production. Complicated metallurgical processes required in the treatment of oxidized lead-zinc ores of this area have materially retarded their past production. As a consequence, there remains in place a large amount of ore of this character and of good grade. Recent developments indicate that their production now will be economically feasible. The Corporation is currently negotiating an assured additional market for them through sale to Combined Metals Reduction Co., which has long pioneered metallurgical advancement in the treatment of western silver-lead-zinc ores.

**ARIZONA**

The properties of Santa Cruz Copper Co. are located in the Patagonia Mountain mining region, about 9 miles from Patagonia, Santa Cruz County.

Total production for the Patagonia Mountain area is not available later than 1930 but up to that date, production of copper, lead and silver totalled $13,150,000.00. Active mines in the vicinity are the Trench, Flux, Hardshell, World's Fair, Duqueusne and Morning Glory. These properties are at present concentrating on lead production because it is understood that any copper which they encounter is an embarrassment to their present flow sheets. This is particularly true of the Trench Mine, which is reported to have considerable copper tonnage on its 1,100 foot level.

The holdings of the Santa Cruz Copper Co. are known as the Sunnyside Mine. Elevation at crest line is approximately 6,000 feet. The terrain is rugged, hillside slopes are about 35°. Suitable tim-

ber for mine use is unavailable on the property but may be procured locally at going prices. The producing mines in the district have developed a supply of water. Housing facilities will be unnecessary because of the proximity of neighboring cities.

**COLORADO**

The properties of Colorado Gold King, Inc. are located in the Eureka Mining District of Southwestern Colorado in San Juan County. This is one of the most heavily mineralized areas in the State, characterized by the great length, width and persistency of its major veins. San Juan County has, between the years 1873 and 1947, recovered and marketed the following metal values:

| Gold | Silver | Copper | Lead | Zinc |
|---|---|---|---|---|
| $37,112,766.00 | $28,000,000.00 | $11,000,000.00 | $29,000,000.00 | $16,500,000.00 |

Total ..... $122,000,000.00

These values were recovered by processes in use at that time and at the various prices prevailing for metals during the period. These values converted to present prices are estimated to exceed $200,000,000.00

The terrain consists of rugged peaks, steep slopes and deep valleys and ore bodies may be exploited by tunnels. The property is located 8 miles from Silverton and is readily accessible by road. Electric power is available from the lines of Western Colorado Power Co. An adequate supply of timber and water is available. Labor is largely native American and no elaborate camps are necessary due to the proximity of the property to Silverton. The property's main operating tunnel is at an altitude of 10,600 feet and while winter snows are heavy, year around operation is possible and economically feasible.

**PAYMASTER MINE:**

The Paymaster Mine consists of 41 patented and 27 unpatented contiguous mining claims. The property has been deeded to the Corporation subject to (1) payment of a $25,000.00 note at 5 per cent and payable $10,000.00 principal and interest October 15, 1949; $15,000.00 principal and interest payable December 15, 1949 and (2) the reservation of 7½ per cent royalty on net smelter returns from any ore produced on the property.

The Corporation is required to expend $7,500.00 on development and other work per year.

Development consists of approximately 9,500 feet of tunnels, winzes and raises. A portion of this work is now caved and inaccessible. It is planned to clean and repair substantial portions of the existing workings and to continue development headings, as recommended by the Corporation's engineers. Surface exploration by trenching is also contemplated.

The report of Mr. A. G. Burritt, dated February 4, 1929, one of the last detailed underground studies made, is quoted in part:

"There is a good tonnage of ore immediately available on the dump and in the workings of the Lydia tunnel. I would estimate the dump storage at 2,200 tons, the larger portion of which is, of course, a milling grade. Ore reserves in the mine, already proven and ready for extraction, also show a large tonnage of mill ore and a considerable tonnage of shipping grade. It seems safe to estimate the gross value of these reserves as being at least $300,000.00."

The Corporation does not have at hand the complete and detailed sampling data upon which Mr. Burritt's estimates of tonnages and values are based and, therefore, relies on the accuracy of his sampling and estimates in the same manner that it relies on other engineering opinions, where and when it feels that independent engineering reports are a reasonable guide upon which to base its

development plans. The Corporation's development plan for this property includes the comprehensive sampling of the commercial ore bodies mentioned in the Burritt report to determine their existence, and provide a basis for estimating the extent and value thereof.

The immediate program of the Corporation is to expend approximately $35,000.00 in development of the property. This expenditure is intended to accomplish the following development program and ore production will be engaged in concurrently when economically feasible.

The Lydia tunnel will be rehabilitated to the ore zone. The well mineralized Silver Fortune vein will be drifted on for 500 feet. A raise will be driven 250 feet to the upper workings of the Silver Fortune vein. In addition, comprehensive sampling will be carried on throughout the entire accessible mineralized zone.

This preliminary program has been determined as being the most likely to develop additional ore at a minimum of effort and expense, and to measure the grade and amount of previously exposed ore.

**HOMESTAKE MINE:**

The Homestake Mine consists of 1 patented and 12 unpatented mining claims, forming a contiguous group, situated along the north slope of Lake Creek Canyon, about 7 miles northerly by road from Ketchum, Idaho. Four town lots along railroad trackage at Ketchum are also included.

The property is held under a ten-year lease with option to purchase, dated May 26, 1949, for a total purchase price of $67,500.00. A minimum expenditure of $5,000.00 annually for development and improvements is required.

All royalties apply on the purchase price, based on the net smelter returns on ores produced and are arranged as follows:

On concentrates—7½ per cent

On crude ores —10 per cent when $25.00 per ton and under,

12½ per cent when $25.01 per ton and over but not in excess of $50.00 per ton, or

15 per cent when $50.01 per ton and over.

An additional royalty of 5 per cent will be paid on any governmental metal premiums or "bonus" payments insofar as applicable regulations will permit.

The mine is developed by 6 principal tunnels, aggregating 6,000 feet in length, which incompletely explore a continuous vein structure for a length of 3,000 feet and to a maximum vertical depth of 500 feet. Most of the mine workings are open and in fair to good condition. Some retimbering and cleanup will be necessary prior to mine operation.

It is a characteristic of the property that commercial ore occurs as sizable shoots within a strong and continuous fissure vein structure, zinc being the dominant metal associated with considerable silver and lead. Both oxidized and sulphide ores are present.

Although incomplete, only that production of definite record will serve as an indication of the grade and character of ores produced from the Homestake. Along with minor amounts of gold and copper, the property is credited with the following production:

83,633 ounces of silver,
1,391,547 pounds of lead, and
1,529,530 pounds of zinc.

The partial record is tabulated as follows:

| Years | Tons | Silver Oz. | Lead % | Zinc % |
|---|---|---|---|---|
| 1885-1903 | 402.4 | 44.7 | 39.9 | No Record |
| 1903-1913 | | No Record | | |
| 1914-1923 | 941.2 | 36.6 | 30.4 | 18.7 |
| 1914-1924 | 268.6 | 38.7 | 32.5 | 17.4 |
| 1925-1943 | | No Record | | |
| 1944-1947 | 2,259.8 | 4.9 | 4.2 | 14.6 |
| 1944-1947 | 574.4 | 8.3 | 4.8 | 18.0 |
| 1944-1947 | 680.0 | 5.6 | 4.3 | 15.3 |
| 1947 - | 51.8 | 5.1 | 7.1 | No Assay |
| 1948 - | 23.9 | 34.6 | 30.9 | 20.6 |
| Total | 5,202.1 | | | |
| Weighted Average Assay | | 16.6 | 13.4 | 16.1 |

These values were obtained from ores mined with regard to the maintenance of shipping ore values. Ore bodies justifying a milling operation should produce greater tonnages of lower grade ores than would be recovered in a strictly shipping operation.

The Corporation plans to expend $55,000.00 for further development of the property, including rehabilitation of the No. 6 tunnel, with 1,000 feet of drifting and 100 feet of sinking. This work will explore a section of vein, which is well mineralized at surface and completely undeveloped in depth. The downward extension of previously mined sulphide ore bodies also will be explored. Due to the fact that ore occurrences are present in the faces, winzes or raises of the third, fourth, fifth and sixth levels, and due to the fact that a temporary lease on one of the levels is currently producing a shipping grade of ore, it is expected that ore sales during the development period may be of some importance to development plans.

**LONG GRADE MINE:**

The Long Grade Mine consists of 11 contiguous unpatented mining claims, located on the south side of Lake Creek Canyon and southerly adjacent to the Homestake group. Seven of the claims were located and directly assigned by deed to the Corporation from certain of its officers and directors. A mining lease and option on 4 adjoining claims include the following terms and conditions: a royalty of 10 per cent of the net smelter returns apply on the purchase price of $75,000.00; the minimum work requirements are 150 man shifts per year; and the indenture covers a 10-year term from July 10, 1948.

The Long Grade Mine has been developed by 12 short tunnels and a number of open cuts intermittently exposing the mineralization over a total distance of 4,000 feet along the strike of the vein and a difference in elevation of 2,500 feet.

This property is located along the southeast extension of the Homestake vein.

The Corporation intends to allocate the sum of $26,000.00 for further development of this mine, which includes the following: drifting 600 feet along strike of vein at No. 5 tunnel level; surface trenching on projections of the vein system; construction of approximately 2,000 feet of access road to No. 5 level; and reopening certain old workings on the "high grade" section of the vein system. The development on No. 5 level will extend this heading to a point directly down dip from the ore zone of the upper workings, which are approximately 350 feet (vertical distance) above this level. The trenching is intended to establish the definite extension of the vein to lower elevations. The uppermost "High Grade" workings will be reopened for examination because the amounts of ore in their dumps indicate the presence of a continuous and well mineralized fissure structure.

**SILVER EAGLE MINE:**

The Silver Eagle Mine is situated in Eagle Creek Canyon, about 12 miles by road from Ketchum, Idaho, and some 3 miles (airline) northerly from the Homestake Mine.

The property consists of 5 unpatented mining claims held under a 10-year mining lease and option, dated May 27, 1949, for a total purchase price of $50,000.00. The minimum work requirement stipulates that $2,000.00 be expended annually on exploration, development or other mining operations.

All royalties apply on the purchase price, based on the net smelter returns of ores produced and are arranged as follows:

On concentrates—7½ per cent.

On crude ores—10 per cent when $25.00 per ton and under,

12½ per cent when $25.01 per ton and over

but not in excess of $50.00 per ton; or

15 per cent when $50.01 per ton and over.

An additional royalty of 7½ per cent will be paid on any governmental metal premiums or "bonus" payments insofar as applicable regulations will permit.

Past development has been limited to 6 short tunnels, 6 shallow inclines and some open cuts.

Attractive silver-lead-zinc mineralization is present in a number of these shallow workings over a total length of 2,500 feet and a small tonnage has been produced. No assured ore reserves are now present in this mine.

It is planned that $5,000.00 be expended toward additional exploration to more fully assess and develop the property's possibilities. This work will include 100 feet of drifting and raising at the Main tunnel level and surface trenching within the mineralized zone in the vicinity of the upper workings. Additional development will be dependent upon the results obtained from performance of this preliminary work.

**SANTA CRUZ COPPER CO.**

The Santa Cruz Copper Co. is a corporation organized under the laws of the State of Illinois, May 4, 1949, with a capitalization of 3,000,000 shares of Common stock of a par value of 10¢ per share, of which there are at present outstanding 200,000 shares. Stockholders hold options for a total of 50,000 shares at 25¢ per share for a period of three years from date of organization. The Corporation acquired by purchase and now owns 100,000 of the outstanding shares, and has the right to exercise an option to purchase additional shares. There is no stock in the hands of the public.

The Corporation's supervision of the operations of Santa Cruz Copper Co. will be furnished under a management contract.

The current obligations of the Santa Cruz Copper Co. are limited to amounts of cash advanced by a stockholder to the Corporation for corporate purposes and work on the property previous to its incorporation, May 4, 1949. These advances do not exceed $12,000.00.

The Sunnyside property consists of 17 unpatented mining claims and 1 millsite.

Previous development work has consisted of tunnels and crosscuts totalling about 930 feet, a 100-foot shaft and several open cuts. Recent shipments have been made from shallow workings.

Ore occurs within a broad and well mineralized shear zone under geologic conditions markedly similar to those present at the adjoining 3 R Mine, which has been a substantial and profitable producer of copper ore.

It is the present intention of the Corporation to expend $20,000.00 on development of the property. This advance will be represented by notes and/or the acquisition of additional stock interest. With these funds the Corporation plans the following:

Construction of a road to the portal of the Farrell tunnel, which also will provide access to existing surface workings; drifting 150 feet and raising 100 feet at intermediate level to a point

under the shaft workings and diamond drilling with attendant sampling campaign in vicinity of Farrell tunnel. Construction of road will permit more economical extraction of possible shipping ores from "Glory Hole" area and provide access to main tunnel. Drifting will reach zone of ore at present exposed in the bottom of the upper shaft at 100 foot lower elevation. Drilling will prospect the expected zone of secondary enrichment below the Farrell tunnel level. The dimensions and grade of existing ores will be more fully defined.

**COLORADO GOLD KING, INC.**

From access to production records, smelter and mint returns between the years 1895 and 1925 it has been possible to compile a record of gross recoveries for this property as follows:

| | | | |
|---|---|---|---|
| 344,571 ounces of gold | @ | $19.00 | $6,546,849.00 |
| 1,402,219 ounces of silver | @ | .50 | 701,109.50 |
| 10,406,411 pounds of lead | @ | .05 | 520,320.55 |
| 6,856,578 pounds of copper | @ | .09 | 617,092.02 |
| | | | $8,385,371.07 |

Zinc values at that date were a penalty when in the lead concentrates or were run off in the tailings. Present day values would almost double the dollar values of historical recovery.

The property consists of 78 patented claims. Including a 6,230 foot haulage tunnel at 10,600 feet elevation, there are 13,000 feet of drifts and tunnels convenient and useful for future operations.

The Colorado Gold King, Inc. has an authorized capitalization of 3,000,000 shares of common stock having a par value of 10¢ per share. There are 1,134,555 shares outstanding.

The Colorado Gold King, Inc. has an extensive development plan, which it expects to start this year. No funds are allocated by the Corporation for this work because Colorado Gold King, Inc. is preparing to offer to the public, under the terms of a certain Underwriting Contract, 250,000 shares of its stock at a sale price to the public of $1.00 per share.

The Corporation has only a small interest in Colorado Gold King, Inc. Specifically, it amounts to 30,000 shares of that Corporation's stock. However, the Corporation has opened negotiations with Colorado Gold King, Inc. for the purpose of acquiring additional stock holding, should it conclude that further purchases are desirable at prices it would be called upon to pay.

## ENGINEERING

The Corporation has exerted great diligence in examining the properties themselves and their historical background. Their selection is the result of the examination by Corporation Engineers and/or Officers and Directors of a large number of properties located in all parts of the Intermountain West. Every engineering report available has been studied, and on numerous occasions the Corporation has consulted with Engineers having more detailed knowledge of certain properties in the area.

Mr. Earl B. Young, Mining Geologist of Salt Lake City, Utah, recently visited some of the properties, coordinated all available factual information and reported his findings. His statements relative to the merits of the properties are quoted as follows:

"Paymaster: (Geology)

The various reports and letters which are contained in the Appendix give in considerable detail, accounts of the occurrences of mineral in the workings. There seems to be rather general agreement on most of the detail. Hence, by combining the various reports and interpreting them in the light of our experience at Triumph, I believe we are reasonably sure of the following geological conditions:

(1) The lead-zinc ores seem to occur in limy, carbonaceous shale which strikes northwesterly

and dips southwesterly. The mineralized beds are much contorted and bear a strong resemblance to the ore deposits of the North Star-Triumph Vein.

(2) Most of the ore bodies which outcrop over a distance of more than three miles are apparently from 100 to 300 feet below a conglomerate bed. I take this to be the basal conglomerate of the Wood River formation. The North Star-Triumph Vein is somewhat similarly related. The same condition seems to exist at the Snoose Mine.

(3) The geological conditions seem so similar to those of the Triumph Mine that one is forced to believe that a large tonnage of lead-zinc-iron ore of mill grade can be developed along this three mile strip. All of the engineers who reported on the property seem to agree on this.

"Conclusion:

The price asked for this large property is so unbelievably low, and the chance of developing a mine resembling the North Star-Triumph seems so favorable, that I have no hesitation in recommending the purchase at the stipulated amount. The timber alone is worth several times the asked price for the property."

"*Homestake, Long Grade, Silver Eagle:*

During the years, we have become convinced concerning several fundamental structural features in the ore environment. First, we know that we are near the southern border of the Great Idaho batholith and that there are many small tongues and cupolas of igneous rock with accompanying mineralizing solutions penetrating the area. We know that there is intense fracturing in the area, some of this due to great overthrusts and some due to great bedding movements which go to considerable depths. We know that there are beddings with carbonaceous material which are favorable hosts for ore. And we know that there is a great deal of mineralization to be found in the right combinations of these elements.

I do not wish to go into detail concerning the Lake Creek properties because these matters are discussed by capable geologists and engineers, whom I know and in whom I have confidence. They have had many years of experience in studying the problems and making the mines pay. There remains much unexplored ground in the Lake Creek area and, because of the rough topography, much of the development work can be done efficiently through tunnels. The problems of man-power, roads, water, timber, campsite, power, etc. all can be solved with reasonable expense. I consider the Lake Creek area to be one of the most attractive parts of a region well known for its many productive mines. I believe the area to have the necessary elements of structure and to give evidence of sufficient mineralization so that well-financed development is justified—I might even say it is invited."

Mr. Robert W. Michael, Mining Engineer and Consultant of New York, N. Y., made a reconnaissance of the Sunnyside Mine for the purpose of studying the advisability of a preliminary drilling program. His comments of note regarding the proposal are quoted as follows:

"*Sunnyside:*

In recapitulating the favorable factors we have:

1. A very live mining district where peak production was reached years ago on a basis of high grade shipping ores only, when transport was more difficult, and without benefit of modern ore dressing technology, where the mineralization is known to reach considerable depth, and where with few exceptions no one has actually bottomed the ore and penetrated to the protore.

2. In the property there is no definite vein structure to set a limit on the size of the ore body.

3. The structural features of this sheared and crackle-fractured granite porphyry on this property are favorable to enrichment at lower levels. The Farrell tunnel shows the leached zone of this porphyry and indicates that it was generally copper-bearing in a broad distribution of values.

4. The interesting lateral fault, first mentioned on page #2, which cuts through the strike of the major shear lines, contributes to the expectance and general aspect of this project.

5. Also a broad silicified zone which favors a downward migration of values due to its porosity.

6. The favorable shape of the "vugs" in the silicified material.

7. The characteristic red color of the iron oxide in these vugs, indicating previous copper.

8. The absence of limestone to act as a precipitant from the copper-bearing solutions at higher levels.

9. The presence of silver with the copper, and an almost total absence of gold, which indicates that the copper values have not been bottomed.

10. The great depth at which these vertical shear planes show values in the "Trench" mines, up to 1,100 feet. The dips of all the neighboring mines carrying values are 80° or more.

11. The chances of the silicious zone making an ore body seem almost a certainty.

12. The width of the ore bodies deposited in the adjacent porphyry will depend entirely upon the nature and extent of the fracturing at greater depth. This can be learned at least expense by a drilling program.

In view of these favorable factors, this project then falls well within the range of "geologic probability", and in my opinion the recommended preliminary drilling is an excellent and legitimate mining risk with the odds in favor of a successful outcome."

Further, in gathering information relative to these matters, information has been drawn from the following partial list of sources:


1. Report by Paul Valtinke, Mining Geologist, January, 1916.

2. Report by H. A. Linke, Mining Engineer, July, 1920.

3. Report by Edward R. Zalinski, September, 1921.

4. Report by A. G. Burritt, Mining Geologist, June, 1924.

5. Letter by W. B. Cole, April, 1921.

6. Letter by J. J. Beeson, Mining Geologist, January, 1923.

7. Letter by I. W. Blake, Superintendent, March, 1924.

8. Letter by H. C. Hicks, Secretary and Examiner, Utah Securities Commission, June, 1924.

9. Letter by William F. Hayden, January, 1926.

10. Report by A. G. Burritt, Mining Geologist, January, 1929.

11. U. S. Geological Survey Bulletin No. 814.

12. Report by Earl B. Young, Mining Geologist, January, 1949.

13. Report by M. W. Rankin, Mining Geologist, May, 1949.

14. Letter by Earl B. Young, Mining Geologist, May, 1949.

15. Maps by U.S.G.S., A. G. Burritt, J. J. Beeson, W. R. Landwehr, E. B. Young and H. A. Covey.

16. Arizona Bureau of Mines Bulletin No. 140.

17. U. S. Geological Survey Bulletin No. 582.

18. Billingsly & Locke, Vol. 115, Translations, A.I.M.E.

19. Survey by Robert Lenon, Mining Engineer, March, 1949.

20. Report by Robert W. Michael, Mining Engineer, June, 1948.

21. Maps by: U.S.G.S., A.I.M.E., Patagonia-Superior Copper Co., R. W. Michael and Robert Lenon.

It is only natural that this Corporation plans its operations with a certain degree of optimism, generated by its study of the projects included herein, notwithstanding that fact, the Corporation does not intend to offer its stock on anything but a speculative basis. Furthermore, it makes no claim to assured ore reserves. Its operating plan is to develop reserves as rapidly as is economical and the properties are capable of producing them.

The Corporation has taken due notice in respect to currently existing prices for base metals. These constitute reductions from prices that existed in March, 1949. It is, of course, unprepared to forecast future price trends either higher or lower any more than it is capable of forecasting governmental enactments, regulation of production, transportation, labor or development of new techniques in the business. Abrupt changes in prices, naturally, create some dislocations. It should be noted that ordinarily mining costs increase with high metal prices and decrease with low metal prices. Price levels for lead, zinc and copper today are still higher than the pre-war year of 1941, as follows:

| | Lead | Zinc | Copper |
|---|---|---|---|
| June, 1941 | 5.7¢ | 7¼¢ | 11⅞¢ |
| June, 1949 | 12¢ | 9½¢ | 17¢ |

The Corporation takes the view that an increasing supply of base metals is essential to the American economy and the important method of maintaining such supplies is through a healthy mining industry operating on a price for these products that will insure a profit.

## USE OF PROCEEDS

A recap of capital allocations to the various projects is as follows:

| | |
|---|---|
| 1. Paymaster Mine | $ 60,000.00 |
| 2. Homestake Mine | 55,000.00 |
| 3. Long Grade Mine | 26,000.00 |
| 4. Silver Eagle Mine | 5,000.00 |
| 5. Santa Cruz Copper Co. | 20,000.00 |
| 6. Colorado Gold King, Inc. | — |
| | $166,000.00 |

As there is no firm commitment for the purchase of the securities offered, no representation is made that the entire proceeds will be received by the Corporation. However, insofar as funds from this Underwriting will permit, the Corporation intends to pursue the foregoing initial plan of operation. Should development results or underground conditions indicate that the Corporation's overall interests are best served by accelerating the development or increasing the capital allocations of one property at the expense or delay of operations on another, the Corporation expects to accordingly rearrange its program. Any balance of funds from this Underwriting will be used for any purpose of the Corporation disclosed by the Corporation's operations and considered economically expedient to profitably advance the interests of the Corporation.

The Corporation intends to supplement its capital by any normal procedure inherent in the business of mining, such as the purchase of equipment on sales contract, leasing of miscellaneous facilities, sub-leasing certain development or extraction operations or secure advances from smelters, treating plants or governmental agencies against ore blocked out, stockpiled or in transit.

Edward W. Ackley & Co. has entered into an Underwriting Agreement, dated July 16, 1949, with the Corporation. There is no commitment on the part of Edward W. Ackley & Co. to purchase the shares offered. The obligations of the Underwriter are confined to an agreement to use his best efforts to find purchasers and to make a public offering of the shares offered hereby.

The Corporation has agreed to sell to the Underwriter subject to terms and conditions of the Underwriting Agreement 250,000 shares of the Common stock of the Corporation and the Underwriter has agreed to offer such shares to the public at $1.00 per share less a commission of 12½¢ per share.

The Underwriter is not affiliated with the Corporation.

Either the Corporation or the Underwriter may terminate the Underwriting Agreement any time after 100 days from the effective date of the offering by giving 2 weeks notice.

The Corporation agrees to pay all costs in connection with the issue and delivery of the Common stock and of the Option, including the expenses of qualifying the Common stock for sale under the securities laws of specified States and all taxes on the transfer of the Common stock, from the Underwriter to its customers and to dealers who are members of the Selling Group. The Corporation will also pay reasonable advertising and travelling expenses incurred by the Underwriter as deemed advisable by the Underwriter in connection with the public offering of the stock. Provided, however, that the expenses shall be paid only out of the proceeds payable to the Corporation from the sale of Common stock offered hereby.

The Underwriter is to be given an option for the purchase of 20,000 shares of the Corporation's stock at the price of 50¢ per share, such option to be exercisable for the term of 24 months from the effective date of the offering. However, such option is only effective in proportion to the number of shares of this offering sold by the Underwriter.

The foregoing does not purport to be a complete statement of the terms and provisions of the Underwriting Agreement. A copy thereof is filed with the Underwriter and with the Corporation available for examination.

## OUTSTANDING SHARES

Of the 645,000 shares of the Corporation at present outstanding, all were issued for and incidental to the acquiring of the various properties. None of the shares, at present issued, are a part of the Underwriting. Shares to be sold through this offering are of new issue. The Corporation has reserved for issue under option, the following:

(1) 20,000 Shares to Underwriter, at 50¢ per share. Term of the option commences with the effective date of this offering and expires 24 months thereafter.

(2) 35,000 Shares to Casino Mining and Milling Co., as follows:

35,000 Shares at 50¢ per share on or before December 31, 1949. This option was given as a part consideration on the purchase of the Homestake property and $3,750.00 cash advance credited to property purchase.

## FINANCIAL

The Corporation has not heretofore made a public offering of its shares. Its organization expense has so far been advanced by its incorporators. Its current debt, other than herein described, up to date of the Underwriting Contract will not exceed $5,000.00.

## MANAGEMENT

### Officers and Directors

| Name | Address | Office |
|---|---|---|
| George W. Snyder, Jr. | Felt Building<br>Salt Lake City, 1, Utah | Director and President |
| Harold A. Covey | Felt Building<br>Salt Lake City, 1, Utah | Director and Vice President |
| George W. Snyder | Felt Building<br>Salt Lake City, 1, Utah | Director and Vice President |
| Mason W. Rankin | 708 Harrison Avenue<br>Helena, Montana | Director and Vice President |
| Harvey C. Orton | 231 South La Salle St.<br>Chicago 4, Illinois | Director and Vice President |
| Guy Snyder | Felt Building<br>Salt Lake City, 1, Utah | Secretary and Treasurer |
| Mary G. Bingham | 231 South La Salle St.<br>Chicago 4, Illinois | Assistant Secretary |

Historical Background of Principal Officers and Directors:

Mr. George W. Snyder, Jr., Director and President of the Corporation, has been active in mining, oil, and airline enterprises in the Intermountain Region for the past fourteen years. He served as President and Chairman of the Board of Challenger Airlines Company and its predecessor from 1945 until 1948 and was one of the organizers of this concern. He has operated numerous mining leases and oil leases during this period.

Mr. Harold A. Covey, Director and Vice President of the Corporation, is an experienced Mining Engineer having been employed for six years with the Triumph Mining Company, located in Big Wood River region of Blaine County, Idaho, one of Idaho's leading lead-zinc-silver producers. He resigned from his position as Chief Engineer with them in 1945. Prior to that time, Mr. Covey served as Engineer for Snyder Mines, Inc., in Salt Lake City and at Mercer, Utah. He has actively engaged in mining since 1937, when he operated a lease in the Alta Mining District, Utah. His other interests are as a principal stockholder and partner in the Covey Investment Company and the Covey Gas and Oil Company, respectively.

Mr. Mason W. Rankin, Director and Vice President of the Corporation, is an experienced Mining Geologist. He has actively engaged in supervising geological examinations and mine operations in Western United States since 1936, having served as Chief Geologist for the Triumph Mining Company from 1939 to 1942, when he entered the employment of the American Smelting and Refining Company as a Geologist and Engineer. He served in this capacity until February, 1949, at which time he resigned to devote closer personal attention to the active direction of affairs of this Corporation.

Mr. George W. Snyder, Director and Vice President of the Corporation, has been engaged in the Mining Industry in the Intermountain Territory for a period of thirty-five years, and has successfully developed numerous major mining operations. He is an Officer and/or Director in fourteen mining companies, several of which are large-scale producers of gold-silver-lead-zinc and copper ores. His services are available to the Corporation as Consultant and Advisor.

Mr. Harvey C. Orton, Director and Vice President of the Corporation, is an experienced corporation executive. He was actively engaged in an executive capacity in the acquisition and management of public utilities, electric, gas and transportation for many years until January, 1935. Since

that time he has been interested in a major way as an owner, consultant or director in the mining and petroleum business, both in the States and in foreign fields. His capacity with the Corporation will be chiefly in financial matters.

## LEGAL

Legal matters pertaining to this issue have been passed upon by Attorney Charles A. Thomas of 231 South La Salle Street, Chicago, 4, Illinois.

## OFFERING

The earliest effective date of the offering is August 26, 1949.

EARL B. YOUNG

MINING GEOLOGIST
SALT LAKE CITY
UTAH

May 31, 1949

Mr. George W. Snyder
218 Felt Building
Salt Lake City, Utah

Dear Mr. Snyder:

For something over twenty years, I have been associated with mining in the Hailey mining area, officially known as the Warm Springs Creek and the Mineral Hill Mining Districts, Blaine County, Idaho. During this period, I have made numerous visits to many of the various mining localities and have spent shifts, without number, studying and mapping geological detail. I consider this area as one of the most promising in the west. There have been a large number of producing mines, several of them with very substantial record to their credit, probably with a total of at least Fifty Million Dollars gross value in gold, silver, lead and zinc.

During these twenty years, I served as geologist for the Triumph group, which included the Triumph, North Star and Independence mines. At one time, I was interested in a lease which embraced the Eureka, Whale, Red Elephant, Jay Gould, Bullion and Idahoan. More recently I have had occasion to review many old reports on the Mascot group which seems to offer great possibilities. I have also been consulted frequently in the development of the Snoose mine. Last summer I visited the workings up Lake Creek and was much impressed with the strength of the fissuring and the evidence of mineralization.

During the years, we have become convinced concerning several fundamental structural features in the ore environment. First, we know that we are near the southern border of the great Idaho batholith and that there are many small tongues and cupolas of igneous rock with accompanying mineralizing solutions penetrating the area. We know that there is intense fracturing in the area, some of this due to great overthrusts and some due to great bedding movements which go to considerable depths. We know that there are beddings with carbonaceous material which are favorable hosts for ore. And we know that there is a great deal of mineralization to be found in the right combinations of these elements.

I do not wish to go into detail concerning the Lake Creek properties because these matters are discussed by capable geologists and engineers whom I know and in whom I have confidence. They have had many years of experience in studying the problems and making the mines pay. There remains much unexplored ground in the Lake Creek area and, because of the rough topography, much of the development work can be done efficiently through tunnels. The problems of manpower, roads, water, timber, camp site, power, etc. all can be solved with reasonable expense. I consider the Lake Creek area to be one of

the most attractive parts of a region well known for its many productive mines. I believe the area to have the necessary elements of structure and to give evidence of sufficient mineralization so that well-financed development is justified -- I might even say it is invited.

Respectfully submitted,

/s/Earl B. Young, Mining Geologist

708 Harrison Ave.
Helena, Montana
Feb. 26, 1949

Mr. E. H. Snyder
Combined Metals Reduction Co.
218 Felt Building
Salt Lake City 1, Utah

Stalwart Products Corp.
Lake Creek Zinc Project
Blaine Co., Idaho

Dear Ed:

I am writing this letter in behalf of Harold A. Covey, George W. Snyder, Jr., and myself, we being the organizers in an attempt to consolidate a group of zinc-lead properties in the Lake Creek Area north of Ketchum, Idaho. We plan on doing business under the corporate form of Stalwart Products Corp. and our activities will be referred to under this name.

My purposes in writing are first to fully acquaint you with our activities and with the possibilities inherent in the project, and second to offer your company an opportunity to participate with us in the development of these properties on a mutually beneficial and equitable basis. Possibilities for the development of important tonnages of oxide and sulphide zinc-lead ores are excellent, and since your company stands to profit substantially through the treatment of such ores, I respectfully request your serious consideration to the merits of this project. In passing I might state that I have been interested in the area for a number of years and consider it one of the most attractive mining ventures of its type that I have seen in my numerous geological investigations.

The project embraces a mineralized area extending about 4 miles in a northwesterly direction, and being about two miles in width, situated largely in the Lake Creek drainage, about 6 miles northerly from Ketchum, Idaho, but extending northerly into Eagle Creek, and southerly into Trail Creek. Within this area are five mining properties which have produced limited tonnages of ore which has been largely oxidized, and uniformly high in zinc. Due to the high zinc content the ores have been largely non-commercial except under war time circumstances. The properties are known as the Parke Group, Elkington Group, Price Group, Longrade, and Homestake Mine. During World War 1 the Elkington and Price Groups produced several thousand tons of oxidized zincore, with average values in excess of 35%. This ore was shipped to a midwestern fuming plant and the properties were abandoned after the war with loss of a market for their product. The ore bodies were by no means exhausted, and in fact remain relatively undeveloped.

During World War 2 the Longrade produced 100 tons of ore assaying Ag 3.05, Pb 4.81, Zn 20.01 from shallow workings. The ore was settled under a very unfavorable schedule, thereby discouraging further development. The Homestake has produced considerable ore but production records are quite fragmentary, recording only about 5000 tons of which 2260 tons was sulphide ore having an average analysis of Ag 4.9, Pb 4.1, Zn 14.6. This ore was mined during the last war and was shipped to International Smelting & Ref. Co. Previously mined ores consisted of sorted lots of high grade silver-lead ore, and very occasional shipments of high grade oxidized zinc ore. Measurements of accessible stoped areas in the mine indicate that actual production substantially exceeds that of record.

Mineralization at all the properties occurs along strong fissure structures which trend northwesterly and dip at moderate to steep angles to the southwest. Commercial ore is restricted to lenticular shoots which vary widely in size from a few hundred to several thousand tons. Ore widths range from 1½ to 11 feet, and characteristically average 4 to 5 feet. Between the ore shoots the vein structure consists of a strong gouge zone usually containing a narrow seam of mineralization. The spacing and arrangement of the ore shoots is not uniform, but their position is determined to a degree by the nature of the enclosing wall rocks and by undulations of the vein walls. Within the limits of present development the barren areas intervening between ore shoots are, for the most part, moderate in extent. No typical replacement ore bodies of consequence are known to be present in the area, but such bodies may be encountered by further development due to the presence of favorable limestone members within the section.

Of the properties under consideration only the Homestake has undergone systematic and extensive development. Here the vein structure has been incompletely developed on strike for a distance of approximately 3000 feet and to a maximum depth below surface of 600 feet. At this depth the ores are dominantly sulphide, although some oxides persist. Surface indications at the Homestake are no more favorable than at the other properties in question and it is believed that with similar development these will be found to contain ore shoots comparable with the Homestake, and perhaps superior thereto. However, the work previously done at the Homestake places it in the unique position of being the only property of the group to contain measurable ore reserves, these being both sulphide and oxide in classification. The oxide ores are nearly fully developed and immediately available for mining whenever a market exists. The sulphide ores require additional development by sinking and drifting, but at a moderate cost per ton against expected ore.

My past examinations of the Homestake property have not been made with the principal view of determining immediate ore expectancy, but have emphasized development possibilities. Consequently my assay data for the following ore reserves is somewhat fragmentary. Nevertheless, the stated average grades and tonnages

are believed to be not unduly optimistic. I estimate that this property contains Reasonably Assured oxide ore bodies to the extent of 7700 tons having an average grade of Ag 7.26, Pb 4.42, Zn 27.07. This grade is at a stoping width in excess of 2 feet, the ore widths ranging upward to 11 feet. Probable Ore of oxide classification is present in numerous stope fringes and drift headings. This is estimated to amount to 7300 tons at a similar grade. At a somewhat lower grade total oxide ores would substantially exceed the above figures. Sulphide ore reserves consist of Probable Ore to the extent of 12000 tons measured to a depth of 200 feet on dip below the No. 6 or lowest tunnel level. Assay value for this ore is Ag 4.9, Pb 4.1, Zn 14.6, this being the average grade of the ores mined immediately above the level. The weighted average of 13 cut samples taken on the level is somewhat higher than this figure. Recapitulating, total ore reserves are as follows:

| Oxide Ores | Tons | Ag | Pb | Zn |
|---|---|---|---|---|
| Reasonably Assured | 7700 | 7.26 | 4.42 | 27.07 |
| Probable | 7300 | " | " | " |
| Total Oxides | 15000 | 7.26 | 4.42 | 27.07 |
| Sulphide Ores | | | | |
| Probable | 12000 | 4.9 | 4.1 | 14.6 |
| Total Ores | 27000 Tons | | | |

I will not attempt a liquidation of these ores under the present circumstances, it being sufficient to note that no unusual expense is to be expected in mining. The grade of ore indicated certainly would be profitable under normal market conditions at prices considerably lower than those now in effect.

At this writing Stalwart holds a favorable lease on the Longrade, and adjacent ground is held directly by location. Leases are currently being negotiated on the Elkington and Parke Groups on favorable terms, and with modest work requirements. The Price Group is currently open to location and will be relocated as soon as weather conditions permit. In connection with the Homestake, negotiations are proceeding on a three way basis between Stalwart, Casino Mining Co. (The present leaseholders) and the owners. Negotiations are on the basis that the Casino Mining Co. will agree to cancellation of their present lease and in return receive a modest stock interest in Stalwart. The owner, meanwhile, being somewhat more impressed with our ability and intentions has agreed to concurrently enter into a new agreement of lease with Stalwart on much more favorable terms than contained in the present Casino

lease. To date we have received every indication that the parties are all favorably inclined toward such an arrangement, and the Casino people now wish to investigate the Stalwart setup in a mutual effort to reach agreement. However, Stalwart is not now in a position to conclude with them on a favorable basis, since the only assets consist of leasehold interests and mineral land, the corporation being empty so far as cash on hand is concerned.

Now, in view of all the foregoing, I propose for your consideration that your company make a cash advance, as a loan, in the amount of $25000 to be repaid out of ore sales at a rate of $1.00 per ton, or a higher rate if desired, and offer as additional inducement a moderate stock interest in the Stalwart Company, the exact amount to be subject to negotiation. This loan should be made in the near future, but the expenditure of any part of such shall be fully contingent upon the successful completion of negotiations for the Homestake. Following completion of such arrangements, the money would be used in equipment and development, and would be sufficient to place the mine in production of sulphide ores. In the event of our inability to obtain the Homestake we feel that the other properties have considerable merit and we intend to continue with their development. However as the immediately available and measurable ore would then not be under our control you would be free to withdraw your support at any time, in part or in whole.

I trust that you are favorably impressed with the merits of the project and the proposal, and I would welcome an opportunity to personally discuss these subjects in greater detail. I have considerable supporting data in the form of geologic and assay maps of a number of the properties.

With kindest personal regards.

Yours very truly,

Mason W. Rankin /s/

MWR:wbh
cc: HAC-GWSJr.

# LAKE CREEK ZINC PROPERTIES

# WARM SPRINGS CREEK MINING DISTRICT

# BLAINE COUNTY, IDAHO

Mason W. Rankin
Mining Geologist
May 29, 1949

# LAKE CREEK ZINC PROPERTIES
# WARM SPRINGS CREEK MINING DISTRICT
# BLAINE COUNTY, IDAHO

## INTRODUCTION

The mining properties herein referred to are located in and near Lake Creek Canyon, about 10 miles northeasterly by road from Ketchum, Idaho, the nearest rail and supply point. Elevations range from 6500 feet at creek level to 10,000 feet at the summits. The topography is one of high relief and the mountain slopes are steep, although not generally rugged. Winter weather is rather severe, with considerable snowfall, but year around operations may be maintained although with some difficulty.

This report and the accompanying maps are based on the writers personal acquaintance with these properties, and the Wood River region in general, extending over a period of several years.

## PROPERTY

The Homestake Mine consists of 1 patented and 12 unpatented claims forming a contiguous group. This property is owned by Lester T. Ditter, Angela Ditter, Mrs. Anna B. Ditter, all of Twin Falls, Idaho, and Alfred F. Donovan and Hazel M. Donovan, of Grandview, Washington. A lease and option is now held by Casino Mining and Milling Company, a Washington Corporation, but arrangements for the acquisition of the property by Stalwart Products Corporation, a Nevada Corporation, are nearing completion.

The Longrade Prospect consists of 11 unpatented claims. Four of these claims are held by Stalwart Products Corporation under a 10 year lease with option to purchase from Grant W. and

Thelma E. Crutchley, both of Ketchum, Idaho. The seven additional claims of the group are held directly by location. The Longrade property adjoins the Homestake Mine on the southeast, and covers what is presumed to be the extension of that vein.

The Silver Eagle prospect is situated in Eagle Creek Canyon, about 3 miles northerly from the Homestake Mine. Property consists of 5 unpatented mining claims and is held by Stalwart Products Corporation under a 10 year lease with option to purchase from Eagle Creek Mines Inc., an Idaho Corporation.

The Zinc Lake Group consists of three unpatented claims owned by Mrs. Mary K. Elkington of Mountain Home, Idaho, and Mrs. Helen K. Priest of Boise, Idaho. The property is presently idle, but negotiations by Stalwart Products Corporation to acquire the property under reasonable terms have been unsuccessful to date.

The South Lake Group consists of a number of unpatented claims, but title to this group is very uncertain.

The location of all the foregoing properties is shown on the accompanying Index and Claim maps.

## HISTORY

The Wood River region in which all of the properties lie, is located in Blaine County, Idaho. Mining activities have been conducted continuously in this District since 1880. The extent of mining operations has fluctuated with market prices for the ores produced. The recorded production of the District is approximately $50,000,000 gross metal values. A partial production table follows:

| | |
|---|---|
| Triumph-North Star . . . . . | $25,000,000 |
| Minnie Moore . . . . . | 7,000,000 |
| Independence . . . . . | 5,000,000 |
| Bullion . . . . . | 1,400,000 |
| Red Elephant . . . . . | 1,400,000 |
| Mayflower . . . . . | 1,000,000 |
| Idahoan . . . . . | 900,000 |
| Jay Gould . . . . . | 600,000 |
| Numerous Others . . . . . | 7,700,000 |

The Homestake Mine was discovered in the 1880's during the early period of mining activity in the region. The property has been worked spasmodically, and on a small scale ever since. Shipments of high grade sorted lead-silver ore have been made since its earliest years, but the high proportion of zinc in the oxidized ore has always been detrimental, and except for a few small lots shipped to fuming plants, and about 500 tons shipped during the last war (under a very unfavorable smelting schedule) the oxidized zinc has been valueless. However, it is now believed that metallurgical advancements will make possible the treatment of ore of this type within the near future. Sulphide lead-zinc ores on the lower levels may be marketed at any one of three milling plants in the Salt Lake Valley.

The other prospects in the area have had a very limited production and development. During 1917 both the South Lake and Zinc Lake Groups were under development by the Kusa Spelter Co. Something over 2000 tons of 35% oxide zinc ore was shipped to the middle east from the Zinc Lake Group during this period, and several carload lots of similar ore were shipped from the South Lake Group. In 1942 and 1943, following construction of an access road by the U. S. Grazing Service, the Longrade property underwent limited development and three carload lots of ore were shipped. Settlement sheets for two of these lots are available.

PRODUCTION

The production record for the Homestake Mine which follows is quite incomplete and possibly represents not more than 50 percent of the total ores shipped. U. S. G. S. Bulletin 814 and smelter settlement sheets have been used in compiling this table. It is known that a considerable tonnage has been shipped to the old Pueblo and Omaha & Grant Smelters in Colorado, but the records are not available. Lots of sorted zinc ore have also been shipped to various paint manufacturers and to fuming plants, but the record of these is also not available. The mine was shut down in 1947 with the expiration of premium prices, although a sizable tonnage of potential ore remains in the mine.

Homestake Mine

| | | Assays | | | Contents | | | |
|---|---|---|---|---|---|---|---|---|
| Years | Tons | Ag | Pb | Zn | Oz. Ag | Lbs. Pb | Lbs. Zn | |
| 1885-1903 | 402.4 | 44.7 | 39.9 | No record | 17,977 | 321,535 | | |
| 1903-1913 | | No Record | | | | | | |
| 1914-1923 | 941.2 | 36.6 | 30.4 | 18.7 | 34,459 | 571,640 | 352,623 | Murray |
| 1914-1924 | 268.6 | 38.7 | 32.5 | 17.4 | 10,387 | 174,586 | 93,555 | Other |
| 1925-1943 | | No record | | | | | | |
| 1944-1947 | 2259.8 | 4.9 | 4.2 | 14.6 | 11,146 | 188,135 | 658,702 | Sulph. |
| 1944-1947 | 574.4 | 8.3 | 4.8 | 18.0 | 4,765 | 55,045 | 206,747 | Oxide |
| 1944-1947 | 680.0 | 5.6 | 4.3 | 15.3 | 3,808 | 58,480 | 208,080 | Mixed |
| 1947 | 51.8 | 5.1 | 7.1 | No assay | 264 | 7,356 | | Garfield |
| 1948 | 23.9 | 34.6 | 30.9 | 20.5 | 827 | 14,770 | 9,823 | Tooele |
| Total & Average | 5202.1 | 16.6 | 13.4 | 16.1 | 83,633 | 1,391,547 | 1,529,530 | |

Longrade Mine

| | Tons | Au | Ag | Pb | Zn |
|---|---|---|---|---|---|
| 1943-44 | 100.54 | 0.01 | 3.05 | 4.81 | 20.01 |

The details of production for the other properties are not available, although it is known that ore has been produced.

FACILITIES:

Transportation from the Homestake and Longrade properties is by fair dirt road a distance of 7 and 10 miles to Ketchum, Idaho, on the Union Pacific railroad.

Electric Power for all properties excepting the Silver Eagle may be obtained by connection to existing lines now approximately 5 miles distant.

Water for mine, mill and domestic use is available in Lake Creek and Eagle Creek.

Timber of suitable quality for mine use is present in fair quantity. Locally cut mine timber is available at going prices.

Housing consists of a small bunkhouse, office, and shop at the Homestake Mine. No housing facilities are present at the other properties.

DEVELOPMENT

The Homestake Mine is developed by six principal tunnels, and by a number of open cuts and shallow workings. Total development aggregates several thousand feet of work on the vein. Reference is made to the attached plan map for details.

The other groups are developed by short tunnel and numerous open cuts, the total amount of development work being very small. Details of development at all properties but the South Lake Group are shown on accompanying maps.

GEOLOGY

The country rock in which the ore deposts occur consists of

limestones, shales, sandstones and conglomerate of Paleozoic age, being the Milligan and overlying Wood River formations. Grey to buff siliceous limestones and sandstones are the predominant rock types in the Wood River, while the Milligan tends to be much more carbonaceous, containing numerous dark limestones although predominantly composed by black shale and argillite. The basal Wood River conglomerate, a quartzite conglomerate, is the only reliable key bed in the section. This bed is present near the Homestake Mine and at the Zinc Lake and South Lake properties. Detailed descriptions of the sedimentary formations are given in U. S. G. S. Bulletin 814, to which reference is made for details, and a stratigraphic section from this source is appended. Regionally the formations strike North to Northwest, and dip at moderate angles to the West and Southwest. The formations are cut by a number of faults, including the mineralized vein structures. Most of these are normal and of moderate displacement. However, a few sizable thrust faults are present in the area. These are believed to be entirely premineral. Postmineral strike faulting is common, although generally of moderate displacement.

Ore occurs along strong fault fissures which trend northwest and dip to the southwest at angles ranging upward from 45 degrees. The Homestake vein may be traced on its course for over a mile and has a possible length of around 3 miles, based on the plausible assumption that the Longrade workings are on the continuation of the Homestake vein.

Of the properties under consideration only the Homestake Mine has been sufficiently developed to show fully the nature of the ore occurrence. At this property, the ore is present in shoots which are markedly lenticular both on dip and strike, and which vary widely in size. Ore thicknesses range upward to 11 feet, but average 4 to 5 feet. At the termination of an ore shoot the vein commonly pinches, and a weak stringer of mineralization, sometimes only a few inches thick, will generally persist until another ore shoot is encountered. A calcitic mineralization is commonly present near the extremities of ore shoots. It has been stated that the rock where mineralization is more marked is softer and apparently more calcareous than that in other parts of the vein (U. S. G.S. Bulletin 814), and there is considerable field evidence in support of this conclusion. The most definite relationship between mineralization and the enclosing wall rock, however, seems to be that the mineralization is nearly always poor when both walls are within black shale. One small ore shoot near the portal of No. 5 Tunnel occurs in a limestone bed on and near the hanging wall of the fissure, and this appears to be the only example of a typical replacement ore shoot in the entire mine. However, in the ore sections replacement processes have been more or less active within the fissure and in the immediate hanging wall, and more extensively so in calcareous sections.

The Homestake ore bodies, as presently developed, show an apparent rake to the south although there is no continuous stoping from the surface to the lowest level. It is believed that this

feature is more apparent than real and that additional ore bodies would be encountered on all levels with additional development to the northwest.

The depth of oxidation at the Homestake is of particular economic interest, and is somewhat unusual for this district. Oxidizing processes have been very active, and oxide ores persist to a depth in excess of 500 vertical feet below the outcrop. The commonest zinc mineral is smithsonite, with some calamine present. Lead occurs as cerussite, but frequently the oxide ores show remnants of galena. Iron oxides are common although not abundant. Within the sulphide zone the mineralization is dominantly sphalerite, with a smaller amount of galena, and sparse pyrite. The commonest gangue minerals are quartz with calcite and other carbonates.

Ore Reserves

There are only a few thousand tons of ore present at the Homestake Mine in the strict sense of those fully blocked out and ready for mining. However, there are numerous stope fringes showing mineralization of fair to good grade, as well as a number of high grade showings that have not been stoped. Continued mining within the presently developed limits of the vein would undoubtedly yield a substantial tonnage, possibly considerably exceeding the past recorded production.

No ore reserves can be credited to the other properties as these are all in the prospect stage. However, they have all produced some ore in the past and will undoubtedly do so in the future.

EXPLORATION AND DEVELOPMENT POSSIBILITIES

The limited past production of the Homestake Mine is certainly not indicative of the property's possibilities. As has been previously noted, the presence of oxide zinc in large quantity has been detrimental. It is not likely that individual ore bodies will be large. Nevertheless it is believed that numerous moderate to small sized shoots would be encountered with further development. Additional development to a vertical depth of 1500 feet below the outcrop may be done at the Homestake by drifting ahead on the vein on the No. 6 Tunnel Level. Both sulphide and oxide ores persist below this level and additional development of these shoots should be done by sinking.

Possibilities for development of substantial tonnages of both oxide and sulphide ores on the Longrade Group are believed to be excellent, as surface indications are very similar to those at the Homestake Mine. Development during the forseeable future may be accomplished by successively lower tunnels, to a maximum vertical depth in excess of 1500 feet below the outcrop.

Exploration possibilities are present along a vein structure some distance in the footwall of the Longrade vein, and these should be tested by trenching and reopening one or more old tunnels which show attractive lead-zinc mineralization on the dumps.

The Silver Eagle Group has possibilities for exploration and development in view of attractive near surface showings. Present evidence, however, indicates that the ore bodies may be small.

The Zinc Lake and South Lake Groups both have surface showings of high grade oxidized zinc mineralization, and merit some additional

development. They are not considered further herein, however, as they are not available for operation at the present time.

## RECOMMENDED DEVELOPMENT AND ESTIMATED COSTS

### Homestake Mine

Recommended initial development at this property consists of 1000 feet of drifting and 100 feet of sinking. Drifting should be conducted to the northwest from the present face of the No. 6 Tunnel, to the northwest and southeast from the proposed 100 foot winze level, and possibly to the northwest from the face of No. 4 Tunnel. The sinking is recommended along the dip of the vein below the level of No. 6 Tunnel.

The estimated cost of this program is as follows:

Equipment and Supplies

| | | |
|---|---|---|
| 5 | 1-ton ore cars, couplings @ $205 ea. | $1025.00 |
| 2 | Pneumatic Jack-hammers | 700.00 |
| 1 | Pneumatic stoper | 500.00 |
| 1 | Pneumatic drifter | 525.00 |
| 1 | Single-screw drifter column | 125.00 |
| 1 | Gasoline or Diesel-powered air compressor | 3000.00 |
| 1 | Air receiver | 160.00 |
| 1 | 1-ton pneumatic hoist | 627.00 |
| 1 | 1-ton sinking skip | 350.00 |
| 200 | ft. 3/4 " steel cable | 86.00 |
| 30 | pcs. assorted lengths drill steel | 75.00 |
| 300 | Detachable drill bits | 110.00 |
| 2000 | ft. 20 lb. mine rail | 630.00 |
| 6 | kegs 3/8 x 3" track spikes | 110.00 |
| 200 | pairs fishplates | 80.00 |
| 1000 | ft. 2" air pipe | 175.00 |
| 1000 | ft. 1/2" water pipe | 91.00 |
| 200 | lbs. Misc. pipe fittings | 100.00 |
| 200 | ft. air hose | 126.00 |
| 200 | ft. water hose | 108.00 |
| 200 | lbs. assorted nails | 40.00 |
| 1 | Eimco Mucker | 2000.00 |
| 1 | Mancha Trammer complete | 3200.00 |
| | Blacksmithing equipment | 275.00 |
| | Hand tools and misc. | 782.00 |
| | Total Equipment and Supplies | $15,000.00 |

| | | |
|---|---|---|
| Rehabilitation No. 6 Tunnel | $ 5,000.00 | |
| Drifting 1000 ft. @ $25.00 | 25,000.00 | |
| Sinking 100 ft. @ $100.00 | 10,000.00 | |
| Total Development Costs | $40,000.00 | |
| Total Costs Homestake Mine | | $55,000.00 |

Longrade Group

Recommended development at this property consists of 600 feet of drifting to the southeast on the No. 5 Tunnel level.

Exploration, by trenching, is recommended below the level of No. 5 Tunnel, and along a vein structure some distance in the footwall of the Longrade vein. It is also recommended that one or more old tunnels on this vein structure be reopened.

The estimated cost of this program is as follows:

Equipment and Supplies

| | | |
|---|---|---|
| 2 | 1-ton ore cars, couplings | $ 410.00 |
| 2 | Pneumatic drifters | 1,050.00 |
| 2 | Single-screw drifter columns | 250.00 |
| 60 | Assorted lengths drill steel | 150.00 |
| 600 | Detachable drill bits | 300.00 |
| 1200 | ft. 20 lb. mine rail | 360.00 |
| 6 | kegs 3/8" x 3" track spikes | 110.00 |
| 200 | sets fishplates | 80.00 |
| 1500 | ft. 2" air pipe | 263.00 |
| 1500 | ft. 1/2" water pipe | 137.00 |
| 200 | lbs. misc. pipe fittings | 100.00 |
| 100 | ft. air hose | 63.00 |
| 100 | ft. water hose | 54.00 |
| | Compressor | 3,000.00 |
| | Misc. mine timber | 2,000.00 |
| | Hand tools and misc. | 1,173.00 |
| | Total Equipment and Supplies | $ 9,500.00 |
| | Drifting 600 feet @ $25.00 | 15,000.00 |
| | Trenching and Reopening Tunnels | 1,500.00 |
| | Total Development Cost | $16,500.00 |
| | Total Costs Longrade Mine | $26,000.00 |

Silver Eagle Group

Only a limited exploration and development program is recommended for this property at the present time, with additional work to be dependent upon the results obtained.

Trenching is recommended in the vicinity of the uppermost workings and a small amount of drifting and/or raising is recommended at the Main Tunnel. As the ground is soft, this work will be performed by hand labor, and no expenditures for equipment are presently contemplated.

The estimated cost of this program is as follows:

| | | |
|---|---|---|
| Drifting and Raising 100 ft. @ $30.00 | $ 3,000.00 | |
| Trenching | 2,000.00 | |
| Total Silver Eagle Group | | $ 5,000.00 |

Recapitulating the total cost of the above development program is as follows:

| | |
|---|---|
| Homestake Mine | $55,000.00 |
| Longrade Group | 26,000.00 |
| Silver Eagle Group | 5,000.00 |
| Total | 86,000.00 |
| Reserve for Contingencies | 14,000.00 |
| Grand Total | $100,000.00 |

It is expected that ore sales during the period of development will be substantial. However, since no assured sulphide ores are claimed, no estimate is made as to this amount. In compiling the foregoing estimate equipment and supply costs have been largely based on the price of new items, and substantial economies may be realized through the purchase of serviceable used equipment whenever possible.

CONCLUSIONS

The Homestake and Longrade properties offer very attractive possibilities for the development of substantial tonnages of ore, both within the sulphide and oxide zones. At the Homestake Mine, previous development work has exposed considerable oxide material which may soon constitute excellent ore by reason of current metallurgical advancements.

Only a very small portion of the potentially productive areas along the Homestake vein have been explored and additional work both to the northwest and southeast has an excellent chance for success.

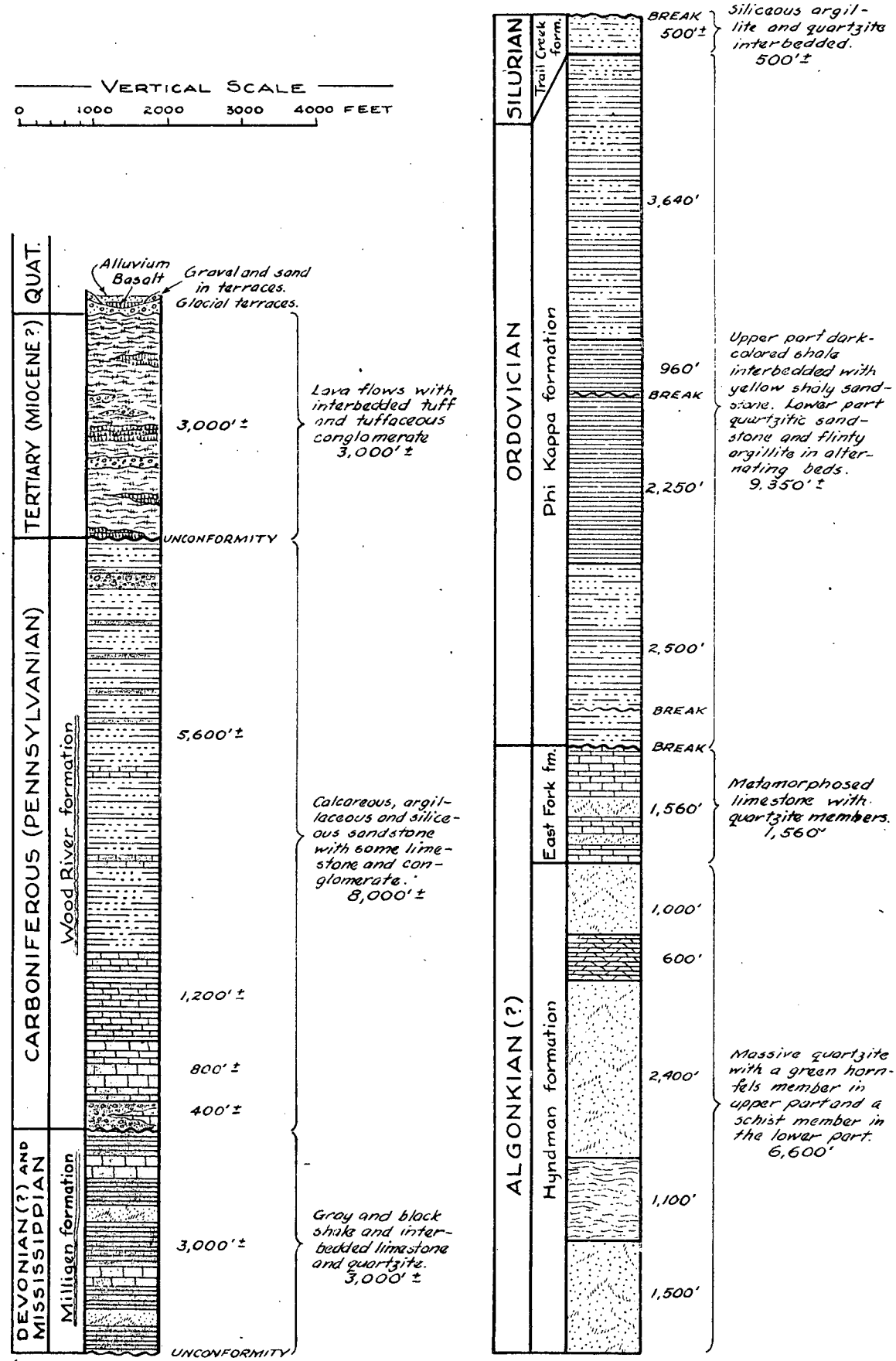
The only ore bodies presently anticipated through additional development are of the fissure type and individually may be of small to moderate size. The possibility for massive replacement deposits in favorable horizons along and near the fissure intersections is ever present, however, and the discovery of one or more ore bodies of this type might greatly increase the tonnage possibilities.

The ores mined in the past have been of medium to high grade and it is expected that new ore discoveries will be of comparable grade and of sufficient size to sustain a profitable operation under normal market conditions.

It is believed that the development program herein outlined has an excellent chance to establish a profitable and long lived mining operation, and it is on this basis that the entire project is recommended as a very attractive mining speculation.

Respectfully submitted,

Mason W. Rankin /s/

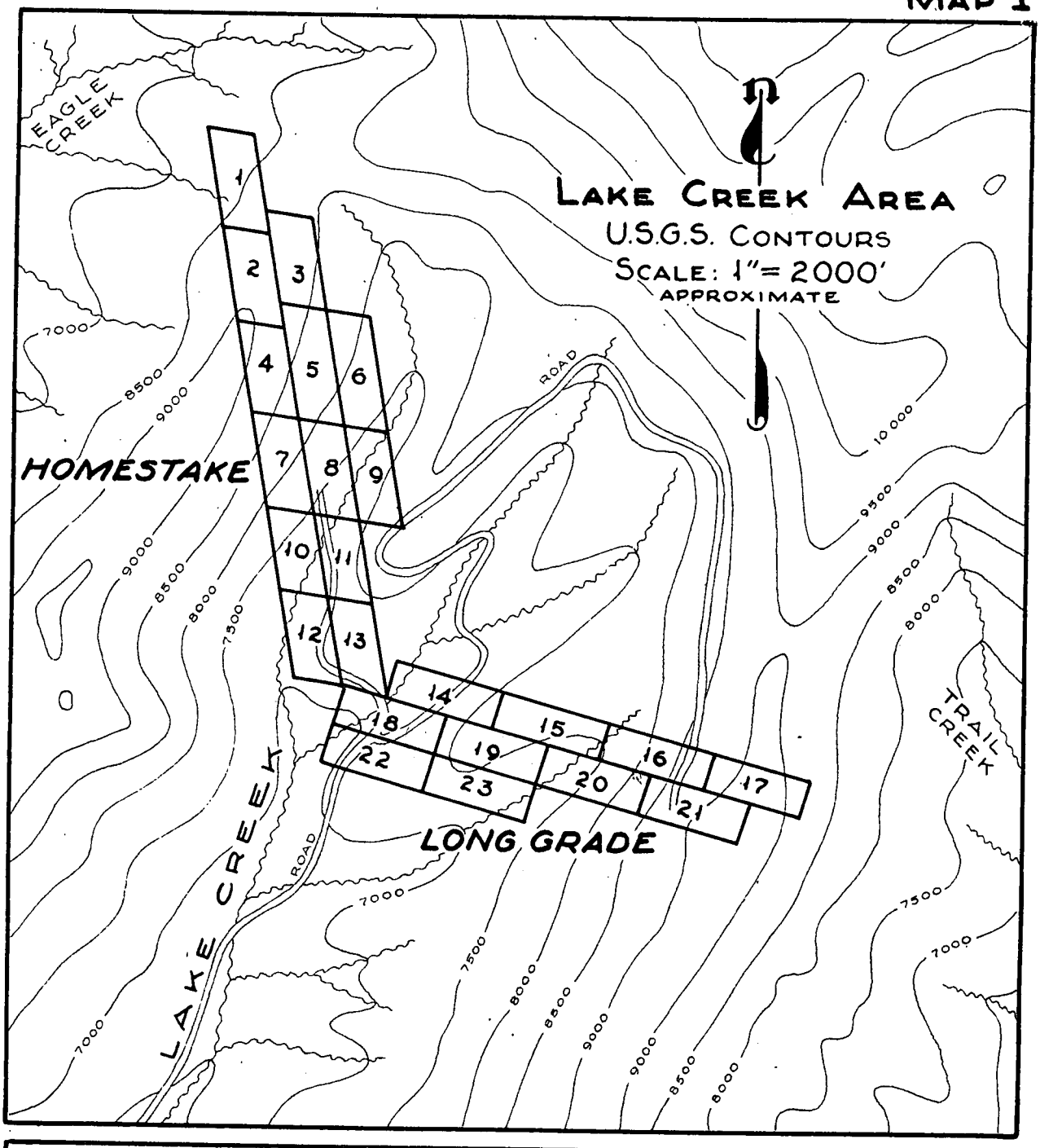



(Section cont'd to right)

PLATE I – COLUMNAR SECTION, WOOD RIVER REGION

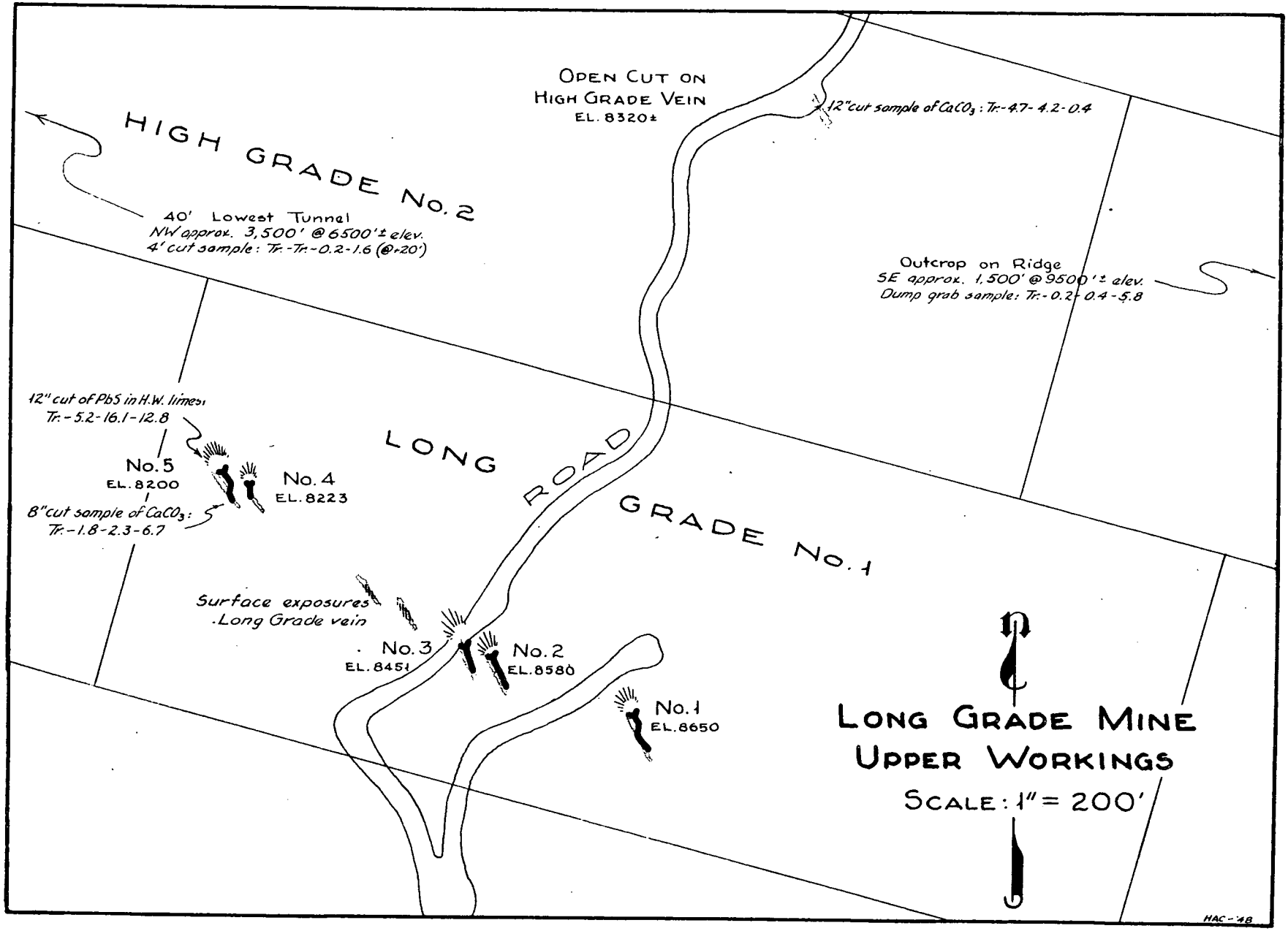
H.A. Covey ~ From U.S.G.S. Bull. 814

MAP I




1 - Montreal
2 - Chatham
3 - Lillian B.
4 - Merry Mack (Pat.)
5 - Pocahantas
6 - Yukon
7 - Homestake
8 - Helena
9 - Colorado
10 - Tecumseh
11 - Kansas
12 - Lone Jack
13 - Marona
14 - High Grade No. 4
15 - High Grade No. 3
16 - High Grade No. 2
17 - High Grade No. 1
18 - Long Grade No. 4
19 - Long Grade No. 3
20 - Long Grade No. 2
21 - Long Grade No. 1
22 - Stalwart No. 1
23 - Stalwart No. 2

HAC-48

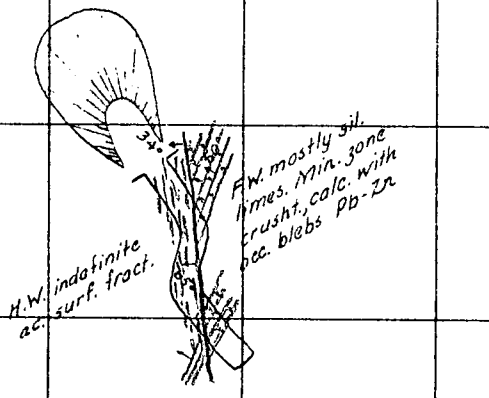

OPEN CUT ON
HIGH GRADE VEIN
EL. 8320±
12" cut sample of $CaCO_3$: Tr.-4.7-4.2-0.4
HIGH GRADE No. 2
40' Lowest Tunnel
NW approx. 3,500' @ 6500'± elev.
4' cut sample: Tr.-Tr.-0.2-1.6 (@+20')
Outcrop on Ridge
SE approx. 1,500' @ 9500'± elev.
Dump grab sample: Tr.-0.2-0.4-5.8
12" cut of PbS in H.W. limes:
Tr.-5.2-16.1-12.8
No. 5
EL. 8200
No. 4
EL. 8223
8" cut sample of $CaCO_3$:
Tr.-1.8-2.3-6.7
LONG ROAD
GRADE No. 1
Surface exposures
Long Grade vein
No. 3
EL. 8451
No. 2
EL. 8580
No. 1
EL. 8650
N
LONG GRADE MINE
UPPER WORKINGS
SCALE: 1" = 200'
HAC-48

MAP III

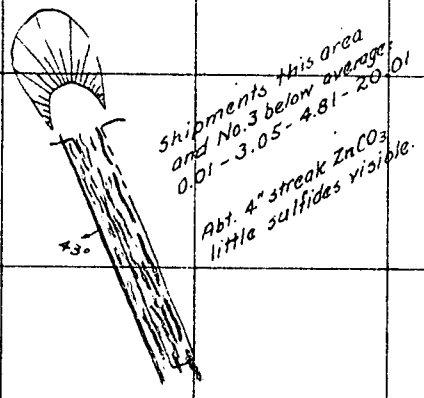
N. So. side, Lake Creek — Mine: **LONG GRADE** — Level: Upper Workings

Brunton - Tape : H.A.C. — Position: Insert Plan

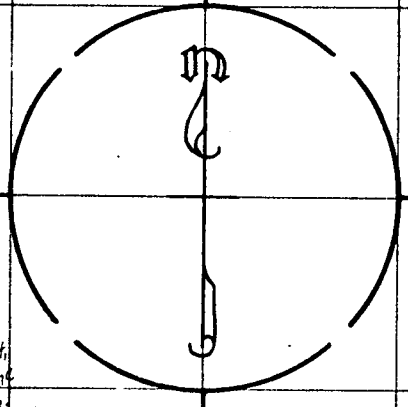
By H.A. Covey — Scale: 1 in. = 50 ft. — Date: September, 1948

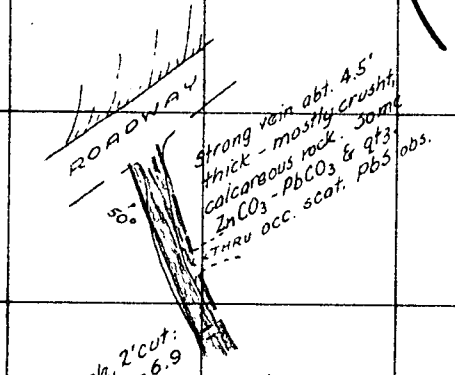



**TUNNEL No. 1**
EL. 8,650'

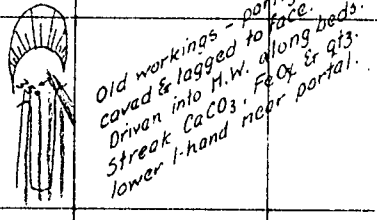



**TUNNEL No. 2**
EL. 8,580'






**TUNNEL No. 3**
EL. 8,451'



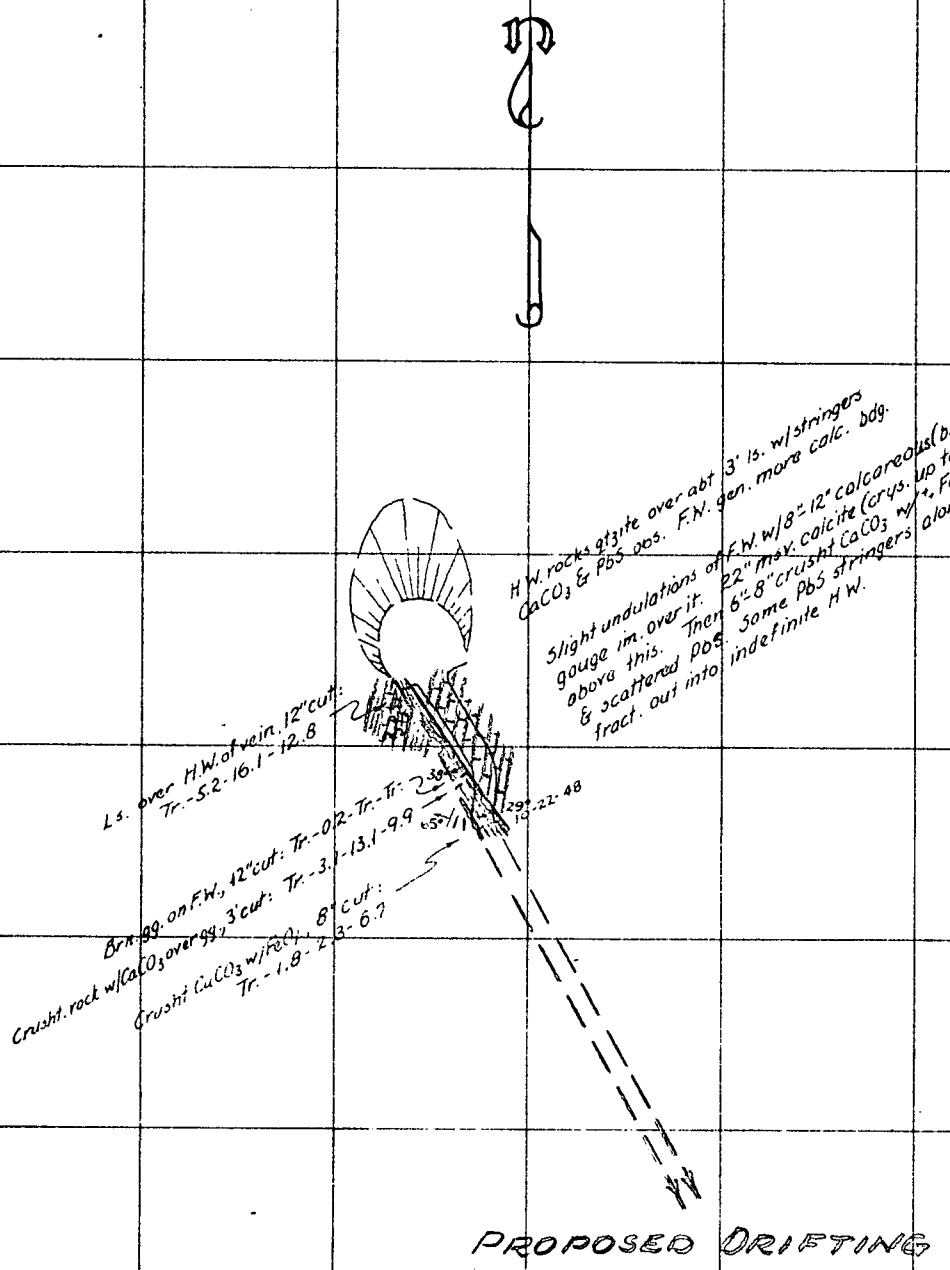

**TUNNEL No. 4**
EL. 8,223'

HAC 10-50

N. SO. SIDE, LAKE CREEK MIN[illegible] LONG GRADE LEVE[illegible] NO. 5 TUNNEL

BRUNTON-TAPE: H.A.C. POSITION PLAN

BY H.A. COVEY SCALE 1 IN. = 50 FT. DATE OCTOBER, 1948

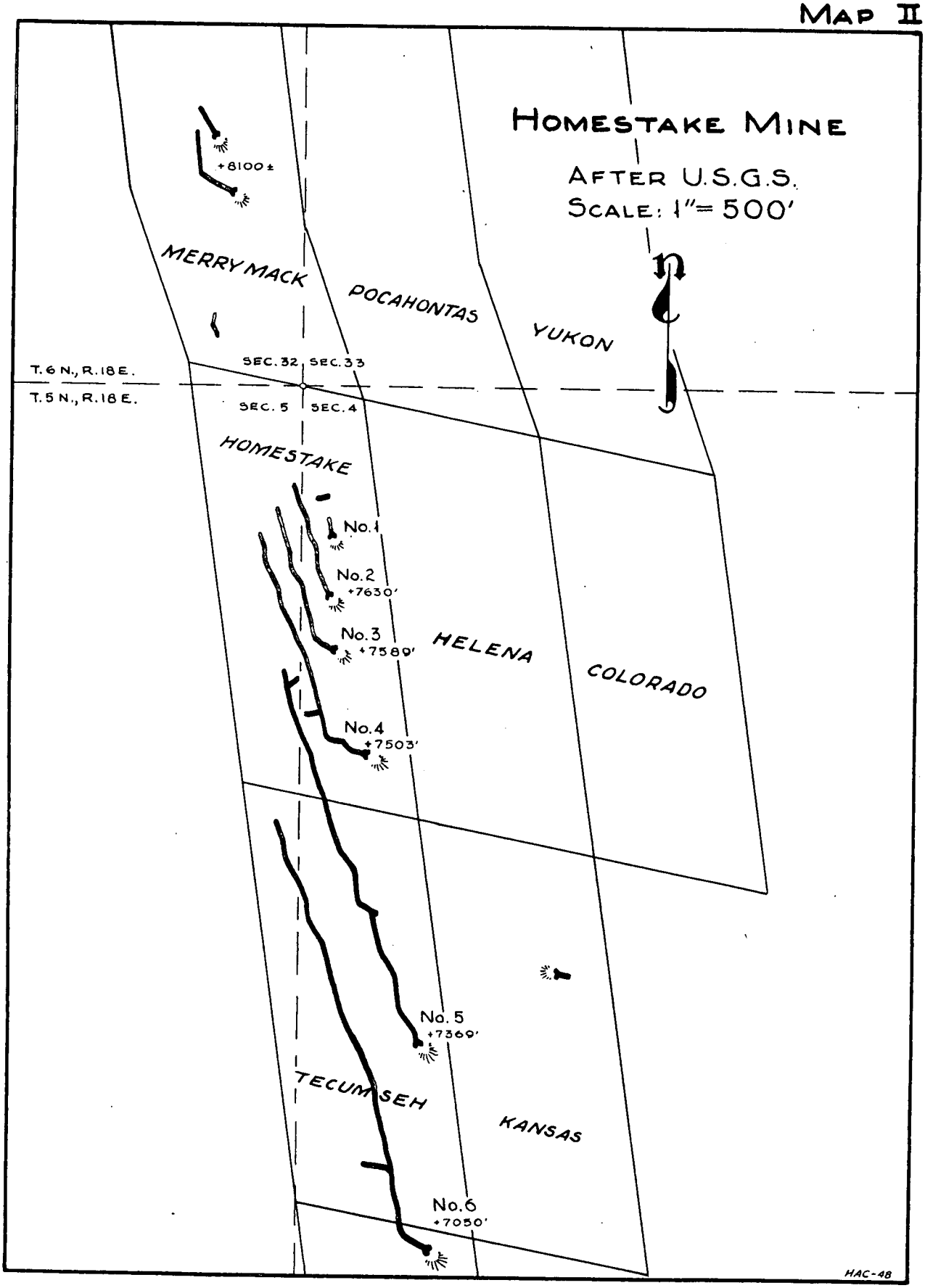



TUNNEL No. 5

EL. 8,200'

MAC - 10-50

MAP II


HOMESTAKE MINE
AFTER U.S.G.S.
SCALE: 1"= 500'
N
+8100±
MERRYMACK
POCAHONTAS
YUKON
T. 6 N., R. 18 E.
T. 5 N., R. 18 E.
SEC. 32
SEC. 33
SEC. 5
SEC. 4
HOMESTAKE
No. 1
No. 2
+7630'
No. 3
+7589'
HELENA
COLORADO
No. 4
+7503'
No. 5
+7369'
TECUMSEH
KANSAS
No. 6
+7050'
HAC-48

# MAP

# BELONGS

# HERE

# MAP

# BELONGS

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2

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

PROJECT SUMMARY REPORT

By: W. P. Klugescheid April 16, 1956

1. Docket No. DMA-81 (Lead-Zinc)
Contract No. I-DMA-E18
Property: Homestake Mine
Blaine County, Idaho

Operator: United Minerals Reserve Corporation
518 Felt Building
Salt Lake City 1, Utah

Operator's Property Rights: Lessee
Landlord's Subordination Agreement - dated June 12, 1951.

2. Contract dated June 22, 1951. To complete - 2 years.

Work Authroized

| | |
|---|---|
| Project "A". - Drift 1,000 feet @ $25.00/ft. | $ 25,000.00 |
| Project "B". - Sink 100 feet of winze @ $100.00/ft. | 10,000.00 |
| Project "C". - Drift 600 feet @ $25.00/ft. | 15,000.00 |
| Project "D". - Rehabilitation & bulldozing | 3,500.00 |
| New Building | 5,700.00 |
| Equipment to be purchased | 35,931.00 |
| Underground rehabilitation | 6,000.00 |
| Contingency reserve | 2,869.00 |
| Total cost of project | $104,000.00 |
| Government's participation @ 50% | $ 52,000.00 |

Amendments

No. 1 Dated September 24, 1951

Some equipment eliminated from the list to be purchased and rental conditions specified. Some changes in the allowable rates for labor and supervision. No increase in total cost of the project.

No. 2 Dated April 23, 1952.

Permits a maximum of $1,000.00 for an access road to the No. 5 level portal from end of existing road. No increase in the total cost of the project.

No. 3 Dated May 24, 1952.

Permits a cost of $1,500.00 for some extra rehabilitation. Changes one of the items of equipment to be purchased. No increase in total cost of the project.

No. 4 Dated June 25, 1952.

Deletes some equipment to be purchased and permits depreciation of some equipment which the Operator is to supply. No increase in total cost of the project.

No. 5 Dated May 15, 1953.

Completion period changed from two to three years. No increase in total cost of the project.

No. 6 Dated January 8, 1954.

Completion date changed to November 22, 1954.

Recess permitted to May 1, 1954.

Automatic termination stipulated if work not begun or finished on time.

Pseudo certification included which remains in force for eleven (11) years from the date of the contract.

Work was terminated under Amendment No. 6

Work Completed

| | | |
|---|---|---|
| Drifting 95 feet @ $117.59/ft. | $11,171.50 | |
| Sinking 85 feet @ $176.78/ft. | 15,733.44 | |
| Operating Equipment purchased | ~~2,209.29~~ | 7,970.81 |
| New Buildings | 2,779.50 | |
| Underground rehabiliation | 5,912.58 | |
| Total cost of project | ~~$37,806.31~~ | 43,567.83 |
| Government's participation @ 50% | $18,903.15 | 21,783.91 |

3. Audit Certificate issued July 13, 1955.

Audit was corrected

| | | |
|---|---|---|
| Total cost as billed by Contractor | $50,469.82 | |
| Less proceeds from disposition of property | ~~9,465.26~~ | 3,703.74 |
| Net claimed cost | ~~41,004.56~~ | 46,766.08 |
| Exceptions | 3,198.25 | |
| Total accepted cost | ~~$37,806.31~~ | 43,567.83 |
| Government's participation @ 50% | ~~$18,903.15~~ | 21,783.91 |

4. Certification of Discovery - None issued but a pseudo certification in Amendment No. 6 provides for royalties on production for a period of eleven (11) years from the date of the contract.

5. Comments

Rock units in the vicinity of the Homestake mine are the Milligen formation of Devonian and Mississippian age and the Wood River formation of Pennsylvanian age.

The Milligen formation consists predominantly of black carbonaceous argillite with subordinate intercalated calcareous and quartzitic beds. The overlying Wood River formation is predominantly gray to buff siliceous limestones and sandstones but also contains shales, dolomite and conglomerate.

Pre-ore folding and overthrusting has resulted in a general southeast-trending structural pattern for the region with major fold axes usually inclined to the southwest. Overthrusting is to the northeast. Normal faulting, with northwest and northeast strikes,

occurs as shear systems with moderate to sizeable displacement. Mineralization of some of these shear zones has produced ore deposits of commercial grade in the region. Post-mineral faulting with small to moderate displacement is common.

With the exception of local sulphide lenses, oxidized ores persist throughout presently explored portions of the Homestake vein; the ore minerals are smithsonite, some calamine, and cerussite that may contain remnants of galena. The much less abundant sulphide ore bodies contain sphalerite, lesser amounts of galena, and sparse pyrite.

The ore generally occurs as bodies varying greatly in size along both dip and strike. At the end of an ore body the vein may decrease in thickness and become barren, or ore may occur as small pods and discontinuous stringers within the shear zone until another ore body is exposed.

No new ore bodies were discovered during the project period.

The Operator was neither financially nor administratively capable of conducting an operation of this type. With better-qualified personnel in charge of operations, the project would probably have been completed.

Government participation in the further exploration of this property is warranted; however, participation with the present Operator is not recommended.

W. P. Klugescheid

W. P. Klugescheid

WPK/er 4/17/56

Copy to: Docket
Base Metals
Chron.

☒ Audited  WO[redacted] ANALYSIS SHEET - DMEA PROJECT [redacted]  ☒ Actual Cost

☒ [redacted] Certified 1/8/54.  Analysis as of 3/25/55  ☐ Agreed Unit Costs

Incl. Voucher for Oct. 1952

Name UNITED MINERALS RESERVE CORP.  Docket No. 81

State IDAHO  Commodity LEAD-ZINC  Idm-E No. 18

audit corrected

| OPERATION | AUTHORIZED Units | AUTHORIZED Cost | COMPLETED Units | COMPLETED Cost | NET COST |
|---|---|---|---|---|---|
| Drifting & Crosscutting 121.84 | 1,600' | $53,315.00 | 95 | $11,574.77 | $11,171.50 |
| Raising | | | | | |
| Shafts | | | | | |
| Winzes 183.16 | 100' | 19,000.00 | 89' | 16,301.37 | 15,733.44 |
| Drilling (Specify) | | | | | |
| Sur[redacted]ce Excavation Bulldozing etc | | 3,500.00 | | | |
| Underground Excavation | | | | | |
| Roads and Trails | | | | | |
| Operating Equipment Purchased | | 12,616.00 | | 10,103.35 | 7,970.81 |
| Surface Rehabilitation & Repairs | | | | | |
| Underground Rehabilitation | | 6,000.00 | | 5,912.58 | 5,912.58 |
| New Building, Improvements, etc. | | 6,700.00 | | (2) 3,379.50 | 2,779.50 |
| Other (Specify) (1) Rentals | | 23,315.00 | | | |
| Contingencies | | 2,869.00 | | | |
| Totals | | 104,000.00 | | $47,271.57 | $43,567.83 |

(1) $23,315.00 fund for rentals deducted from original equipment purchases by Amendment No.1-Exhibit "F" and Amendment No.4. plus $2,869.00 Contingencies.

(2) $1,275.28 (Buildings and Repairs) and $2,104.22 (Initial Rehabilitation):: $3,379.50

Proceeds from Property Disposal

| | | |
|---|---|---|
| Timber | $ 332.00 | |
| Ex[redacted]ives | 220.00 | 971.20 |
| Grace | 89.20 | |
| Other | 330.00 | |
| Equipment Purchase | 2,132.54 | |
| Grace Buildings | 600.00 | |
| Total | $3,703.74 | |

No Royalties to 12/31/55.

Prepared by W.R. Klugeecheid

Terminated under terms of Amendment No. 6 received April 9, 1956.

~~Field Team Final Reports~~ Project Summary ~~Report~~ written

71626

Delete from Equip. Purchases (Amends.)

| | | |
|---|---|---|
| 9,400.00 | 350.00 | |
| 3,100.00 | 460.00 | |
| 6,900.00 | 23,315.00 | Total 35,931.00 |
| 1,700.00 | | less 23,315.00 |
| 1,155.00 | | 12,616.00 |
| 1,250.00 | | |

Money Spent:

| | | |
|---|---|---|
| 95' | Drifting | 13,011.56 |
| 89' | Sinking | 18,324.88 |
| Other - Rentals | | 5,327.70 |
| Equipment Purchase | | 4,513.60 |
| Initial Rehab & Repairs | Bldg 1275.28, Eq. Rehab 2104.22, 3379.50, 5912.58 | 9,292.08 |
| | | 50,469.86 |

Distribution - Equipment Purchased

.415221145 × 2,209.29 = 917.34

26,904.94 / 15,733.44 = 0.584778854

× 2209.29 = 1291.95

26,904.94 / 2209.29

| Bldgs | Rehab & Prep | |
|---|---|---|
| ~~[illegible]~~ | 5,164.09 | 579.[illegible] |
| 2,779.87 | 728.37 | 470.00 |
| 1169.44 | 860.53 | 470.00 |
| 938.18 | 107.94 | 470.00 |
| | | 470.00 |
| | | 470.00 |
| | 1014.55 | |
| | 1157.28 | |

United Mineral Reserve Corp. — Idaho — #81.

| | | |
|---|---|---|
| 1,600' | Drifting + Crosscutting | $40,000.00 |
| 100' | Sinkings | 10,000.00 |
| | Bulldozing + Rehab. | 3,500.00 |
| | Construction Ore Bin + Bldgs. | 5,700.00 |
| | Equip. Purchases | 12,616.00 |
| | ~~35,931.00~~ | |
| | Fund from Equip. Purchases cancelled for (Rentals) | 23,315.00 |
| | Undgs. Rehab. | 5,000.00 |
| | Repairs Ore Bin + Cabins. | 1,000.00 |
| | Contingencies | 2,869.00 |
| | | $104,000.00 |

5700

$1,000 for road allowable
$1500 for some special rehab

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| [illegible] | [illegible] | 102 |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

Mr. William H. Bakes
Trust Officer
Twin Falls Bank & Trust Company
Twin Falls, Idaho

MAR 20 1963

Re: DMA-81 (Lead-Zinc)
United Minerals Corporation
Homestake Mine
Blaine County, Idaho
Contract Idm-E18

Dear Mr. Bakes:

By the terms of the subject Exploration Project Contract, as amended, and Paragraph 4(c) of Amendment No. 6 dated January 8, 1954, all minerals mined or produced from June 22, 1951, to June 22, 1962, were subject to the Government's royalty as set forth in said contract.

As the period during which production was subject to royalty has now expired, the Government according to its present records retains no claim or lien against the property subject to the contract or any future production therefrom.

Sincerely yours,

George Fumich, Jr.

Director

MMerrithew/mm
3/20/63
cc: Director's Reading File
CA&A Division
Region I (2)
Docket
Code 500

8623

I have summarized letter, but question propriety of including the "usual" last sentence.

If Operator (dissolved?) ever comes into possession of assets, the Govt. should not be estopped from action to collect the heretofore uncollectible debt for an overpayment. This debt is not a lien on the property and of no interest to property owners.

Talbert
7/19/63

Too late
Thanks

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| | Gruwell | 500 |
| 3/19 | Talbert | 800 |
| | Sellmer | 720 |
| 3/20 | Johnson | 110 |
| | | 100 |
| | | 220 |
| | | |
| | | |
| | | |

Mr. William H. Bakes
Trust Officer
Twin Falls Bank & Trust Company
Twin Falls, Idaho

Re: DMA-81 (Lead-Zinc)
United Minerals Corporation
Homestake Mine
Blaine County, Idaho
Contract Idm-E18

Dear Mr. Bakes:

By the terms of the subject Exploration Project Contract, as amended, and Paragraph 4(c) of Amendment No. 6 dated January 8, 1954, all minerals mined or produced from June 22, 1951, to June 22, 1962, were subject to the Government's royalty as set forth in said contract.

As the period during which production was subject to royalty has now expired, the Government according to its present records retains no claim or lien against the property subject to the contract or any future production therefrom. We, therefore, are closing our books and records on this contract.

Sincerely yours,

Director

MMerrithew/mm
3/19/63
cc: Director's Reading File
CA&A Division
Region I (2)
Docket
Code 500

500

3/20/63

Since this is one over payment and you can never tell what the future holds let's get away from any abandonment theory and drop off last sentence. SB

8623

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
So. 157 Howard Street
Spokane 4, Washington
December 13, 1962

OFFICIAL FILE COPY
O. M. E
RECEIVED DEC 19 1962

| DATE | INITIALS | CODE |
|---|---|---|
| 12/19 | [illegible] | 800 |
| | [illegible] | 500 |
| | | |
| | | 220 |
| | | |
| | | |

Memorandum

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

From: Acting Field Officer, OME, Region I

Subject: Collections - Transmittal of Royalty Check
~~Docket~~ Docket No. DMA-81 (Lead-Zinc)
United Minerals Corporation
Homestake Mine
Blaine County, Idaho

~~Docket~~ Contract No. Idm-E18
Appropriation Symbol: DMEA 14X4401

Attached is a check as follows:

Check No.: 8953

Date : Dec. 10, 1962

From : Twin Falls Bank & Trust Company
William H. Bakes, Trust Officer

Amount : $104.63

Period : Rec'd at smelter 6/19/62

Lot No. : Smelter lot 1

Donald R. MacLaren

Donald R. MacLaren

Attachment

Distribution:
Wm. H. Bakes, Trust Officer
OME(2) w/cy settlement sheet
& incoming letter
CPF, Spokane

TWIN FALLS BANK & TRUST COMPANY

ESTABLISHED 1904

TWIN FALLS, IDAHO

December 10, 1962

United States Department of The Interior
Office of Minerals Exploration
South 157 Howard Street
Spokane 8, Washington

Gentlemen:

Thank you for your letter of December 3 replying to our letter of November 26. This is the first that I knew about a royalty agreement and apparently the other parties to the agreement have either forgotten about it or never bothered to tell us of it.

Of course Lester Ditter, Angela Ditter, and Anna Ditter are all deceased and it is as executor of the estate of Angela Ditter that this bank is involved.

We enclose herewith our check for the amount of $104.63 to cover the royalty fee together with two copies of the settlement agreement.

Yours very truly,

William M. Fahey
Trust Officer

WMF:jl

Enclosure

# THE BUNKER HILL COMPANY

P. O. Address:
Box 29, KELLOGG, ID
R. R. Station: BRADLEY, ID

## LEAD SMELTER ORE SETTLEMENT

In Account With: Mexico Pacific Mng. Co.
Box 632,
Ketchum, Idaho.

Name of Mine: Homestake  Mine Lot No.:  Smelter Lot No.: 1

Location: Ketchum Idaho  R. R. Shipping Point:  Class: Flux

Date of Arrival: 6/19/62  Date of Sampling: 6/19/62  Date of Settlement: 8-6-62

| Car No. | $H_2O$% | Weight, Lbs. |
|---|---|---|
| 1 truck | 10.6 | 41580 |

| | |
|---|---|
| TOTAL GROSS WEIGHT OF ORE | 41580 |
| Moisture Pounds | 4407 |
| DRY WEIGHT OF ORE | 37173 |

### ASSAYS

| | | |
|---|---|---|
| Gold | .030 | Oz. P. T. |
| Silver | 43.4 | Oz. P. T. |
| Copper | 0.2 | % P. T. |
| Lead | 60.1 | % P. T. |
| Zinc | 5.5 | % P. T. |
| Antimony | 0.2 | % P. T. |
| Iron | 1.8 | % P. T. |
| Insol. | 0.8 | % P. T. |
| Lime | 0.8 | % P. T. |
| Sulphur | 3.6 | % P. T. |
| Arsenic | .05 | % P. T. |
| Bismuth | .0005 | % P. T. |
| | | % P. T. |

### QUOTATIONS

Date: July 1962 Avgs.

| | | |
|---|---|---|
| Gold | 31.81825 | Per Oz. |
| Silver | 1.03548 | Per Oz. |
| Lead | .09500-.08000-.07500 | Per Lb. |
| Zinc | .11500 @ 50% = .08875 | Per Lb. |
| | | Per Lb. |

### DEDUCTIONS

| | PER TON |
|---|---|
| Specified Base Charge | $ 15.00 |
| Wet Lead: Credit 10.1 % Lead over 50% @ 10c per unit | 1.01 |
| Silver: Debit 41.23 ozs. per ton paid for @ 1.0 c per oz. | .41 |
| Silver: Debit ____ ozs. per ton paid for over 50 ozs. @ 1.5c per oz. | |
| Arsenic: Debit excess over 1.0% @ $1.00 per unit | |
| Bismuth: Debit excess over 0.1% of Wet Lead content @ 50c per lb. | |
| Sulphur: Debit excess over 16.0% @ 10c per unit | |
| Moisture: Debit excess over 10.0% @ 20c per unit | .11 |
| Labor Charge: Debit ~~Credit~~ (2.7215-2.5809) per hour @ 8c | 1.0 |
| Freight on Lead Paid For: Debit Credit ($ ____ ) | |
| TOTAL DEDUCTIONS | $ 15.5 |

### PAYMENTS

| | | | | VALUE PER |
|---|---|---|---|---|
| Gold .03 Oz. | 100 | @ 31.81825 | Per Oz. | $ .9 |
| Silver 43.4 Oz. | 95 % | @ 1.03548 | Per Oz. | 42.6 |
| Lead 60.1 % | 92 % | @ .07500 | Per Lb. | 82.9 |
| Zinc 5.5 % | 50 % | @ .08875 | Per Lb. | 1.5 |
| % | % | @ | Per Lb. | |

| | |
|---|---|
| TOTAL PAYMENTS | $ 128.10 |
| Less Total Deductions | 15.50 |
| NET VALUE PER TON | $ 112.5 |

Total Ounces Silver in this Shipment 2[illegible].66

Dry Weight [illegible] Pounds – [illegible] Per Ton equals $ [illegible]

Gross [illegible] Per Ton equals $ [illegible]

[illegible] $ 31.[illegible]

NET PROCEEDS $

$1,718.32 @ 50% = $859.16
104.69
Paid
Overpd $18.71

RECEIVED
DEC 13 1962
U. S. G. S.
SPOKANE, WASH.

MME Form 7
(10-58)

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| 12/3 | Talbot | 800 |
| | | 500 |
| | Brunsvold | 500 |
| | Selfridge | 120 |
| | | 110 |
| | Dubeau | 100 |
| | | 220 |
| | | |
| | | |

DEC 3 1962

Mr. William H. Bakes
Trust Officer
Twin Falls Bank & Trust Company
Twin Falls, Idaho

Re: DMA-81 (Lead-Zinc)
United Minerals Corporation
Homestake Mine
Blaine County, Idaho
Contract Idm-E18

Dear Mr. Bakes:

Your November 26 letter, addressed to our Region I office in reply to letters dated September 26 and November 21, requests further information regarding a "federal tax due for severance". The matter involved, however, is not a severance tax but a royalty payable to the Government on production from the property under the referenced exploration project contract.

This contract, which was executed on June 22, 1951, provides for the Government to contribute to the costs incurred by United Minerals Reserve Corporation in a minerals exploration project. The contract, as amended, further provides for the payment to the Government of a royalty on the proceeds from production for a period of 11 years or until the Government's contribution is repaid, whichever occurs first.

In consideration of the contract and as an inducement for the Government to enter into it, the owners of the property executed a Landlord's Subordination Agreement on June 12, 1951. This agreement, which is binding upon heirs and successors, grants to the Government a lien upon the land, agrees that such lien is prior to the owner's rights to rental or royalties, and provides that the owners shall assume the royalty obligations of the United Minerals Reserve Corporation in the event of termination or surrender of the Corporation's leasehold interest. Two thermofax copies of the Landlord's Subordination Agreement are enclosed.

None of the Government's contribution of $24,308.99 under the contract has been repaid. Accordingly, the Government is due a royalty on production from the property prior to June 22, 1962, the expiration date of the obligation. The contract provides for computation of the royalty as follows:

43683

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

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

In order to settle this account, the prompt remittance and accounting requested in the September 26 letter will be sincerely appreciated.

Sincerely yours,

(signed) FRANK E. JOHNSON (jla)

ACTING Director

Enclosures

EDTalbert/ama 11-30-62

cc:
Docket
Director's Reading File
CA & A Division
Region III (2)

MME Form 7
(10-58)

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| | Griswold | 500 |
| 11/6 | Talbot | 800 |
| | BCL | 130 |
| 11/6 | Johnson | 110 |
| 11/6 | Fenwick | 100 |
| | | 220 |
| | | |
| | | |
| | | |

NOV 6 1962

Memorandum

To: Acting Field Officer, Region I

From: Chief, Division of Field Operations

Subject: DMA-81 (Lead-Zinc)
United Minerals Corporation
Homestake Mine
Blaine County, Idaho
Contract Idm-K18

Concerning your September 26 letter to the bank requesting royalty due on the referenced contract, we suggest that you follow this up if no reply has been received. Perhaps it would also be well to request the Bunker Hill Company to provide you with copies of the pertinent settlement sheets.

George C. Selfridge (gla)

WRGriswold/mm
11-6-62
cc: Director's reading file
Review Committee
CA&A Division
✓Docket

43683

So. 157 Howard Street
Spokane 4, Washington
November 21, 1962

OFFICIAL FILE COPY
O. M. E
RECEIVED NOV 26 1962

| DATE | INITIALS | CODE |
|---|---|---|
| 11/26 | [illegible] | 800 |
| | | 200 |
| | Grimwood | 600 |
| | | |
| | | |
| | | |
| | | 220 |

Mr. William H. Bakes, Trust Officer
Twin Falls Bank & Trust Company
Twin Falls, Idaho

Re: DMA-81 (Lead-Zinc)
United Minerals Corporation
Homestake Mine
Blaine County, Idaho
Contract Idm-E18

Dear Mr. Bakes:

In a letter dated September 26, 1962, we requested payment of royalty on production from the Homestake mine, which is due under the terms of contract Idm-E18. As yet we have received no reply.

If you have any questions concerning this matter, we will be happy to attempt to answer them. In any case, we would appreciate your advising us as to when payment may be expected.

Sincerely yours,

D. R. MacLaren
Acting Field Officer, OME
Region I

DRMacLaren:ny

cc: OME(2); CPP
Reading copies to:
Nolan
McKelvey

[illegible]

# [illegible] PARK BANK & TRUST COMPANY

[illegible]

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
So. 157 Howard Street
Spokane 4, Washington
November 28, 1962

OFFICIAL FILE COPY
O. M. E
RECEIVED NOV 30 1962

| DATE | | |
|---|---|---|
| 11/30 | [illegible] | 800 |
| | | 120 |
| | | 500 |

Memorandum

To: Chief, Division of Field Operations

From: Acting Field Officer, Region I

Subject: DMA-81 (Lead-Zinc)
United Minerals Corporation
Homestake Mine
Blaine County, Idaho
Contract Idm-E18

Enclosed are two copies of a letter dated November 26, 1962, from William H. Bakes, Trust Officer, Twin Falls Bank & Trust Company, Twin Falls, Idaho, in reply to my letters of September 26 and November 21, 1962, to him.

It is doubtful whether another letter to Mr. Bakes from this office would accomplish much unless accompanied by pertinent parts of the subject contract, as he does not seem to have any knowledge of the contract's existence or its terms.

It is suggested that your office write to him, forwarding copies of the pertinent parts of the contract for his information, and repeat our request for the payment of royalty.

D R MacLaren
D. R. MacLaren

Enclosures

OFFICIAL FILE COPY
O. M. E.
RECEIVED SEP 28 1962

| DATE | INITIALS | CODE |
|---|---|---|
| 9/28 | gma | 800 |
| " | Kimrald | 500 |
| | | |
| | | |
| | | 220 |
| | | |

So. 157 Howard Street
Spokane 4, Washington
September 26, 1962

Mr. William H. Bakes, Trust Officer
Twin Falls Bank & Trust Company
Twin Falls, Idaho

Re: ~~DMA-81 (Lead-Zinc)~~
United Minerals Corporation
Homestake Mine
Blaine County, Idaho
Contract Idm-E18

Dear Mr. Bakes:

The Office of Minerals Exploration is the successor agency to the Defense Minerals Exploration Administration and is charged with the responsibility of collecting royalty due the Government on production from certified DMEA projects.

In your reply to a request for production information sent to Mr. and Mrs. Lester T. Ditter by our Washington office, you indicate that between December 11, 1961, and June 22, 1962, production from the land subject to DMEA contract Idm-E18 and having a value of $2,092.54 was sold to the Bunker Hill Company. Under the terms of Amendment No. 6 to the contract, royalty on production from the land is due the Government. As the value of the shipment or shipments is $20.79 per ton, the royalty due the Government is 5 percent, or $104.63, payment of which is hereby requested.

Checks should be made payable to the Office of Minerals Exploration and should be mailed to this office, accompanied by two copies of the relevant settlement sheets.

Sincerely yours,

D. R. MacLaren
Acting Field Officer, OME
Region I

DRMacLaren:my

cc: OME(2)
CPF
Reading copies to:
Nolan
McKelvey

MME Form 7
(10-58)

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| 9/18 | | 500 |
| 9/18 | Talbot | 800 |
| " | m leave | 130 |
| " | Johnson | 110 |
| 9/18 | on leave | 100 |
| | | 220 |
| | | |
| | | |
| | | |

SEP 18 1962

**Memorandum**

**To:** Acting Field Officer, Region I

**From:** Acting Chief, Division of Field Operations

**Subject:** IMA-81 (Lead-Zinc)
United Minerals Corporation
Homestake Mine
Blaine County, Idaho
Contract Idm-818

We are enclosing copies of two MMK Form 63's executed by an officer of the Twin Falls Bank & Trust Company, Twin Falls, Idaho, with a copy of the bank's letter of September 12 stating it is acting as Executor of the Ditter estate.

Will you please make the proper demand upon the bank for the royalty due the Government, to be accompanied by the customary settlement sheets.

W. R. Griswold (gla)

**Enclosures**

WRGriswold/gla
9-18-62
cc to: Director's Reading File
Review Committee
Contract Division
Docket
Code 500

43683

Re: DMEA-81

Acting Fld. Off. should be requested to ask Executor for copies of settlement sheets and payment of royalty due.

Jellison

Talbot
9/17/62

Royalty date expired
Jan 22, 1962

TELEPHONE 733-1722

TWIN FALLS BANK & TRUST COMPANY

ESTABLISHED 1905

TWIN FALLS, IDAHO

September 12, 1962

OFFICIAL FILE COPY
O. M. E.
RECEIVED SEP 17 1962

| DATE | INITIALS | CODE |
|---|---|---|
| 9/17 | | 800 |
| 9-17 | | 100 |
| 9/17 | | 110 |
| 9/18 | | 500 |
| | | |
| | | 220 |
| | | |

United States
Department of the Interior
Office of Minerals Exploration
Washington 25, D. C.

Gentlemen:

Re: DMEA-81 (Lead-Zinc)
United Minerals ~~Reserve~~
Corporation
Homestake Mine
Blaine County, Idaho
Contract Idm-E18

We return herewith your letters of August 23 together with our answers on the reverse side as you have instructed. The letter addressed to Mrs. Anna B. Ditter has not been answered for the reason that it relates to the identical mineral claims as the letter to Mr. and Mrs. Lester T. Ditter.

Mrs. Anna B. Ditter died and her property after probate was distributed to her son, Mr. Lester T. Ditter. Mr. Lester T. Ditter died in 1959 and his property was distributed upon probate to his wife, Mrs. Angela M. Ditter. Mrs. Angela M. Ditter died in April, 1961, and this Bank has been appointed the Executor of her estate. That probate is continuing and will continue until the youngest child, now age 18, reaches the age of majority.

Yours very truly,

William H. Bakes

William H. Bakes
Trust Officer

WHB:jl

Enclosures

1 cy to Region I w/2 Forms 63
addressed to Mrs. Anna B. Ditter
and Mr. and Mrs. Lester T. Ditter

Dme

So. 157 Howard Street
Spokane 4, Washington
March 15, 1962

Memorandum

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

From: Acting Field Officer, OME, Region I

Subject: DMA-81 (Zinc-Lead)
United Minerals Corporation
Homestake and Long Grade Mines
Blaine County, Idaho
Contract Ida-215

There is enclosed a Report of Royalty Review dated March 5, 1962, for the purpose of determining the amount of royalty payable to the U. S. Government on sales of minerals from property referred to as the Homestake and Long Grade Mines located in Blaine County, Idaho, during the period September 9, 1959, through December 11, 1961.

This Report of Royalty Review is for record purposes only and no copy has been provided for the Operator.

D. R. MacLaren

Enclosure

MLMaclaren:mls
cc: CAAA Div., OME
OME; CPF
Reading copies to:
Nelson
Hobbs
Guild

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAR 19 1962
DATE
3/20 gla 500
220

MME Form 7
(10-58)

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| | | 220 |
| | | |
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| | | |
| | | |
| | | |

MAR 5 1962

Memorandum

To: Acting Field Officer, Region I

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

Subject: DMA-81 (Zinc-Lead)
United Minerals Corporation
Homestake and Long Grade Mines
Blaine County, Idaho
Contract Idm-E18

The original and one copy of a Report of Royalty Review covering the subject contract are enclosed. If you concur in the facts stated therein, please make the following distribution:

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

This Report of Royalty Review is made for record purposes only; therefore, no copy for the Operator is provided.

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

Enclosures

EDTalbert/ama 3-5-62

cc:
Docket
Director's Reading File
CA & A Division
Mr. Rothrock

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| 10-13 | gad | 220 |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

OCT 1 3 1961

Memorandum

To: Fiscal Section
Division of Administrative Services
Office of the Secretary

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

Subject: DMA-81 (Lead-Zinc)
United Minerals Corporation
Homestake Mine
Blaine County, Idaho
Contract Idm-E18
and
DMDA-1949 (Lead-Zinc)
G. W. Snyder & G. W. Snyder, Jr.
Lucky Strike Mine
Lander County, Nevada
Contract Idm-E322

The Department of Justice has advised that our claim for $3,272.07 overpayment on the first of the subject contracts has been closed as uncollectible after partial offset by application of the $746.99 balance due the Operator under the second of the subject contracts.

Please make the necessary adjustment on your accounts to reflect an additional payment of $746.99 under contract Idm-E322 and a refund of the same amount under contract Idm-E18.

An Obligation Document increasing the obligation on contract Idm-
E18 ~~E322~~ by $2,525.08 is being prepared. Both Operator's accounts will then be balanced.

EDTalbert/ama
October 13, 1961

Copy to: Docket - DMA-81
Director's Reading File
CA & A Division
Acting Field Officer, Region I (2)
Acting Field Officer, Region II (2)
Miss Curtin

43683

Mr. Tallent - OIE

Attached are copies of the last correspondence on the United Minerals Corp. matter from the Secretary's files. I hadn't seen it before today & there is no notation on the file copy that it had ever been referred to you.

Anything else?

Seller 10/11/61

UNITED STATES DEPARTMENT OF JUSTICE

Washington, D. C.

COPY

GCD:PLC
77-77-214

July 26, 1960

Department of the Interior
Washington 25, D. C.

Attention: Solicitor

Re: United Minerals Corporation, Department of the Interior claim for refund for payments advanced under Contract No. Idm-E18, Docket No. DMEA-81, $3,272.07.

Dear Sirs:

Enclosed is a copy of a letter dated July 13, 1960, from the United States Attorney at Salt Lake City, Utah, relative in the above-captioned claim.

In view of the United States Attorney's report and recommendation, this Department is closing its file on this claim on the ground of uncollectibility.

A copy of this letter is being sent to the United States Attorney as a notification of the action taken.

Yours very truly,

GEORGE COCHRAN DOUB
Assistant Attorney General
Civil Division

By: (sgd)
George F. Foley
Chief, Government Claims Section

COPY

GCD:PLC
77-77-214

JRA:jj

July 13, 1960

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

ATTN: George F. Foley, Chief
Government Claims Section

Re: United Minerals Corporation Department of the Interior Claim for Refund for payments advanced under Contract No. Idm-E18, Docket No. DMEA-81, $3,272.07 (M-1968)

Dear Sir:

Reference is made to your letter of June 29, 1960 and to our letters regarding the above entitled matter.

We have had many conferences with Mr. George W. Snyder, Jr., President, United Minerals Corporation, regarding payment of the government's claim against said corporation. Mr. Snyder has been negotiating for months hoping he could obtain $1500.00 to pay off the note dated February 11, 1958, which he signed as president of United Minerals Corporation. This note was payable to the Treasurer of the United States. Mr. Snyder has now advised this office that the corporation has no assets, is not operating, has no property to sell and cannot borrow any money to pay on the government's claim.

Mr. J. D. Thomas, Chief, Special Procedures, Internal Revenue Service, District of Utah, advised this office that the Internal Revenue Service filed tax liens for taxes assessed against United Minerals Corporation on December 29, 1955 and that there is still due and owing on said tax liens the sum of $1000.00, which the Internal Revenue Service cannot collect. Mr. Thomas further advised that approximately a year ago the Internal Revenue Service sold all of the tractors, power equipment and other property they could locate belonging to the corporation, and that there are no further assets from which they could recover payment of $1000.00. Mr. Thomas also advised that the corporation lost its lease and its franchise and that they owe a considerable sum to other individuals which the corpora-

tion cannot pay.

This office has no evidence whatsoever to prove its claim against the corporation in the sum of $3,272.07 if we did file a complaint but if you determine it advisable under the circumstances of this case, we could file a suit to recover payment of the sum of $15000.00 due under the terms of the note. However, from the information this office has, a judgment entered against the corporation for $1500.00 would be uncollectible. It is, therefore, our recommendation that this case be closed.

Would you please advise us of your decision in this matter at your earliest convenience.

Very truly yours,

A. PRATT KESLER
United States Attorney

COPY

MME FORM 6 REFERENCE SLIP

REV. 2-59 OFFICE OF MINERALS EXPLORATION

| TO: | DATE | INITIALS |
|---|---|---|
| 1. Office of Associate Solicitor for Minerals Resources | | |
| 2. Attention: Mr. Soller Rm. 6548 | | |
| 3. SOLICITOR | | |
| 4. | | |
| 5. | | |
| FROM: E. D. Talbert INTERIOR DEPT. | 10/10 | |

RECEIVED BRANCH OF MINES OCT 11 1961

OCT 1 1961

FOR: Check items for action desired

___ Action ___ Reply for signature of ___

___ Approval ___ Investigate ___ FROM SOLICITOR

___ Comment ___ Recommendations ___ Signature

___ Conference ___ Rewrite ___ File

___ Instructions ___ Your information FOR SIGNATURE

OCT 12 1961

REMARKS:

Re: DMA-81, Idm-E18, United Minerals

Over 2 yrs. since last info. on this claim. Have you a phone contact in Justice from whom status of case could be informally determined?

Talbert

| EXTRA COPY O. M. E. RECEIVED AUG 5 1959 | | |
|---|---|---|
| DATE | INITIALS | CODE |
| 8/12 | Received | 500 |
| | | 225 |
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| | | |

GCD:PLC
77-77-214

A. Pratt Kesler, Esq.
United States Attorney
Salt Lake City, Utah

JUL 30 1959

United Minerals Reserve Corp. zinc-lead

Re: United Minerals Corporation Department the Interior Claim for Refund of payments advanced under Contract No. I2m-218, Docket No. DMEA-81, $3,272.07.

Dear Mr. Kesler:

Reference is made to our letter of March 27, 1958, relative to the above-captioned claim.

Since it appears from our records that the debtor has not met the terms of the compromise offer accepted by the Department, it is suggested that you institute suit for the full amount of the claim.

Yours very truly,

GEORGE COCHRAN DOUB
Assistant Attorney General
Civil Division

By:

George F. Foley
Chief, Government Claims Section

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

Attention: Solicitor
(ref: DMEA-81)

Mr Chamber
DMEA

OFFICIAL FILE COPY
DMEA
RECEIVED APR 1 1958

| DATE | INITIALS | CODE |
|---|---|---|
| 4/2 | [illegible] | 500 |

[illegible] DEPT.

[illegible] 1958

[illegible] Keeler, Esq.
[illegible] States Attorney
[illegible] City, Utah

Re: United [illegible] Corporation Department the Interior Claim for Refund of payments advanced under Contract No. [illegible], Docket No. [illegible]
$3,[illegible]

Dear Mr. Keeler:

[illegible] to your letter of February 17, 1958, with [illegible] the debtor's settlement proposal under [illegible] the sum of [illegible] (quoted by [illegible] will furnish the Government with a [illegible] in 180 days in full settlement of the claim [illegible]

[illegible] it [illegible] are presently [illegible] the debtor's [illegible]

[illegible]

In reply refer to:
DMFA-81

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

MAR 1 8 1958

Fisher
Chambers
Grimwood
Johnson
Wetzler
Rustin
C C 226 3/19/58

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

Dear Sir:

The proposed settlement set forth in your letter dated March 6, 1958 (file reference GCD:PLC 77-77-214) with respect to this Department's claim for refund of overpayment to United Minerals Corporation, while disappointing, undoubtedly is the best that can be obtained. Therefore, the Department accepts it with the proviso that, if the $1,500 note should not be paid according to its terms, the Government may restate its claim for the full amount of the overpayment.

Sincerely yours,

Edward J. Fritz

ACTING Solicitor

CEFisher/ama
March 13, 1958

Copy to: Solicitor's Docket
DMEA Docket
Admr. Reading File
Field Team, Region I (2)
R. P. Dwyer
J. L. Chambers

Chemofax of note " " of letr 2/11 forwd to 800

UNITED STATES DEPARTMENT OF JUSTICE

WASHINGTON, D. C.

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

3-6-58

rrw

RECEIVED
MAR 10 1958
ASSOC. SOLICITOR
MINERAL RESOURCES

GCD:PLC
77-87-214

Department of the Interior
Washington 25, D. C.

Attention: Solicitor

Re: United Minerals Corporation Department the Interior Claim for Refund of payments advanced under Contract No. Idm-E18, Docket No. DMEA081 $3,272.07.

Dear Sir:

Reference is made to previous correspondence relative to the above-captioned claim.

Enclosed is a copy of a letter dated October 29, 1957 from the United States Attorney relative to the financial condition of the debtor corporation. Also enclosed is a copy of a letter dated February 17, 1958, with enclosures, from the United States Attorney relative to a settlement proposal under which the debtor would waive its claim for the sum of $747.00 (stated by the debtor to be $727.00) and would furnish the Government with a 3% note in the sum of $1500 payable in 180 days in full settlement of the claim.

$747.00
Idm E 342

Please let us have your report and recommendation as to whether this proposed settlement is satisfactory to you.

Yours very truly,

GEORGE COCHRAN DOUB
Assistant Attorney General
Civil Division

By:

George F. Foley
Chief, Government Claims Section

cc: A. Pratt Kesler, Esq.
United States Attorney
Salt Lake City, Utah

BCDPJC
77-77-214.

February 17, 1958

George C. Doub
Assistant Attorney General
Civil Division
U. S. Department of Justice
Washington, D.C.

ATTENTION: George F. Foley

Re: United Minerals Corporation - Department of the Interior Claim for refund of payments advanced advanced - M-1978, Docket No. DME-81

Dear Sir:

After receiving your letter of January 20, 1958 we advised Mr. George W. Snyder, Jr., President of United Minerals Corporation, that the Department of Justice could not accept his last compromise proposal. Mr. Snyder advised that the corporation did not have any assets at this time to pay the claim but that he would submit a new compromise offer.

We have just received Mr. Snyder's new compromise offer and we are mailing to you herewith the original of said offer together with a copy of the note referred to in said offer. We are retaining the original note in our file.

As you can see by Mr. Snyder's offer, he is willing to waive the $727.00 item owing to the United Minerals Corporation under the DMEA contract. In addition, the corporation has tendered its note in the amount of $1500.00, payable in six months, and bearing interest at the rate of 3%.

In view of our knowledge of the financial condition of United Minerals Corporation and also in view of the mining industry in Utah, we strongly recommend that you accept this offer. Would you please advise us of your decision in this matter at your earliest convenience.

Very truly yours,

A. PRATT KESLER
United States Attorney

Encl.

JRA:jj

October 29, 1957

George C. Doub
Assistant Attorney General
Civil Division
U. S. Department of Justice
Washington, D.C.

ATTENTION: Mr. Hadley W. Libbey
Acting Chief, Government Claims Section

Re: United Minerals Corporation; Department of the Interior claim for refund of payments advanced under Contract No. Idm-E18, Docket No. IMEA-81 - $3,272.07.

Dear Sir:

The United Minerals Corporation previously submitted a compromise offer to settle the Department of Interior's claim against them. In Mr. Foley's letter of January 16, 1957 he advised: "As indicated by the Department of the Interior, while the debtor may be short of cash, it apparently has property of considerable value over and above its liabilities. In view of the report submitted by the Department of the Interior, please advise us as to whether you can obtain a substantial increase in the offer."

Negotiations have been pending for an increase in the offer. We have just received a new offer by the corporation which is enclosed herewith for your consideration.

I have been advised by the officials of the Internal Revenue Office in Salt Lake City, Utah that they have been attempting to collect a tax claim against the United Minerals Corporation since the third quarter of 1952. They advise that the mine has been closed down and that the Utah State Tax Commission has appraised that mining property at zero, or completely valueless for purposes of taxation. The tax commission has determined that the property

is worthless. The officials of the Internal Revenue Service further advise that they have sold the corporation's personal property and what remaining property the United Minerals Corporation has has no value at all; therefore, the Internal Revenue Service has been unable to collect the balance due and owing them on the 1952 tax claim which totals $1539.35. The officials of the Internal Revenue Service further advise that the financial statement of the United Minerals Corporation indicates that they have assets in excess of $400,000.00 but, as indicated above, both the Internal Revenue Service and the Utah State Tax Commission have determined that that financial statement is false and that the property has no value at all.

In view of the circumstances in this case, together with our knowledge of George W. Snyder, Jr., and of the operations of the United Minerals Corporation, we again strongly recommend that this offer in compromise be accepted. Would you please advise us of your decision in this matter at your convenience.

Yours very truly,

A. PRATT KESLER
United States Attorney

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| 1-29 | Chambers | 800 |
| | [illegible] | 500 |
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| " | [illegible] | 110 |
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| | | 220 |
| | | 500 |
| | | |
| | | |

JAN 31 1958

Mr. A. E. Weissenborn
Executive Officer
DMEA Field Team, Region I
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMEA-81 (Lead-Zinc)
United Minerals Corporation
Homestake Mine
Blaine County, Idaho
Contract No. Idm-E18
and
Docket No. DMEA-1949 (Lead-Zinc)
G. W. Snyder & G. W. Snyder, Jr.
Lucky Strike Mine
Lander County, Nevada
Contract No. Idm-E322

Dear Mr. Weissenborn:

There are enclosed for your information and files two copies of a letter dated January 16, 1958, from the Assistant Attorney General of the Department of Justice, to A. Pratt Kesler, Esq., United States Attorney at Salt Lake City, Utah, in regard to our claims on the above-cited projects.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

APPROVED:

O. M. Bishop

Member, Bureau of Mines

Thor H. Kiilsgaard

Member, Geological Survey

Enclosure

JLChambers/wb
January 29, 1958

Copy to: Dockets DMEA-81, DMEA-1949
Admr. Reading File
Operating Committee
Mr. Ricker, Region II (2)
Mr. Chambers

8623

UNITED STATES DEPARTMENT OF JUSTICE

WASHINGTON, D. C.

RFW

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

GCDPIC
77-77-214

January 16, 1958

A. Pratt Kesler, Esq.
United States Attorney
Salt Lake City, Utah

Re: United Minerals Corporation; Department of the Interior Claim for Refund of payments advanced under Contract No. Idm-E18, Docket No. DMEA-81 - $3,272.97

Dear Mr. Kesler:

Reference is made to your memorandum of December 3, 1957, with enclosure, relative to the above-captioned claim.

We cannot agree to a proposal which, by its terms, may result in no recovery by the Government except the amount of $747 due the debtor. Accordingly, it is suggested that you file suit for recovery of the overpayment, either for the full amount of the claim, or if the debtor is willing to have the sum of $747 now due it applied in reduction of the claim, for the reduced amount. Upon recovery of judgment consideration can be given to what further action should be taken.

Yours very truly,

GEORGE COCHRAN DOUB
Assistant Attorney General
Civil Division

By:

George F. Foley
Chief, Government Claims Section

cc: Department of Interior
Washington 25, D. C.

Attention: Solicitor

UNITED STATES DEPARTMENT OF JUSTICE

WASHINGTON, D. C.

77-77-214

SOLICITOR

Jan. 16. 1958

JAN 17 1958

INTERIOR DEPT.

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

| Date | Surname | Code |
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| 11-20 | Chambers | 800 |
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NOV 21 1957

Mr. A. E. Weissenborn
Executive Officer
DMEA Field Team, Region I
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMEA-81 (Lead-Zinc)
United Minerals Corporation
Homestake Mine
Blaine County, Idaho
Contract No. Idm-E18
and
Docket No. DMEA-1949 (Lead-Zinc)
G. W. Snyder & G. W. Snyder, Jr.
Lucky Strike Mine
Lander County, Nevada
Contract No. Idm-E322

Dear Mr. Weissenborn:

There are enclosed for your information and files two copies of a letter dated November 15, 1957, from the Assistant Attorney General of the Department of Justice, to A. Pratt Kesler, Esq., United States Attorney at Salt Lake City, Utah, in regard to our claims on the above-cited projects.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GHB)

APPROVED:

Frank D. Lamb (GHB)
Member, Bureau of Mines

Thor H. Kiilsgaard (GHB)
Member, Geological Survey

Enclosure

JIChambers/wb
November 20, 1957

Copy to: Dockets DMEA-81, DMEA-1949
Admr. Reading File
Operating Committee
Mr. Ricker, Region II (2)
Mr. Griswold (2)
Mr. Chambers

8623

INTERIOR DEPT.

SOLICITOR

11/15/57

ak

GCD:PLC
77-77-214

A. Pratt Kesler, Esq.
United States Attorney
Salt Lake City 1, Utah

Re: United Minerals Corporation; Department of the Interior claim for refund of payments advanced under Contract No. Idm-210, Docket No. IMEA-81 - $3,272.07.

Dear Mr. Kesler:

This will acknowledge the receipt of your letter of October 29, 1957, with enclosure, relative to the debtor's proposal to compromise the above-captioned claim by waiving any sums due under Contract No. Idm-E322 (apparently the sum of $747.00, see Department of the Interior's letter of January 7, 1957) and by furnishing an unsecured note for $1500.00, apparently to be paid out of corporate assets remaining after payment of all other corporate obligations.

This proposal is less attractive than the previous proposal because there is no assurance of any payment being made on the note. However, in view of the report on the financial condition of the company given to you by the Internal Revenue Service and by the Utah State Tax Commission, we would give serious consideration to a cash offer of $1500 plus relinquishment of any claim to the funds due under Contract No. Idm-E322.

Please advise the debtor of our views and let us have a further report.

Yours very truly,

GEORGE COCHRAN DOUB
Assistant Attorney General
Civil Division

By:
George F. Foley
Chief, Government Claims Section

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

In reply refer to:
GCD:PIC 77-7-214
FILE COPY
Surname:

DMEA
Chambers
Griswold
Selvidge
Mattheuter
Dwyer

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

JAN 17 1957

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

1-18 cw 220
225

Dear Mr. Doub:

Your letter of January 9, 1957, requesting this Department to advise your office as to the validity of a counter claim of the United Minerals Corporation in the amount of $2,300.00 in connection with Contract Idm-F322 to be used as an offset to our claim under Contract Idm-E18, was probably written prior to receipt of our letter dated January 7, 1957. The excess of the claim made by the United Minerals Corporation under Contract Idm-E322 with the Government was explained in some detail in our letter.

If you have not received our January 7 letter or if you need further information concerning the contracts mentioned therein, please write again and detail the type of information needed.

Sincerely yours,

J. Russell Armstrong

Solicitor

JLChambers/wb
January 14, 1957

Copy to: Solicitor's Docket
DMEA Docket
Admr. Reading File, DMEA
Administrator, DMEA
RPDwyer
WRGriswold, DMEA
JLChambers, DMEA
Field Team, Region I (NWD) (2)

UNITED STATES DEPARTMENT OF JUSTICE

WASHINGTON, D. C.

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

GCD:PLC
77-77-214

INTERIOR DEPT.
JAN 10 1957
SOLICITOR

RECEIVED
JAN 11 1957
D.M.E.A.

jgj

Department of the Interior
Washington 25, D. C.

Attention: Solicitor

Re: United Minerals Corporation; Department of the Interior claim for refund of payments advanced under Contract No. Idm-E18, Docket No. DMEA-81 - $3,272.07.

Dear Sirs:

Reference is made to our letter of December 13, 1956, with enclosure, relative to a proposal made by the debtor for settlement of the above-captioned claim.

Enclosed is a copy of a letter dated December 27, 1956, with enclosure, from the United States Attorney, from which you will note that the debtor has clarified the terms of its offer.

Final action on the debtor's proposal must await advice from you as to whether the debtor has a valid claim of setoff in the approximate amount of $2,300 as he has alleged.

Yours very truly,

GEORGE COCHRAN DOUB
Assistant Attorney General
Civil Division

RECEIVED
JAN 10 1957
ASSOC. SOLICITOR
MINERAL RESOURCES

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

Enclosure

cc: A. Pratt Kesler, Esq.
United States Attorney
Salt Lake City 1, Utah

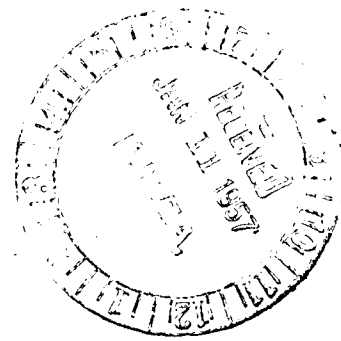
(Ref: JRA:lm.)

United States Department of Justice

UNITED STATES ATTORNEY
DISTRICT OF UTAH
SALT LAKE CITY 1, UTAH

JRA:lm

December 27, 1956



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

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

Re: United Minerals Corporation; Department of the Interior claim for refund of payments advanced under Contract No. Idm-E-18, Docket DMEA-81 - File M-1968

Dear Sir:

In asnswer to your letter of December 13, 1956, relative to a compromise offer on the above captioned claim, we are enclosing herewith an original and one copy of a letter signed by George W. Snyder, Jr., President, United Minerals Corporation, dated December 26, 1956, in which Mr. Snyder advised that their statement is intended to convey that the offer is made without prejudice in the event of rejection.

Very truly yours,

A. PRATT KESLER
United States Attorney

Enclosures

DEC 27 1956

December 26, 1956

RECEIVED
JAN 11 1957
D.M.E.A.

Mr. J. Raymond Allred,
Assistant United States Attorney
Federal Building
Salt Lake City, Utah

Re: DMEA contract settlement.

Dear Mr. Allred,

This letter will confirm to you our understanding of the matters discussed in our telephone call of even date.

The understanding that the Department of Justice has relative to the statement contained in our settlement offer, reading as follows, "without waiving our future right to defend or dispute the amount claimed," is correct. Our statement is intended to convey that the offer is made without prejudice in the event of rejection.

Thanking you, we are,

Very truly yours,

UNITED MINERALS CORPORATION

George W. Snyder, Jr.

George W. Snyder, Jr.,
President

GWSjr/pt

In reply refer to:
GCD:PLC 77-77-214

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

; Chambers
Griswold
Selfridge
COMittendorf

Rewritten by:

N.S. in R.R.

81

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

JAN 7 1957

Dear Mr. Doub:

Your letter of December 13, 1956 (your reference GCD:PLC 77-77-214), requests information concerning a statement by United Minerals Corporation in its letter of November 19 to U. S. Attorney Kasler, that the Government owes the corporation approximately $2,300.00 pursuant to DMEA Contract Idm-E322. The corporation, in its letter, proposed to compromise the Government's claim of $3,272.07 against it under DMEA Contract Idm-E18 (Docket No. DMEA-81), by paying $1,000.00 cash on or before April 15, 1957, and by waiving its claim against the Government under Contract Idm-E322 (Docket No. DMEA-1969).

Contract Idm-E322 is with George W. Snyder and George W. Snyder, Jr., as individuals, who are a Vice President and the President, respectively, of the United Minerals Corporation. By this contract the Government owes the sum of $747.00 payable from DMEA funds, for exploration at the Lucky Strike Mine, Lander County, Nevada. This amount was determined after audit, and was agreed to by the Snyders in a letter dated November 2, 1955, in reply to letters dated October 18 and 31, 1955, from Mr. Richer, Executive Officer, DMEA Field Team, Region II. Copies are attached.

The Department is willing to accept the Snyders' proposal that the amount payable by the Government under Contract Idm-E322 be offset against the amount payable by the United Minerals Corporation under Contract Idm-E18.

With respect to the statement by Mr. Snyder, Jr., that he is "unable to reconcile the amount of the claimed overpayment," it is suggested that he should refer to his copy of the DMEA audit report of July 13, 1955, and to his letter from DMEA Administrator Mittendorf, dated April 16, 1956, increasing the amount of acceptable costs and thereby reducing the corporation's liability for overpayment to $3,272.07. The audit report was discussed with Mr. Snyder, Jr.

With respect to the statement by Mr. Snyder, Jr., seeking to disclaim responsibility for costs "during shutdown periods," your attention is called to Article 3 of Amendment No. 6 of Contract Idm-E18,

providing that the Government would not contribute to any costs during the period of suspension, and requiring the corporation to "do all things necessary and proper to preserve the work and any property in which the Government may have an interest, during the period of suspension."

The compromise offer ($1,000.00 plus waiver of the claim of $747.00 under Contract Idm-R322) comes to $1,747.00, as against $3,272.07 owed by the corporation under Contract Idm-E18. The corporation's balance sheet attached to its letter of November 10 indicates that although it apparently has no cash on hand, it does have property of considerable value. According to its balance sheet, its assets of $898,855.03 are subject to liabilities of only $182,590.93. In the light of such financial position, it would appear that an offer of $1,747.00 to settle an indebtedness of $3,272.07 is inadequate, and that the corporation should be requested to make a more realistic offer.

Sincerely yours,

Edmund J. Fritz

ACTING Solicitor

Enclosures

JLChambers/PIndritz/emd
1/3/56
Copies to: Solicitor's Docket (2)
✓DMEA Docket
Adm. Reading File, DMEA
W. R. Griswold, DMEA
J. L. Chambers, DMEA
Field Team, Region I (NDW) 2
R. P. Dwyer
P. Indritz
Mr. Bishop USBM
Mr. Kiilsgaard USGS
chron.
pending

In reply refer to: GCD:PLC 77-77-214

FILE COPY
Surname:

Chambers
Ferguson
Selfridge
Montgomery

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

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

Dear Mr. Doub:

This refers to your letter dated December 13, 1956, and attachments (your reference: GCD:PLC 77-77-214), relative to a compromise offer by United Minerals Corporation in connection with a claim for refund of payments advanced under Contract No. Idm-E18, Docket No. DMEA-81.

According to the records of this Department an amount of $747.00 is payable from DMEA funds under Contract No. Idm-E322, Docket No. DMEA-1949, covering exploration at the Lucky Strike Mine, Lander County, Nevada. The amount was determined after audit of the project accounts. It was agreed to by George W. Snyder and George W. Snyder, Jr., in a letter dated November 5, 1955, to Mr. S. Ricker, Executive Officer, DMEA Field Team, Region II, Reno, Nevada, in response to Mr. Ricker's letters dated October 18 and 31, 1955. Copies of the referenced letters are attached for your information.

Payment of the amount of $747.00 has been withheld pending results of efforts to collect the amount of $3,272.07 due the Government under Docket No. DMEA-81, Contract No. Idm-E18.

This Department has no objection to applying the amount payable under Contract No. Idm-E322 as an offset against the amount due to the Government under Contract No. Idm-E18, which would result in a net amount due to the Government of $2,525.07.

With respect to Mr. Snyder's statement that neither he nor his son "is able to determine how the Department of Interior arrived at the sum of $3,272.07 as the amount due under the contract", he should refer to a copy of the audit report of July 13, 1955, a copy of which was furnished him and discussed with him by the auditor for the Department. This report showed that the amount payable to the corporation was $18,903.15, while the actual payment made to the corporation was $25,055.98, indicating an overpayment

of $6,152.83. Part of the last sum included the partial cost of a compressor in which the Government later determined it had no equity, and the Administrator of the Defense Minerals Exploration Administration adjusted the overpayment downward from $6,152.83 to $3,272.07. The corporation should have all the details relative to this item in its files.

It hardly seems reasonable for the Department to accept a compromise of $1,000.00 when the corporation owes a net amount of $2,525.07. The offer should be more realistic.

Sincerely yours,

Solicitor

Attachments

JLChambers/ama
December 21, 1956

Copy to: Solicitor's Docket
DMEA Docket
Admr. Reading File, DMEA
Administrator, DMEA
WRGriswold, DMEA
RPDwyer
JLChambers, DMEA
Field Team, Region I(NWD) - 2

In reply refer to: GCD:PLC 77-77-214

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

Chamberlin
Fitzpatrick
Selfridge
Whittenberg

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

Dear Mr. Doub:

This refers to your letter dated December 13, 1956, and attachments (your reference: GCD:PLC 77-77-214), relative to a compromise offer by United Minerals Corporation in connection with a claim for refund of payments advanced under Contract No. Idm-E18, Docket No. DMEA-81.

According to the records of this Department an amount of $747.00 is payable from DMEA funds under Contract No. Idm-E322, Docket No. DMEA-1949, covering exploration at the Lucky Strike Mine, Lander County, Nevada. The amount was determined after audit of the project accounts. It was agreed to by George W. Snyder and George W. Snyder, Jr., in a letter dated November 5, 1955, to Mr. S. Ricker, Executive Officer, DMEA Field Team, Region II, Reno, Nevada, in response to Mr. Ricker's letters dated October 18 and 31, 1955. Copies of the referenced letters are attached for your information.

Payment of the amount of $747.00 has been withheld pending results of efforts to collect the amount of $3,272.07 due the Government under Docket No. DMEA-81, Contract No. Idm-E18.

This Department has no objection to applying the amount payable under Contract No. Idm-E322 as an offset against the amount due to the Government under Contract No. Idm-E18, which would result in a net amount due to the Government of $2,525.07.

With respect to Mr. Snyder's statement that neither he nor his son "is able to determine how the Department of Interior arrived at the sum of $3,272.07 as the amount due under the contract", he should refer to a copy of the audit report of July 13, 1955, a copy of which was furnished him and discussed with him by the auditor for the Department. This report showed that the amount payable to the corporation was $18,903.15, while the actual payment made to the corporation was $25,055.98, indicating an overpayment

of $6,152.83. Part of the last sum included the partial cost of a compressor in which the Government later determined it had no equity, and the Administrator of the Defense Minerals Exploration Administration adjusted the overpayment downward from $6,152.83 to $3,272.07. The corporation should have all the details relative to this item in its files.

It hardly seems reasonable for the Department to accept a compromise of $1,000.00 when the corporation owes a net amount of $2,525.07. The offer should be more realistic.

Sincerely yours,

Solicitor

Attachments

JLChambers/ama
December 21, 1956

Copy to: Solicitor's Docket
DMEA Docket
Admr. Reading File, DMEA
Administrator, DMEA
WRGriswold, DMEA
RPDwyer
JLChambers, DMEA
Field Team, Region I(NWD) - 2

Docket copy
Surname:
Chambers
Griswold
H. Johnson

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

JUL 3 1956

Mr. George W. Snyder, Jr., President
United Minerals Corporation
518 Felt Building
Salt Lake City 1, Utah

Re: Docket No. DMEA-81 (Lead-Zinc)
Homestake Mine
Blaine County, Idaho
Contract No. Idm-E18

Dear Mr. Snyder:

Please refer to my letter of April 16, 1956, in regard to an adjustment in our claim against your corporation for a partial interest in a Joy, WK-80 compressor, bearing Serial No. 44692.

This adjustment was made in the form of a Report of Review of our audit bearing the date July 13, 1955. The Report of Review was based on the determination as expressed in my letter of April 16, 1956, and is sent to you for your files on this account.

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosure-1

JLChambers/wb
July 25, 1956

Copy to: Docket
Admr. Reading File
A. E. Weissenborn, Reg. I NWD (2)
Mr. Chambers
Mr. Griswold
Mr. Brading

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

Mr. A. E. Weissenborn
Executive Officer, Northwest District
DMEA Field Team, Region I
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMEA-81 (Lead-Zinc)
United Minerals Corporation
Homestake Mine
Blaine County, Idaho
Contract No. Idm-X18

Dear Mr. Weissenborn:

Enclosed are the original and two copies of a Report of Review prepared by this Division for the purpose of revising the findings as stated in an Audit Certificate issued by T. H. Brading, DMEA Auditor, on July 13, 1955.

One copy should be retained in your files and the original and one copy should be forwarded to the Certifying Officer.

A copy of this revision will be sent the Operator from this office over the Administrator's signature.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

Enclosure

EDTalbert/JLChambers/wb
July 24, 1956

Copy to: Docket
Admr. Reading File
Mrs. Myrtle Purdy
Mr. Chambers
Mr. Griswold
Mr. Brading, w/copy Rept. of Rev.

R.G.S.

Docket copy
Surname:
Talbot
Griswold
Selfridge
Administrators
Mittendorf

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

JUL 9 - 1956

Mr. A. E. Weissenborn
Executive Officer, Northwest District
DMEA Field Team, Region I
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMEA-81 (Lead-Zinc)
United Minerals Corporation
Homestake Mine
Blaine County, Idaho
Contract No. Ida-818

Dear Mr. Weissenborn:

For your information we are sending you two copies of a letter dated June 27, 1956, from the Department of Justice to A. Pratt Kealer, Esquire, United States Attorney at Salt Lake City, Utah, in regard to protecting the Government's interest in the above-cited project.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (SHB)

APPROVED:

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

Thor H. Kiilsgaard (SHB)
Member, Geological Survey

Enclosures-2

JIChambers/wb
July 5, 1956

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

INTERIOR DEPT.
JUN 28 1956
SOLICITOR

jdh

GCD:PYS

RECEIVED
JUL 3 - 1956

77-77-214

AIR MAIL

A. Pratt Kesler, Esquire
United States Attorney
Salt Lake City 1, Utah

Re: United Minerals Corporation; Department of the Interior claim for refund of payments advanced under Contract No. Idm-E18, Docket No. DMEA-81 - $3,272.07.

Dear Mr. Kesler:

Transmitted herewith is a letter from the Department of the Interior dated June 20, 1956, together with copies of all enclosures mentioned therein.

The debtor advised Interior on May 1, 1956, that it had no cash and was selling its assets in order to pay its debts. Because the debtor apparently is preferring the claims of other creditors to that of the United States, please file suit on this claim immediately and take any available steps to protect the interest of the Government.

Please send us the usual copies of all pleadings, briefs or other documents and keep us informed of any developments in this matter.

Yours very truly,

Enc. No. 345

GEORGE COCHRAN DOUB
Assistant Attorney General
Civil Division

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

By:

George F. Foley
Chief, Government Claims Section

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

N.S. in R.&R.

JUN 20 1956

Brownell
George
Chambers
Maxwell
Patterson
Whiteley

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

My dear Mr. Attorney General:

There is submitted for appropriate action the matter of overpayment in the amount of $3,272.07 to the United Minerals Corporation (formerly United Minerals Reserve Corporation), a Nevada corporation at 518 Felt Building, Salt Lake City 1, Utah, party to a minerals exploration contract with the United States Designated Exploration Project Contract No. idm-518, Docket No. DMEA-81, administered by the Defense Minerals Exploration Administration of this Department.

In general, the contract provided that the United Minerals Corporation (hereinafter referred to as the "Operator") engage in a project of exploration for lead and zinc as outlined in Exhibits "A", "B", "C", "D", and "E" of the contract dated June 22, 1951, and Amendments 1, 3, 4, 5, and 6. (Enclosure No. 1.)

Amendment No. 6 provided, in pertinent part, that if the work, which was then suspended, was not resumed by May 1, 1954, the Government's obligation to contribute to any costs incurred by the Operator after November 1, 1952 (except the costs of winding-up and settlement actions), would automatically terminate. (See paragraphs numbered 3 and 4(a) of Amendment No. 6.)

The Operator failed to resume work as required, and thereupon became obligated to dispose of any property acquired under the contract in which the Government had an interest, and to render to the Government an accounting, as required by the contract. (See Article 4(b) of Amendment No. 6 and Articles 6, 7, and 16 of contract form.)

Subsequently, the Government made a final audit of the accounts of the Operator relating to this contract and it was determined that the acceptable costs of the project amounted to $37,886.31. By the terms of the contract, the Government's share of these costs was 50 percent, amounting to $18,943.15. Since the Government had paid the Operator $25,055.96 on vouchers it had submitted, there appeared to be an overpayment of the difference between this amount and the

DMEA Docket

determined acceptable cost of $18,903.15, or $6,152.83. Thus, in a letter dated September 6, 1955, from the regional Executive Officer, transmitting a copy of the final audit report, to the Operator, repayment by the Operator of the amount of $6,152.83 was requested. (Enclosure No. 2)

In a letter dated September 19, 1955, to the Executive Officer, the Operator protested the amount of the Government's claim for repayment. (Enclosure No. 3.) The Executive Officer responded in a letter dated October 10, 1955, that the Defense Minerals Exploration Administration would review a statement from the Operator regarding the accuracy of the claim. (Enclosure No. 4.)

The Administrator of DMEA wrote the Operator under date of January 12, 1956, reminding it of the Government's claim and granting it 30 days in which to remit payment before taking further action. (Enclosure No. 5.) In a letter dated January 23, 1956, the Operator informed the Administrator that by letter of December 5, 1955, it had submitted to the Executive Officer for review its analysis of the Government's final audit report, and enclosed copies of the letter and the analysis. The basis of the Operator's disagreement with the report concerned the Government's claim of an interest in a compressor. (Enclosure No. 6.)

After a thorough review of the circumstances concerning the Operator's acquisition of the compressor for the project work, and the pertinent provisions of the contract, it was determined that the portion of the Government's claim based upon an interest in the compressor was erroneous. Therefore, the Administrator informed the Operator in a letter dated April 16, 1956, that the amount of the Government's claim against it for overpayment had been reduced accordingly from $6,152.83 to $3,272.07, and demanded payment of the reduced amount within 30 days. (Enclosure No. 7.)

The Operator responded in a letter dated May 1, 1956, that it had no cash but was attempting to pay its debts by liquidating items of equipment owned by it. (Enclosure No. 8.)

In a letter of May 7, 1956, the Administrator informed the Operator that if payment were not received by May 21, 1956, the matter would be referred to the Attorney General for appropriate action. (Enclosure No. 9.)

No further communication has been received from the Operator since the Administrator's letter of May 7, 1956. Accordingly,

it is requested that such action be taken to recover the amount of overpayment as you deem appropriate.

The enclosures furnished are either photostats or copies of the originals. If the United States Attorney who handles this case requires additional information, it may be requested of either the Executive Officer, DMEA Field Team, Region I, Northwest District, South 157 Howard Street, Spokane 4, Washington, or the Administrator, Defense Minerals Exploration Administration, Department of the Interior, Washington 25, D. C.

Sincerely yours,

J Reuel Armstrong

Solicitor

Enclosures

JLChambers/HCRubin/emd
6/14/56

Copy to: Solicitor's Docket (2)
DMEA Docket
Adm. Reading File, DMEA
Field Team, Region I, NW Dist. (2)
W. R. Griswold, DMEA
J. L. Chambers, DMEA
T. H. Brading, DMEA, Denver, Colo.
R. P. Dwyer
H. C. Rubin
chron.
pending

Docket copy
Surname:
Chambers
Griswold
Selfridge
Johnson

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

MAY 7 1956

Mr. George W. Snyder, Jr., President
United Minerals Corporation
518 Felt Building
Salt Lake City 1, Utah

Re: Docket No. DMEA-81 (Lead-Zinc)
Homestake Mine
Blaine County, Idaho
Contract No. Idm-E18

Dear Mr. Snyder:

This acknowledges your letter of May 1, 1956, in reply to ours of April 16, 1956, relative to your account.

Your statement that "We have asked our auditors to reconcile the new figures and will communicate with you in the near future" hardly satisfies the conditions under which I must handle Defense Minerals Exploration Administration delinquent accounts. This organization must have a tangible plan showing that our claim will be handled in a practical and expeditious manner.

Your corporation will have until May 21, 1956, at which time this matter must be submitted to the Attorney General of the United States for action.

Sincerely yours,

G. O. Mittendorf

Administrator

JLChambers/wb
May 4, 1956

Copy to: Docket
Admr. Reading File
Administrator
A. E. Weissenborn, Reg. I NWD (2)
Mr. Brading
Mr. Griswold
Mr. Chambers

P.G.G.

# UNITED MINERALS CORPORATION

FELT BUILDING

SALT LAKE CITY 1, UTAH

May 1, 1956

RECEIVED
MAY 3 - 1956

United States Department of the Interior
Defense Minerals Exploration Administration
Washington 25, D. C.

Attention: Mr. C. O. Mittendorf

Re: Docket No. DMEA-81 (Lead-Zinc)
Homestake Mine
Blaine County, Idaho
Contract No. Idm-E18

Dear Mr. Mittendorf,

We have received your letter of April 16 relative to the subject contract. We are pleased to receive word that you share our opinion in regard to the compressor equity. We have asked our auditors to reconcile the new figures and will communicate with you in the near future.

The Corporation is without cash assets and for your information, a copy of the last available balance sheet is submitted. The obligations of the corporation are being settled in an orderly fashion and a responsible portion of the outstanding obligations have been met. The plan of the corporation is to dispose of such items of equipment as they retain in order to liquidate outstanding obligations.

Thanking you, we are,

Very truly yours,

UNITED MINERALS CORPORATION

George W. Snyder Jr.

George W. Snyder, Jr.,
President

GWSjr/pt
Enclosure

RECEIVED
MAY 3 - 1956

# UNITED MINERALS CORPORATION

## FINANCIAL STATEMENTS

## APRIL 30, 1956

GARDNER & HAWKINS, CERTIFIED PUBLIC ACCOUNTANTS, PROVO, UTAH

UNITED MIN[illegible]

BALA[illegible]

APRIL [illegible]

## ASSETS

| | | | |
|---|---|---|---|
| **Current Assets** | | | |
| Mine Operating Supplies | | | $ 11,369.2[illegible] |
| Equipment Held for Resale | | | 10,303.5[illegible] |
| Total Current Assets | | | $ 21,672.7[illegible] |
| **Investments** - at Cost | | | |
| Stocks in Other Companies | | | 51,903.2[illegible] |
| **Fixed Assets** | | | |
| Property Deeds, Leases, and Options | | $131,785.00 | |
| Water Rights, Rip Van Winkle | | 12,500.00 | |
| Mine Exploration and Development | | | |
| Lake Creek | $ 93,137.66 | | |
| Rip Van Winkle | 229,582.93 | | |
| Lucky Strike | 135,360.28 | 458,280.85 | |
| Equipment | | | |
| Lake Creek | $ 6,287.02 | | |
| Rip Van Winkle | 84,561.39 | | |
| Lucky Strike | 16,711.22 | | |
| Home Office | 513.64 | 108,093.47 | |
| Buildings and Improvements | | | |
| Lake Creek | $ 8,391.06 | | |
| Rip Van Winkle | 63,038.09 | | |
| Lucky Strike | 26,533.48 | 97,962.63 | |
| Total | | $808,591.96 | |
| Less: Reserve for Depreciation | | 75,383.96 | |
| Total Fixed Assets | | | 733,208.0[illegible] |
| **Other Assets** | | | |
| Organization Expense | | | 92,670.[illegible] |
| Total Assets | | | $[illegible] |

## LIABILITIES AND NET WORTH

| | | |
|---|---|---|
| **[illegible] Liabilities** | | |
| [illegible]unts Payable, Trade - Schedule A. | $ 31,[illegible].19 | |
| [illegible]ness Escrow Funds for Specific Assessments | 1,[illegible].00 | $ 30,0[illegible].19 |
| [illegible] Corporation Franchise Tax Payable | | 25.70 |
| [illegible]holding and F.I.C.A. Taxes Payable | | 7,9[illegible] |
| [illegible]erty Taxes Payable | | 478.24 |
| [illegible]ued Interest on Current Notes Payable | | 2,[illegible] |
| [illegible]nces from Officers - Schedule B | | 25,[illegible].53 |
| [illegible]s Payable - Bank | | 2,637.04 |
| [illegible]s Payable - Officers - Schedule B | | 19,317.47 |
| [illegible]s Payable - Other | | 17,[illegible] |
| [illegible]otal Current Liabilities | | $1[illegible] |
| [illegible]rent Liabilities - Contingent upon Production | | |
| [illegible]unts Payable - Road Improvements | $ 3,109.[illegible] | |
| [illegible]s Payable | 51,[illegible] | |
| [illegible] Advances | 9,717.[illegible] | |
| [illegible]rued Interest Payable | 7,773.14 | |
| [illegible]otal Non-Current Liabilities - Schedule C | | 74,[illegible] |
| **[illegible]th** | | |
| [illegible]ferred Stock, [illegible]% Cumulative, Convertible, $1.00 par | | |
| [illegible]uthorized, 280,000 shares | $280,000.00 | |
| [illegible]nissued, 269,800 shares | 269,[illegible] | |
| [illegible]ssued and Outstanding, 10,200 shares | | $ 10,200.00 |
| [illegible]on Stock, 10¢ per value | | |
| [illegible]uthorized 3,000,000 shares | $300,000.00 | |
| [illegible]nissued 32,297 shares | 3,[illegible] | |
| [illegible]ssued and Outstanding 2,967,703 shares | | 296,770.30 |
| [illegible]-In Surplus | | |
| [illegible]remium on Sale of Common Stock | [illegible] | |
| Total | $707,[illegible] | |
| [illegible] Operating Deficit | 4[illegible] | |
| Total Net Worth | | 714,364.30 |
| Total Net Worth and Liabilities | | $[illegible] |

The foregoing Balance Sheet was prepared from original records of the company with [illegible]

GARDNER & HAWKINS, CERTIFIED PUBLIC ACCOUNTANTS, PROVO, UTAH

[illegible] MINERALS CORPORATION

Schedule A

SCHEDULE OF ACCOUNTS PAYABLE

APRIL 30, 1956

| | |
|---|---|
| Ashworth Transfer Company | $ 1,161.90 |
| John M. Berry | 452.90 |
| Bearing Engineering and Sales | 50.00 |
| Bellinger Motors | 19.80 |
| Bristol Silver Mines | 209.32 |
| Bunting Tractor Inc. | 105.00 |
| Case Press | 1,044.31 |
| Combined Metals | 157.35 |
| Copco Pacific, Ltd. | 51.42 |
| Covey Petroleum | 299.31 |
| Crisman and Michels | 352.14 |
| Edith Clark Elfenso, Adm. of R. Myron Clark deceased | 415.45 |
| Simco Corporation | 49.00 |
| Simco Corporation | 48.32 |
| Elko Super Service | 33.81 |
| Fairbanks, Morse & Company | 96.38 |
| A. W. Fore Machine Shop | 139.15 |
| Frisoted Company | 51.50 |
| Gardner Denver Company | 172.35 |
| Gardner & Hawkins | 4,012.35 |
| Hailey Trading Company | 316.11 |
| Hall's Hardware | 272.44 |
| Grant A. Hawkes, M.D. | 45.00 |
| Helwig Company | 24.16 |
| A. W. Hessen Company | 394.37 |
| Clarence E. Hagen | 250.00 |
| Ingersoll-Rand | 137.85 |
| Intermountain Steel | 452.50 |
| International Smelting & Refining | 154.00 |
| Frances Jones | 221.00 |
| Joy Manufacturing Company | 69.74 |
| Ivan Lewis Trucking | 500.00 |
| Francis C. Lund | 200.00 |
| Mancha Storage Battery Locomotive | 134.57 |
| McBroom & Manni | 1,350.00 |
| McCulloch Brothers | 32.81 |
| Mid-American Oil & Gas | 182.44 |
| Midway Store | 1,191.34 |
| Miner & Smelter Supply | 123.00 |
| Ne-Hur Battery | 242.00 |

UNITED MINERALS CORPORATION

Schedule A

SCHEDULE OF ACCOUNTS PAYABLE - CONTINUED

APRIL 30, 1955

| | |
|---|---|
| A. G. Miller | $ 972.48 |
| Mountain States Rubber | 29.78 |
| Oregon California Fast Freight | 114.33 |
| Pacific Intermountain Express | 37.50 |
| Pembroke Company | 168.94 |
| Quality Press | 60.08 |
| Ray Printing | 925.32 |
| Registrar & Transfer | 1,323.64 |
| Rocky Mountain Machinery | 1,065.12 |
| Rounds Service Station | 170.79 |
| Salisbury Investment | 300.00 |
| Salt Lake Hardware | 532.12 |
| Sawtooth Company | 36.00 |
| Sewell's | 146.67 |
| Shovelin Supply | 2,912.39 |
| Chester F. Sikinski | 500.00 |
| Clarence W. Silver Company | 206.79 |
| Stinson-Berger Furniture | 23.90 |
| Standard Oil of California - Elko | 828.52 |
| Sun Valley Agency | 74.50 |
| E. O. Swackhamer & Sons | 2,529.68 |
| Sawtooth Motor | 20.00 |
| Thomas Electric | 269.89 |
| Union Assay Office | 108.00 |
| Union Oil of California | 716.46 |
| Union Service - Ripley | 586.81 |
| U. S. 40 Garage | 146.94 |
| Utah Bit & Steel Service | 31.36 |
| Western Rock Bit Manufacturing | 42.10 |
| Western Powder | 140.85 |
| Wheeler-Kershaw | 350.40 |
| White Pine Fuel | 533.84 |
| Wilson's Book Store | 7.40 |
| M. L. Young & Sons | 813.[illegible] |
| Total | $ 31,492.[illegible] |

The foregoing schedule of accounts payable was prepared from original records of the company without audit.

[illegible] MINERALS CORPORATION

Schedule B

SCHEDULE OF NOTES, ACCRUED INTEREST

AND ADVANCES PAYABLE TO OFFICERS

APRIL 30, 1955

| Payee | Date | Interest Rate | Notes Payable | Accrued Interest | Advances | Total |
|---|---|---|---|---|---|---|
| Harold A. Savoy | 6/30/50 | 4% | $ 2,[illegible].04 | $ 404.10 | $ 2,901.43 | $ 5,[illegible].47 |
| H. C. Orton | 6/30/52 | 4 | 3,027.34 | 540.04 | | 4,[illegible] |
| George W. Snyder, Sr. | 6/30/50 | 4 | 2,370.36 | 440.46 | 6,[illegible].00 | 9,[illegible].42 |
| George W. Snyder, Jr. | 6/30/50 | 4 | 5,[illegible].00 | 1,[illegible].10 | 13,[illegible].20 | 20,[illegible].32 |
| H. F. Snyder and Sons | 6/30/50 | 4 | 97.00 | 11.13 | 135.00 | 243.43 |
| Snyder Mines, Inc. | 6/30/50 | 4 | 3,[illegible].70 | 406.94 | 1,[illegible].01 | 3,[illegible].73 |
| | | | $ [illegible] | $ [illegible] | $ [illegible] | $ [illegible] |

The foregoing schedule of notes, accrued interest and advances payable to officers was prepared from original records of the company without audit.

GARDNER & [illegible], CERTIFIED PUBLIC ACCOUNTANTS, PROVO, UTAH

UNITED MINERALS CORPORATION

Schedule C

SCHEDULE OF LIABILITIES PAYABLE OUT OF FUTURE

OIL OR ZINC PRODUCTION

APRIL 30, 1958

| Payee | Date | Interest Rate | Note or Account Balance | Interest Accrued to Nov. 1, 1958 | Total |
|---|---|---|---|---|---|
| Combined Metals Reduction | 6/12/50 | 5% | $ 3,305.00 | $ 815.32 | $ 4,120.32 |
| Combined Metals Reduction | 7/20/50 | 5% | 1,300.00 | 357.50 | 1,657.50 |
| Combined Metals Reduction | 11/16/52 | | 9,717.32 | | 9,717.32 |
| Total Combined Metals Reduction Company | | | $ 14,322.32 | $ 1,172.82 | $ 15,495.14 |
| Bennett Organization | 4/1/51 | 3½% | $ 17,000.00 | $ 2,429.38 | $ 19,429.38 |
| Bennett Organization | 5/1/51 | 3½% | 20,000.00 | 2,800.00 | 22,800.00 |
| Bennett Organization | 6/1/51 | 3½% | 10,000.00 | 1,370.63 | 11,370.63 |
| Total Bennett Organization | | | $ 47,000.00 | $ 6,600.01 | $ 53,600.01 |
| England Bros. Construction | 6/20/52 | | $ 3,109.32 | | $ 3,109.32 |
| Total | | | $ 64,431.64 | $ 7,772.83 | $ 72,204.47 |

The foregoing schedule of liabilities payable out of future oil or zinc production was prepared from original records of the company without audit.

GARDNER & HAWKINS, CERTIFIED PUBLIC ACCOUNTANTS, PROVO, UTAH

UNITED MINERALS CORPORATION

COMMENTS ON BALANCE SHEET

Mine Operating Supplies - $11,349.25

The above amount represents the estimated value of timber and other mine operating supplies on hand at the mine properties.

Equipment Held for Resale - $10,388.54

Equipment with the book value of the above amount has been removed from the Rip Van Winkle properties and is being held in Salt Lake City for resale. It is anticipated that the proceeds of sale will be applied to the retirement of current obligations.

Stocks in Other Companies - $61,[illegible]

The corporation has acquired stocks of other companies through cash purchases, exchange of properties, and exchange of its own capital stock as follows:

| | |
|---|---|
| Santa Cruz Copper Corporation, 110,000 shares common stock | $ 16,[illegible].77 |
| Colorado Gold King, Inc. 30,000 shares common stock | 3,000.00 |
| United Sulphur & Chemical Company, Inc., 2,100,000 shares common stock | 32,027.51 |
| Total | $ 51,[illegible] |

Property Deeds, Leases and Options - $131,[illegible].00

This amount represents acquisitions as follows:

| | |
|---|---|
| Homestake, Paymaster, and other properties, Blaine County, Idaho | $ 71,200.00 |
| Lucky Strike properties, Lander County, Nevada | 60,[illegible].00 |
| Total | $131,[illegible].00 |

Mine Exploration and Development - $[illegible]

As detailed on the balance sheet, this amount represents expenditures for exploration and development at the various mining properties. Except for a period of limited ore production at the Lucky Strike properties, all costs incurred by the company, including depreciation on equipment, buildings, and improvements, have been allocated and capitalized under this caption.

Equipment - $[illegible].47

Equipment acquired at a total original cost of $[illegible].47 is presently owned by the company. Depreciation schedules have been completed to April 30, 1[illegible], and list in detail the items which comprise this total.

Buildings and Improvements - 397,942.43

This amount represents the total original cost of buildings and other depreciable improvements, including roads, at the various mining properties.

Accounts Payable, Trade - $31,[illegible].19

Your attention is directed to Schedule A for a detailed itemization of this account. The schedule of accounts payable was prepared by reference to original invoices and vendors' statements, without direct confirmation.

Utah Conservation Franchise Tax Payable - $26.70

Withholding and F.I.C.A. Taxes Payable - $7,[illegible].06

[illegible]

[illegible]

[illegible]

**[illegible] Taxes Payable - $[illegible]**

Each of the above liabilities, which include penalties and interest to date, have been verified by reference to the appropriate tax returns or by communication with the governmental agency involved. Property taxes for 1[illegible] have not been accrued.

**Accrued Interest Payable on Accounts Notes Payable - $[illegible]**

Accrued interest payable on various obligations as of April 30, 1[illegible], totals $[illegible] as follows:

| | |
|---|---|
| The Walker Bank & Trust Company | [illegible] |
| Company Officers & Other Interests | [illegible] |
| Total | [illegible] |

**Advances from Officers - $[illegible]**

Officers of the corporation advanced cash or paid liabilities on behalf of the company totalling the above amount. The liability is supplied on demand.

**Notes Payable, Bank - $[illegible]**

This amount is due to the Walker Bank & Trust Company and is secured by a chattel mortgage on the equipment and the proceeds in Pole Line Road, and the mortgage of the mill equipment at the Big Dog Mining Claim.

**Notes Payable, Officers - $[illegible]**

These notes, all payable [illegible] on demand or between [illegible]

**Notes Payable, Other - $[illegible]**

Notes totalling $[illegible] are now payable to some of the following persons:

[illegible] Snyder and Sons, for [illegible] of [illegible] consideration [illegible] acquiring the [illegible] Pole Line Claims, [illegible] and [illegible] as a result of a consideration [illegible] covering [illegible] company records [illegible] the corporation [illegible] corporation [illegible]

| | |
|---|---|
| Total | [illegible] |

**Contingent Liabilities, Commitments and Guarantees - $[illegible]**

Under various [illegible] there exists and [illegible] solely upon the [illegible] of the [illegible], if [illegible] and [illegible] are made, your [illegible] is limited to [illegible] "[illegible]" [illegible] [illegible] [illegible] [illegible] [illegible] [illegible].

**Capital Stock - $296,7[illegible]**

As the date of this report, there is no appreciable variation in the amount of common stock outstanding as noted below:

Capital stock outstanding, per the general ledger of the corporation [illegible] shares [illegible]

Capital stock outstanding, per [illegible] shares [illegible]

No difference shares [illegible]

Final disposition of this variation was postponed pending a review of the transfer records by the transfer agent.

Operating Deficit - $41,565.90

Records of the company indicate an operating deficit in the above amount which is an accumulation of the following:

| | |
|---|---|
| Operating loss at the Lucky Strike Mine during the period of limited production | $ 28,274.81 |
| Penalties incurred on late filing of payroll and corporation franchise tax returns | 367.53 |
| Cost of options and subsequent improvements upon properties where options were not ultimately exercised | 12,923.56 |
| Total | $41,565.90 |

GENERAL COMMENTS

Government contract termination suits on three ERDA contracts are in process and the extent of any refunds or additional liabilities due under the closing agreements of these contracts are undeterminable at this date. There are no other known legal matters pending against the company.

The foregoing financial statements have been prepared from the company records brought to date by the firm of Gardner & Rawlins, Certified Public Accountants, Provo, Utah. These records were substantiated only to the extent of original documents available, without the use of the customary means of audit verification of the underlying data.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
So. 157 Howard Street
Spokane 4, Washington

RECEIVED
APR 20 1956

April 16, 1956

Mr. C. O. Mittendorf, Administrator
Defense Minerals Exploration Administration
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA-81 (Lead-Zinc)
United Minerals Corporation
Homestake Mine
Blaine County, Idaho
Contract No. Idm-E18

Dear Mr. Mittendorf:

We have dated and forwarded your letter regarding the Government's claim on United Mineral Corporation to George W. Snyder, Jr., President. Enclosed are four copies that you requested be returned to Washington when the letter was mailed from here.

We are glad that a decision has been made and have no other comment to offer.

By Field Team, Region I, NW Dist.

A. E. Weissenborn/ocf

A. E. Weissenborn, Exec. Officer
U. S. Geological Survey

Stephen W. Zoldoske
for Wing G. Agnew, Member
U. S. Bureau of Mines

Copies removed and distributed. 4-20-56 - Gray.

Enclosure

cc: USBM (2)
USBM (AD)
Kellum
Brading, Denver

No. 143338

# RECEIPT FOR CERTIFIED MAIL—15¢

SENT TO

George W. Snyder, Pres.

STREET AND NO. United Minerals Corp.
518 Felt Building

CITY AND STATE

Salt Lake City 1, Utah

POSTMARK OR DATE

4/16/56

*If you want a return receipt, check which*

[X] *7¢ shows to whom and when delivered*

[ ] *31¢ shows to whom, when, and address where delivered*

*If you want restricted delivery, check here*

[ ] *20¢ fee*

POD Form 3800
July 1955

Replaces previous editions of this form which MAY be used.

Mailed fr Spokane, Wn.

1. Stick postage stamps to your letter to pay:
   15-cent certified mail fee
   First-class or airmail postage
   Either return receipt fee (*optional*)
   Restricted delivery fee (*optional*)
   Special-delivery fee (*optional*)
2. If you want this receipt postmarked, stick the gummed stub on the address side of the letter, leaving the receipt attached, and present the letter to a postal employee.
3. If you do not want this receipt postmarked, stick the gummed stub on the address side of the letter, detach and retain the receipt, and mail the letter.
4. If you want a return receipt, write the certified-mail number and your name and address on a return receipt card and attach it to the back of the letter.
5. Save this receipt and present it [illegible]ou make inquiry.

☆ U. S. GOVERNMENT PRINTING OFFICE 16—71547-2

RECEIVED
APR 20 1956

Docket copy
Surname: Chambers
Griswold
Selfridge
Mittendorf

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

APR 16 1956

Mr. George W. Snyder, Jr., President
United Minerals Corporation
518 Felt Building
Salt Lake City 1, Utah

Re: Docket No. DMEA-81 (Lead-Zinc)
Homestake Mine
Shoshone County, Idaho
Contract No. Idm-218

Dear Mr. Snyder:

Reference is made to my letter of March 15, 1956, relative to a review of certain correspondence sent by your company to Mr. A. E. Weissenborn, Executive Officer, DMEA Field Team, Region I, Northwest District, South 157 Howard Street, Spokane 4, Washington, in connection with a final accounting of the above-cited project.

This review has lead me to conclude that the Government has no liquidation equity in a certain compressor described as Joy, WK-80, 315 CFM Diesel, Serial No. 44692, by terms of the contract and by our instruction to the corporation during the life of the contract.

On the basis of this decision I have increased the Government's accepted costs by the amount of $2,880.76, the value which had been placed on the Government's equity in the compressor. This would make the accepted costs of the project to be $43,567.83. Fifty percent of this, or $21,783.91, would be the Government's share. The Government paid your corporation the sum of $25,055.98, which results in a $3,272.07 overpayment.

I am asking you to write a check payable to the Defense Minerals Exploration Administration, and send it to Mr. A. E. Weissenborn, address given above, to close the account. I also wish to refer you to the last paragraph of my letter of January 12, 1956. It is my unpleasant duty to inform you that the policy of the Government does not allow me to hold such accounts in our possession indefinitely. Therefore it will be incumbent upon me to refer it to the Attorney General of the United States if satisfactory settlement is not made in thirty days.

Sincerely yours,

G. O. Mittendorf
Administrator

JLChambers/wb
April 5, 1956

Copy to: Docket
Admr. Reading File
Administrator
A. E. Weissenborn, Region I NWD (2)
Mr. Brading
Mr. Griswold
Mr. Chambers

{Mailed in the Field}.

APR 16 1956
U. S. G. S.
SPOKANE, WASH

Mailed from Spokane 4/10/56; Certified Mail receipt No. 143338, in return receipt requested. Receipt will return to Washington. EMR, Spokane

Docket copy
Surname:
Chambers
Griswold
Selfridge
Mittendorf

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

APR 10 1956

Mr. A. E. Weissenborn
Executive Officer, Northwest District
DMEA Field Team, Region I
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMEA-81 (Lead-Zinc)
United Minerals Corporation
Homestake Mine
Blaine County, Idaho
Contract No. Idm-K18

Dear Mr. Weissenborn:

I have written a letter in regard to our claim on the above-cited Operator and, as you will note, have reduced the claim from approximately $6,000 to approximately $3,000 in overpayments.

This action was based upon the ruling of the Solicitor's office which was agreed to by our Contract Administration and Audit Division. Two copies of the Solicitor's ruling are enclosed for your office. The letter is sent to you for forwarding to the United Minerals Corporation for the sole purpose of giving you an opportunity to express your viewpoint after reading the Solicitor's ruling. If you are still in disagreement with this proposed settlement, please do not send the letter to the Corporation but give me the benefit of your opinion of the Solicitor's ruling and point out his errors.

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosures

JIChambers/wb 4-5-56

Copy to: Docket
Admr. Reading File
Administrator
Mr. Brading
Mr. Griswold
Mr. Chambers

R.C.L.

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

APR - 2 1956

Memorandum

To: The Administrator, DMEA

From: Associate Solicitor, Division of Mineral Resources

Subject: Ownership of Property - Docket No. DMEA-81, Contract No. Idm-818 (land-mine), United Minerals Reserve Corporation

Your memorandum dated March 13, 1956, requested our views on the discussion in the Final Audit Report for the subject contract that deals with the Homestake compressor.

The audit report concluded that the Government has an equity in the Homestake compressor because of contributions it made to the costs of monthly rentals paid by the Operator pursuant to the terms of a rental-purchase contract with Foulger Equipment Co.

The contract, written on the oldest form (April 1951) and dated June 22, 1951, provided for the purchase of the compressor in question (item 6, Exhibit "C" to the contract). When the first voucher was submitted by the Operator, the question arose as to whether the compressor should be treated as a cost item of rental or rental-purchase. The Operator, having acquired possession of the compressor as provided in the rental-purchase agreement with Foulger Equipment Co., dated June 6, 1951, expressed a preference for the latter arrangement. Although the Field Team inquired of the Washington office as to which subcategory should apply, the answer given by the Washington office does not appear in the DMEA docket. However, in a telegram dated October 5, 1951, the Executive Officer informed the Operator that the Washington office preferred "straight rental." Accordingly, Amendment No. 1, dated September 24, 1951, was executed providing, in item No. 1 of Exhibit "F" thereto, that the compressor was deleted from the list of purchase items in Exhibit "C," and, instead, listed as a rental item at "not to exceed $470.00 per month," which was the rental rate specified in the rental-purchase agreement.

During the period June 1951 through October 1952 the Government contributed toward 13 full monthly rental payments of $470.00 each and four prorated rentals. The Operator discontinued work in

DMEA Docket

October 1952 and the Government made no further contributions of any kind to the cost of the compressor (rental or otherwise) beyond the October 1952 voucher.

The "Privilege of Purchase Option," which was a part of the Operator's rental-purchase agreement with Foulger Equipment Co., provided alternative methods by which the Operator could exercise its option to acquire title. If purchased, by payment of cash or by executing a conditional sales contract as required by the lessor, within 60 days of the lease date, it would be credited with 100 percent of the rentals paid; if purchased within 120 days, it would receive a credit of 90 percent of the rentals; and, by amendment of the agreement dated December 17, 1951, if purchased prior to July 18, 1952, it would be granted a credit of 85 percent of all rental payments. It does not appear from any papers before us that any option was exercised pursuant to these terms.

Nevertheless, on December 10, 1952, the Manzanita compressor and another one not related to this contract (Lucky Strike) were repossessed under a single conditional sales contract with the C.I.T. Corporation. (There is no copy of this contract in the docket. Mr. Ray Snyder's letter dated May 30, 1955, to United Minerals refers to an 80-percent equity available in the Manzanita compressor on the date the Conditional Sales Contract was executed, but there is no background material in the docket to explain this conclusion.)

Subsequently, the Operator rented the compressor to Consolidated Uranium Company at a rate of $[illegible] per month, covering the period January 17, 1953, to May 27, 1954. In September 1954, Foulger Equipment Co. paid C.I.T. $3,[illegible].64 to clear out the account on the Manzanita compressor, the Operator, apparently, not having obtained legal title thereon.

In a letter dated January 13, 1956, the Operator requested a reconsideration of that part of the Government's claim for overpayment (Administrator's letter dated January 12, 1956, to Operator), based upon the Government's interest in the equity in the compressor, contending that it never had any equity.

The audit report, however, concluded that the credit allowed the Operator by C.I.T. was the amount of the equity in which the Government has an interest. In short, the report concluded that the Government is entitled to a credit to the extent of its share of an equity in the compressor amounting to $5,761.38.

When this question was presented to us in April 1955, it was our view (expressed in a memorandum of April 22, 1955, based upon the terms letters referred to therein) that the Government had an interest in the equipment by reason of the fact that it had contributed to payments under a rental-purchase agreement. We believe now, after reviewing the entire record, that this conclusion was in error.

Article 6 of the contract provided for listing in Exhibit "C" those equipment items to be rented and those to be purchased and the "allowable rental, purchase price, or rental value" of each. Article 7 provided that equipment paid for or purchased with funds contributed jointly by the Operator and the Government would belong to them jointly in proportion to their respective contributions. Article 10 specified that the allowable costs of the project are limited to the necessary, reasonable, and direct costs of performing the work. As afore-mentioned, Amendment No. 1 deleted the compressor as a purchase item and substituted a maximum rental as an allowable cost of the project. We believe that a reasonable reading of these contract provisions in relation to the events previously described leads to the conclusion that the Government, with full knowledge of the facts concerning the Operator's existing obligation with respect to the compressor, agreed by Amendment No. 1 to contribute only to the reasonable, "straight rental" value of the compressor, not exceeding $470.00 a month, and not to contribute toward any equity.

Accordingly, it is our view that the approach to winding-up this item of the contract on the basis that the Government has an interest in an equity in a compressor established by way of contributions to monthly rentals is in error, and that settlement of this item should be made on the basis of the reasonableness of the rentals paid thereunder. The determination of this question is an administrative one. In this connection, it has been noted above that the Government did not agree to contribute to a fixed monthly rental, but rather, to contribute toward not to exceed $470.00 per month. We do not believe it can be concluded on the basis of the evidence in the docket alone that since the Operator rented the equipment for $300.00 per month to Consolidated Uranium Company said sum constitutes the reasonable value, because it does not appear from any information we have that this rental was made on a competitive basis. It may have been made, for example, because of geographic proximity, pending resumption of work by the Operator. On the other hand, since $470.00 a month was the monthly rental rate stated in the rental-purchase Agreement, the figure may not be too high, even if the Operator acquired no rights in the compressor as such without exercising the Privilege of Purchase Option.

We would be pleased to participate in any further discussion regarding the winding-up of this matter.

Robert P. Dwyer

Robert P. Dwyer

HCRubin/emd

Copy to: Solicitor's Docket (2)
DMEA Docket
J. L. Chambers
~~G. G. Selfridge~~
W. R. Griswold
R. P. Dwyer
H. C. Rubin
chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D. C.~~
So. 157 Howard Street
Spokane 4, Washington

RECEIVED
APR 6 - 1956

Final Fld Tm Rpt.

March 29, 1956

Mr. George C. Selfridge, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMA-81 (Lead-Zinc)
United Minerals Corporation
Homestake Mine
Blaine County, Idaho
Contract No. Idm-E18

Dear Mr. Selfridge:

Enclosed are four copies of a Field Team final report written by Alfred L. Service, Mining Engineer, Bureau of Mines, and Donald F. Kellum, Geologist, Geological Survey, on the Homestake mine.

The project is not certified, but the Operator by terms of Amendment No. 6 is obligated to pay royalty on all production for a period of 11 years from the date of the contract.

The Field Team concurs with the conclusions and recommendations of the authors.

By Field Team, Region I, NW District

A. E. Weissenborn
A. E. Weissenborn, Exec. Officer
U. S. Geological Survey

Wing G. Agnew
Wing G. Agnew, Member
U. S. Bureau of Mines

Enclosures
cc: USBM(2)
USGS(SRO)
Kellum

Reviewed by
DMEA OPERATING COMMITTEE
4-9-56
(date)

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

FIELD TEAM, REGION I
Northwest District

RECEIVED
APR 6 - 1956

# FINAL REPORT

Contract Idm-E18

by

Alfred L. Service
Mining Engineer
U. S. Bureau of Mines

Donald F. Kollum
Geologist
U. S. Geological Survey

UNITED MINERALS CORPORATION
(United Minerals Reserve Corporation)
518 Felt Building
Salt Lake City 1, Utah

| | |
|---|---|
| Docket No.: | DMA-81 |
| Commodity: | Lead-Zinc |
| Contract date: | June 22, 1951 |
| Termination date: | May 1, 1954 |

Reviewed by
DMEA OPERATING COMMITTEE
4-9-56
(date)

HOMESTAKE MINE
Warm Springs Creek Mining District
Blaine County, Idaho

Spokane, Washington

March 1956

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ILLUSTRATIONS


Plate 1. Geology of the Lake Creek Area, Blaine County, Idaho

Plate 2. Geology of the Homestake Mine, Blaine County, Idaho

FINAL REPORT

UNITED MINERALS CORPORATION
(United Minerals Reserve Corporation)
Homestake Mine
Warm Springs Creek Mining District
Blaine County, Idaho

Contract Idm-E18

* * * *

## INTRODUCTION

This report describes an exploration project for lead and zinc conducted by United Minerals Corporation under Defense Minerals Exploration Administration Project Contract No. Idm-E18 at the Homestake and Long Grade mines, Warm Springs Creek Mining District, Blaine County, Idaho.

### Summary

The purpose of the exploration was to determine the grade and character of ore in the unoxidized part of the Homestake vein.

Proposed work included 1,000 feet of drifting in the Homestake mine and 600 feet of drifting in the Long Grade mine. A winze was to be sunk 100 feet from the No. 6 level of the Homestake mine.

Completed work consisted of 95 feet of drift on the No. 6 level of the Homestake mine and 89 feet of winze from this level, as well as a large amount of rehabilitation, timbering, and enlargement of portions of the No. 6 level to permit access for mining machinery. Only a few small pods of lead-zinc ore were cut in the drift. The drift was not advanced far enough to test the objective. No work was done in the Long Grade mine.

The project was terminated on May 1, 1954, when the Operator failed to resume work after the 1953-54 winter recess. The

proposed program was to cost $104,000.00 with Government participation at 50 percent or $52,000.00; of the total amount authorized, $37,806.31 was expended on the project, the Government's share being $18,903.15 at 50 percent.

Project work progressed slowly because the Operator lacked basic mining knowledge and could not obtain skilled miners.

Work completed on the Homestake property indicates that the target area is nearby. The proposed work on the Long Grade property was not started; consequently, both areas warrant further exploration. This work should not be undertaken unless qualified supervision and management are obtained.

## Recommendations

Amendment No. 6 incorporated a repayment clause subjecting all production to royalty for a period of 11 years from the date of the contract.

The project work did not reach the proposed objective; consequently, further exploration is warranted. Government participation in this work with the present Operator is not recommended.

## LOCATION AND ACCESSIBILITY

The Homestake and Long Grade properties are on the headwaters of Lake Creek in secs. 3, 4, and 5, T. 5 N., R. 18 E., in unsurveyed secs. 32 and 33, T. 6 N., R. 18 E., B.M., Warm Springs Creek Mining District, Blaine County, Idaho. The properties are approximately 10 miles by road north from Ketchum, Idaho, which is the nearest rail and supply point.

The area is mountainous, and the topography is moderately steep although not generally precipitous. Local relief is on the order of 3,000 feet with altitudes ranging from 6,500 feet at the level of Lake Creek near the mine to 9,500 feet on surrounding ridge crests. Rainfall in summer months is light; winter snowfall is moderate to heavy.

## PROPERTY

The Homestake and Long Grade properties consist of 23 contiguous lode claims at the head of Lake Creek in Blaine County, Idaho (pl. 1). The Homestake property, the more fully developed of the two, consists of one patented and 12 unpatented lode claims held under a 10-year lease with option to purchase from E. J. and Lester T. Ditter of Hailey, Idaho. Of the Long Grade claims, seven are owned by the United Minerals Reserve Corporation, and four are held under lease with option to purchase from Grant W. Crutchley of Hailey, Idaho.

Discovery was made on the Homestake claims during the late 1800's, and exploration and development work has progressed sporadically since that time. Total known production has amounted to 5,342.58 tons of ore that contained 26.04 ounces of gold, 85,124 ounces of silver, 1,409,936 pounds of lead, and 1,615,441 pounds of zinc. The bulk of this production undoubtedly was oxidized ore.

The following table 1/ lists the returns from shipments made from the Homestake mine between 1915 and 1924:

| Date | Dry wt. tons | % Pb | % Cu | Oz.Ag /ton | % Zn | % Fe | % S | % Insol. |
|---|---|---|---|---|---|---|---|---|
| 8/27/15 | 22.3 | 26.8 | 0.30 | 32.00 | 28.2 | 1.5 | 1.0 | 4.20 |
| | 49.1 | 41.2 | 0.30 | 47.20 | 10.4 | 3.9 | 1.4 | 21.50 |
| 12/13/19 | 25.2 | 52.5 | -- | 50.90 | 10.7 | 1.8 | 4.2 | 10.80 |
| 11/15/21 | 26.8 | 49.3 | 0.30 | 61.40 | 10.1 | 3.8 | 5.0 | 10.60 |
| 1/ 4/23 | 9.4 | 24.0 | 0.25 | 23.20 | 23.1 | 2.7 | 2.1 | 15.85 |
| | 14.2 | 26.2 | 0.675 | 57.15 | 15.35 | 4.0 | 2.2 | 25.65 |
| 3/19/24 | 38.4 | 20.2 | -- | 26.30 | 22.8 | 2.0 | 1.2 | 27.0 |
| 6/ 3/24 | 49.1 | 22.6 | -- | 26.95 | 21.6 | 2.53 | 1.25 | 26.27 |
| 7/ 2/24 | 43.5 | 27.75 | -- | 29.50 | 19.4 | 2.15 | 1.65 | 25.6 |

1/ U.S.D.I., Bonneville Power Administration, The Zinc and Lead Mines of Idaho, p. 30.

This is only a small part of the total reported production, but it indicates the grade of ore that has been produced.

The only production from the Long Grade property was in 1943-44. During this brief period the production was 100 tons of ore, averaging 0.01 ounce of gold per ton, 3.05 ounces of silver per ton, 4.81 percent lead, and 20.01 percent zinc.

The Homestake property is more extensively developed than the Long Grade property. The main Homestake workings are on the Merry Mack, Homestake, and Tecumseh claims (pl. 2). By 1923 about 6,000 feet of workings through a vertical distance of 650 feet had been driven. In addition to the six main levels there are a number of raises, stopes, winzes, and open cuts. Stopes on the No. 5 and 6 levels reportedly were the most productive areas of the mine.

The workings on the Long Grade claims, consisting mostly of short exploratory headings and open cuts, are on the Long Grade No. 1 claim (pl. 1).

The workings are accessible, although sloughing and rotted supports have made it difficult to enter some areas. The ground stands well, and little support is needed. Most of the timber costs in the contract work were incurred in sinking the 89 feet of winze from the No. 6 level.

No difficulties were encountered from water, but if additional exploration below No. 6 level is contemplated, it will be necessary to provide pumping facilities. Adequate natural ventilation is maintained through the interlevel stopes and raises.

The mine facilities consist of a cookhouse, living quarters for three or four men, a combined shop and dry, a compressor shed, and a 50-ton capacity ore bin. Heavy snow loads have damaged the living quarters, but the remaining buildings are usable.

There are no milling facilities in the immediate area.

## GEOLOGY

The geology of the general area is described by J. B. Umpleby, L. G. Westgate, and C. P. Ross (Geology and ore deposits of the Wood River region, Idaho: U. S. Geol. Survey Bull. 814, 1930).

Rock units in the vicinity of the Homestake mine are the Milligen formation of Devonian (?) and Mississippian age and the Wood River formation of Pennsylvanian age. Distribution of these units is shown on plate 1.

The Milligen formation consists predominantly of black carbonaceous argillite with subordinate intercalated calcareous and quartzitic beds. The overlying Wood River formation is predominantly gray to buff siliceous limestones and sandstones but also contains shales, dolomite, and conglomerate. A massive quartzitic conglomerate is generally found at or near the base of the Wood River formation.

Pre-ore folding and overthrusting has resulted in a general southwest-trending structural pattern for the region with major fold axes usually inclined to the southwest. Overthrusting is to the northeast. The incompetent argillaceous portions of the Milligen and Wood River formations are intensely crumpled and folded in some areas with local overturning of more competent members. The regional dip is predominantly to the southwest. Normal faulting, with northwest and northeast strikes, occurs as shear systems with moderate to sizeable displacement. Mineralization of some of these shear zones has produced ore deposits of commercial grade in the region. Post-mineral faulting with small to moderate displacement is common.

## Geology of the Homestake Mine

The geology of the Homestake mine area has been mapped by Westgate (1930) as an area of overthrusting and crossfaulting involving the Milligen and Wood River formations (pl. 2, fig. 1). The Homestake mine is shown as beingin the upper plate of such a thrust.

A description of the geology of the Homestake mine is given by Umpleby, et al. (1930, p. 194-195) as follows:

> "The country rock of the deposits is the nearly black siliceous and carbonaceous strata of the Wood River formation. The beds strike northeast and dip 20° and more to the southeast. On the slope below the workings are exposures of crumpled black shale which may belong to the Milligen formation. The lode has an average strike of about N. 25° W. and dips 45°-75° SW. It can be traced on the surface for about a mile and has walls several feet apart. The material between the walls is largely sheared country rock that has been mineralized for widths of a few inches to a few feet. Mineralization is most intense where the vein walls are farthest apart."

(Note: Contrary to the above description, detailed mapping of the Homestake workings shows that, excluding several locally Northeast-striking northwest-dipping beds, all beds strike west to northwest and dip to the southwest, plate 2.)

With the exception of local sulfide lenses, oxidized ores persist throughout presently explored portions of the Homestake vein; the ore minerals are smithsonite, some calamine, and cerussite that may contain remnants of galena. The much less abundant sulfide ore bodies contain sphalerite, lesser amounts of galena, and sparse pyrite in a gangue of crushed wall rock, quartz, calcite, and iron oxide.

The No. 1, 2, and 3 levels are inaccessible. On the No. 4 and 5 levels, the vein is described by Thor H. Kiilsgaard, et al. (Preliminary Examination Report, Lake Creek Zinc Properties, Docket No. DMA 81, by Elwin A. Magill and Thomas E. Howard, U. S. Bureau of Mines, and Thor H. Kiilsgaard and James J. Quinlan, U. S. Geol. Survey) as being a "***very strong structure with well-defined walls up to 10 feet apart. Ore mineralization may be traced throughout large portions of the structure with ore widths ranging from a few inches up to as much as 6 or 7 feet. The structure is filled with crushed wall rock, but quartz, calcite, and oxidized lead-zinc ore are common in those areas examined. Very little sulfide ore occurs in the upper levels***."

Some ore also occurs as replacement bodies in the foot and hanging walls; an example, described by Umpleby (p. 195) occurs on the No. 5 level as an offshoot due to replacement along a limestone bed.

The ore generally occurs as bodies varying greatly in size along both strike and dip. At the end of an ore body the vein may decrease in thickness and become barren, or ore may occur as small pods and discontinuous stringers within the shear zone until another ore body is exposed.

There does not appear to be any dominant control for localization of ore within the zone of fissuring. However, ore occurs frequently in portions of the vein where one or both walls are composed of buff-colored, massive, siliceous or calcareous argillite. The vein is most often barren if both walls are of black, thin-bedded argillite.

The rake of these small ore bodies is indefinite although stoping indicates that some ore bodies continue directly down dip; other ore bodies appear to have a more southerly rake. Possibly the intersection of favorable bedding with the vein may locally determine the rake.

## Geology of the Long Grade Mine

Little specific information is available concerning the Long Grade mine. In general it resembles the Homestake mine geologically and is thought to be situated on a southeast continuation of the Homestake vein.

The vein consists of a fault structure that contains lead-zinc carbonates and minor amounts of sulfide ore in a gangue of carbonates and crushed wall rock. The strike of the vein ranges, in the different adits, from about N. 10° to 30° W.; it dips to the southwest from 29° to 50°. Vein thicknesses range from 2 to 5 feet with ore streaks from 2 to 8 inches in thickness occurring sporadically as irregularly shaped bodies.

Geology and distribution of the upper workings are included in figures 2 and 3 of plate 1. No maps covering the surface work done below the No. 5 adit are available.

## THE PROJECT

The Homestake vein is a well-defined mineralized structure that, in the Homestake mine, has been developed by drifting from six adit levels and stoped discontinuously over a vertical distance in excess of 600 feet. The vein is known to extend for more than 1 mile and can be assumed, from adjacent workings thought to be on the same structure, to extend for more than 3 miles.

As far as is known, the Long Grade prospect, although it is largely unexplored, is geologically similar to the Homestake.

Since the vein continues both beyond and below the present workings of the Homestake and Long Grade mines, further exploration was recommended to test these properties for sulfide ore bodies below the zone of oxidation.

The original exploration proposal at the Homestake mine consisted of 2,500 feet of rehabilitation on the No. 6 level, 1,000 feet of drifting, and 100 feet of sinking on the Homestake vein. Exploration proposed at the Long Grade mine consisted of stripping the vein by bulldozer and drifting 600 feet on the No. 5 level.

The exploration project contract, granted on June 22, 1951, authorized essentially the same work as in the original proposal. Project work began on June 22, 1951, and was suspended from January 1, 1952, to May 23, 1952, and again from November 1, 1952, to May 1, 1954. The contract was automatically terminated when the Operator failed to resume work by the end of the recess period on May 1, 1954.

During the contract period six amendments were made to the contract. Of these, Amendments No. 1 through 4 allowed changes in equipment, wage rates, and further rehabilitation of the Homestake No. 6 level, as well as extension of the existing road to the portal of the Long Grade No. 5 level. Amendment No. 5 extended the contract an additional year to June 22, 1954. Amendment No. 6, in addition to extending the completion time of the contract to November 22, 1954, incorporated an automatic termination clause and also specified that expended exploration funds be repayable as percentage royalty on any production within a period of 11 years following the date of the contract. Amendment No. 6 also authorized a recess of operations between November 1, 1952, and May 1, 1954. A previous recess for severe winter weather covered the period January 1, 1952, to May 23, 1952.

Following the lengthy recess of November 1, 1952, to May 1, 1954, work was not resumed by the Operator, and the project was automatically terminated as authorized by Amendment No. 6.

To summarize the work briefly: the greater part of the summer of 1951 was devoted to rehabilitation of the No. 6 level. Winzing from this level commenced in the fall and continued until winter recess. In 1952, after the winter recess, more rehabilitation was needed both to repair damage that occurred during the winter recess and to facilitate the installation of an air trammer; the latter necessitated resetting timbers and moving the air line.

As the period covered by the contract consisted primarily of recesses, work completed was not impressive either in amount or in results achieved. Work units completed consisted of only 95 feet

of drift on the No. 6 level and 89 feet of winze from this level in the Homestake mine. The winze was sunk at a point 1,870 feet from the portal, and the drift was started about 40 feet beyond this point.

Additional work on the No. 6 level consisted of sideswiping near the face to permit installation of double track and cutting a winze station, skip pocket, and hoist room. Extensive rehabilitation on this level in excess of original estimates also was necessary.

Surface work included repairs to the portal shed and blacksmith shop, miners' cabins, powder magazine, and ore bins near the Homestake No. 6 adit.

## Geology of New Workings

Over the 95 feet of drift completed, the Homestake vein ranges from 0.5 foot to 3 feet in thickness; the vein strikes about N. 30° W. and dips 53° - 56° SW. Vein material consists of crushed argillite with oxidized siliceous and calcareous matter in which occur both oxide and sulfide lead and zinc minerals. Mineralized sections in the vein range from several inches to 1.7 feet in thickness. Several samples taken at widely spaced points along the drift indicate the vein to be generally low grade with a tenor of only several tenths of 1 percent of combined lead-zinc.

The vein exposed in the winze dips at an average of 52° SW. and consists of a strong fault structure ranging from 3 to 6 feet in thickness and containing only traces of lead-zinc minerals. The vein was not sampled; however, during excavation for the skip pocket preparatory to winzing, a small lens of ore intersected 17 feet above the sill was sampled at a point 24 feet above the sill. The assay of this sample showed 7.6 ounces of silver per ton, 8.4 percent lead, and 38.6 percent zinc over a sample width of 0.7 foot.

Limited drifting from the bottom of the winze indicated the vein to be about 3 feet thick with a scattering of lead-zinc minerals through it. Assays of samples taken in this portion of the vein showed not more than 1.1 percent combined lead and zinc.

Wall rock in the new workings, predominantly a black, siliceous, moderately well-bedded argillite, strikes N. 40°-70° W. with dips ranging from 12°-40° SW.

A map and section of the new workare shown as insets on the large map of the Homestake workings (pl. 2).

## Ore Reserves

No new ore bodies were discovered nor were any shipments made from known ore bodies during the period of exploration; hence, ore reserves for the Homestake mine remain as originally submitted by the Operator.

Estimated reserves reported by the Operator in his application are:

| Description | Type | Tons | Weighted average assay Ag oz. | Pb % | Zn % |
|---|---|---|---|---|---|
| Reasonably Assured | Oxides | 8,375 | 6.5 | 3.6 | 23.1 |
| " " | Sulfides | 1,300 | 2.8 | 2.0 | 11.1 |
| Probable | Oxides | 11,140 | 4.9 | 3.1 | 25.4 |
| " | Sulfides | 2,680 | 3.5 | 3.9 | 9.8 |

No ore reserves are credited to the Long Grade property as it is largely unexplored.

## Exploitation Possibilities

The exploration work done on the Homestake property was limited, and no ore was found; only small mineralized stringers and pods were exposed. Previous shipments from the property included both oxides and sulfides, and the mineralization exposed during the project was similar in nature.

All early production was shipped crude, and unless much larger tonnages are blocked out, a beneficiation plant would not be warranted. The small tonnage and oxidized nature of the ore preclude a commercial mining venture under current metal prices.

## Summary of Factual Data

The units of work completed during the project and their unit costs are:

| Item | Authorized (feet) | Completed (feet) | Unit cost per foot |
|---|---|---|---|
| **Project A** | | | |
| Drifting - Homestake Level 6 | 1,000 | 95 | $136.96 |
| **Project B** | | | |
| Winzing - Homestake Level 6 | 100 | 89 | $205.80 |

## Cost Distribution

(Taken from the Audit Summary prepared by T. H. Brading, DMEA Auditor, July 13, 1955.)

| | |
|---|---|
| Independent contracts | none |
| Labor and supervision | $19,855.34 |
| Operating materials & supplies | 5,620.04 |
| Operating equipment | 6,144.21 |
| Initial rehabilitation & repair | 2,104.22 |
| New buildings and improvements | 675.28 |
| Miscellaneous | 2,527.85 |
| Transfer of equipment & office salaries | 879.37 |
| Total approved cost | $37,806.31 |
| Total amount of contract | $104,000.00 |
| Government's share at 50 percent | 52,000.00 |
| Total amount expended | $ 37,806.31 |
| Government's participation | 18,903.15 |
| Total amount unexpended | $ 66,193.69 |
| Government's share unexpended | 33,096.85 |
| Royalty payments received | none |

Unit costs of drifting and winzing completed were abnormally high. Chief factors responsible for these high costs were poor management, lack of competent miners, and the inaccessibility of the mine.

There was no production from the property during the contract period.

Operating equipment purchased during the project amounted to $12,116.85; of this, $2,013.50 was disallowed and $7,894.06 was received from liquidation. This left an allowable cost to the project of $2,209.29. A 315 c.f.m. compressor, mucking machine, and an Eimco air locomotive were claimed as rental equipment at a cost of $9,570.25. An audit disclosed that the compressor was purchased

on a rental-purchase agreement for $7,300.25, and the allowable charge for rental equipment was reduced to $2,270.00. In addition a 3/4-ton pickup and jeep were used on the project, and the allowable cost was $1,572.62. The total accepted rental costs were $3,842.62.

Operating Equipment Purchased

| | | |
|---|---|---|
| Total charged | | $12,116.85 |
| Disallowed | $2,013.50 | |
| Property liquidation | 7,894.06 | 9,907.56 |
| Allowable cost to project | | $ 2,209.29 |

Operating Equipment Rental

| Item | Claimed | Allowed |
|---|---|---|
| 315 cfm compressor | $7,300.25 | |
| Mucking machine | 1,290.00 | $ 1,290.00 |
| Air locomotive | 980.00 | 980.00 |
| | $9,570.25 | $ 2,270.00 |
| Transfer to Equipment Purchased | 7,300.25 | |
| | $2,270.00 | $ 2,270.00 |
| 3/4-ton pickup | | 830.12 |
| Jeep | | 742.50 |
| Total accepted rental costs | | $ 3,842.62 |

## Discussion of Conclusions

Project work was discontinued after the Operator failed to resume work at the end of the 1952-54 recess. Prior to this there was one other lengthy recess during which the No. 6 level sloughed badly. A considerable loss of time and money was incurred cleaning this drift and replacing timbers.

The Operator was neither financially nor administratively capable of conducting an operation of this type. With better-qualified personnel in charge of operations, the project would probably have been completed. Competent mine labor was difficult to obtain because of the remote location; consequently, the quality of work was poor.

Further drifting to the northwest on the Homestake vein should intersect the downward extension of ore bodies found on upper levels; and even though the ore is generally oxidized, work done under the DMEA contract indicates that the limits of this oxidized zone are being approached.

No definite guides to ore within the vein are known although it appears that wall rock type tends to localize the ore bodies to portions of the vein with walls of more massive buff-colored calcareous or siliceous argillite.

Since insufficient work was done to determine the limits of oxidation within the vein, further exploration is warranted. The objectives remaining untested are:

1. Homestake mine - Drifting to the northwest on the No. 6 level as well as deepening the DMEA winze and additional northwestward drifting at a lower level from this winze to intersect sulfide ore.

2. Long Grade mine - Drifting on the No. 5 level to determine type and grade of ore; surface work to determine more completely the strike and extent of the mineralized zone on the Long Grade property.

It should be noted that there is no access road to the No. 5 level of the Long Grade property.

Government participation in the further exploration is warranted; however, participation with the present Operator is not recommended.

Enclosures
Distribution:
DMEA(4)
USBM(5)
USGS(SRO)
Docket
Kellum

Omit 81-

Maps -
Final Fld Insp
Report - dated March
1956

# MAP

# BELONGS

# HERE

3

JAN 12 1956 — 600

DMEA-81

Post Office Department
OFFICIAL BUSINESS

SALT LAKE CITY
JAN 16
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UTAH

PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE, $300

—FIGHT— (999)
INFANTILE PARAL
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POSTMARK OF DELIVERING OFFICE

Return to Department of the Interior
(NAME OF SENDER)
Street and Number, or Post Office Box, Defense Minerals Exploration Adm.
Washington 25, D. C.

REGISTERED ARTICLE
No.

INSURED PARCEL
No.

WASHINGTON,

D. C.

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

Chambers
Griswold
Selfridge
H Johnson

MAR 15 1956

Mr. George W. Snyder, Jr., President
United Minerals Corporation
518 Felt Building
Salt Lake City 1, Utah

Re: Docket No. DMEA-81 (Lead-Zinc)
Homestake Mine
Blaine County, Idaho
Contract No. Idm-E18

Dear Mr. Snyder:

Your letter of January 23, 1956, forwarding copies of a letter written by you to A. E. Weissenborn, Executive Officer of Region I, Northwest District, and a letter addressed to you by Guy Snyder, secretary of your company, both under date of December 5, 1955, are acknowledged.

These letters have been referred to our audit division and our legal counsel for study and advice as to our interest in certain property used on the above-cited project. I expect a ruling from audit and legal within a week or ten days and will notify you as to our determination in the matter.

Sincerely yours,

J. O. Mittendorf

Administrator

JLChambers/wb
March 13, 1956

Copy to: Docket
Admr. Reading File
Administrator
A. E. Weissenborn, Region I NWD (2)
Mr. Brading
Mr. Griswold
Mr. Chambers

P.C.S.

Chambers
Griswold
JLJ

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

March 13, 1956

Memorandum

To: Mr. Robert P. Dwyer, Associate Solicitor
Division of Mineral Resources

From: Administrator

Subject: Ownership of Property
Docket No. DMEA-81 (lead-zinc), United Minerals Corporation
Homestake Mine, Blaine County, Idaho, Contract No. Idm-K18

I am referring to you for legal advice the case of United Minerals Corporation, party to the above-cited project, relative to our interest in certain equipment used on the project and purchased on a rental-purchase agreement with our participation. The question as to the legality of our claim as set forth in the audit of Thomas H. Breding is for proper advice from your office.

I am sending you along with this letter some documents furnished us by A. E. Weissenborn, Executive Officer, Region I, Northwest District, and also the docket file and the Contract Administration and Audit Division file which, I believe, will give the background.

C. O. Mittendorf

Administrator

Attachment

JLChambers/wb
March 13, 1956

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~

1201 N. Division St.
Spokane 2, Washington
March 5, 1956

Mr. George C. Selfridge, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA-81 (lead-zinc)
United Minerals Corporation
Homestake Mine
Blaine County, Idaho
Contract No. Idm-E18

Dear Mr. Selfridge:

In answer to your letter of February 1, 1956, we are enclosing copies of the following that we believe are pertinent to this matter:

(1) Letter dated December 17, 1951 from Foulger Equipment Co. to United Minerals Reserve Corp.

"Lease Agreement" between Foulger Equipment Co. and United Minerals Reserve Corp.

"Privilege of Purchase Option" between United Minerals Reserve Corp. and Foulger Equipment Co.

"Terms and Provisions of Lease" between United Minerals Reserve Corp. and Foulger Equipment Co.

(2) Letter dated August 20, 1951 from Glenn C. Reed, Mining Engineer, Bureau of Mines, to H. A. Covey, vice-president, United Minerals Reserve Corp.

(3) Letter dated August 25, 1951 from H. A. Covey to Glenn C. Reed.

(4) Memorandum dated September 25, 1951 from T. E. Howard, Mining Engineer, Bureau of Mines, to M. E. Volin, Member, DMEA Field Team.

(5) Telegram dated October 5, 1951 from M. E. Volin to Harold A. Covey.

(6) Letter dated February 14, 1952 from Harold A. Covey to Glenn C. Reed.

(7) Letter dated April 1, 1955 from George W. Snyder, Jr., Pres., United Minerals Corp., to Tom Howard.

(8) Letter dated May 20, 1955 from Guy Snyder, Secretary-Treasurer, United Minerals Corp., to United Minerals Corp.

(9) Letter dated February 14, 1956 from T. H. Brading, DMEA Auditor, to A. E. Weissenborn, Executive Officer, DMEA Field Team, Region I.

Enclosure (1) establishes that the compressor lease or rental agreement between Foulger Equipment Co. and United Minerals Corp. included an option to purchase. Enclosures(3), (6) and (7) definitely prove that the purchase option was exercised, and enclosure (8) establishes that on December 10, 1952 the Government's and United Minerals' equity in the Homestake compressor was valued at $6,016.00. Enclosure (6) further establishes that the "rental" costs on the compressor would have been less than the $470.00 per month claimed had not the rental contract incorporated a purchase option provision. Enclosure (8), item 6, would establish the true rental value of this compressor at $300.00 per month without a purchase optiom provision in the agreement.

The facts in the case are that the purchase option was exercised. However, we have no way of knowing if title ever passed to the Operator. Whether or not an equity can be established without title is a legal question which we are not competent to answer.

If it should be decided on legal grounds that the Operator, hence the Government, did not establish an equity in the Homestake compressor since title did not pass to the Operator and since this compressor and the Lucky Strike compressor (Docket No. DMEA 1949, lead-zinc, Snyder and Snyder, Lucky Strike Mine, Contract No. Idm-E322) are involved in the same Conditional Sales Contract, then the audits on these two projects should be reconciled. Should this be necessary, then several questions are posed.

1. Should not the Government have shared in the rental proceeds of the Homestake compressor amounting to about one-half of $5,100.00? The rental was paid during 1953 and to May 27, 1954, and the termination date of the contract is May 1, 1954 (Amendment No. 6).

2. Was the Lucky Strike compressor rented to other parties before its sale on January 12, 1954, and should the Government share in the proceeds if any?

3. The propriety of applying rental proceeds of the Homestake compressor to the purchase of the Lucky Strike compressor on another contract.

On December 10, 1952, when the Conditional Sales Contract was entered into between United Minerals Corp. and C.I.T. Corp. the balance due on the Homestake compressor was $3,384.00 plus refinancing charges of $667.16, or a total of $4,051.16. The rental proceeds ($5,100.00) on the Homestake compressor could have been applied to liquidating the $4,051.16 indebtedness on this same compressor. The rental proceeds were accumulated in 1953 and up to May 27, 1954, and liquidation was forced on September 27, 1954.

It appears that United Minerals Corp. actually made money on the refinancing of these two compressors. During 1953, payments in the amount of $2,350.37 were made to C.I.T. Corp. on the Lucky Strike compressor, and during 1954 payments of $1,500.00 were made to C.I.T. on the Homestake compressor. These payments total $3,850.37. Between January 27, 1953 and May 26, 1954, United Minerals Corp. received $5,100.00 (17 x $300) from Consolidated Uranium Co. as rental on the Homestake compressor. This shows that United Minerals netted $1,249.63 ($5,100 - 3,850.37) on the transaction. If the Lucky Strike compressor was out on rental prior to its forced liquidation on January 12, 1954, then the profit would be greater.

We concur with Mr. Brading that the Government's claim should stand as shown in the audit report.

By Field Team, Region I, NW District

A. E. Weissenborn

A. E. Weissenborn, Executive Officer
U. S. Geological Survey

Wing G. Agnew

Wing G. Agnew, Member
U. S. Bureau of Mines

Enclosures

cc: USGS (2)
USBM (AD)
Auditor Brading
Auditor Turner

# FOULGER EQUIPMENT CO.

ENGINEERED SALES AND SERVICE

1501 South 2nd West • Salt Lake City • Phone 7-5459

United Minerals Reserve Corp.
518 Felt Bldg.
Salt Lake City, Utah

December 17, 1951

Attention: Mr. George W. Snyder Jr.
President

Gentlemen:

Agreeable with your December 14th request, Privilege of Purchase Option of June 6th, 1951, in connection with rental of JOY, WK-80, 315 CFM Diesel Compressor, Serial No. 44692, is hereby extended to read as follows:

> "If purchased prior to July 15th, 1952, 85% of all paid rentals will be applied to purchase of said machine."

Please indicate acceptance by executing and returning to us duplicate of this letter.

Yours truly,

[illegible]

B. L. Foulger,
President & Mgr.

BLF:d

By George W. Snyder Jr. Pres
Accepted: - United Minerals Reserve Corp.

EXHIBIT (1)

# FOULGER EQUIPMENT CO.

[illegible] WEST

SALT LAKE CITY 8 UTAH

The FOULGER EQUIPMENT CO. [illegible] Salt Lake

[illegible] Salt Lake [illegible] Utah

[illegible]
UNITED MINERALS RESERVE CORPORATION

City of Salt Lake [illegible] Salt Lake [illegible] Utah

[illegible] 6 [illegible]

[illegible]

$ 470.00
$ 470.00
$ 470.00
$ 470.00

[illegible] Salt Lake County of Salt Lake State of Utah

The rental rates set forth in this contract do not include either sales or use tax. Where state laws provide for either sales or use tax, the rental rates set forth in this contract are subject to this tax if and when incurred. This tax provided for in paragraph [illegible] of this contract. Lessee to insure compliance as provided for in paragraph [illegible] of this contract.

If this [illegible] [illegible]

[illegible]

One only 30T WA-30, 315 SN Diesel compressor - [illegible] Serial No. [illegible]; powered by Caterpillar D318 Diesel Engine, No. 59Y756, 6 cyl. mounted on four (4) 7.50 x 20 Pneumatic tires. Weight 7230#.

Parts Book and Instruction Manual

[illegible]

Our Salt Lake yard

[illegible] Total Value $ 9,400.00 Plus Tax

[illegible] Will Pick Up

[illegible] June

[illegible] Foulger Equipment Co.
Salt Lake City, Utah

[illegible] United Minerals Reserve Corporation
218 Felt Bldg.

[illegible] Salt Lake City, Utah

# FOULGER EQUIPMENT CO.

136 S. 2ND WEST

SALT LAKE CITY 8, UTAH

*PRIVILEGE OF PURCHASE OPTION*

June 6 [illegible] 51

[illegible]

June 6, 1951 [illegible]

[illegible] $9,400.00 Plus Utah Sales Tax

[illegible]

Utah

[illegible]

[illegible] City, [illegible]

[illegible]

June 6, 1951

[illegible]

June 6, 1951

## TERMS AND PROVISIONS OF LEASE

1. On local rentals, the rental period shall begin on and include the date of shipment to the lessee and shall end on and include the date of return to the lessor's warehouse or receiving point. On out-of-town shipments, the rental period shall begin on and include the date of bill of lading of shipment to the lessee and shall end on and including the date of return to the lessor's siding or receiving point. Both local and out-of-town rentals are subject to the minimum rental period provided for in this contract. If equipment is kept longer than the specified minimum rental period, the rental will then be invoiced on a pro-rata basis.

2. The lessee agrees that the rates provided for in this contract are considered straight time rates based on eight (8) hours per day, seven (7) eight (8) hour days per week, or thirty (30) eight (8) hour days in any one thirty (30) consecutive day period. Should the machinery rented be used longer than the above specified hours in any specific period the over time rate shall be based as follows:

1/8th of the daily rate for each hour worked in excess of eight (8) hours in any one day;

1/56th of the weekly rate for each hour worked in excess of fifty-six (56) hours in any one weekly period;

1/240th of the monthly rate for each hour in excess of two-hundred and forty (240) hours worked in any one thirty (30) consecutive day period.

3. It is understood between the parties that the lessor is not the manufacturer of the equipment herein leased, nor the agent of the manufacturer of said equipment and that no warranty against patent or latent defects in material, workmanship, or capacity is given, nor that said equipment will meet the requirements of any law, rules, specifications or contracts which provide for specific machinery or apparatus or special methods, other than that of original manufacturer of said equipment and as set forth in manufacturer's catalog and representations wherein said machinery and equipment is listed and described.

4. The lessor shall use reasonable care to see that the equipment is in proper working condition before shipment to lessee. It is not to be actually operated or tested unless such operation or test is deemed necessary by lessor or unless lessee shall request such operation or test in writing, in which event the lessee will be notified of the time and place of said operation and test, and shall be permitted to be present during said operation and test. If having requested it, lessee fails to be present at the time of operation and test, lessee agrees that said equipment as turned out is in proper operating condition.

5. On non-tractor equipment the lessee agrees to maintain said machinery and equipment in the same condition as when delivered to it by the lessor, usual wear and tear excepted, and to pay all claims and damages arising from defects therein, or from the use of handling of said machinery and equipment, whether from injuries to the person or property, and to pay for all damages to the equipment, except the usual and ordinary wear and tear, during the life of this contract, and to return said property in as good condition as when received to the storage yard of the lessor, or receiving point designated by the lessor, usual and ordinary wear and tear excepted and to pay all freight, demurrage, storage, switching, drayage, trackage or other charges against said equipment from the time the same shall leave the storage yard of said lessor up to and including the time of its return to said storage yard or other place of return agreed upon. On all tractor equipment, the conditions in paragraph 5 apply except that the lessee agrees to fully maintain the machinery covered in this contract while in his possession and to return it in the same condition as received from the lessor with no exception made for usual wear and tear.

6. The receipt and acceptance by the lessee of said equipment shall constitute acknowledgement that said property has been accepted and found in good, safe and serviceable condition, and fit for use, unless the lessee makes claim to the contrary to the lessor by registered mail with return receipt demanded, addressed to the lessor's home office within three days after receipt of said equipment. The complaint as made shall set forth in detail its complete nature and the condition of the property received.

7. Should any of the machinery, equipment, or appurtenances, be received and accepted by the lessee from any drayman, railroad company or any other carrier transporting same in a damaged condition, or with any of the machinery, equipment, parts or appurtenances missing, it shall be the duty of the lessee to obtain from said drayman, railroad company or other carrier, a written acknowledgement of the damage or shortage. The failure on the part of the lessee to obtain such statement or acknowledgement upon its receipt and acceptance of said machinery, equipment, parts and appurtenances shall be treated as an acceptance of said machinery, equipment, parts and appurtenances in good, safe, serviceable condition and fit for use. Any damage or loss which has occurred and is not covered by a written acknowledgement or statement as aforesaid, or which occurs after acceptance of said property, shall be repaired and replaced at the expense of the lessee. If the machinery, equipment, parts or appurtenances are damaged or lost in transportation and the lessee furnishes to the lessor a written detailed acknowledgement and statement from the carrier setting forth the character of damage and loss, the lessor agrees to use reasonable diligence in having said repaired and loss replaced within a reasonable time, but the equipment shall be deemed to have been delivered on date of acceptance thereof from carrier.

8. In the event of notice to the lessor by the lessee that the equipment is not in good, safe and serviceable condition and fit for use upon its arrival, the lessor shall have the right to put said equipment in good, safe and serviceable condition and fit for use, within a reasonable time, or to cancel this lease.

9. The lessor shall not be liable in any event to the lessee for any loss, delay or damage of any kind or character resulting from defects in, or inefficiency of equipment hereby leased or accidental breakage thereof.

10. In the event of accident to, or breakage of, any part of the equipment lessee may have the same repaired by any competent person, firm or corporation at its own expense or, upon notice to the lessor as to such breakage or accident, the lessor may repair said machinery for the lessee, using reasonable diligence to make said repairs or replacement in the shortest possible time, and the lessee agrees to pay the lessor its regular charges for any material or labor furnished in making said repairs upon demand; in the event any work is done outside of lessor's regular hours, including work necessary by wear and tear, by reason of which lessor shall be required to pay double time or other overtime charges to its employees, or to anyone doing the work for lessee, all such charges will be paid by the lessee to the lessor.

11. In the event the lessee accepts the machinery and equipment, as herein provided, and thereafter the said machinery proves defective or unfit for use, because of accident or otherwise, or, if for any other reason lessee desires to discontinue the use of said machinery or equipment, the only remedy of lessee shall be to return the machinery to lessor and terminate this contract as herein elsewhere provided for, which in no event shall be less than the transportation charges on said machinery and equipment and minimum rental herein provided for.

12. The lessee agrees to pay any charges for work or inspection required by any labor union. The lessor may, at its option, refuse to do any repair work on the equipment in time of strike, or any other cause beyond its control, or in violation of any rule affecting the equipment. The lessor reserves the right to remove the equipment from the job at any time when, in its opinion, the equipment is in danger because of strikes or any other condition.

13. The lessee agrees to comply with and conform to all municipal, state and federal laws relating to the operation of said machinery and to pay all costs and expenses of every character occasioned by or involving the use or operation of the machinery or equipment and to pay all legal assessments, taxes or public charges, either local, municipal, state or federal, which may be levied on said equipment while in the possession of the lessee. Nothing in this paragraph is to be construed as meaning that the lessee is to pay the personal property tax levied against the machinery rented when said machinery is delivered within the home state of the lessor, as in this case the lessor is to pay his own personal property tax. In the event the equipment is rented outside of the home state of the lessor, any and all taxes assessed against the machinery, including personal property tax, are to be paid by the lessee, the words "home state" to mean any state in which the lessor has a home office or warehousing branch.

14. The lessee agrees to pay the lessor for all loss and damages occasioned by fire, theft, flood, accident, explosion, wreck, an act of God or any other causes that may occur during the life of this lease, and until such machinery has been returned into the possession of the lessor and accepted by it. For the purpose of finding the valuation of said property in order to determine the loss, damage or injury thereto, it is agreed by the parties hereto that the value as hereinbefore stated shall be a true and just value forming a basis for such adjustment. In making such adjustment it is understood that no rentals theretofore paid or due shall apply to the payment of such loss.

15. The lessee further agrees to indemnify the lessor against all loss, damage, expense and penalty arising from any action on account of any injury to person or property of any character whatsoever occasioned by the operation, handling or transportation of any of the equipment during the rental period, and while said machinery and equipment is in the possession or under the custody and control of lessee.

16. The lessee further agrees to protect the lessor on this contract with full insurance coverage, said insurance to cover damage occasioned by fire, theft, flood, explosion, accident, act of God, or any other cause, that may occur during the life of this lease and to protect the lessor for public liability insurance for coverage to the limits of the State laws in which the equipment leased is being used.

17. The title to the property herein leased and to all replacements thereof or substitution thereof is and shall remain in the lessor, and said machinery and equipment shall not become a part of any building, by being placed therein or by being annexed thereto. Where the equipment is annexed to any property, the lessee shall furnish the lessor with a landlord's release, which shall permit the lessor to remove the equipment from said property at any time during the life of, or after the expiration of, this contract. Should the lessee be lax in obtaining said landlord's release, the lessor reserves the right, and the lessee hereby grants permission to the lessor to obtain such release.

18. The lessee agrees, whenever requested by lessor, to give lessor the exact location of all of the machinery and equipment covered by this lease and further agrees to give lessor immediate notice of any levy attempted upon said equipment, or if said equipment from any cause becomes liable to seizure, and to indemnify lessor against all loss and damages caused by any such action. The lessor shall have the privilege at all times of entering any job, building or location where the above property is being used for the purpose of inspection and reserves the privilege of removing said machinery and equipment on twenty-four hours' notice if it is being overloaded or taxed beyond its capacity or in any manner abused or neglected.

19. The equipment hereby leased shall not be sublet without the written consent of the lessor nor shall said property be moved out of the state specified in this contract without the written consent of the lessor.

20. Should any of the provisions of this lease be violated by lessee the rental for the entire period herein specified, shall become forthwith due and payable, and the lessor, or its agents may, without notice, enter the premises occupied by lessee without being a trespasser thereon and take possession of and remove said equipment with or without process of law. In the event any action as hereinbefore set forth becomes necessary the lessee agrees to pay, in addition to other charges herein specified, all costs of removal of said machinery from the possession of the lessee and all freight, demurrage, storage, labor or other charges on or against said property incurred during or by the removal, shipping and return to the possession of the lessor at his designated receiving point, or equivalent point designated by the lessor.

21. The lessee agrees to pay all rentals when they are due and for all services and materials furnished and all damages and sums due the lessor under this contract as soon as the loss occurs or services are rendered or materials are furnished. The taking of notes, or renewals thereof, covering rentals herein specified shall not in any manner whatsoever change or invalidate the terms and conditions of this contract.

22. Lessee agrees that if any of the lease provisions are violated and lessor demands the return of the equipment that this lease shall constitute authority to the watchman or other persons responsible for the equipment to deliver all or any part of the equipment to the lessor or its agents.

23. Both lessor and lessee agree that no modification of this agreement shall be binding upon them or either of them, unless such modification shall be in writing and duly accepted in writing.

24. The lessor's designated receiving point referred to in this contract is shown on the first page of the contract in the space therein following the printed words "Return to."

We agree to all the above conditions
which are thoroughly understood.

UNITED MINERALS [illegible] CORPORATION

Lessee

By [signature]

Date Signed by Lessee

[illegible] CO. Lessor.

By [signature]

Date Signed by Lessor

Approved by

Authorized to Approve for Lessor

Date Approved by Lessor

C
O
P
Y

1201 N. Division St.
Spokane 2, Wash.
August 20, 1951

Mr. H. A. Covey, Vice-Pres.
United Minerals Reserve Corp.
518 Felt Building
Salt Lake City 1, Utah

Subject: Monthly progress report, Contract I-DMA-E18

Dear Mr. Covey:

The subject report (invoice) has been reviewed and is being returned herewith for modification. Apparently your accountant has not adhered to the maximum wage rates established by Exhibit "D". It is pointed out that either these accepted rates must be complied with or that an appropriate addendum to the contract setting forth new rates be prepared and signed by the Administrator.

It is suggested that you furnish this office with a complete list of labor classification and applicable maximum wage rates. An addendum to the contract based on these data then can be prepared for signature. To speed settlement of your June-July account, however, you may wish to use the rates stipulated in the contract. The addendum rates presumably will apply to August and succeeding work.

An equipment rental charge of $695.18 is questioned inasmuch as the only allowable rental equipment is specified as a 3/4-ton pickup truck at a rental rate of $0.15 per mile. If charges for rental equipment are to be made other than those specified in Exhibit "C", this also may be handled by an addendum to the contract.

Enclosed for your convenience is a set of Form MF-104 which, on completion, may be returned directly to this office.

Please do not hesitate to advise us if additional questions concerning the Monthly Operating Report should arise. It is our hope to have these details clarified at this office in order that vouchering may not be unduly delayed at the Fiscal Office.

Sincerely yours,

Glenn C. Reed
Acting for M. E. Volin
Member, DMA Field Team
Region II

Enclosure

EXHIBIT (2)

UNITED MINERALS RESERVE CORPORATION
518 Felt Building
Salt Lake City 1, Utah

August 25, 1951

RECEIVED
MAR - 9 1956

Mr. Glenn C. Reed, Member
DMA Field Team, Region II
U.S. Department of the Interior
1201 N. Division Street
Spokane 2, Washington

Refer to:
Contract I-DMA-118

~~Dear Mr. Reed:~~

Herewith enclosed are four (4) copies of our Monthly Progress Report, modified in accordance with your suggestions. Your letter (undated) with the previously filed copy was misrouted in the mails and hence the delay in our reply.

We will furnish yourofficc a complete list of labor classifications and applicable maximum wage rates at our earliest opportunity. However, there may be an industry-wide wage increase within the next few days and it may be well to postpone such a new schedule until these matters are stabilized. Our base rates were not adhered to because we made some very minor adjustments for fractional reasons in computing hourly rates.

The equipment rental charge has been adjusted as per your suggestion. The only item of rental is now the pickup truck mileage, prorated to the project and at the rate as set forth in the contract. The previous figure was a misapplication of a rental-purchase on a compressor. It may properly be classified as an equipment purchase and is so entered in its prorated amount. After further study of this particular accounting application, it may be desired to classify it and any similar occurrences as rental items, and in that event, we will make a request for an addendum to the contract relative to Exhibit "C" as you suggest.

We sincerely regret that the modification was necessary. Needless to say, we also wish to avoid any cause for delay in vouchering the account. I trust you will find the enclosures now in good order and they meet with your satisfaction.

Respectfully yours,

UNITED MINERALS RESERVE CORPORATION

Harold A. Covey

Harold A. Covey, Vice President

HAC:wbh
4 Encls.

(Note by Bureau of Mines: The undated letter referred to was dispatched under date of August 20, 1951.)

EXHIBIT (3)

TRANSMITTAL FORM NO. 64

# Office Memorandum • UNITED STATES GOVERNMENT

Hailey, Idaho

TO: M. E. Volin

DATE: September 25, 1951

FROM: T. E. Howard

SUBJECT: Amendment to Exploration Project Contract, United Minerals Reserve Corporation, DMA-81

RECEIVED
MAR - 9 1956

Dear Mr. Volin:

Enclosed are six signed copies of an Exploration Contract amendment proposed by H. A. Covey, vice-president of the United Minerals Reserve Corporation.

The change covering wage rates is requested to make the allowable rates conform with wages actually being paid. Also the Operator anticipates that a general increase will be necessary when the present regional wage negotiations are concluded.

The modification to change the method of acquiring the air compressor, mucking machine and trammer presented a difficult problem because as far as I know Washington has set no policy concerning rental-purchase of equipment and that is the method the Operator is using.

I did not see a copy of his rental-purchase contract but a discussion with Mr. Covey revealed the main difficulties. Under their contract no equity is established in the machine until a certain percentage of the purchase price has been paid as rental. Then only a part of the rental applies on the purchase; Covey thought it was 90 per cent.

If the payments are entered on the monthly report as purchase and the exploration contract is terminated before an equity is established the books will show ownership when there is none. On the two reports already sent in by the Operator he has entered these payments as purchase.

So I have prepared two versions of Exhibit "F" of the amendment. In the first rental-purchase is not specified. The machines are to be rented and the maximum monthly rental is established. If this form is approved it will require a later amendment to allow for purchase after the equity is established. Mr. Covey agreed verbally to the fact that such an amendment would have to be made. Also it would require that the two previous monthly reports be amended.

In the second version I have tried to eliminate the necessity for a second amendment by specifying that rental-purchase is allowable and stating maximum total costs and maximum monthly payments.

EXHIBIT (4)

If this method can be approved I believe it will be useful on some of our other contracts.

Though he prefers the second, Mr. Covey stated that either version was agreeable to him. As approval of either will make a difference in his report for this month he requested that he be informed by wire, to the company's Salt Lake City address, whether or not the amendment is approved and which version of Exhibit "F" is acceptable.

RECEIVED MAR - 9 1953

Sincerely,

Jean Harrald

STANDARD FORM No. 14
APPROVED BY THE PRESIDENT
MARCH 10, 1926

# TELEGRAM

OFFICIAL BUSINESS—GOVERNMENT RATES

FROM Spokane, Washington

BUREAU Mines

CHG. APPROPRIATION

Charge Acct.

U. S. GOVERNMENT PRINTING OFFICE 10—1723

October 5, 1951

Harold A. Covey
United Minerals Reserve
Felt Building
Salt Lake City, Utah

RETEL APPROPRIATE CLAUSE ADDED TO AMENDMENT ALLOWING SHAFTSMEN THIRTEEN DOLLARS SIXTEEN CENTS DAY. WASHINGTON ADVISES FIRST ALTERNATIVE OF CARRYING EQUIPMENT ON STRAIGHT RENTAL IS PREFERRED.

M. E. Volin

C
O
P
Y

EXHIBIT (5)

# UNITED MINERALS CORPORATION

FELT BUILDING
SALT LAKE CITY 1, UTAH

231 SO. LASALLE ST.
CHICAGO 4, ILLINOIS

RECEIVED
MAR - 9 1956

February 14, 1952

Mr. Glenn C. Reed, Mining Engineer
U. S. Bureau of Mines
Mining Division, Region II
1201 N. Division Street
Spokane 2, Washington

Refer to:
Contract Idm-E18

Dear Mr. Reed:

Reference is made to your previous suggestion that we try to reduce the rental costs on the 315 cfm air compressor at the Homestake Mine while it is on a standby basis.

I recently endeavored to effect this adjustment but had no luck at all. The owner of the equipment house, from whom we acquired the compressor, informed me that, because of the purchase option provisions of the contract under which we obtained the compressor and a similar arrangement of his with the factory, no reduction was possible.

For your information, a copy of our contract covering this piece of equipment is herewith enclosed. As you know, invoicing procedures governing such arrangements were established quite some time after we began operations and some of the earlier rental costs were carried as "equipment purchases" on our submittals. Upon electing to purchase the machines, 85% of these payments will be credited to the purchase price and our auditor will effect a balance reflecting this condition at that time. In the meantime, we will continue to submit the invoices showing this as a "rental" item.

I trust this information is sufficient for your requirements and meets with your approval.

Very truly yours,

UNITED MINERALS CORPORATION

Harold A. Covey

Harold A. Covey
Vice President

HAC/md

EXHIBIT (6)

# UNITED MINERALS CORPORATION

FELT BUILDING

SALT LAKE CITY 1, UTAH

April 1, 1955

RECEIVED
MAR - 9 1956

Mr. Tom Howard
U. S. Department of the Interior
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMEA 81
Homestake Mine, Blaine Co., Ida.
Contract No. Idm-E-18

Dear Mr. Howard,

Attached please find itemization of all payments on the subject compressor units. Apparently the matter is interpretative. When our first reports were filed under the subject contract, positive indication was given us that it was desirable to carry the matter as a rental cost. Our feeling, therefore, would be that there was no equity at the time. purchase option was exercised which was substantiated by the fact that the account barely liquidated itself.

Secondly, your office declined to go along with rental payments during shut-down periods and suggested that we put the unit out on rental to others.

I sincerely hope that we can reach some understanding on the matter and trust that the figures submitted will be of assistance in final appraisals.

Mr. Nat Davis has advised that he will make an appraisal of the remaining facilities as soon as surface and water conditions permit.

Thanking you, we are,

Very truly yours,

UNITED MINERALS CORPORATION

George W. Snyder Jr.

George W. Snyder, Jr.
President

GWSjr/pt
CC: Mr. A. E. Weissenborn
Enc.

EXHIBIT (7)

CHECKS PAID TO:
FOULGER EQUIPMENT CO.

| Date | Amount |
|---|---|
| 1/30/52 | $ 940.00 |
| 2/11/52 | 470.00 |
| 3/10/52 | 470.00 |
| 4/8/52 | 470.00 |
| 5/15/52 | 470.00 |
| 6/23/52 | 470.00 |
| 7/9/52 | 470.00 |
| 10/13/52 | 940.00 |
| 12/12/52 | 470.00 |

CHECK PAID TO:
C. I. T.

| Date | Amount |
|---|---|
| 1/28/53 | $ 497.98 |
| 2/24/53 | 100.00 |
| 3/26/53 | 100.00 |
| 4/7/53 | 100.00 |
| 6/2/53 | 497.98 |
| 6/30/53 | 497.98 |
| 10/3/53 | 300.00 |
| 12/2/53 | 300.00 |
| 1/5/54 | 300.00 |
| 1/29/54 | 300.00 |
| 2/24/54 | 300.00 |
| 3/23/54 | 300.00 |
| 5/18/54 | 300.00 |
| 5/28/54 | 300.00 |

U. S. BUREAU OF MINES
RECEIVED
APR 4 1955
WASHINGTON

May 20, 1955

RECEIVED
MAR - 9 1956

United Minerals Corporation
518 Felt Building
Salt Lake City 1, Utah

Re: Homestake Compressor
Joy WK-80, 315 CFM Diesel
Serial No. 44692

Gentlemen:

At the request of George W. Snyder, Jr. a study was made of the transactions involving Homestake Compressor, Serial No. 44692 in order to furnish DMEA information requested in their letter of 8 April, 1955. In this connection it was determined that this could not be accomplished without taking into account the Lucky Strike Compressor, Serial No. 44291, as both machines ended up on the same Conditional Sales Agreement with C. I. T. Corporation, San Francisco. The following facts have developed:

1. On 6 June, 1951, one Joy WK-80, 315 CFM Diesel Compressor, Serial No. 44692 was obtained under lease agreement from Foulger Equipment Company, Salt Lake City, Utah.

2. On 24 September, 1951, Exhibit "F" Amendment No. 1, the Government directed that this compressor be carried as a rental item instead of a purchase; further on 5 October, 1951, following is a quote from a wire signed by M. E. Volin:

> "Washington advises first alternative of carrying equipment on straight rental is preferred."

3. Between 15 June, 1951 and 10 December, 1952, United Minerals Corporation made 16 rental payments of $470.00 each to Foulger Equipment Company. At that point an equity of $6,016.00 (80% of the $7,520.00 then paid) was available to United Minerals Corporation had funds to complete this been at hand. There was a balance due at that time of $3,384.00.

4. On 10 December, 1952 a Conditional Sales Contract was entered into with C. I. T. Corporation, covering purchase of 2 Compressors, as the Lucky Strike Compressor, same model and size, Serical No. 44291 was included.

COPY

EXHIBIT (8)

| | |
|---|---|
| Total Contract both Compressors | $21, 160. 45 |
| Cash allowance Homestake Serial No. 44692 | 6, 016. 00* |
| Cash allowance Lucky Strike Serial No. 44291 | 799. 00 |
| Total Cash Allowance | $ 6, 815. 00 |
| Balance then due | $14, 345. 45 |

5. During 1953, payments in the amount of $2, 350. 37 were made to C. I. T. Corporation and apparently all of these were applied on the Lucky Strike Compressor account.

6. Between 27 January, 1953 and 27 May, 1954 seventeen monthly rental payments of $300. 00 each were received from Consolidated Uranium Company for the use of Homestake Compressor. This was during a shut-down period after the Government had declined to join further advances for equipment rental. The compressor was removed from the Homestake property at the suggestion of the government.

7. On 12 January, 1954 Arnold Machinery Company paid C. I. T. Corporation $5, 655. 00 for the Lucky Strike Compressor. A rebate of $343. 57 was allowed for prepayment. Considering a cost of $9, 400. 00, a loss of $208. 49 is indicated on this compressor. After applying $5, 655. 00 from Arnold Machinery Company, the C. I. T. Corporation balance stood at $5, 996. 51 secured by Homestake Compressor.

8. During 1954, United Minerals Corporation paid C. I. T. Corporation $1, 500. 00 on the Homestake Compressor. On 27 September, 1954, Foulger Equipment Company paid C. I. T. Corporation $3, 906. 44 to close out the account in full on the Homestake compressor. An allowance of $590. 07 was made for prepayment.

9. Both Compressor sales were made by C. I. T. Corporation to enforce liquidation.

It is my hope that the foregoing will serve to clarify this situation.

COPY

My conclusion is that all United Minerals Corporation received for monies paid on this compressor was for the use of the compressor - hence, rental.

Respectfully submitted,

/s/ Guy Snyder

Guy Snyder,
Felt Building
Salt Lake City, Utah

GS:pt

* This is the exact amount of credit received on the conditional sales agreement on the above compressor referred to in DMEA letter of 8 April, 1955.

COPY

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

RECEIVED
MAR - 9 1956

224 New Customhouse
Denver 2, Colorado

February 14, 1956

Mr. A. E. Weissenborn, Executive Officer
DMEA Field Team, Region I, N.W. District
South 157 Howard Street
Spokane 4, Washington

Re: Docket DMEA-81 (Lead-Zinc) Contract Idm-E18
United Minerals Corporation, Homestake Mine
Blaine County, Idaho

Dear Al:

I feel that a careful rereading of Mr. Guy Snyder's letter of May 20, 1955 to United Minerals Corporation, regarding the Homestake Compressor, Joy W 7 C 30, 315 CFM Diesel, Serial No. 44692 (copy of which was forwarded to you on May 20, 1955 by Guy Snyder) will establish the following:

(1) On that date (May 20, 1955) Mr. Guy Snyder stated in writing that a cash allowance of $6,016.00 was made on Compressor Serial No. 44692

(2) Between January 27, 1953 and May 27, 1954 seventeen (17) monthly rental payments of $300.00 each were received from Consolidated Uranium Company for use of the Homestake Compressor

(3) The fact that the Operator did not see fit to apply any of these payments to the C.I.T. account, does not in any way jeopardize the Government's interest in the equity established December 10, 1952

(4) If, as Mr. Guy Snyder states, the United Minerals Corporation did not have an equity in the compressor, it follows that all the payments received by them from Consolidated Uranium Corporation for rental would revert to C.I.T. If this procedure had been followed, the Corporation would have had title to the compressor before September 27, 1954, the date that Folger Company paid the balance to C.I.T.

All the Government is claiming is a calculated equity in this cash allowance made by C.I.T. In my opinion the claim should stand as shown in the audit report.

Sincerely yours,

T. H. Brading, Auditor

EXHIBIT (9)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~

So. 157 Howard Street
Spokane 4, Washington

RECEIVED
FEB 13 1956

February 10, 1956

Mr. George C. Selfridge, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA 81 (Lead-Zinc)
United Mineral Corp.
Homestake Mine
Blaine County, Idaho
Contract No. Idm-E18

Dear Mr. Selfridge:

As suggested in your letter of February 1, we are getting in touch with Mr. Brading, DMEA auditor at Denver, of the Contract Administration and Audit Division and as soon as we hear from him we will make an appropriate reply to the matter brought up in your letter.

Mr. George W. Snyder's letter of December 5, 1955 was never received here either at the Survey office or at the Bureau of Mines; the copy you enclosed is the first we have seen of it.

Sincerely,

A. E. Weissenborn

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I, NW Dist.

cc: USBM (2)
USBM (AD)
Turner

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
So. 157 Howard Street
Spokane 4, Washington

RECEIVED
FEB 13 1956

February 8, 1956

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

Re: Docket No. DMEA-81 (lead-zinc)
United Minerals Corporation
Homestake Mine
Blaine County, Idaho
Contract No. Idm-E18

Dear Tom:

No doubt you have read Mr. Selfridge's letter to me of February 1, 1956 and the enclosures. We would appreciate your comments on this matter as soon as possible so that the ball can be kept rolling.

The two Snyder letters of December 5, 1955, copies of which were enclosed with Mr. Selfridge's letter, were never received either at the Bureau or the Survey.

Apparently Mr. Snyder's only objection (although he may have others later) to the audit findings is the manner in which the compressor, Serial No. 44692, was handled. Mr. Guy Snyder's letter of December 5, 1955 and other letters in our file definitely establish that the compressor was being purchased instead of rented.

If, in your opinion, Mr. Snyder's letters present some new evidence that might alter the audit findings, we shall be glad to recommend a change.

Sincerely yours,

A. E. Weissenborn
Executive Officer
DMEA Field Team, Region I
Northwest District

cc: DMEA (2)
USBM (2)
Turner

Docket copy
Surname:
Talbut
Selfridge
Mittendorf

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

FEB - 1 1956

Mr. A. E. Weissenborn
Executive Officer, Northwest District
DMEA Field Team, Region I
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMEA-81 (Lead-Zinc)
United Minerals Corporation
Hennessey Mine
Blaine County, Idaho
Contract No. Ida-518

Dear Mr. Weissenborn:

Under date of December 19, 1955, you informed this Committee that no response had been received to the Field Team's letter of November 9, 1955, to the referenced Operator in regard to his protest of the audit settlement of the project contract. You also suggested that further action in the matter be handled by the Washington office.

Accordingly, by letter dated January 12, 1956, referencing the failure to reply to the Field Team's letters, the Administrator advised the Operator that unless settlement of the indebtedness was effected within thirty days the matter would be referred to the Attorney General of the United States. The Operator has replied under date of January 23, 1956, with a letter enclosing for our consideration a reply, addressed to you on December 5, 1955, which in turn enclosed a letter bearing the same date from Guy Snyder, secretary of the company, relative to the transactions involving the Joy compressor, serial No. 44692. Copies of the Operator's letter of January 23, 1956, and the enclosures are attached hereto.

As will be noted from this latest submission the Operator now specifically claims that the option to purchase the compressor was not exercised, title never passed to the Operator, no equity was established by the Operator and, therefore, the Government had no equity in this item of equipment. This claim appears to be contrary to the findings upon which the audit settlement was based and, accordingly, if now concurred with, would require a revision of the Audit Report and Certificate dated July 13, 1955, and a reduction in the Operator's indebtedness to the Government by $2,880.76, that is, from $6,152.83 to $3,272.07.

R.G.4.

Your comments and recommendations on this matter are requested. However, since the audit findings with regard to the project equipment resulted from joint determinations by representatives of the Field Team and Thomas H. Brading, an auditor of the Contract Administration and Audit Division, it is suggested that Mr. Brading be consulted before submission of such comments and recommendations. A copy of this letter, together with the enclosures, is being sent to Mr. Brading.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (JHB)

APPROVED:

/s/ Robert W. Geehan (JHB)

Member, Bureau of Mines

Thor H. Kiilsgaard (JHB)

Member, Geological Survey

Enclosures

EDTalbert/wb
January 30, 1956

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

# UNITED MINERALS CORPORATION

FELT BUILDING

SALT LAKE CITY 1, UTAH

January 23, 1956

RECEIVED
JAN 24 1956

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

Re: Docket No. DMEA-81 (Lead-Zinc)
Homestake Mine
Blaine County, Idaho
Contract No. Idm-E18

Dear Mr. Mittendorf,

We have received your letter of January 12 relative to settlement of the subject docket number account.

On December 5, 1955 we forwarded to Mr. Weissenborn in Spokane, Washington, the attached covering letter and analysis prepared by the secretary of the company. These copies are attached for your information.

We will sincerely appreciate such consideration as you may give their contents.

Thanking you, we are,

Very truly yours,

UNITED MINERALS CORPORATION

George W. Snyder Jr.

George W. Snyder, Jr.,
President

GWSjr/pt
Enclosures

RECEIVED
JAN 24 1956

December 5, 1955

Mr. A. E. Weissenborn, Executive Officer
U. S. Geological Survey
1201 N. Division St.
Spokane 2, Washington

Re: Docket No. DMEA-81 (lead-zinc)
Homestake Mine
Blaine County, Idaho
Contract No. Idm-E18

Dear Mr. Weissenborn,

Since our earlier letter in regard to the Homestake account and final settlement, we have made very careful examination of all of the matters pertaining to the final audit. A large portion of this study has been made by Guy Snyder, Secretary of the company. He has submitted to the corporation, the attached letter which we feel very fairly sets out the questions involved. We most sincerely request that you study same and sincerely hope that your reappraisals will result in your reaching the same conclusions as we ourselves have.

Perhaps there is some point in the transactions that we do not understand, but our carefully considered opinion is that deviations from the contract and amendments would have to be made in order to justify what we believe to be an arbitrary decision in regard to the Compressor item.

Thanking you most sincerely for any reconsideration that you may give this matter, we are,

Very truly yours,

UNITED MINERALS CORPORATION

George W. Snyder, Jr.,
President

GWSjr/pt
Enclosure

RECEIVED
JAN 2 4 1956

December 5, 1955

RECEIVED
JAN 24 1956

Mr. George W. Snyder, Jr., President
518 Felt Building
Salt Lake City, Utah

Re: Docket No. DMEA-81 (lead-zinc)
Homestake Mine
Blaine County, Idaho
Contract No. Idm-E 18

Dear George:

At your request I will again endeavor to set down facts in connection with the above file and particularly in connection with transactions involving Homestake Compressor, Serial No. 44692.

1. A Conditional Sales Contract was entered into with Folger Equipment Company, Salt Lake City, Utah in June, 1951 and subsequently payments were made to them.

2. In December 1952 during the period in which the Government declined to join advances for equipment rental, it became necessary to refinance the Conditional Sales Contract. C. I. T. Corporation, San Francisco then took over the contract and some payments were made on this account.

3. Failure to keep up payments to C. I. T. Corporation in a satisfactory manner caused a forced liquidation of the account by C. I. T. in September, 1954.

4. At no time did title to the Compressor leave the hands of a finance company, nor was any equity ever established for United Minerals Corporation. Title never passes under a Conditional Sales Contract until payment has been made in full. If United Minerals never established any equity how could the Government.

I believe that a misunderstanding has been brought about in this case by your use of the phrase "purchase option was exercised" in your letter of 1, April, 1955 to Tom Howard. The same thought of an option being exercised is expressed in the letter of 8, April, 1955 from the Field Team of Messrs.

RECEIVED
JAN 24 1955

RECEIVED
JAN 24 1956

Weissenborn and Agnew. In my humble judgment no option was ever exercised or title to the equipment would have passed. This did not happen.

Kindly advise if I may be of further service.

Very truly yours,

Guy Snyder

Guy Snyder,
Secretary

GS:pt

RECEIVED
JAN 24 1956

Docket copy
Surname:
Fisher
Griswold
Rutin
Selfridge
Talbot
Fyfman

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

JAN 12 1956

**Registered Mail**
**Return Receipt Requested**

Mr. George W. Snyder, Jr., President
United Minerals Corporation
Felt Building
Salt Lake City 1, Utah

Re: Docket No. DMEA-81 (Lead-Zinc)
Homestake Mine
Blaine County, Idaho
Contract No. Idm-115

Dear Mr. Snyder:

The records of this Administration indicate that you owe the Government the sum of $6,152.83 under the referenced exploration project contract.

The matter of this indebtedness was the subject of letter dated September 8, 1955, addressed to you by the DMEA Field Team, Region I, Northwest District, Spokane 2, Washington. Your letter dated September 19, 1955, stated that the matter was being referred to your auditors for counsel and examination and reply. No such reply has been received although the Field Team directed your attention to the matter in letters dated October 10, 1955, and November 9, 1955.

It is not within the authority of this Administration to postpone indefinitely such action as may be necessary to collect amounts properly due the Government. Accordingly, I must advise you that, unless payment of the sum of $6,152.83 is received within thirty days from the date of this letter, it will be necessary to refer the matter to the Attorney General of the United States for collection action.

Sincerely yours,

C. O. Mittendorf

Administrator

CEFisher/wb
December 29, 1955

Copy to: Docket
Admr. Reading File
Reg. I NW Dist.
Administrator
Mr. Griswold
Mr. Chambers

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
So. 157 Howard Street
Spokane 4, Washington

RECEIVED
DEC 27 1955

December 19, 1955

Mr. George C. Selfridge, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA-81 (lead-zinc)
United Minerals Corporation
Homestake Mine
Blaine County, Idaho
Contract No. Idm-E18

Dear Mr. Selfridge:

We have received no reply to our November 9 letter to the Operator, who has had ample time to protest the audit findings as to the $6,152.83 due the Government.

Therefore, we suggest that further action on this matter be handled in Washington. Enclosed are copies of the pertinent correspondence.

By Field Team, Region I, NW District

A. E. Weissenborn

A. E. Weissenborn, Executive Officer
U. S. Geological Survey

Thomas E. Howard

Thomas E. Howard, Acting Member
U. S. Bureau of Mines

Enclosures
cc: USBM(2)
Kellum

COPY OF A COPY

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RECEIVED
DEC 27 1955

1201 N. Division St.
Spokane 2, Washington
November 9, 1955

Certified Mail (25922)
Return Receipt Requested

Mr. George W. Snyder, Jr., President
United Minerals Corporation
Felt Building
Salt Lake City 1, Utah

Re: Docket No. DMEA-81 (lead-zinc)
Homestake Mine
Blaine County, Idaho
Contract No. Idm-E18

Dear Mr. Snyder:

On September 8, 1955 we sent you a copy of a final audit report on Contract No. Idm-E18, and we requested reimbursement in the amount of $6,152.83, which was in accordance with the findings of the audit.

In answer to your letter of September 19, protesting the audit findings, our October 10 letter again reminded you that $6,152.83 is due the Government from United Minerals Corporation. We also said that we would be glad to receive a statement from your auditors concerning the audit findings. To date we have not had an answer to our letter.

If this matter is not satisfactorily resolved by December 9, 1955, we shall refer it to our Washington, D. C. office for appropriate action.

By Field Team, Region I, NW District

A. E. Weissenborn, Executive Officer
U. S. Geological Survey

Wing G. Agnew, Member
U. S. Bureau of Mines

cc: DMEA (3)
USGS (2)
USBM (AD)
Turner
Mavor

COPY OF A COPY

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DEC 28 1955

So. 157 Howard Street
Spokane 4, Washington

October 10, 1955

Mr. George W. Snyder, Jr., President
United Minerals Corporation
Felt Building
Salt Lake City 1, Utah

Re: Docket No. DMEA-81 (lead-zinc)
Homestake Mine
Blaine County, Idaho
Contract No. Idm-E18

Dear Mr. Snyder:

On September 8, 1955, we sent you a copy of a final audit report on your exploration contract. We stated that reimbursement in the amount of $6,152.83 was due the Government.

Subsequently, we received your letter of September 19, 1955, protesting the audit report. We will be glad to receive a statement from your auditors concerning the matter and wish to urge you to submit any comments as soon as possible. We must, however, remind you that according to our records $6,152.83 is due the Government from the United Minerals Corporation.

By Field Team, Region I, NW Dist.

A. E. Weissenborn, Exec. Officer
U. S. Geological Survey

Wing G. Agnew, Member
U. S. Bureau of Mines

cc: DMEA (3)
USBM (2)
USBM (AD)
Turner (2)

RECEIVED
DEC 27 1955

September 19, 1955

Mr. Wing G. Agnew, Acting Exec. Officer
U. S. Bureau of Mines
U.S. Department of the Interior
Defense Minerals Exploration Administration
1201 N. Division St.
Spokane 2, Washington

Re: Docket No. DMEA-81 (lead-zinc)
Homestake Mine
Blaine County, Idaho
Contract No. Idm-E18

Dear Mr. Agnew:

We have received via certified mail, your letter and audit certificate of September 8, 1955. This letter is to advise you of our protest of the findings of the auditor in settlement of the subject contract. Apparently the matter will assume legal proportion and is being referred to our auditors for counsel and examination and reply.

Thanking you, we are,

Very truly yours,

UNITED MINERALS CORPORATION

George W. Snyder, Jr.,
President

GWSjr/pt

CC: Verne C. Fryklund, Jr.,
Acting Member,
U. S. Geological Survey

U.S.G.S.
SPOKANE, WASH.

COPY OF A COPY

COPY OF A COPY

1201 N. Division St.
Spokane 2, Washington
September 8, 1955

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

United Minerals Corporation
518 Felt Building
Salt Lake City, Utah

Re: Docket No. DMEA-81 (lead-zinc)
Homestake Mine
Blaine County, Idaho
Contract No. Idm-E18

Gentlemen:

Enclosed is a copy of a final audit report by DMEA Auditor T. H. Brading, covering activities under the subject contract for the period June 22, 1951 to October 31, 1952, the termination date of the contract.

As you will see from the audit, a few small disallowances have been made by the auditor and the project has been given credit for various items of equipment and supplies which had been purchased under the contract and then returned to the vendor for credit. These items total $2,840.39. The project was also given credit for proceeds from the liquidation of jointly-owned property remaining in your possession at the close of the contract in the amount of $9,465.26, making a total deduction from costs as claimed of $12,305.65. The audit shows total accepted project costs of $37,806.31. The contract calls for a 50 percent participation in exploration expenses by the Government; therefore, payment of $18,903.15 to the Operator has been approved by the audit. Our records show that $25,055.98 has been paid to the Operator.

In accordance with the findings of this audit we request reimbursement in the amount of $6,152.83. Your remittance should be made payable to Defense Minerals Exploration Administration and mailed to A. E. Weissenborn, Executive Officer, DMEA Field Team, Region I, So. 157 Howard Street, Spokane 4, Washington.

By Field Team, Region I, NW District

Wing G. Agnew, Acting Exec. Officer
U. S. Bureau of Mines

Verne C. Fryklund, Jr., Acting Member
U. S. Geological Survey

Enclosure
cc: DMEA (2)
USGS (2)

May 20, 1955

Mr. A. E. Weissenborn
Executive Officer, DMA
Field Team, Region II
U. S. Department of the Interior
1201 North Division Street
Spokane 2, Washington

Re: Idm-E18

Dear Mr. Weissenborn,

As previously indicated to you I had requested that a complete study of the Homestake compressor matter be undertaken. I am forwarding herewith an original and two copies of an analysis prepared for this purpose. We sincerely hope that this will assist in early clarification of this matter.

The unfortunate death of Mr. Nat Davis has raised a further question or getting a bid on the remaining items of supplies on hand because Mr. Davis's organization are the only ones who had indicated any interest whatsoever in acquiring same. We will await your futher word in this matter.

Thanking you, we are,

Very truly yours,

UNITED MINERALS CORPORATION

George W. Snyder, Jr.,
President

GWSjr/pt
Enclosures

RECEIVED
JUL 27 1955

May 20, 1955

United Minerals Corporation
518 Felt Building
Salt Lake City 1, Utah

Re: Homestake Compressor
Joy WK-80, 315 CFM Diesel
Serial No. 44692

Gentlemen:

At the request of George W. Snyder, Jr. a study was made of the transactions involving Homestake Compressor, Serial No. 44692 in order to furnish DMEA information requested in their letter of 8 April, 1955. In this connection it was determined that this could not be accomplished without taking into account the Lucky Strike Compressor, Serial No. 44291, as both machines ended up on the same Conditional Sales Agreement with C. I. T. Corporation, San Francisco. The following facts have developed:

1. On 6 June, 1951, one Joy WK-80, 315 CFM Diesel Compressor, Serial No. 44692 was obtained under lease agreement from Foulger Equipment Company, Salt Lake City, Utah.

2. On 24 September, 1951, Exhibit "F" Amendment No. 1, the Government directed that this compressor be carried as a rental item instead of a purchase; further on 5 October, 1951, following is a quote from a wire signed by M. E. Volin:

> "Washington advised first alternative of carrying equipment of straight rental is preferred."

3. Between 15 June, 1951 and 10 December, 1952, United Minerals Corporation made 16 rental payments of $470.00 each to Foulger Equipment Company. At that point an equity of $6,016.00 (80% of the $7,520.00 then paid) was available to United Minerals Corporation had funds to complete this been at hand. There was a balance due at that time of $3,384.00.

4. On 10 December, 1952 a Conditional Sales Contract was entered into with C. I. T. Corporation, covering purchase of 2 Compressors, as the Lucky Strike Compressor, same model and size, Serical No. 44291 was included.

| | |
|---|---|
| Total Contract both Compressors | $21,160.45 |
| Cash allowance Homestake Serial No. 44692 | 6,016.00* |
| Cash allowance Lucky Strike Serial No. 44291 | 799.00 |
| Total Cash Allowance | $ 6,815.00 |
| Balance then due | $14,345.45 |

5. During 1953, payments in the amount of $2,350.37 were made to C.I.T. Corporation and apparently all of these were applied on the Lucky Strike Compressor account.

6. Between 27 January, 1953 and 27 May, 1954 seventeen monthly rental payments of $300.00 each were received from Consolidated Uranium Company for the use of Homestake Compressor. This was during a shut-down period after the Government had declined to join further advances for equipment rental. The compressor was removed from the Homestake property at the suggestion of the government.

7. On 12 January, 1954 Arnold Machinery Company paid C.I.T. Corporation $5,655.00 for the Lucky Strike Compressor. A rebate of $343.57 was allowed for prepayment. Considering a cost of $9,400.00, a loss of $208.49 is indicated on this compressor. After applying $5,655.00 from Arnold Machinery Company, the C.I.T. Corporation balance stood at $5,996.51 secured by Homestake Compressor.

8. During 1954, United Minerals Corporation paid C.I.T. Corporation $1,500.00 on the Homestake Compressor. On 27 September, 1954, Foulger Equipment Company paid C.I.T. Corporation $3,906.44 to close out the account in full on the Homestake compressor. An allowance of $590.07 was made for prepayment.

9. Both Compressor sales were made by C.I.T. Corporation to enforce liquidation.

It is my hope that the foregoing will serve to clarify this situation.

My conclusion is that all United Minerals Corporation received for monies paid on this compressor was for the use of the compressor - hence, rental.

Respectfully submitted,

Guy Snyder,
Felt Building
Salt Lake City, Utah

GS:pt

* This is the exact amount of credit received on the conditional sales agreement on the above compressor referred to in DMEA letter of 8 April, 1955.

RECEIVED
DEC 07 1955

COPY OF A COPY

COPY OF A COPY

May 4, 1955

Defense Minerals Exploration Administration
U. S. Department of Interior
1201 North Division St.
Spokane 2, Washington

Re: Docket No. DMEA 81
(lead - zinc) Homestake
Mine, Blaine Co., Idaho
Contract No. Idm-E18

Attention: Mr. A. E. Weinssenborn,
Executive Officer, U.S.B.S.

Gentlemen:

Please pardon our delay in responding to your favor of 8 April, 1955. The writer has been away from his desk and it develops that additional information from C.I.T. Corporation, San Francisco is required before an accounting can be completed. The latter has been requested from C.I.T. but is not yet at hand.

We hope to be able to complete this accounting within the next few days.

Thanking you, we are,

Very truly yours,

UNITED MINERALS CORPORATION

George W. Snyder, Jr.,
President

GWSjr/pt

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RECEIVED
DEC 27 1955

1201 N. Division St.
Spokane 2, Washington
April 8, 1955

REGISTERED MAIL

Mr. George W. Snyder, Jr., President
United Minerals Corporation
Felt Building
Salt Lake City 1, Utah

Re: Docket No. DMEA 81 (lead-zinc)
Homestake Mine
Blaine County, Idaho
Contract No. Idm-E18

Dear Mr. Snyder:

This will acknowledge your letter of April 1, 1955, concerning the disposal of one W.K. Model 315 Joy Compressor, Serial No. 44692, with Caterpillar Diesel Engine, Model D-318 S.H., 5 V., 9768.

The Field Team cannot agree with your interpretation that because the compressor was carried as a rental cost the Government did not obtain an equity when you exercised the purchase option. In this case the amount of the Government's equity is proportional to its contribution regardless of how the cost was carried.

When you visited Mr. Weissenborn's office on March 8, 1955, Mr. Howard contacted you by telephone and gave you specific instructions on what information was required, and we repeat "the exact amount of credit received on the conditional sales agreement on the above compressor." If you will also furnish us the amount paid on the compressor after your option was exercised, we will be able to compute the Government's equity. You are requested to furnish this information not later than April 22, 1955.

By Field Team, Region I, NW District

A. E. Weissenborn, Executive Officer
U. S. Geological Survey

Wing G. Agnew, Member
U. S. Bureau of Mines

cc: Auditor Brading
DMEA (2)
USGS (2)
USBM (AD)

COPY OF A COPY

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RECEIVED
DEC 28 1955

April 1, 1955

Mr. Tom Howard
U. S. Department of the Interior
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMEA 81
Homestake Mine, Blaine Co., Ida.
Contract No. Idm-E-18

Dear Mr. Howard,

Attached please find itemization of all payments on the subject compressor units. Apparently the matter is interpretative. When our first reports were filed under the subject contract, positive indication was given us that it was desirable to carry the matter as a rental cost. Our feeling, therefore, would be that there was no equity at the time purchase option was exercised which was substantiated by the fact that the account barely liquidated itself.

Secondly, your office declined to go along with rental payments during shut-down periods and suggested that we put the unit out on rental to others.

I sincerely hope that we can reach some understanding on the matter and trust that the figures submitted will be of assistance in final appraisals.

Mr. Nat Davis has advised that he will make an appraisal of the remaining facilities as soon as surface and water conditions permit.

Thanking you, we are,

Very truly yours,

UNITED MINERALS CORPORATION

/s/ GEORGE W. SNYDER, JR.

George W. Snyder, Jr.
President

GWSjr/pt
CC: Mr. A. E. Weissenborn
Enc.

CHECKS PAID TO:
FOULGER EQUIPMENT CO.

| Date | Amount |
|---|---|
| 1/30/52 | $ 940.00 |
| 2/11/52 | 470.00 |
| 3/10/52 | 470.00 |
| 4/8/52 | 470.00 |
| 5/15/52 | 470.00 |
| 6/23/52 | 470.00 |
| 7/9/52 | 470.00 |
| 10/13/52 | 940.00 |
| 12/12/52 | 470.00 |

CHECK PAID TO:
C.I.T.

| Date | Amount |
|---|---|
| 1/28/53 | $ 497.98 |
| 2/24/53 | 100.00 |
| 3/26/53 | 100.00 |
| 4/7/53 | 100.00 |
| 6/2/53 | 497.98 |
| 6/30/53 | 497.98 |
| 10/3/53 | 300.00 |
| 12/2/53 | 300.00 |
| 1/5/54 | 300.00 |
| 1/29/54 | 300.00 |
| 2/24/54 | 300.00 |
| 3/23/54 | 300.00 |
| 5/18/54 | 300.00 |
| 5/28/54 | 300.00 |

RECEIVED DEC 27 1955

RECEIVED
DEC 27 1955

March 2, 1955

Mr. Thomas E. Howard
Chief, DMEA Section
Bureau of Mines, Region II
1201 North Division Street
Spokane 2, Washington

Re: DMEa-81 Homestake Mine,
Blaine County, Itaho
Contract Idm-E18

Dear Mr. Howard,

Your most recent communication received and its contents noted. Lack of clerical help and a series of extremely important personal matters made it impossible to meet the promised date of your audit questions. The writer sincerely hopes that the attached information will be of assistance in winding this matter up.

First, please be advised that our efforts to obtain bids on the few remaining items of equipment from the Triumph Mining Company and the Silver Star Queen Mining Company, the only logical outlets, were without avail. In spite of repeated telephone calls no offers were forthcoming.

Enclosed you will find the following information:

1. The terminal engineering and geological report.
2. A copy of a letter from C. I. T. Corporation regarding the compressor situation. As you have previously been advised, the two compressors were on one account and the reference letter is intended only to convey the information to you that no recovery, whatsoever, was made on the part of United Minerals Corporation or any individuals. The reverse in fact will appear. Some of the payments were made by personal advances on the part of George W. Snyder, Sr., and George W. Snyder, Jr.
3. All of the equipment obtained on the rental contract from Eimco Corporation was returned and the contract cancelled. No options whatsoever, were exercised.
4. We offered for sale locally, the following items of equipment still on hand. Rail, pipe, buildings as is and dismantled, skip, Coleman water heater, Ingersoll Rand tugger hoist, anvil, vice, press tank, receiver, timber on hand, space heater, Ingersoll Rand jack hammer, Ingersoll Rand stoper, Copco drill, pneumatic saw and sheave block. We have not received any offer on this equipment in spite of two trips to Hailey and numerous telephone calls.

5. The powder on hand was returned for credit, which credit has never been issued pending settlement of our account with the Hailey Trading Company. We must assume that the credit is an obligation of this company under the contract.

6. We believe that the disposition of charges for slusher bucket, timber trucks and the mule were properly allocated during your audit.

The writer will be in Spokane about Tuesday, the 8th of March and will visit with you relative to this matter. We trust that the information included will assist in finally settling this account.

Thanking you, we are,

Very truly yours,

UNITED MINERALS CORPORATION

George W. Snyder Jr.

George W. Snyder, Jr.,
President

GWSjr/pt
Enclosures

COPY

RECEIVED
DEC 27 1955

C. I. T. CORPORATION
INDUSTRIAL FINANCING
660 Market Street San Francisco 4, Cal.

December 3, 1954

United Minerals Corp.
518 Felt Building
Salt Lake City, Utah

Attn: George Snyder, Jr.

Re: 25-06221

Gentlemen:

We understand from Mr. Foulger that you wish some information about the two compressors, serial # [illegible] & #44291 which were covered by the above numbered contract. For your information this account had an original balance including services charges of $14,345.45.

We are attaching hereto a statement of the account showing how funds were received during the life of the contract and on what dates these payments were received.

We show that on January 12 of 1954 we received $5655.00 as the proceeds from the sale of one of the units and September 27th we received $3906.44 covering the proceeds of the sale of the other unit. However, as to the origin of all of the other funds shown on the attached statement, we do not keep any record of where these payments originated and we would have no way of knowing as to how many of them represent payments from the various lessees or how many of them represented payments eminating directly from your office.

However, we hope that this information will be of some value to you and will prove to be sufficient for your purposes.

Very truly yours,

C. I. T. CORPORATION

By S/S J. A. Eldridge

J.A. Eldridge/b

COPY

UNITED MINERALS CORP.
518 Felt Building
Salt Lake City, Utah

Account #1[redacted]1040-112-06221

Date of Contract - 12-10-52

Amount Unpaid - $14,345.45

| Due Date | Date Paid | | Amount of Installment | Amount Paid |
|---|---|---|---|---|
| | | | $497.98 | $497.98 |
| 1-25-53 | 1-29-53 | | 100.00 | 100.00 |
| 2-25 | 2-26 | | 100.00 | 100.00 |
| 3-25 | 3-30 | | 100.00 | 100.00 |
| 4-25 | 4-20 | | 497.98 | 497.98 |
| 5-25 | 6-8 | | 497.98 | 498.98 |
| 6-25 | 8-4 | | 497.98 | 300.00 |
| 7-25 | 10-13 | | | 197.98 |
| | 12-3 | $300.00 Check | 497.98 | 102.02 |
| 8-25 | 12-3 | | | 300.00 |
| | 1-6-54 | | | 95.96 |
| | 1-12-54 | | 497.98 | 497.98 |
| 9-25 | 1-12 | $5655.00 Ch. | 497.98 | 497.98 |
| 10-25 | 1-12 | | 497.98 | 497.98 |
| 11-25 | 1-12 | | 497.98 | 497.98 |
| 12-25 | 1-12 | | 497.98 | 497.98 |
| 1-25-54 | 1-12 | | 100.00 | 100.00 |
| 2-25 | 1-12 | | 100.00 | 100.00 |
| 3-25 | 1012 | | 100.00 | 100.00 |
| 4-25 | 1-12 | | 497.98 | 497.98 |
| 5-25 | 1-12 | | 497.98 | 497.98 |
| 6-25 | 1-12 | | 497.98 | 497.98 |
| 7-25 | 1-12 | | 497.98 | 497.98 |
| 8-25 | 1-12 | | 497.98 | 497.98 |
| 9-25 | 1-12 | | 497.98 | 279.24 |
| 10-25 | 1-12 | | | |

Acct. Rewritten
1-5-54

| | | | | |
|---|---|---|---|---|
| 2-25-54 | 2-2-54 | | 300.00 | 300.00 |
| 3-25 | 3-2 | | 300.00 | 300.00 |
| 4-25 | 4-2 | | 300.00 | 300.00 |
| 5-25 | 5-19 | | 300.00 | 300.00 |
| 6-25 | 6-1 | | 300.00 | 300.00 |
| 7-25 | 9-27-54 | $3906.44 Ch. | 300.00 | 300.00 |
| 8-25 | " | | 300.00 | 300.00 |
| 9-25 | " | | 300.00 | 300.00 |

COPY

United Minerals Corporation
Page 2

Account #17-1040-112-06221

| Due Date | Date Paid | Amount of Installment | Amount Paid |
|---|---|---|---|
| 10-25-54 | 9-27-54 | $300.00 | $300.00 |
| 11-25 | " | 300.00 | 300.00 |
| 12-25 | " | 300.00 | 300.00 |
| 1-25-55 | " | 300.00 | 300.00 |
| 2-25 | " | 300.00 | 300.00 |
| 3-25 | " | 300.00 | 300.00 |
| 4-25 | " | 300.00 | 300.00 |
| 5-25 | " | 300.00 | 300.00 |
| 6-25 | " | 300.00 | 300.00 |
| 7-25 | " | 300.00 | 300.00 |
| 8-25 | " | 300.00 | 6.44 |
| 9-25 | " | 300.00 | |

FINAL BALANCE OF $590.07 CLOSED OUT BY INTEREST REBATE.

RECEIVED
DEC 27 1955

March 1, 1955

Mr. A. E. Weissenborn, Executive Officer
U. S. Geological Survey
DMEA Field Team, Region II
South 157 Howard Street
Spokane 4, Washington

Refer to: Contract Idm-E18
FINAL REPORT

Dear Mr. Weissenborn:

Pursuant to your request and in compliance with item 13 of Contract No. Idm-E18, herewith submitted is a final report on this exploration project. Brevity will be attempted herein because the monthly Progress Reports (covering periods June 22, 1951, to October 31, 1952) set forth in some detail all notable engineering and geological observations as the work was performed. It is believed that reiteration thereof would serve no useful purpose.

In the Homestake Mine, the No. 6 Level (main haulage) was advanced northerly along the vein 63.5 feet into new territory; a new 6' x 12' winze (No. 602) was sunk on the vein 89 feet below the track level; and sub-level drifting and cross-cutting was done from this winze totaling 80.5 feet. Side-swiping near the face of the No. 6 Level for double track switching amounted to approximately 1,636 cubic feet of rock being removed in addition to the above mentioned drift advance. Winze station, skip pocket raize and hoist room excavation amounted to approximately 4,600 cubic feet of ground being taken out at the head of the 602 Winze.

A considerable amount of initial rehabilitation of the main haulage tunnel was necessary with much waste removal and retimbering being necessary. This work was continued all during the other operation and, altho kept to the minimum amount possible, greatly exceeded original estimates in time and expense. Much of the increase resulted from maintenance and repair of track and alignment thereof in connection with heavier equipment being used for haulage with greater load demands, larger clearance and flatter curve requirements. In this field, the selection of a compressed air trammer for locomotion proved unsatisfactory for this particular operation.

Surface construction included new erection of a shed-type building, 54' x 16', combining compressor, warehouse and change room. Repairs

were made to existing portal shed and blacksmith shop, miners' cabins, powder magazine and ore bins near the No. 6 Tunnel level of the Homestake mine. Another cabin on the property and a large ore bin at the Triumph siding of the Union Pacific Railroad were razed for material salvage. The water supply system to the mine was improved by repair and rearrangement; the access roads were maintained and improved somewhat by rerouting portions thereof and drainage work.

The amount of underground exploration work accomplished in relation to monies expended was disappointingly low and below anticipations. This appeared to be mostly caused by the high cost of labor even tho the men available were of minimum quality and experience. Then, too, the preliminary work involved before face advance could be made, exceeded original estimates and were not properly taken into account in the proposals. Some delay was encountered in securing equipment and, in some cases, "false economy" resulted from adapting and repairing used equipment. However, for the most part, the results of work performed was good and was set up well for permanency and continuing operations.

No mineable ore bodies were encountered in the exploration and thus no ore reserves can be made. Some occurrences of high grade zinc ores were noted in the monthly reports and the property is still believed attractive from a geological viewpoint for further exploration. Results of the work would seem to indicate no future departure from the general plans as set forth in the original proposals. The possible exception to this might be a proposal to extend said 602 Winze to greater depths so as to penetrate the assumed level of oxidation. Against this would be the consideration of much greater costs of sinking as compared to drift work. The Operator is of the opinion that drifting along the vein on the No. 6 Tunnel level would be more attractive for this reason.

We hope this final report, altho somewhat general, is sufficient for your requirements in connection with final settlement and in compliances with Paragraph (b), Item 6, Amendment 6, and Item 13 of our Exploration Project Contract.

RECEIVED
MAR 3 1958
U.S.G.S.
SPOKANE, WASH.

Respectfully submitted,

UNITED MINERALS CORPORATION

George W. Snyder, Jr.

George W. Snyder, Jr., President

GWSjr/pt

COPY OF A COPY COPY OF A COPY

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
1201 N. Division St.
Spokane 2, Washington
February 24, 1955

REGISTERED MAIL
RETURN RECEIPT REQUESTED

Mr. George W. Snyder, Jr., President
United Minerals Corporation
Felt Building
Salt Lake City 1, Utah

Re: Docket No. DMEA 81 (lead-zinc)
Homestake Mine
Blaine County, Idaho
Contract No. Idm-E18

Dear Mr. Snyder:

Your attention is called to your letter of November 18, 1954 to Mr. Tom Howard of this office, wherein you promise "the preliminary analysis on the subject contract settlement in about another week." We strongly urge that you give this matter your immediate attention.

When Mr. Howard and Mr. Brading visited your office during the latter part of September 1954 to audit your accounts, you informed them that you would furnish within a short time a complete certified statement describing the transaction involving the W. K. Model 315 Joy Compressor, Serial No. 44692, with Caterpillar Diesel Engine, Model D 318 S.H., 5 v., 9768, mounted on 4 pneumatic 700x20 tires. You are requested to furnish such a statement, together with certified true copies of all agreements concerning the rental, conditional sale and final disposition of the compressor, not later than March 15, 1955. Unless we receive this information by that date we shall recommend that the matter be referred to the Attorney General for action.

By Field Team, Region I, NW District

A. E. Weissenborn, Executive Officer
U. S. Geological Survey

Thomas E. Howard
for: Wing G. Agnew, Member
U. S. Bureau of Mines

cc: DMEA, Wash. (2)
T. H. Brading, DMEA Auditor, Denver
USGS (2)
Certifing Officer

COPY COPY

UNITED MINERALS CORPORATION
FELT BUILDING
SALT LAKE CITY 1, UTAH

November 23, 1954

Mr. Tom Howard
U. S. Dept. of the Interior
So. 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMEA 81
Homestake Mine, Blaine Co., Ida.
Contract No. Idm-E18

Dear Mr. Howard:

The writer was finally successful in meeting with Mr. Nat Davis of the Silver Star Queen mining organization in Hailey, Idaho.

I met with Mr. Davis in Boise on the 21st and asked him to arrange an immediate appraisal of the assets remaining on the subject property. He indicated that he would do so and also that he would haul most of the items into town in order to get them out before the snow flies.

Additionally I have contacted C.I.T. Corporation who financed the compressor unit when the purchase option had to be exercised.

Mr. Glen Foulger, their local representative, is thoroughly familiar with the rental transactions and the subsequent purchase and is preparing a resumé of interest charges, option conditions and a general summary of the negotiations. It is our belief that this "arms-length" resumé will be helpful in clarifying this account.

This document will be forwarded with our other analyses as soon as possible. Thanking you, we are,

Very truly yours,

UNITED MINERALS CORPORATION

/s/ GEORGE W. SNYDER, JR.

George W. Snyder, Jr.,
President

GWSjr/pt

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COPY OF A COPY

RECEIVED DEC 27 1955

So. 157 Howard Street
Spokane 4, Washington

November 5, 1954

Mr. George W. Snyder, Jr., President
United Minerals Corporation
Felt Building
Salt Lake City 1, Utah

Re: Docket No. DMEA-81 (lead-zinc)
Homestake Mine
Blaine County, Idaho
Contract No. Idm-E18

Dear Mr. Snyder:

This is to remind you that one of the things called for under the final settlement, as mentioned in our letter of July 20, 1954, is a final report (see paragraph (b), item 4, Amendment 6) which is described under item 13 of the original contract as "a comprehensive geologic and engineering report, including an estimate of ore reserves, to the best of his ability." As the contract has been terminated this report should be submitted to this office (four copies called for in the contract) as soon as possible.

By Field Team, Region II

A. E. Weissenborn, Executive Officer
U. S. Geological Survey

Wing G. Agnew, Member
U. S. Bureau of Mines

cc: DMEA (2)
USBM (2)
USBM (AD)
Nickelson

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UNITED MINERALS CORPORATION
FELT BUILDING
SALT LAKE CITY 1, UTAH

November 3, 1954

Mr. Thomas E. Howard
Chief, DMEA Section
Bureau of Mines, Region II
1201 North Division Street
Spokane 2, Washington

RE: DMEA-81, Homestake Mine, Blaine County, Idaho Contract Idm-E18

Dear Mr. Howard:

Pursuant to our conversations we are now preparing for you a detailed breakdown on the subject contract charges. It will not be possible to complete this analysis before November 20th due to other very pressing business commitments.

The study is well underway however, and we have conducted our own physical inventory and examination which generally conforms to the conditions which you recited.

Thanking you and with kindest personal regards, we are,

Very truly yours,

UNITED MINERALS CORP.

/s/ GEORGE W. SNYDER, JR.
George W. Snyder, Jr.
President

GWSjr/lc

1 cy to Wash. 11/15/54
1 " " Brading "

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RECEIVED DEC 27 1955

So. 157 Howard Street
Spokane 4, Washington

October 14, 1954

Mr. George W. Snyder, Jr., President
United Minerals Corporation
Felt Building
Salt Lake City 1, Utah

Re: Docket No. DMEA 81 (zinc-lead)
United Minerals Reserve Corp.
Blaine County, Idaho
Contract No. Idm-E18

Dear Mr. Snyder:

This will acknowledge your letter of September 27, 1954, in which you state that with the increase in lead and zinc prices it may be possible for you to resume exploration on the Homestake property and request that Contract Idm-E18 be extended until next spring. We regret that it will not be possible to do this because, under the terms of Amendment 6, the contract became terminated when work specified in the contract was not resumed on May 1, 1954, or as soon thereafter as snow conditions permitted. In this connection please refer to our letter of July 20, 1954.

You should arrange, therefore, to dispose of jointly owned equipment and supplies as soon as possible, so that the final settlement of the contract can be made. We understand from Mr. Howard that you have stated that you would begin this at once and that he has discussed with you the procedure to be followed in disposing of the jointly owned equipment.

We feel that, in any event, it will be to our mutual advantage to terminate the present contract, and close the books on the account. Once this has been done there would be nothing to prevent you from making an application for a new contract at some future time whenever you found yourself in a position to resume exploration.

By Field Team, Region II

A. E. Weissenborn, Exec. Officer
U. S. Geological Survey

Wing G. Agnew, Member
U. S. Bureau of Mines

cc: DMEA(2) w/cy incoming
USBM (2) " "
USBM(AD) " "
Nickelson" "

COPY COPY

RECEIVED DEC 27 1955

UNITED MINERALS CORPORATION
FELT BUILDING
SALT LAKE CITY 1, UTAH

September 27, 1954

John S. Vhay
United States
Department of the Interior
So. 157 Howard Street
Spokane 4, Washington

Dear Mr. Vhay,

We have delayed answering your letter of September 13th, pending an opportunity to get all of the directors of the company in for a conference. While we recognize the problems created by constant extensions of the subject contract we now believe that new finances for our project will develope this fall. This of course has been made possible through recent increases for lead and zinc. We would therefore like to request a further extension of the subject contract until a date when operations could commence in the spring. We will be pleased to abide by any decision that you may make.

Thank you most sincerely for your many previous courtesies, we are,

Very Truly Yours,

UNITED MINERALS CORP.

/s/ GEORGE W. SNYDER, JR.

George W. Snyder, Jr.
Pres.

COPY OF A COPY

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So. 157 Howard Street
Spokane 4, Washington

RECEIVED DEC 27 1956

September 13, 1954

Mr. George W. Snyder, Jr., President
United Minerals Reserve Corporation
518 Felt Building
Salt Lake City 1, Utah

Re: Docket No. DMA-81 (lead-zinc)
Homestake Mine
Blaine County, Idaho
Contract No. Idm-E18

Dear Mr. Snyder:

Reference is made to our letter of July 20, 1954, in which we discussed resumption or termination of project work.

In your answer of August 3, 1954, you stated you were taking the matter under advisement and would communicate with us in the near future. It is hoped a decision has been reached and that you can inform us immediately what course you will pursue.

Sincerely yours,

John S. Vhay
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

cc: DMEA (2)
USBM (2)

COPY COPY

RECEIVED DEC 6 1955

UNITED MINERALS CORRORATION
FELT BUILDING
SALT LAKE CITY 1, UTAH

August 3, 1954

United States Department of the Interior
Defense Minerals Exploration Administration
South 157 Howard St.
Spokane 4, Washington

Attention: Mr. A. E. Weissenborn,
Executive Officer, U. S. Geological Survey

Re: Docket No. DMEA 81
Contract Idm- E18

Dear Mr. Weissenborn,

Your letter of July 20 relative to the subject contract received. We are taking the matter under advisement and will communicate with you in the near future.

Thanking you, we are,

Very truly yours,

UNITED MINERALS CORPORATION

/s/ GEORGE W. SNYDER, JR.

George W. Snyder, Jr.,
President

GWSjr/pt

COPY OF A COPY

COPY OF A COPY

So. 157 Howard Street
Spokane 4, Washington

July 20, 1954

Mr. Geo. W. Snyder, Jr., President
United Minerals Reserve Corporation
Felt Building
Salt Lake City 1, Utah

Re: Docket No. DMEA 81 (lead-zinc)
Homestake Mine
Blaine County, Idaho
Contract No. Idm-E18

Dear Mr. Snyder:

Amendment No. 6 to your contract specifies that project work was to be recessed during the period November 1, 1952, to May 1, 1954, and a subsequent letter from Mr. C. O. Mittendorf, Administrator, expressed a willingness to grant an additional amendment for 30 or 60 days in order that the work might be started without undue hardship. The Field Team would appreciate being advised of your current plans regarding the project. Field representatives report that there is no activity.

Unless project work resumption is in progress it would appear that the winding up and settlement actions listed under paragraph (b) of Item 4 of Amendment No. 6 should now be initiated. A reasonable disposal of facilities, buildings, fixtures, equipment, and other items, to the cost of which the Government has contributed, can be executed by your submission of a bid for the Government's equity in such items along with supporting evidence that yours is the highest bid submitted.

Approved totals on your October 1952 MF-104, wherein a Government equity in salvage might be considered, are in categories as follows:

| | |
|---|---|
| (3) Operating Materials and Supplies | |
| Timber | $2,640.53 |
| Explosives | 1,366.54 |
| Pipe | 252.61 |
| Track | 46.00 |
| Other supplies | 3,184.92 |

| | | |
|---|---|---|
| (4) | Operating Equipment | |
| | Rental (any rental purchase item) | $11,142.87 |
| | Purchase | 4,513.60 |
| (6) | New Buildings, Improvements, etc. | 1,275.28 |

The above costs are given to suggest sources of possible salvage if the project is to be terminated at this time rather than an indication of value.

The Field Team hopes to hear that you are resuming project work.

By Field Team, Region II

A. E. Weissenborn, Exec. Officer
U. S. Geological Survey

Wing G. Agnew Member
U. S. Bureau of Mines

cc: DMEA (2)
USBM (2)

File Copy
Surname

Griswold
Chambers
McHendry

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

500

Mr. S. Ricker, Executive Officer
DMEA Field Team, Region II
1605 Evans Avenue
Reno, Nevada

DEC - 7 1955

Re: Docket No. DMEA-1949 (Lead-Zinc)
G. W. Snyder & G. W. Snyder, Jr.
Lucky Strike Mine
Lander County, Nevada
Contract No. Idm-K322

Re: Docket No. DMEA-81 (Lead-Zinc)
United Minerals Corporation
Homestake Mine
Blaine County, Idaho
Contract No. Idm-K18

Dear Mr. Ricker:

This is with reference to Docket No. DMEA-1949, Contract No. Idm-K322 upon which there is a credit to the Operator of $747.00

Within a short time we expect that Mr. Weissenborn will be referring to us the question of a delinquent account of this Operator in the amount of $6,152.83 due in Docket No. DMEA-81, Contract No. Idm-K18. Therefore, will you please hold the $747.00 for the time being, until further advice from us.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (JB)
WRGriswold/er 12/6/55

APPROVED:

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

Thor H. Kiilsgaard (JB)
Member, Geological Survey

Copy to: Docket(2)
Admr R File
Op. Committee
Base Metals (2)
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Region I, NW Dist. (4)
Chron.

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

DEC - 1 1955

Memorandum

To: Administrator, BMEA

From: Associate Solicitor, Division of Mineral Resources

Subject: George W. Snyder and George W. Snyder, Jr., BMEA-1949
United Minerals Corporation, BMEA-1948
United Minerals Corporation, BMEA-31

In a memorandum received here November 22 you requested our opinion as to whether any balances due George W. Snyder and George W. Snyder, Jr., as individuals under their contract identified above, could be set off by the Government against the indebtedness by United Minerals Corporation, a Nevada corporation (the Corporation), under the corporation's two contracts identified above.

It appears that Docket No. BMEA-1949 originally was assigned to an application by the Corporation, but the contract was executed with the Snyders instead, because the interests in the project land appeared to be held by them (see Chief Counsel's letter dated March 26, 1952, to the Corporation). From an examination of the application submitted in connection with Docket No. BMEA-1948 by the Corporation, it does not appear that the Snyders were, at the time of the application, the sole stockholders of the Corporation, but rather were, at that time, officers, directors, and two of the five largest stockholders. We have no information that these circumstances have changed.

Whenever a person having a claim against the Government is also indebted to the Government, it is required that the Government's claim be set off against the indebtedness. See 28 Comp. Gen. 543,546 (1949). In the application of this rule, it is contemplated that the same person be both the debtor and the creditor. 14 Op. Atty. Gen. 412 (1874).

A corporation is an entity distinct from the shareholders or officers thereof, with exceptions that are not applicable here. In this regard, from the facts before us, it appears that the individuals who constitute the operator under Docket No. BMEA-1949, although also officers and directors and nonexclusive stockholders in the Corporation, are a separate legal person from said corporation.

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

Accordingly, the question asked in your memorandum must be answered in the negative. (Compare memorandum from this office to the Administrator dated July 18, 1955, re the question of computation of royalties in connection with M.I.A. Mines, Docket No. DMEA-2688.

As a practical matter, however, there would not be any objection to attempting to have the Snyders voluntarily authorize the desired set off.

Robert P. Dwyer

HCRubin/wog
12/1/55
Copies to: DMEA Docket (3)
Solicitor's Docket
HRGriswold (2)
GCSelfridge
RPDwyer
HCRubin
Chron.

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

NOV 18 1955

Memorandum

To: Mr. Robert P. Dugan, Associate Solicitor,
Division of Mineral Resources

From: Administrator

Subject: Docket No. DMEA-1949 (Lead-Mine), G. W. Snyder & G. W. Snyder, Jr., Lucky Strike Mine, Lander County, Nevada, Contract Ida-#322;

Docket No. DMEA-1948 (Lead-Mine), United Minerals Corporation Rip Van Winkle Mine, Elko County, Nevada, Contract Ida-#320; and

Docket No. DMEA-[illegible] (Lead-Mine), United Minerals Reserve Corp., Hunterhole Mine, Blaine County, Idaho, Contract Ida-[illegible]

There is a small balance due the Operator, Snyder & Snyder, under project DMEA-1949, Ida-#322. There are delinquent royalties due the United States on the other two projects, namely, United Minerals Corporation, DMEA-1948, Ida-#320, and United Minerals Reserve Corporation, DMEA-[illegible], Ida-[illegible]. The first two projects are in Region II and the third project is in Region III.

I am sending you the DMEA docket files on these three projects with the request that you give us your opinion on whether or not any balances due the Operator on the first project, that is, DMEA-1949, Ida-#322, can be applied to the delinquencies or the amounts due the United States Government from the other two projects.

You will note that under project DMEA-1949, Ida-#322, the first applicant was the United Minerals Reserve Corporation which is the Operator of the other two projects. (Same officers and stock holders as United Minerals Corporation.) This Corporation is also the guarantor of royalties on the first project. It appears that the application of the United Minerals Reserve Corporation for project DMEA-1949, Ida-#322 was eventually changed to Snyder & Snyder.

Frank E. Johnson

ACTING Administrator

JIChambers/vb
November 18, 1955

Copy to: Docket (3)
Admr. Reading File
Mr. Grisewald
Mr. Chambers

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

1201 N. Division St.
Spokane 2, Washington
November 9, 1955

AIR MAIL

Mr. George C. Selfridge, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA-81 (lead-zinc)
United Minerals Corporation
Homestake Mine
Blaine County, Idaho
Contract No. Idm-E18

Dear Mr. Selfridge:

Enclosed are copies of a letter dated November 3 from Mr. George Mavor, DMEA Auditor, informing us that money owing the Operator under Docket No. DMEA-1949, Contract No. Idm-E222, and Docket No. DMA-1948, Contract No. Idm-E302 in Region II could be used to reduce the Operator's indebtedness to the Government in Region I. Mr. Mavor estimates that settlement due the Operator in Region II amounts to $1,195.21, whereas the Operator owes the Government $6,152.83 in Region I.

We recommend that the amount owed the Operator in Region II be used to reduce the amount owed by him in Region I.

By Field Team, Region I, NW District

A. E. Weissenborn

A. E. Weissenborn, Executive Officer
U. S. Geological Survey

Wing G. Agnew

Wing G. Agnew, Member
U. S. Bureau of Mines

cc: USGS (2)
USBM (AD)
Turner
Mavor

RECEIVED
NOV 14 1955

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
420 CUSTOM HOUSE
555 BATTERY STREET
SAN FRANCISCO 11, CALIF.

USBM
DMEA

November 3, 1955

Mr. A. E. Weissenborn, Executive Officer
Defense Minerals Exploration Administration
South 157 Howard Street
Spokane 4, Washington

RE: Idm. E18- DMEA-S1
United Minerals Corp.
Homestake Mine
Blaine County, Idaho

Dear Mr. Weissenborn:

I am in receipt of teletype message dated November 2, 1955, from Mr. Jay L. Chambers, wherein he advises me to contact you in connection with final settlement of subject operator's contract, with the thought in mind that funds still due the operator in Region II, could be applied against any sums due the Government by the operator in Region I, Northwest District.

The status of two contracts showing the amounts due the operator in Region II, are as follows:

| | Due Operator |
|---|---|
| Geo. W. Snyder & Geo. W. Snyder, Jr.<br>Luckey Strike Mine, Lander County, Nevada<br>Contract No. Idm. E322, Docket No. DMEA-1949<br>(Lead-Zinc)<br>Contract terminated May 4, 1955<br>Amount Due Operator | $1,229.39 |
| United Minerals Corporation<br>Rip Van Winkle Mine, Elko County, Nevada<br>Contract No. Idm. E302, Docket No. DMA-1948<br>(Lead-Zinc)<br>Contract terminated June 3, 1955<br>Amount Due Operator | 448.21 |
| Due Operator-Before Salvage | $1,677.60 |

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NOV 7 1955
U.S.B.M.
SPOKANE, WASH.

Mr. S. Ricker, Executive Officer, Region II, is presently trying to obtain salvage bids on both contracts, and the operator has been advised that if no bids are received within a reasonable time, the Government will make a final determination of salvage value in order to close the contracts. It now looks as if Government action will have to be taken and based upon available figures there is an estimated settlement due operator amounting to $1,195.21 which could be used to

reduce any amounts due Region I, Northwest District. However, the entire amount of $1,677.00 due the operator before salvage, could be withheld if necessary, and applied against amounts due the Government by the operator, in Region I, Northwest District.

Please let us know what action Region II, should take before making any settlement with the operator.

Sincerely yours,

George Mavor
Auditor

Copy to: Jay L. Chambers
S. Ricker

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

1201 N. Division St.
Spokane 2, Washington
November 9, 1955

RECEIVED
NOV 14 1955

Certified Mail
Return Receipt Requested

Mr. George W. Snyder, Jr., President
United Minerals Corporation
Felt Building
Salt Lake City 1, Utah

Re: Docket No. DMEA-81 (lead-zinc)
Homestake Mine
Blaine County, Idaho
Contract No. Idm-518

Dear Mr. Snyder:

On September 8, 1955 we sent you a copy of a final audit report on Contract No. Idm-518, and we requested reimbursement in the amount of $6,152.83, which was in accordance with the findings of the audit.

In answer to your letter of September 19, protesting the audit findings, our October 10 letter again reminded you that $6,152.83 is due the Government from United Minerals Corporation. We also said that we would be glad to receive a statement from your auditors concerning the audit findings. To date we have not had an answer to our letter.

If this matter is not satisfactorily resolved by December 9, 1955, we shall refer it to our Washington, D.C. office for appropriate action.

By Field Team, Region I, NW District

A. K. Weissenborn, Executive Officer
U. S. Geological Survey

Wing G. Agnew, Member
U. S. Bureau of Mines

cc: DMEA (3)
USGS (2)
USBM (AD)
Turner
Mavor

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
XXXXXXXXXXXXXXXXXXXC.
So. 157 Howard Street
Spokane 4, Washington

RECEIVED
OCT 14 1955

October 10, 1955

Mr. George W. Snyder, Jr., President
United Minerals Corporation
Felt Building
Salt Lake City 1, Utah

Re: Docket No. DMEA-81 (lead-zinc)
Homestake Mine
Blaine County, Idaho
Contract No. Idm-818

Dear Mr. Snyder:

On September 8, 1955, we sent you a copy of a final audit report on your exploration contract. We stated that reimbursement in the amount of $6,152.83 was due the Government.

Subsequently, we received your letter of September 19, 1955, protesting the audit report. We will be glad to receive a statement from your auditors concerning the matter and wish to urge you to submit any comments as soon as possible. We must, however, remind you that according to our records $6,152.83 is due the Government from the United Minerals Corporation.

By Field Team, Region I, NW Dist.

A. E. Weissenborn, Exec. Officer
U. S. Geological Survey

Wing S. Agnew, Member
U. S. Bureau of Mines

cc: DMEA (1)
[illegible] (2)
[illegible] (AB)
Bureau (2)

DMEA-81, NM-E18, UNITED MINERALS CORPORATION
(Transcript of file from date of last work)

| | |
|---|---|
| 11/7/52 | Memo Johnson (Bu Mines Engr.) to Fld. Team Reg. II states on visit 10/30/52 mine deserted and bldgs. & Equip. prepared for winter recess. |
| 11/14/52 | Ltr. Opr. to Fld. Team (attached to Oct. '52 MF-104) advises "because of threatening weather, the Operator elected to suspend operations for winter." |
| 12/11/52 | Oct. '52 Mf-104, dated by Opr. 11/15/52, approved by Fld. Tm. 11/18/52, certified for paymt. |
| 4/2/53 | Ltr. Fld. Team to Opr. Comm. requests extension of contract from 6/22/53 to 10/1/54 due to winter recesses. |
| 4/20/53 | Ltr. Opr. Comm. to Fld. Team authorizes Fld. Team preparation of amendment for recessing a specified period, a fixed time for resumption, and extension of time for completion, (prepared but not released). |
| 5/1/53 | Ltr. Opr. Comm. to Fld. Team authorizes signature to Amendment No. 5 extending expiration to 6/22/54. |
| 5/15/53 | Amend. No. 5 executed. |
| 7/13/53 | Memo Johnson (Bu Mines Engr.) to Fld. Team states on visit 7/3/53 no activity and 315 cfm compressor removed. |
| 8/28/53 | Ltr. Fld. Team to Opr. requests advice as to intentions. |
| 8/28/53 | Ltr. Fld. Team to Opr. Comm. advises of meeting 7/20/53 with Hal Covey (Operator) who stated Opr. might be unable to resume work during season and states Fld. Team not in favor of termination because of possibilities. |
| 9/9/53 | Ltr. Opr. to Fld. Team advises addt'l. financing after first of year may permit resumption of operations. |
| 9/15/53 | Ltr. Fld. Team to Opr. Comm. requests permission to terminate contract. |
| 10/5/53 | Ltr. Opr. Comm. to Fld. Team requests recommendation as to certifiention or a termination with pseudo-certification. |
| 10/9/53 | Ltr. Fld. Team to Opr. Comm. recommends second alternative. |
| 10/27/53 | Ltr. Fld. Team to Opr. Comm. recommends termination for failure to conduct work pursuant to contract terms. |

| | |
|---|---|
| 1/8/54 | Amend. No. 6 extends contract to 11/22/54, approves suspension 11/1/52 to 5/1/54, provides automatic termination 5/1/54 if work not resumed with pseudo. |
| 1/11/54 | Ltr. Adm. to Opr. transmits Amend. No. 6 for signature. |
| 1/15/54 | Ltr. Opr. to Adm. returns executed amend., but states as lessee Opr. has no authority to bind owner and snow conditions generally make operations impossible before May 1. |
| 2/18/54 | Ltr. Adm. to Opr. advises if snow conditions are such an additional amend. for 30 or 60 days will be granted. |
| 5/20/54 | Memo Johnson (Bu Mines Engr.) to Fld. Team states visit on 5/3/54 disclosed no indications of activity though only 2 days work with bulldozer would be required to open road to portal. |
| 7/20/54 | Ltr. Fld. Team to Opr. requests advice as to plans and states, unless resumption of work is in process, settlement of property equity is in order (and lists MF-104 items "wherein a Govt. equity in salvage might be considered", including "any rental purchase item"). |
| 8/6/54 | Ltr. Opr. Comm. to Fld. Team states, if work has not been started, Opr. should be notified Govt. will make no further contributions and settlement actions should be taken. |
| 8/19/54 | Memo Johnson (Bu Mines Engr.) to Fld. Team reports on visit 7/25/54, lists equipment & supply items at property, equipment items "removed for safe keeping or to be used elsewhere", and gives a suggested valuation of $5,740.00 for Govt. equity (incl. rental-purchase item). |
| 9/13/54 | Ltr. Fld. Team to Opr. follows-up ltr. of 7/20/54 and refers to Opr. ltr. 8/3/54 advising matter was under advisement. |
| 9/27/54 | Ltr. Opr. to Fld. Team request further extension of contract. |
| 9/28/54 to 10/1/54 | Breding (auditor) assisted by Howard (Bu Mines Engr.) performs audit in Opr. office at 518 Felt Bldg., Salt Lake City, Utah, consulting with Geo. W. Snyder, Jr. (president), H. A. Covey (Vice-President) & R. E. Hawkins (CPA) as required. (Note: The audit findings, except for the unaffected property disposition, were discussed with Snyder on 10/1/54.) |
| 10/13/54 | Ltr. Fld. Team (Reg. II) to Fld. Team (Reg. III) requests that Reg. III continue to withhold $1500 under contract E302 to partially cover equity under E18. |
| 10/14/54 | Ltr. Fld. Tm. to Opr. in reply ltr. 9/27/54 denies extension and requests disposition of property "as soon as possible". |

10/20/54 Fld. Team (Reg. III) ltr. to Fld. Team (Reg. II) in reply to ltr. 10/13/54 advises $448.21 (not $1500) withheld on E302 is insufficient for salvage thereunder.

10/25/54 Opr. Comm. ltr. Fld. Team requested conclusion of contract in accordance with Opr. Comm. ltr. 8/6/54.

11/3/54 Ltr. Opr. to Fld. Team advises inventory taken and analysis of charges being prepared, but not possible to complete before 11/20/54.

11/23/54 Ltr. Opr. to Fld. Team advises appraisal of assets on property and also preparation by C. I. T. Corp. of rental-purchase transaction analysis in process.

11/18/54 Ltr. Opr. to Fld. Tm. promises "the preliminary analysis on the subject contract settlement in about another week." (No copy of this ltr. in files.)

2/24/55 Ltr. Fld. Tm. to Opr., referring to ltr. 11/18/54, advises if statement not rec'd. by 3/15/55 Fld. Tm. will recommend referral to Atty. Gen.

3/2/55 Ltr. Opr. to Fld. Tm. encloses copy of ltr. from C. I. T. Corp. in re rental-purchase of compressor, states all Knice Corp. rental equipment returned, advises supplies & equip. on property offered for sale with no bids, powder returned for credit, and slusher bucket, timber trucks & mule "properly allocated during your audit."

3/10/55 Ltr. Fld. Tm. to Opr. Comm. advises of Snyder's (Operator's) visit and his promise to make every effort to clean up the account in the shortest possible time.

4/1/55 Ltr. Opr. to Fld. Tm. submits itemization of rental-purchase paymts., opines Govt. has no equity therein, states "your office declined to go along with rental payments during shut-down periods and suggested that we put the unit out on rental to others", and promises "appraisal of the remaining facilities as soon as surface and water conditions permit."

4/8/55 Fld. Tm. ltr. to Opr. states Govt's. equity in rental-purchase compressor is proportional to its contribution, and requests addt'l. information by 4/22/55.

4/22/55 Memo Act. Asst. Sol. to Adm. states, in effect, that Fld. Team determination is correct.

5/4/55 Ltr. Opr. to Fld. Tm., in reply ltr. 4/8/55, states hope to complete accounting within next few days.

5/20/55 Ltr. Opr. to Fld. Tm. forwards analysis of C. I. T. Corp. transaction indicating equity of $6,016 on compressor as of 12/10/52 and indicates no progress on disposition of other items.

5/26/55 Ltr. Fld. Tm. to Brading (auditor) requests him to come to Spokane and states "Since United Minerals has made only a random effort to dispose of the equipment it is planned to set a valuation on same in order that you may complete your audit."

6/2/55 Ltr. Chambers to Brading authorizes trip to Spokane and requests that audit report give complete story on jointly-purchased equipment.

6/28/55 Ltr. Brading to Chambers notifies of intent to be in Spokane on 7/7/55.

7/19/55 Ltr. Howard (Bu Mines Engr.) to Brading opines $6,016 represents a reasonable credit allowance for the rental-purchase compressor.

7/27/55 Ltr. Brading to Chambers transmits Final Audit Report and Certificate dated 7/13/55 for approval.

8/8/55 Ltr. Talbert to Brading authorizes release of Report and Certificate after specified minor corrections.

8/10/55 Ltr. Brading to Talbert advises 5 copies of Report and Certificate forwarded to Fld. Tm. for distribution.

9/8/55 Ltr. Fld. Tm. to Opr. forwards copy of Report and Certificate and requests reimbursement of $6,152.43, the difference between certified amount payable of $18,903.15 and the amount heretofore paid of $25,055.98. (Note: The $6,152.43 represents 50% of audit disallowances of $2,840.39 and the arbitrary salvage valuation of $9,465.26.)

9/19/55 Ltr. Opr. to Fld. Tm. advises of protest and reference to Opr. auditors for examination and reply.

9/23/55 Ltr. Fld. Tm. to Opr. Comm. requests "that the matter be placed in hands of Attorney General."

10/3/55 Ltr. Opr. Comm. to Fld. Tm. advises "A reasonable time must be allowed the Operator for the presentation of the details of the protest or to make arrangements to pay the amount found to be due the Government."

Addenda

3/4/55 Ltr. Adm. to Opr., drafted by Chambers and approved by Hofflund, notes unauthorized removal of equipment, failure to perform settlement actions, and dereliction in responding to requests for information and states, unless satisfactory settlement

proposal rec'd. in 30 days, settlement would be on basis of disallowance of all equipment costs. (Note: This letter not sent as Adm. handled case by telephone and authorized Ex. Off. to determine settlement.)



E.D. GILBERT

Talbert
Griswold
Selfridge
Fleman
Mitchell

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

Mr. A. E. Weissenborn
Executive Officer
DMEA Field Team, Region I -
Northwest District
South 157 Howard Street
Spokane 4, Washington

OCT 3 - 1955

Re: Docket No. DMEA-81 (Lead-Zinc)
United Minerals Corporation
Homestake Mine
Blaine County, Idaho
Contract No. Idm-E18

Dear Mr. Weissenborn:

By letter dated September 23, 1955 you have requested that the matter of the referenced Operator's indebtedness in the amount of $6,152.83 be placed in the hands of the Attorney General.

The one and only request for payment made on this Operator was by the Field Team's letter of September 8, 1955, which also transmitted a copy of the audit report and certificate. This certificate disclosed that the amount properly for payment to the Operator was $18,903.15, whereas a total of $25,055.98 has heretofore been paid to the Operator. Under date of September 19, 1955 the Operator replied that he was protesting the audit findings and indicated that a further reply would be made after examination of the audit report by its auditors.

A reasonable time must be allowed the Operator for the presentation of the details of the protest or to make arrangements to pay the amount found to be due the Government. Thereafter consideration will be given to the action required by this Administration under the circumstances. Such action may include referral to the Attorney General.

In connection with the matter of referrals to the Attorney General please see this Committee's letter of September 22, 1955 in regard to Docket No. DMEA-2131, Contract No. Idm-E214, Tungsten Uranium Mines, and Docket No. DMEA-2341, Contract No. Idm-E436, Western States Copper Corporation.

Sincerely yours,

APPROVED:

(GHB)
Member, Bureau of Minos

(GHB)
Chairman, Operating Committee

(GHB)
Member, Geological Survey

EDTalbert/ama
September 29, 1955
Copies to: Docket
Adm. Read. File
Mr. Griswold
Mr. Bishop
Operating Comm.
FT, Reg. I(NW) - 2
Mr. Brading
Mr. Chambers
Mr. Kiilsggard

R.C.S.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~XXXXXXXXXXXXXXXXXXXXXXXXXXXX~~
So. 157 Howard Street
Spokane 4, Washington

RECEIVED
SEP 26 1955

September 23, 1955

Mr. George C. Selfridge, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA-81 (lead-zinc)
United Minerals Corporation
Homestake Mine
Blaine County, Idaho
Contract No. Idm-E18

Dear Mr. Selfridge:

Mr. George W. Snyder, Jr., President of United Minerals Corporation has protested the recent audit of the exploration contract (copies of his letter of September 19 have already been sent to you.)

We have no desire to continue the already prolonged negotiations with the company and request that the matter be placed in the hands of the Attorney General.

By Field Team, Region I, NW District

Verne C. Fryklund, Jr., Acting Executive Officer
United States Geological Survey

Stephen W. Zoldok, Acting Member
United States Bureau of Mines

cc: USBM (2)
USBM (AD)
Turner (2)

# UNITED MINERALS CORPORATION

FELT BUILDING

SALT LAKE CITY 1, UTAH

September 19, 1955

RECEIVED
SEP 26 1955

Mr. Wing G. Agnew, Acting Exec. Officer
U. S. Bureau of Mines
U.S. Department of the Interior
Defense Minerals Exploration Administration
1201 N. Division St.
Spokane 2, Washington

Re: Docket No. DMEA-81 (lead-zinc)
Homestake Mine
Blaine County, Idaho
Contract No. Idm-E18

Dear Mr. Agnew:

We have received via certified mail, your letter and audit certificate of September 8, 1955. This letter is to advise you of our protest of the findings of the auditor in settlement of the subject contract. Apparently the matter will assume legal proportion and is being referred to our auditors for counsel and examination and reply.

Thanking you, we are,

Very truly yours,

UNITED MINERALS CORPORATION

George W. Snyder Jr.

George W. Snyder, Jr.,
President

GWSjr/pt

CC: Verne C. Fryklund, Jr.,
Acting Member,
U. S. Geological Survey

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
1201 N. Division St.
Spokane 2, Washington
September 8, 1955

RECEIVED
SEP 12 1955

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

United Minerals Corporation
518 Felt Building
Salt Lake City, Utah

Re: Docket No. DMEA-81 (lead-zinc)
Homestake Mine
Blaine County, Idaho
Contract No. Idm-E18

Gentlemen:

Enclosed is a copy of a final audit report by DMEA Auditor T. H. Brading, covering activities under the subject contract for the period June 22, 1951 to October 31, 1952, the termination date of the contract.

As you will see from the audit, a few small disallowances have been made by the auditor and the project has been given credit for various items of equipment and supplies which had been purchased under the contract and then returned to the vendor for credit. These items total $2,840.39. The project was also given credit for proceeds from the liquidation of jointly-owned property remaining in your possession at the close of the contract in the amount of $9,465.26, making a total deduction from costs as claimed of $12,305.65. The audit shows total accepted project costs of $37,806.31. The contract calls for a 50 percent participation in exploration expenses by the Government; therefore, payment of $18,903.15 to the Operator has been approved by the audit. Our records show that $25,055.98 has been paid to the Operator.

In accordance with the findings of this audit we request reimbursement in the amount of $6,152.83. Your remittance should be made payable to Defense Minerals Exploration Administration and mailed to A. E. Weissenborn, Executive Officer, DMEA Field Team, Region 1, So. 157 Howard Street, Spokane 4, Washington.

By Field Team, Region I, NW District

Wing G. Agnew, Acting Exec. Officer
U. S. Bureau of Mines

Verne C. Fryklund, Jr., Acting Member
U. S. Geological Survey

cc: DMEA (2)
USGS (2)

Enclosure

Talbert

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

AUG - 8 1955

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

AIR MAIL

Re: United Minerals Corporation
Contract Idm-818
Docket No. DMEA-81

Dear Mr. Brading:

Reference is made to your letter of August 4, 1955, in reply to mine of August 1, 1955, relative to your Audit Report covering the referenced Exploration Project Contract.

In view of your explanations the following revisions have been made in the Washington copies of the Audit Report:

(1) On page 8, 3rd paragraph, in the title line concerning June and July 1951 compressor costs, the word "costs" after "Prorated" changed to "rental";

(2) In the next title line, after "August 1951" the words "prorated rental" added;

(3) In the next title line, after "November 1951", also, the words "prorated rental" added; and

(4) On Schedule "B", after footnote A "No salvage value" the parenthetical phrase "(item missing and Operator agreed to disallowance)" added.

It is apparent, also, that you have made an error in the computation of the amount payable to the Operator as indicated in the Audit Certificate. We have changed the Washington copies of the Certificate to show $18,903.15 rather than the $18,901.80 indicated. If you concur please change all other copies. If not, please advise.

After these changes are made on all other copies normal distribution is authorized.

Sincerely yours,

(Signed) E. D. Talbert

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

EDTalbert/wb 8/8/55

Copy to: Docket
Admr. Reading File
Mr. Chambers

R.C.S.

Talbert

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

AUG - 1 1955

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

Re: United Minerals Corporation
Contract Idm-218
Docket No. DMEA-81

Dear Mr. Brading:

Receipt is acknowledged of your letter dated July 27, 1955, transmitting (1) the Washington copies of the final Audit Report and Certificate covering the subject Exploration Project Contract and (2) copies of correspondence relative to the equity in Joy Compressor No. 44692.

Mr. Howard's argument that "this equity should be considered to have depreciated in the same manner as the rest of the equipment" is noted and, if we concurred, his formula would be acceptable. However, it appears that for this one item of equipment there was an established valuation ($6,016.00), whereas for all other items the valuation at termination of the contract could not be established except through the arbitrary use of the formula provided by the later form of contract. Therefore, and on the basis as stated by you that "the $6,016.00 was the cash valuation established by the Operator and accepted by the Field Team," it is my opinion that the method of equity determination detailed in your audit report is preferable.

Before finally accepting your report, which indicates a job well done, I would like further explanations or clarifications by letter of the following:

(1) On page 8, in arriving at the total charged for the compressor, there are included June, July, August and November, 1951 "prorated costs including freight based on usage." What are these charges and why are they considered a part of the cost of the compressor?

(2) On Schedule "B" the Mule Harness is shown as a disallowance and, by footnote "A", it is stated that there is "no salvage value." What is the reason for the disallowance?

Sincerely yours,

(Signed) E. D. Talbert

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

EDTalbert/wb
August 1, 1955

Copy to: Docket
Admr. Reading File
Mr. Chambers

A.G.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
So. 157 Howard Street
Spokane 4, Washington

RECEIVED
JUL 25 1955

July 20, 1955

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

Re: Docket No. DMEA-81 (lead-zinc)
United Minerals Corp.
Contract No. Idm-E18

Dear Mr. Brading:

Enclosed for your signature and forwarding to Washington are the original and seven copies of your audit report, together with a letter from Mr. Thomas E. Howard commenting on it.

The Field Team wishes to thank you for your assistance in this matter.

Sincerely,

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I, N.W. Dist.

Enclosures

cc: DMEA (2)
USBM (2)

RECEIVED
JUL 25 1955

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D.C.
1201 N. Division St.
Spokane 2, Washington
July 19, 1955

RECEIVED
JUL 26 1955

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

Re: Docket No. DMEA 81 (lead-zinc)
United Minerals Corp.
Contract No. Idm-E18

Dear Tom:

Enclosed for your signature and forwarding to Washington are the original and 7 copies of your audit report, together with your penciled draft.

I have reviewed the report again and have only two comments. On page 9 the first sentence of the paragraph in the middle of the page is not too clear. I believe it should read: "Mr. George W. Snyder, Jr. was advised both verbally and by correspondence that the Government considered that it had an interest in the equity established as a result of rental payments, in proportion to the amount it had contributed to payments made under the rental-purchase contract."

The last sentence of the first paragraph on page 10 might be misinterpreted by someone who is not familiar with the details of our discussion of the compressor deal. It is my opinion that $6,016 represents a reasonable credit allowance toward the purchase of the machine for rental payments made prior to the date of the conditional sales contract. As stated in my memorandum of July 11, 1955, I do not believe the 64% equity established as the result of the rental payments, the nominal value of which was $6,016, had a cash value of that amount. In fact, the resale value of the compressor in October 1952 was not much more than that. It is my opinion that Guy Snyder's use of the term "Cash Allowance" was an unfortunate choice of words.

Sincerely yours,

Enclosure

Thomas E. Howard

cc: DMEA (2)
USGS (2)
USBM (AD)

Contract Admin. & Audit Division

Defense Minerals Exploration Admin.

Talbert

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

TELEGRAM

JUL 11 1955

MR. THOMAS H. BRADING
DMEA AUDITOR
1201 NORTH DIVISION STREET
SPOKANE 2, WASHINGTON

REURLET JULY 7, 1955, UNITED MINERALS CORPORATION, E18, DMEA-81.

UNDER THE CIRCUMSTANCES THE $670.00 COVERING COST OF STOPER MAY BE ACCEPTED AS AN ALLOWABLE COST.

(Signed) E. D. Talbert

E. D. TALBERT, ACTING CHIEF
CONTRACT ADMINISTRATION AND
AUDIT DIVISION

EDTalbert/wb
July 11, 1955

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

R.C.S.

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

224 New Customhouse
Denver, 2, Colorado

June 3, 1955

DMEA

Mr. A. E. Weissenborn
DMEA Field Team, Region I, N.W. District
South 157 Howard Street
Spokane, Washington

RECEIVED
JUN 10 1955

Re: United Minerals Reserve Corp.
Contract Idm-E18
Docket No. DMEA 81

Dear Mr. Weissenborn:

Reference is made to your letter of May 26, 1955, regarding subject contract. This morning I received an Air Mail Special Delivery letter from Mr. J. L. Chambers, Chief, Contract Administration and Audit Division, Washington, D. C., instructing me to proceed to Spokane to work with Mr. Howard on completing the details of disposition of equipment in which the Government and the Operator have a joint interest.

I had scheduled a trip to Phoenix and Globe, Arizona, and am leaving Sunday, June 5 for those points. Just as soon as these assignments are completed I will advise you, and will plan to proceed to Spokane. At the moment it appears that it will be late in June or early in July before I will be in a position to leave for Spokane.

As soon as I can definitely plan the Spokane trip, I will advise you again.

Sincerely yours,

T. H. Brading, Auditor.

RECEIVED
JUN 6 1955
U. S. L. S.
SPOKANE, WASH.

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

JUN - 2 1955

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

Re: Docket No. DMEA 81 (lead-zinc)
United Minerals Corporation
Hecla Mine
Blaine County, Idaho
Contract No. Idm-18

Dear Mr. Breding:

Reference is made to a letter dated May 26, 1955, and signed by the Field Team of Region I, Northwest District, in regard to final audit settlement of the above-cited project. The letter further requested that you come to Spokane to work with the Field Team of Region I, Northwest District, in effecting this settlement.

I have reviewed the files of this contract and have come to the conclusion that final settlement can be made more expeditiously by your having a conference with the engineer who had general supervision of the contract, and the Field Team. Therefore, you are authorized to go to Spokane at a time arranged between you and Mr. Weisenborn after the arrival of Mr. Maver in Spokane from San Francisco. I have requested Mr. Maver to take along his working papers on the United Minerals Corporation project in Region II (formerly Region III).

In reviewing the docket file in Washington the following letters and report appeared to me to be worthwhile reviewing:

1. Letter from United Minerals Corporation under date of March 2, 1955, to Mr. Thomas E. Howard.

2. Letter of C. I. T. Corporation to the United Minerals Corporation under date of December 3, 1954, in regard to certain equipment purchased from the C. I. T. Corporation by the United Minerals Corporation.

3. Letter of March 2, 1955, from United Minerals Corporation to Thomas E. Howard.

4. Report of V. Z. Johnson, Mining Engineer, DMEA Field Team, dated August 19, 1954.

R.C.G.

Particular attention is called to the paragraph entitled "Operating Equipment Purchased" on page 4 of Mr. Johnson's report in which appears the statement "* * * jointly purchased items removed for safe keeping or to be used elsewhere * * * *." I believe that your audit report should call attention to this particular part of Mr. Johnson's report and explain whether or not any investigation has been made to determine the final disposal of this equipment.

You no doubt have sensed that this is a very complicated and aggravated case. For this reason the audit report, when finalized, should attempt to give a complete story of what happened to the jointly-purchased equipment and material, so that this matter won't rise to haunt us later.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

JLChambers/wb
June 2, 1955

Copy to: Docket
Admr. Reading File
Mr. Weissenborn, Region I R&D
Mr. Mayor
Mr. Turner
Mr. Hoffland
Mr. Griswold
Mr. Chambers

P. S. After this letter was written we received your letter of June 1, 1955, in which it appears that you will not be able to go to Spokane prior to July 1. That date will be all right but if you can arrange to go a little earlier it would expedite the settlement of this old account. Please keep Mr. Weissenborn and me informed as to the time you can make the trip.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON, D.C.~~
1201 N. Division St.
Spokane 2, Washington
May 26, 1955

Department of the Interior
Defense Minerals Administration
RECEIVED
MAY 31 1955

VIA AIR MAIL

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

Re: Docket No. DMEA 81 (lead-zinc)
United Minerals Reserve Corp.
Homestake Mine
Blaine County, Idaho
Contract No. Idm-E18

Dear Mr. Brading:

Mr. Snyder of United Minerals has finally sent us the information on that involved compressor deal.

We would like for you to come to Spokane to complete your audit now that we know the amount of credit that United Minerals received on the compressor.

Since United Minerals has made only a random effort to dispose of the equipment it is planned to set a valuation on same in order that you may complete your audit.

Mr. Tom Howard of the Bureau of Mines will be available to assist you here.

By Field Team, Region I, NW District

A. E. Weissenborn, Executive Officer
U. S. Geological Survey

Wing G. Agnew, Member
U. S. Bureau of Mines

cc: DMEA (2)
USGS (2)

May 20, 1955

RECEIVED
JUL 29 1955

DWEW
81

Mr. A. E. Weissenborn
Executive Officer, DMA
Field Team, Region II
U. S. Department of the Interior
1201 North Division Street
Spokane 2, Washington

Re: Idm-E18

Dear Mr. Weissenborn,

As previously indicated to you I had requested that a complete study of the Homestake compressor matter be undertaken. I am forwarding herewith an original and two copies of an analysis prepared for this purpose. We sincerely hope that this will assist in early clarafication of this matter.

The unfortunate death of Mr. Nat Davis has raised a further question on getting a bid on the remaining items of supplies on hand because Mr. Davis's organization are the only ones who had indicated any interest whatsoever in acquiring same. We will await your futher word in this matter.

Thanking you, we are,

Very truly yours,

UNITED MINERALS CORPORATION

George W. Snyder, Jr.,
President

GWSjr/pt
Enclosures

May 20, 1955

RECEIVED

JUL 29 1955

United Minerals Corporation
518 Felt Building
Salt Lake City 1, Utah

Re: Homestake Compressor
Joy WK-80, 315 CFM Diesel
Serial No. 44692

Gentlemen:

At the request of George W. Snyder, Jr. a study was made of the transactions involving Homestake Compressor, Serial No. 44692 in order to furnish DMEA information requested in their letter of 8 April, 1955. In this connection it was determined that this could not be accomplished without taking into account the Lucky Strike Compressor, Serial No. 44291, as both machines ended up on the same Conditional Sales Agreement with C. I. T. Corporation, San Francisco. The following facts have developed:

1. On 6 June, 1951, one Joy WK-80, 315 CFM Diesel Compressor, Serial No. 44692 was obtained under lease agreement from Foulger Equipment Company, Salt Lake City, Utah.

2. On 24 September, 1951, Exhibit "F" Amendment No. 1, the Government directed that this compressor be carried as a rental item instead of a purchase; further on 5 October, 1951, following is a quote from a wire signed by M. E. Volin:

> "Washington advises first alternative of carrying equipment of straight rental is preferred."

3. Between 15 June, 1951 and 10 December, 1952, United Minerals Corporation made 16 rental payments of $470.00 each to Foulger Equipment Company. At that point an equity of $6,016.00 (80% of the $7,520.00 then paid) was available to United Minerals Corporation had funds to complete this been at hand. There was a balance due at that time of $3,384.00.

4. On 10 December, 1952 a Conditional Sales Contract was entered into with C.I.T. Corporation, covering purchase of 2 Compressors, as the Lucky Strike Compressor, same model and size, Serical No. 44291 was included.

COPY

| | |
|---|---|
| Total Contract both Compressors | $21,160.45 |
| Cash allowance Homestake Serial No. 44692 | 6,016.00* |
| Cash allowance Lucky Strike Serial No. 44291 | 799.00 |
| Total Cash Allowance | $ 6,815.00 |
| Balance then due | $14,345.45 |

5. During 1953, payments in the amount of $2,350.37 were made to C.I.T. Corporation and apparently all of these were applied on the Lucky Strike Compressor account.

6. Between 27 January, 1953 and 27 May, 1954 seventeen monthly rental payments of $300.00 each were received from Consolidated Uranium Company for the use of Homestake Compressor. This was during a shut-down period after the Government had declined to join further advances for equipment rental. The compressor was removed from the Homestake property at the suggestion of the government.

7. On 12 January, 1954 Arnold Machinery Company paid C.I.T. Corporation $5,655.00 for the Lucky Strike Compressor. A rebate of $343.57 was allowed for prepayment. Considering a cost of $9,400.00, a loss of $208.49 is indicated on this compressor. After applying $5,655.00 from Arnold Machinery Company, the C.I.T. Corporation balance stood at $5,996.51 secured by Homestake Compressor.

8. During 1954, United Minerals Corporation paid C.I.T. Corporation $1,500.00 on the Homestake Compressor. On 27 September, 1954, Foulger Equipment Company paid C.I.T. Corporation $3,906.44 to close out the account in full on the Homestake compressor. An allowance of $590.07 was made for prepayment.

9. Both Compressor sales were made by C.I.T. Corporation to enforce liquidation.

It is my hope that the foregoing will serve to clarify this situation.

COPY

My conclusion is that all United Minerals Corporation received for monies paid on this compressor was for the use of the compressor - hence, rental.

Respectfully submitted,

Guy Snyder

Guy Snyder,
Felt Building
Salt Lake City, Utah

GS:pt

* This is the exact amount of credit received on the conditional sales agreement on the above compressor referred to in DMEA letter of 8 April, 1955.

COPY

# UNITED MINERALS CORPORATION

FELT BUILDING

SALT LAKE CITY 1, UTAH

RECEIVED MAY 6 - 1955

May 4, 1955

Defense Minerals Exploration Administration
U. S. Department of Interior
1201 North Division St.
Spokane 2, Washington

Re: Docket No. DMEA 81
(lead - zinc) Homestake
Mine, Blaine Co., Idaho
Contract No. Idm-E18

Attention: Mr. A. E. Weinssenborn,
Executive Officer, U.S.B.S.

Gentlemen:

Please pardon our delay in responding to your favor of 8 April, 1955. The writer has been away from his desk and it develops that additional information from C.I.T. Corporation, San Francisco is required before an accounting can be completed. The latter has been requested from C.I.T. but is not yet at hand.

We hope to be able to complete this accounting within the next few days.

Thanking you, we are,

Very truly yours,

UNITED MINERALS CORPORATION

George W. Snyder Jr.

George W. Snyder, Jr.,
President

GWSjr/pt

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

APR 2 6 1955

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

Re: United Minerals Corp.
Contract Idm-E18
Docket No. DMEA-81

Dear Mr. Brading:

Reference is made to your letter of April 13, 1955, in regard to settling the above-cited contract.

Upon receipt of your letter I sent it to the Acting Assistant Solicitor for legal advice on the Government's interest in equipment obtained on a rental-purchase contract basis. I am sending you a copy of the Acting Assistant Solicitor's reply.

My letter of March 4, 1955, was sent to you prior to the signing of a letter by Mr. Mittendorf to the Snyder interests. The letter is still not signed but Mr. Mittendorf has had contact with Snyder. It is my understanding that Snyder has now furnished Mr. Weissenborn the information he requested on the equipment. Mr. Weissenborn stated in a telegram that he would keep this office informed as to the progress he makes with the Snyders. As soon as I have information I will advise you.

I am also sending you a copy of my memorandum to the Acting Assistant Solicitor in regard to the Arizona excise tax.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

Enclosures

JLChambers/wb 4-25-55

Copy to: Docket
Admr. Reading File
Mr. Chambers

R.C.G.

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

APR 22 1955.

Memorandum

To: The Administrator, DMEA
Attention: Jay L. Chambers

From: Acting Assistant Solicitor, Defense Minerals

Subject: Docket No. DMA-81, United Minerals Corp., Contract No. Idm-E18

Reference is made to a letter dated April 13 from T. H. Brading, Auditor, to the Chief of the Contract Administration and Audit Division, to which is attached a letter of the Operator dated April 1 to the Field Team at Spokane, to which in turn is attached a letter dated April 8 from the Executive Officer of the Field Team to the Operator. This correspondence, referred to me by Mr. Chambers, deals with the contention of the Operator that the Government has no equity in certain equipment purchased, apparently, under a so-called rental-purchase agreement. It is my understanding that Mr. Chambers would like to have the comments of this office on the contention of the Operator.

This contract is written on our earliest contract form, dated April, 1951. As first written, the contract did not provide for the rental of equipment, but only for its purchase. By Amendment No. 1, rental of the equipment in question was authorized in lieu of purchase at a rate "not to exceed $470.00 per month."

Under the provisions of this contract, the Government acquires an interest in the particular equipment here in question and in any other equipment that was purchased by the Operator pursuant to the provisions of the rental-purchase agreement. The contract form (Article 7) provides that all ". . . equipment, or other items costing more than $50.00 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 . . . ." It is plain that insofar as the Government may have contributed to payments under a rental-purchase agreement, it contributed to the cost of any equipment that was purchased by the Operator under that agreement.

The Government should require the Operator to properly liquidate and account to the Government for its interest in any equipment purchased under a rental-purchase agreement.

J. L. Hofflund

J. L. Hofflund
Acting Assistant Solicitor,
Defense Minerals

JLHofflund:gjb
4/21/55

Copy to: DMEA Docket
Sol. Docket
Jay L. Chambers (2)
J. L. Hofflund
Chron. File
H. R. Griswold

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

224 New Customhouse
Denver 2, Colorado

April 13, 1955

Mr. Jay L. Chambers, Chief
Contract Administration and Audit Division
Defense Minerals Exploration Administration
Department of the Interior
Washington 25, D. C.

Re: United Minerals Co.
Contract Idm-E18
Docket No. DMEA 81

Dear Mr. Chambers:

Attached is copy of a letter from the D.M.E.A. Field Team, Region I, N. W. District. Particular attention is directed to the postscript to the writer.

On March 4, 1955 you wrote me concerning the subject contract. In your letter you advised me to the effect that the matter would be handled from the Washington office; that Mr. Mittendorf was writing a letter directly to Mr. Snyder in regard to his account as a whole. Upon its release a copy of this letter would be sent to me for my information.

Will you please advise me the present status of the subject contract in Washington.

Sincerely,

T. H. Brading
DMEA Auditor

Enc.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
1201 N. Division St.
Spokane 2, Washington
April 8, 1955

REGISTERED MAIL
RETURN RECEIPT REQUESTED

Mr. George W. Snyder, Jr., President
United Minerals Corporation
Felt Building
Salt Lake City 1, Utah

Re: Docket No. DMEA 81 (lead-zinc)
Homestake Mine
Blaine County, Idaho
Contract No. Idm-E18

Dear Mr. Snyder:

This will acknowledge your letter of April 1, 1955, concerning the disposal of one W.K. Model 315 Joy Compressor, Serial No. 44692, with Caterpillar Diesel Engine, Model D-318 S.H., 5 V., 9768.

The Field Team cannot agree with your interpretation that because the compressor was carried as a rental cost the Government did not obtain an equity when you exercised the purchase option. In this case the amount of the Government's equity is proportional to its contribution regardless of how the cost was carried.

When you visited Mr. Weissenborn's office on March 8, 1955, Mr. Howard contacted you by telephone and gave you specific instructions on what information was required, and we repeat "the exact amount of credit received on the conditional sales agreement on the above compressor." If you will also furnish us the amount paid on the compressor after your option was exercised, we will be able to compute the Government's equity. You are requested to furnish this information not later than April 22, 1955.

By Field Team, Region I, NW District

A. E. Weissenborn, Executive Officer
U. S. Geological Survey

Wing G. Agnew, Member
U. S. Bureau of Mines

cc: DMEA (2)
USGS (2)
USBM (AD)

# UNITED MINERALS CORPORATION

FELT BUILDING

SALT LAKE CITY 1, UTAH

April 1, 1955

DEPARTMENT OF THE INTERIOR
Potash Minerals Administration
APR 15 1955

Mr. Tom Howard
U. S. Department of the Interior
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMEA 81
Homestake Mine, Blaine Co., Ida.
Contract No. Idm-E-18

Dear Mr. Howard,

Attached please find itemization of all payments on the subject compressor units. Apparently the matter is interpretative. When our first reports were filed under the subject contract, positive indication was given us that it was desirable to carry the matter as a rental cost. Our feeling, therefore, would be that there was no equity at the time purchase option was exercised which was substantiated by the fact that the account barely liquidated itself.

Secondly, your office declined to go along with rental payments during shut-down periods and suggested that we put the unit out on rental to others.

I sincerely hope that we can reach some understanding on the matter and trust that the figures submitted will be of assistance in final appraisals.

Mr. Nat Davis has advised that he will make an appraisal of the remaining facilities as soon as surface and water conditions permit.

Thanking you, we are,

Very truly yours,

UNITED MINERALS CORPORATION

George W. Snyder, Jr.

George W. Snyder, Jr.
President

GWSjr/pt
CC: Mr. A. E. Weissenbor
Enc.

CHECKS PAID TO:
FOULGER EQUIPMENT CO.

| Date | Amount |
|---|---|
| 1/30/52 | $ 940.00 |
| 2/11/52 | 470.00 |
| 3/10/52 | 470.00 |
| 4/8/52 | 470.00 |
| 5/15/52 | 470.00 |
| 6/23/52 | 470.00 |
| 7/9/52 | 470.00 |
| 10/13/52 | 940.00 |
| 12/12/52 | 470.00 |

CHECK PAID TO:
C. I. T.

| Date | Amount |
|---|---|
| 1/28/53 | $ 497.98 |
| 2/24/53 | 100.00 |
| 3/26/53 | 100.00 |
| 4/7/53 | 100.00 |
| 6/2/53 | 497.98 |
| 6/30, 53 | 497.98 |
| 10/3/53 | 300.00 |
| 12/2/53 | 300.00 |
| 1/5/54 | 300.00 |
| 1/29/54 | 300.00 |
| 2/24/54 | 300.00 |
| 3/23/54 | 300.00 |
| 5/18/54 | 300.00 |
| 5/28/54 | 300.00 |

[illegible]
Checks [illegible] not [illegible] see, to
[illegible] No 6,

XDXXXXXX-050K

YWB009 WAF SP 27 I-GS-G

SPOKANE WASH 3-21-55 1035A

GEOVCHAIRMAN OPERATING COMMITTEE, DMEA, DEPARTMENT OF INTERIOR

WA 25 DC

REUR TEL MARCH 18, DOCKET DMEA 81, IDM-E18, UNITED MINERALS CORPORATION. SNYDER VISITED US MARCH 8TH GIVING ADDITIONAL INFORMATION AND PROMISED HE WOULD TAKE ACTIVE STEPS TO WIND UP CONTRACT. SEE OUR LETTER TO YOU DATED MARCH 10 (MAILED FROM HERE MARCH 15) SUGGEST WE AWAIT DEVELOPMENTS FOR ANOTHER WEEK OR 10 DAYS. WILL KEEP YOU INFORMED.

A E WEIS ENBORN, FIELD TEAM REGION 1

NORTH WEST DISTRICT

RECEIVED
MAR 21 1955

18 DMEA 81 IDM-E18 10 15 10

VA 1037A

MAR 21 2 12 PM '55
BUREAU OF MINES
MAIL ROOM
WASHINGTON D.C.

Interior Department
Defense Minerals Exploration
Administration
14X4401(01) Revolving Fund,
Defense Production Act,
Interior (Allocated Working Fund to
the Office of the Secretary)

Hedges
Külscpand
Selfridge
Feldhuson
Mittendorf

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

T E L E T Y P E

MAR 1 8 1955

MR. A. E. WEISSENBORN
EXECUTIVE OFFICER
DMEA FIELD TEAM, REGION I
NORTHWEST DISTRICT
SOUTH 157 HOWARD STREET
SPOKANE 4, WASHINGTON

RE DOCKET DMEA 81, IDM-X18, UNITED MINERALS CORPORATION, ADVISE IF SWIMER RESPONDED SATISFACTORILY YOUR REGISTERED LETTER DATED FEBRUARY 24 AND WHETHER FURTHER ACTION FROM HERE NOW APPROPRIATE.

George C. Selfridge

GEORGE C. SELFRIDGE
CHAIRMAN, OPERATING COMMITTEE

COMittendorf/esf (3/18/55)
cc to: Docket
Admr. R. File
Operating Committee
Base Metals
Mr. Bishop
Mr. Gildersleeve
Mr. Selfridge
Confirmation to DMEA Field Team, Region I, Northwest District

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D. C.~~
So. 157 Howard Street
Spokane 4, Washington

March 10, 1955
mailed MAR 15 1955

Mr. George C. Selfridge, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA-81 (lead-zinc)
United Minerals Corporation
Homestake Claim
Blaine County, Idaho
Contract No. Idm-E18

Dear Mr. Selfridge:

I am enclosing herewith the original and two copies of a final report received in this office March 3, 1955, on the subject project prepared by Mr. George W. Snyder, Jr., which is acceptable to the Field Team. Also attached are three copies of a letter dated March 1, 1955, to Mr. Howard concerning efforts being made to dispose of the equipment, together with three copies of a statement dated December 3, 1954, from the C. I. T. Corporation of San Francisco.

Article 4c of Amendment No. 6 protects the Government's rights to a percentage royalty should the property be brought into production in the future within a period of 11 years.

Mr. Snyder was in our office on Tuesday, March 8, 1955, and received additional instructions from Mr. Howard as to the information that was still required in order to complete the audit and wind up the contract. He stated that efforts made to sell some of the equipment to the Triumph Mine and the Silver Star-Queens Mining Company have so far been fruitless, but he thought that perhaps the Silver Star-Queens would make a bid on some of the equipment. Mr. Snyder promised that he would make every effort to clean up this account in the shortest possible time.

We will inform you of future developments.

By Field Team, Region I, NW District

A. E. Weissenborn

A. E. Weissenborn, Executive Officer
U. S. GeologicalSurvey

Wing O. Agnew, Member
U. S. Bureau of Mines

Enclosures 3
as above
cc: USBM (2); USBM(AD); Auditor Turner; Kellum

# UNITED MINERALS CORPORATION

FELT BUILDING

SALT LAKE CITY 1, UTAH

March 1, 1955

Mr. A. E. Weissenborn, Executive Officer
U. S. Geological Survey
DMEA Field Team, Region II
South 157 Howard Street
Spokane 4, Washington

Refer to: Contract Idm-E18
FINAL REPORT

Dear Mr. Weissenborn:

Pursuant to your request and in compliance with item 13 of Contract No. Idm-E18, herewith submitted is a final report on this exploration project. Brevity will be attempted herein because the monthly Progress Reports (covering periods June 22, 1951, to October 31, 1952) set forth in some detail all notable engineering and geological observations as the work was performed. It is believed that reiteration thereof would serve no useful purpose.

In the Homestake Mine, the No. 6 Level (main haulage) was advanced northerly along the vein 63.5 feet into new territory; a new 6' x 12' winze (No. 602) was sunk on the vein 89 feet below the track level; and sub-level drifting and cross-cutting was done from this winze totaling 80.5 feet. Side-swiping near the face of the No. 6 Level for double track switching amounted to approximately 1,636 cubic feet of rock being removed in addition to the above mentioned drift advance. Winze station, skip pocket raize and hoist room excavation amounted to approximately 4,600 cubic feet of ground being taken out at the head of the 602 Winze.

A considerable amount of initial rehabilitation of the main haulage tunnel was necessary with much waste removal and retimbering being necessary. This work was continued all during the other operation and, altho kept to the minimum amount possible, greatly exceeded original estimates in time and expense. Much of the increase resulted from maintenance and repair of track and alignment thereof in connection with heavier equipment being used for haulage with greater load demands, larger clearance and flatter curve requirements. In this field, the selection of a compressed air trammer for locomotion proved unsatisfactory for this particular operation.

Surface construction included new erection of a shed-type building, 54' x 16', combining compressor, warehouse and change room. Repairs

were made to existing portal shed and blacksmith shop, miners' cabins, powder magazine and ore bins near the No. 6 Tunnel level of the Homestake mine. Another cabin on the property and a large ore bin at the Triumph siding of the Union Pacific Railroad were razed for material salvage. The water supply system to the mine was improved by repair and rearrangement; the access roads were maintained and improved somewhat by rerouting portions thereof and drainage work.

The amount of underground exploration work accomplished in relation to monies expended was disappointingly low and below anticipations. This appeared to be mostly caused by the high cost of labor even tho the men available were of minimum quality and experience. Then, too, the preliminary work involved before face advance could be made, exceeded original estimates and were not properly taken into account in the proposals. Some delay was encountered in securing equipment and, in some cases, "false economy" resulted from adapting and repairing used equipment. However, for the most part, the results of work performed was good and was set up well for permanency and continuing operations.

No mineable ore bodies were encountered in the exploration and thus no ore reserves can be made. Some occurrences of high grade zinc ores were noted in the monthly reports and the property is still believed attractive from a geological viewpoint for further exploration. Results of the work would seem to indicate no future departure from the general plans as set forth in the original proposals. The possible exception to this might be a proposal to extend said 602 Winze to greater depths so as to penetrate the assumed level of oxidation. Against this would be the consideration of much greater costs of sinking as compared to drift work. The Operator is of the opinion that drifting along the vein on the No. 6 Tunnel level would be more attractive for this reason.

We hope this final report, altho somewhat general, is sufficient for your requirements in connection with final settlement and in compliances with Paragraph (b), Item 4, Amendment 6, and Item 13 of our Exploration Project Contract.

Respectfully submitted,

UNITED MINERALS CORPORATION

George W. Snyder

George W. Snyder, Jr., President

GWSjr/pt

RECEIVED
via mail
MAR 3 1955

U. S. G. S.
SPOKANE, WASH.

March 2, 1955

Mr. Thomas E. Howard
Chief, DMEA Section
Bureau of Mines, Region II
1201 North Division Street
Spokane 2, Washington

Re: DMEa-81 Homestake Mine,
Blaine County, Itaho
Contract Idm-E18

Dear Mr. Howard,

Your most recent communication received and its contents noted. Lack of clerical help and a series of extremely important personal matters made it impossible to meet the promised date of your audit questions. The writer sincerely hopes that the attached information will be of assistance in winding this matter up.

First, please be advised that our efforts to obtain bids on the few remaining items of equipment from the Triumph Mining Company and the Silver Star Queen Mining Company, the only logical outlets, were without avail. In spite of repeated telephone calls no offers were forthcoming.

Enclosed you will find the following information:

1. The terminal engineering and geological report.
2. A copy of a letter from C. I. T. Corporation regarding the compressor situation. As you have previously been advised, the two compressors were on one account and the reference letter is intended only to convey the information to you that no recovery, whatsoever, was made on the part of United Minerals Corporation or any individuals. The reverse in fact will appear. Some of the payments were made by personal advances on the part of George W. Snyder, Sr., and George W. Snyder, Jr.
3. All of the equipment obtained on the rental contract from Eimco Corporation was returned and the contract cancelled. No options whatsoever, were exercised.
4. We offered for sale locally, the following items of equipment still on hand. Rail, pipe, buildings as is and dismantled, skip, Coleman water heater, Ingersoll Rand tugger hoist, anvil, vice, press tank, receiver, timber on hand, space heater, Ingersoll Rand jack hammer, Ingersoll Rand stoper, Copco drill, pneumatic saw and sheave block. We have not received any offer on this equipment in spite of two trips to Hailey and numerous telephone calls.

5. The powder on hand was returned for credit, which credit has never been issued pending settlement of our account with the Hailey Trading Company. We must assume that the credit is an obligation of this company under the contract.

6. We believe that the disposition of charges for slusher bucket, timber trucks and the mule were properly allocated during your audit.

The writer will be in Spokane about Tuesday, the 8th of March and will visit with you relative to this matter. We trust that the information included will assist in finally settling this account.

Thanking you, we are,

Very truly yours,

UNITED MINERALS CORPORATION

George W. Snyder Jr.

George W. Snyder, Jr.,
President

GWSjr/pt
Enclosures

RECEIVED
air mail
MAR 3 1955

U. S. G. S.
SPOKANE, WASH.

COPY

C. I. T. CORPORATION
INDUSTRIAL FINANCING
660 Market Street San Francisco 4, Cal.

December 3, 1954

United Minerals Corp.
518 Felt Building
Salt Lake City, Utah

Attn: George Snyder, Jr.

Re: 25-06221

Gentlemen:

We understand from Mr. Foulger that you wish some information about the two compressors, serial #44692 and #44291 which were covered by the above numbered contract. For your information this account had an original balance including services charges of $14,345.45.

We are attaching hereto a statement of the account showing how funds were received during the life of the contract and on what dates these payments were received.

We show that on January 12 of 1954 we received $5655.00 as the proceeds from the sale of one of the units and September 27th we received $3906.44 covering the proceeds of the sale of the other unit. However, as to the origin of all of the other funds shown on the attached statement, we do not keep any record of where these payments originated and we would have no way of knowing as to how many of them represent payments from the various lessees or how many of them represented payments eminating directly from your office.

However, we hope that this information will be of some value to you and will prove to be sufficient for your purposes.

Very truly yours,

C. I. T. CORPORATION

By S/S J. A. Eldridge

J.A. Eldridge/b

COPY

UNITED MINERALS CORP.
518 Felt Building
Salt Lake City, Utah

Account #17-1040-112-06221

Date of Contract - 12-10-52

Amount Unpaid - $14,345.45

| Due Date | Date Paid | | Amount of Installment | Amount Paid |
|---|---|---|---|---|
| 1-25-53 | 1-29-53 | | $497.98 | $497.98 |
| 2-25 | 2-26 | | 100.00 | 100.00 |
| 3-25 | 3-30 | | 100.00 | 100.00 |
| 4-25 | 4-20 | | 100.00 | 100.00 |
| 5-25 | 6-8 | | 497.98 | 497.98 |
| 6-25 | 8-4 | | 497.98 | 498.98 |
| 7-25 | 10-13 | | 497.98 | 300.00 |
| | 12-3 | $300.00 Check | | 197.98 |
| 8-25 | 12-3 | | 497.98 | 102.02 |
| | 1-6-54 | | | 300.00 |
| | 1-12-54 | | | 95.96 |
| 9-25 | 1-12 | $5655.00 Ch. | 497.98 | 497.98 |
| 10-25 | 1-12 | | 497.98 | 497.98 |
| 11-25 | 1-12 | | 497.98 | 497.98 |
| 12-25 | 1-12 | | 497.98 | 497.98 |
| 1-25-54 | 1-12 | | 497.98 | 497.98 |
| 2-25 | 1-12 | | 100.00 | 100.00 |
| 3-25 | 1012 | | 100.00 | 100.00 |
| 4-25 | 1-12 | | 100.00 | 100.00 |
| 5-25 | 1-12 | | 497.98 | 497.98 |
| 6-25 | 1-12 | | 497.98 | 497.98 |
| 7-25 | 1-12 | | 497.98 | 497.98 |
| 8-25 | 1-12 | | 497.98 | 497.98 |
| 9-25 | 1-12 | | 497.98 | 497.98 |
| 10-25 | 1-12 | | 497.98 | 279.24 |

Acct. Rewritten
1-5-54

| | | | | |
|---|---|---|---|---|
| 2-25-54 | 2-2-54 | | 300.00 | 300.00 |
| 3-25 | 3-2 | | 300.00 | 300.00 |
| 4-25 | 4-2 | | 300.00 | 300.00 |
| 5-25 | 5-19 | | 300.00 | 300.00 |
| 6-25 | 61 | | 300.00 | 300.00 |
| 7-25 | 9-27-54 | $3906.44 Ch. | 300.00 | 300.00 |
| 8-25 | " | | 300.00 | 300.00 |
| 9-25 | " | | 300.00 | 300.00 |

COPY

United Minerals Corporation Account #17-1040-112-06221
Page 2

| Due Date | Date Paid | Amount of Installment | Amount Paid |
|---|---|---|---|
| 10-25-54 | 9-27-54 | $300.00 | $300.00 |
| 11-25 | " | 300.00 | 300.00 |
| 12-25 | " | 300.00 | 300.00 |
| 1-25-55 | " | 300.00 | 300.00 |
| 2-25 | " | 300.00 | 300.00 |
| 3-25 | " | 300.00 | 300.00 |
| 4-25 | " | 300.00 | 300.00 |
| 5-25 | " | 300.00 | 300.00 |
| 6-25 | " | 300.00 | 300.00 |
| 7-25 | " | 300.00 | 300.00 |
| 8-25 | " | 300.00 | 6.44 |
| 9-25 | " | 300.00 | |

FINAL BALANCE OF $590.07 CLOSED OUT BY INTEREST REBATE.

RECEIVED
air mail
MAR 3 1955

U. S. G. S.
SPOKANE, WASH.

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

MAR 4 - 1955

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

Re: DMEA81, Idm-E18
United Minerals Reserve
Corporation

Dear Mr. Brading:

Reference is made to your letter of February 28, 1955, re above-cited contract.

It will not be necessary for you to make a trip to Salt Lake City to obtain information on equipment and material purchased for this project. It has been decided to handle the matter from the Washington office. Mr. Mittendorf is writing a letter directly to Mr. Snyder in regard to his account as a whole. Upon its release a copy will be sent to you for information purposes.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

JLChambers/wb
March 4, 1955

Copy to: Docket
Admr. Reading File
Mr. Chambers

R.C.G.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
1201 N. Division St.
Spokane 2, Washington
February 24, 1955

REGISTERED MAIL
RETURN RECEIPT REQUESTED

Mr. George W. Snyder, Jr., President
United Minerals Corporation
Felt Building
Salt Lake City 1, Utah

Re: Docket No. DMEA 81 (lead-zinc)
Homestake Mine
Blaine County, Idaho
Contract No. Idm-K18

Dear Mr. Snyder:

Your attention is called to your letter of November 18, 1954 to Mr. Tom Howard of this office, wherein you promise "the preliminary analysis on the subject contract settlement in about another week." We strongly urge that you give this matter your immediate attention.

When Mr. Howard and Mr. Brading visited your office during the latter part of September 1954 to audit your accounts, you informed them that you would furnish within a short time a complete certified statement describing the transaction involving the W. K. Model 315 Joy Compressor, Serial No. 44692, with Caterpillar Diesel Engine, Model D 318 S.H., 5 v., 9768, mounted on 4 pneumatic 700x20 tires. You are requested to furnish such a statement, together with certified true copies of all agreements concerning the rental, conditional sale and final disposition of the compressor, not later than March 15, 1955. Unless we receive this information by that date we shall recommend that the matter be referred to the Attorney General for action.

By Field Team, Region I, NW District

A. E. Weissenborn, Executive Officer
U. S. Geological Survey

Thomas E. Howard
for: Wing G. Agnew, Member
U. S. Bureau of Mines

cc: DMEA, Wash. (2)
T. H. Brading, DMEA Auditor, Denver
USGS (2)
Certifying Officer

DMEA

# UNITED MINERALS CORPORATION

SALT BUILDING
SALT LAKE CITY 1, UTAH

November 23, 1954

Mr. Paul Howard
Director of the Treasury
Sec. 1st Howard Street
Spokane 1, Washington

Re: Docket No. DMEA 81
Homestake Mine, Blaine Co., Ida.
Contract No. Idm-E18

Dear Mr. Howard,

The writer was successful in meeting with Mr. Nat Davis of the Silver Star Queen mining organization in Hailey, Idaho.

I met with Mr. Davis in Boise on the 21st and asked him to arrange an immediate appraisal of the assets remaining on the subject property. He indicated he would do so and also that he would haul most of the items into town together to get them out before the snow flies.

Additionally I have contacted C.I.T. Corporation who financed the compressor unit since the purchase option had to be exercised.

Mr. Glen Foulger, their local representative is thoroughly familiar with the rental transaction and the subsequent purchase and is preparing a resume of interest charges, option conditions and a general summary of the negotiations. It is our belief that this arms length resume will be helpful in clarifying this account.

This document will be forwarded with our other addresses as soon as possible. Thanking you, we are,

Very truly yours,

UNITED MINERALS CORPORATION

George W. Snyder, Jr.

George W. Snyder, Jr.
President

GWS:rlpt

RECEIVED
NOV 26 1954
E.S.O.S.
SPOKANE, WASH.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
1201 N. Division St.
Spokane 2, Washington
November 15, 1954

Folger Equipment Company
1361 South Second West
Salt Lake City, Utah

Re: United Minerals Corporation
518 Felt Building
Salt Lake City, Utah
Homestake Mine
Blaine County, Idaho
Docket No. DMA 81X (lead-zinc)
Contract No. Idm-418

Gentlemen:

The United Minerals or United Minerals Reserve Corporation rented from your company one W. A. Model 315 Joy Compressor #44692, with Caterpillar Diesel Engine, model D, 318 S.H. 5 v. 9768, mounted on 4 pneumatic 700x20 tires.

Since United Minerals has been unable to supply us with the desired information we would like to know the terms of the rental agreement between your company and United Minerals. We also wish to know if the agreement was for straight rental or rental-purchase and, if the latter, did United Minerals take possession of the compressor or receive any credits on this compressor to be applied on the purchase price of other equipment and, if so, the date and amount of such credits.

Our authority for requesting this information is that the United States Government and the United Minerals Reserve Corporation are parties to Exploration Project Contract No. Idm-418 under provisions of the Defense Production Act of 1950 as amended.

Your cooperation in this matter will be greatly appreciated.

By Field Team, Region II

A. E. Weissenborn, Exec. Officer
U. S. Geological Survey

Wing G. Agnew, Member
U. S. Bureau of Mines

Auditor Brading
cc: DMEA, Wash. (2)
USGS (2)
Certifying Officer

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D. C.~~
1201 N. Division St.
Spokane 2, Washington

The Eimco Corporation
P. O. Box 300
Salt Lake City 10, Utah

Re: United Minerals Corporation
518 Felt Building
Salt Lake City, Utah
Homestake Mine
Blaine County, Idaho
Docket No. DMA 81X (lead-zinc)
Contract No. Idm-E18

Gentlemen:

The United Minerals Corporation or United Minerals Reserve Corporation rented from your company one Model 12-B Eimco Rocker Shovel, 18" gauge, Serial No. 6548, and one Eimco Air Trammer, 37 cu.ft. tank, 18" gauge, Serial No. 15. This equipment was rented in 1952.

Since United Minerals has been unable to supply us with the desired information, we would like to know the terms of the rental agreement between your company and United Minerals. We also wish to know if the agreement was for straight rental or rental-purchase and, if the latter, did United Minerals take possession of the equipment or receive any credit on this equipment to be applied on other purchases and, if so, the date and amount of such credits.

Our authority for requesting this information is that the United States Government and the United Minerals Reserve Corporation are parties to Exploration Project Contract No. Idm-E18 under provisions of the Defense Production Act of 1950 as amended.

Your cooperation in this matter will be greatly appreciated.

By Field Team, Region II

A. E. Weissenborn, Exec. Officer
U. S. Geological Survey

Wing G. Agnew, Member
U. S. Bureau of Mines

cc: DMEA, Wash. (2)
USGS (2)
Certifying Officer
Auditor Brading

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
So. 157 Howard Street
Spokane 4, Washington

Department of the Interior
Defense Minerals Administration
RECEIVED
NOV 8 - 1954

November 5, 1954

Mr. George C. Selfridge, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA-81 (lead-zinc)
United Minerals Reserve Corp.
Homestake Mine
Blaine County, Idaho
Contract No. Idm-E18

Dear Mr. Selfridge:

Reference is made to your letter of October 25, 1954. Mr. George W. Snyder, Jr., President of United Minerals Corporation, was told in our letter of October 14, 1954, that the cited contract became terminated as of May 1, 1954 ("or as soon thereafter as snow conditions permitted"), in accordance with provisions of Amendment 6. He was also requested to dispose of jointly-owned equipment and supplies, and in talking with Mr. Tom Howard, Bureau of Mines, Snyder stated that he would begin this at once. A letter (copy enclosed) has been sent Mr. Snyder requesting a final engineering-geological report. An audit of the contract account has been made but we have not yet received the audit report.

We will notify you at once when we hear from Mr. Snyder regarding the disposal of the jointly owned equipment and supplies and the final report. After we hear from him the final settlement of the account can probably be made and the books can be closed on this contract.

By Field Team, Region II

A. E. Weissenborn

A. E. Weissenborn, Executive Officer
U. S. Geological Survey

Wing G. Agnew

Wing G. Agnew, Member
U. S. Bureau of Mines

cc: USBM (2)
USBM (AD)
Auditor Turner
Nickelson

... of the INTERIOR
... Minerals Administration
RECEIVED
NOV 8 - 1954

xxxxxxxxxxxxxxxxxx
So. 157 Howard Street
Spokane 4, Washington

November 5, 1954

Mr. George W. Snyder, Jr., President
United Minerals Corporation
Felt Building
Salt Lake City 1, Utah

Re: Docket No. DMEA-81 (lead-zinc)
Homestake Mine
Blaine County, Idaho
Contract No. Idm-818

Dear Mr. Snyder:

This is to remind you that one of the things called for under the final settlement, as mentioned in our letter of July 20, 1954, is a final report (see paragraph (b), item 4, Amendment 6) which is described under item 13 of the original contract as "a comprehensive geologic and engineering report, including an estimate of ore reserves, to the best of his ability." As the contract has been terminated this report should be submitted to this office (four copies called for in the contract) as soon as possible.

By Field Team, Region II

A. E. Weissenborn, Executive Officer
U. S. Geological Survey

cc: DMEA (2)
USBM (2)
USBM (AD)
Nickelson

Wing G. Agnew, Member
U. S. Bureau of Mines

Ward.

# UNITED MINERALS CORPORATION

FELT BUILDING

SALT LAKE CITY 1, UTAH

RECEIVED
BUREAU OF MINES
NOV 4 - 1954
SPOKANE, WASH.

Defense Minerals Administration
RECEIVED
NOV 18 1954

November 3, 1954

Mr. Thomas E. Howard
Chief, DMEA Section
Bureau of Mines, Region II
1201 North Division Street
Spokane 2, Washington

RE: DMEA-81, Homestake Mine, Blaine County, Idaho Contract Idm-E18

Dear Mr. Howard:

Pursuant to our conversations we are now preparing for you a detailed breakdown on the subject contract charges. It will not be possible to complete this analysis before November 20th due to other very pressing business commitments.

The study is well underway however, and we have conducted our own physical inventory and examination which generally conforms to the conditions which you recited.

Thanking you and with kindest personal regards, we are,

Very truly yours,

UNITED MINERALS CORP.

George W. Snyder, Jr.

George W. Snyder, Jr.
President

GWSjr/lc

Defense Materials Administration
RECEIVED
NOV 3 1954

xxxxxxxxxxxxxxxxxx
So. 157 Howard Street
Spokane 4, Washington

October 27, 1954

Mr. [illegible] J. Miller, Executive Officer
DMA Field Team, Region III
420 Custom House
555 Battery Street
San Francisco 11, California

Re: Docket No. [illegible]A-81 (lead-zinc)
United Minerals Corporation
Homestake Mine
Blaine County, Idaho
Contract No. Idm-13

Dear Mr. Miller:

Thank you for your letter of October 20, 1954, in reply to our inquiry concerning withholding of funds to protect the Government's equity in the Homestake mine contract.

I hope that both of us will be able to salvage something out of the various contracts, but it looks as though there is not much juice to be squeezed out of the orange.

Sincerely,

A. [illegible] Langhorn
Executive Officer, DMA
Field Team, Region III

cc: [illegible]
[illegible]
[illegible]

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

Department of the Interior
Defense Minerals Administration
RECEIVED
NOV 3 - 1954

420 Custom House
555 Battery Street
San Francisco 11, Calif.

October 20, 1954

Mr. A. E. Weissenborn
Executive Officer
DMEA Field Team, Region II
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMEA-81 (Lead-Zinc)
United Minerals Corporation
Homestake Mine
Blaine County, Idaho
Contract No. Idm-E18

Dear Mr. Weissenborn:

Reference is made to your letter dated October 13, 1954, requesting us to continue to withhold $1,500 from the United Minerals Corporation's Contract No. Idm-E302 (Rip Van Winkle Mine) until such time as the Corporation disposes of the equipment purchased under Contract No. Idm-E18 and the Government's equity is satisfied.

Our books show that we owe the United Minerals Corporation $448.21; that Contract No. Idm-E302 is still in force and if terminated, the amount we would salvage from the sale of materials and equipment would not offset the amount due the Corporation.

We have another contract, No. Idm-E322, with George W. Snyder and George W. Snyder, Jr., on the Lucky Strike Mine in Nevada. This property was turned over to the United Minerals Corporation by the Snyders. In this account we are holding back $1,229.39. Here again, the contract has not been terminated and it is questionable if the amount of salvage will offset the amount due the Snyders.

It seems, therefore, that we are in about the same fix that you are, and that the amount due the Corporation in these two accounts ($1,677.60) already is being withheld by us to protect our equity in material and equipment.

Sincerely yours,

H. C. Miller
Executive Officer
DMEA Field Team, Region III

RECEIVED
OCT 25 1954
U S G S
SPOKANE, WASH.

RECEIVED
OCT 25 1954
U S G S
SPOKANE, WASH.

File Copy
Surname
Griswold
Chamberlin
Selfridge
Hedges
Mettendorf

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

OCT 25 1954

Mr. A. E. Weissenborn
Executive Officer
DMEA Field Team, Region II
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMA-81 (Lead-Zinc)
United Minerals Reserve Corp.
Homestake Mine
Blaine County, Idaho
Contract No. Idm-E18

Dear Mr. Weissenborn:

We have just recently received our copy of the August 19 memorandum of Mr. V. Z. Johnson, engineer, USBM, to DMEA Field Team, covering the cited project.

Since it appears that the work has been abandoned, we feel that you should take appropriate action to bring the contract to a conclusion and clear our books as outlined in our letter of August 6, 1954.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (JHB)

WRGriswold/er 10/20/54

APPROVED:

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

Thor H. Kiilsgaard (JHB)
Member, Geological Survey

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

R.G.S.

XXXXXXXXXXXXXXXX
So. 157 Howard Street
Spokane 4, Washington

October 14, 1954

Mr. George C. Snyder, Jr., President
United Minerals Corporation
Felt Building
Salt Lake City 1, Utah

Re: Docket No. DMEA 81 (zinc-lead)
United Minerals Reserve Corp.
Blaine County, Idaho
Contract No. Idm-218

Dear Mr. Snyder:

This will acknowledge your letter of September 27, 1954, in which you state that with the increase in lead and zinc prices it may be possible for you to resume exploration on the Homestake property and request that Contract Idm-218 be extended until next spring. We regret that it will not be possible to do this because, under the terms of Amendment 6, the contract became terminated when work specified in the contract was not resumed on May 1, 1954, or as soon thereafter as snow conditions permitted. In this connection please refer to our letter of July 20, 1954.

You should arrange, therefore, to dispose of jointly owned equipment and supplies as soon as possible, so that the final settlement of the contract can be made. We understand from Mr. Howard that you have stated that you would begin this at once and that he has discussed with you the procedure to be followed in disposing of the jointly owned equipment.

We feel that, in any event, it will be to our mutual advantage to terminate the present contract, and close the books on the records. Once this has been done there would be nothing to prevent you from making an application for a new contract at some future time whenever you found yourself in a position to resume exploration.

By Field Team, Region II

J. E. Weissenborn, Exec. Officer
U. S. Geological Survey

King G. Agnew, Member
U. S. Bureau of Mines

cc: DMEA (2) v/cy incoming
USGS (2) " "
USBM (AS) " "
Nickoloff " "

# UNITED MINERALS CORPORATION

FELT BUILDING

SALT LAKE CITY 1, UTAH

Al
Jack
USBM
DMEA
Nick

September 27, 1954

John S. Vhay
United States
Department of the Interior
So. 157 Howard Street
Spokane 4, Washington

Dear Mr. Vhay,

We have delayed answering your letter of September 13th, pending an opportunity to get all of the directors of the company in for a conference. While we recognize the problems created by constant extensions of the subject contract we now believe that new finances for our project will develope this fall. This of course has been made possible through recent increases for lead and zinc. We would therefore like to request a further extension of the subject contract until a date when operations could commence in the spring. We will be pleased to abide by any decision that you may make.

Thank you most sincerely for your many previous courtesies, we are,

Very Truly Yours,

UNITED MINERALS CORP.

George W Snyder Jr

George W. Snyder, Jr.
Pres.

RECEIVED

SEP 2

xxxxxxxxxxxxxxxxxx
So. 157 Howard Street
Spokane 4, Washington

October 13, 1954

Mr. H. C. Miller
Executive Officer, DMEA
Field Team, Region III
1012 Flood Building
870 Market Street
San Francisco, California

Re: Docket No. DMEA-81 (lead-zinc)
United Minerals Corporation
Homestake Mine
Blaine County, Idaho
Contract No. Idm-218

Dear Mr. Miller:

We are closing out a DMEA exploration contract with the United Minerals Corporation of Salt Lake City, Utah, for the exploration of the Homestake mine in Blaine County, Idaho, and find on auditing the account that the amount still due the company will probably be insufficient to cover the Government's equity in equipment and supplies which still remains to be disposed of.

We understand that Region III is withholding a substantial amount on a contract with the same company, and we request that if possible you continue to withhold $1,500.00 until such time as United Minerals Corporation disposes of the equipment and the Government's equity is satisfied.

E-302

By DMEA Field Team, Region II

A. E. Weissenborn, Executive Officer
U. S. Geological Survey

Wing G. Agnew, Member
U. S. Bureau of Mines

cc: DMEA (2)
USBM (2)
USBM (AD)
Nickelson

xxxxxxxxxxxxxxxxx
So. 157 Howard Street
Spokane 4, Washington

September 13, 1954

Mr. George W. Snyder, Jr., President
United Minerals Reserve Corporation
518 Felt Building
Salt Lake City 1, Utah

Re: Docket No. DMA-81 (lead-zinc)
Homestake Mine
Blaine County, Idaho
Contract No. Idm-818

Dear Mr. Snyder:

Reference is made to our letter of July 20, 1954, in which we discussed resumption or termination of project work.

In your answer of August 3, 1954, you stated you were taking the matter under advisement and would communicate with us in the near future. It is hoped a decision has been reached and that you can inform us immediately what course you will pursue.

Sincerely yours,

John S. Vhay
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

cc: DMEA (2)
USBM (2)

File Copy
Surname

Griswold
Martin
Chamber
Johnson
Mittendorf

500

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

AUG 24 1954

Mr. A. F. Weissenborn
Executive Officer
DMEA Field Team, Region II
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMA-81 (lead-zinc)
United Minerals Reserve Corp.
Homestake Mine
Blaine County, Idaho
Contract No. Idm-F18

Dear Mr. Weissenborn:

With reference to your letter dated August 12, 1954, regarding the cited project, we wish to call your attention to our letter of August 6 with an attached copy of a memorandum from the Acting Solicitor, Defense Minerals, dated July 29.

Sincerely yours,

W. S. Martin
ACTING Chairman, Operating Committee (245)

APPROVED:

J. H. Hedges
Member, Bureau of Mines (245)

D. M. Larrabee
Member, Geological Survey (245)

WRGriswold/bjl (8/20/54)

Copy to: Docket
Admr. R. File
Op. Committee
Base Metals
Mr. Bishop
Mr. Gildersleeve
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
1201 N. Division Street
Spokane 2, Washington
August 19, 1954

MEMORANDUM

To: DMEA Field Team, Region II

From: V. Z. Johnson, Mining Engineer, Bureau of Mines

Subject: Inspection and inventory, United Minerals Reserve Corporation, Homestake property, Blaine County, Idaho, Contract Idm-E18, Docket No. DMEA-81 (lead-zinc)

## General

The property was visited on July 25, 1954. There was no one in the area except the sheep men who have a summertime pasture privilege from the Forest Service. There has been no project activity since October of 1952.

## Inspection and Inventory

The access road to the Homestake portal remains in fair shape but the road to the Long Grade Claims is partially impaired from hillside slough. The drift to the project workings has an estimated thirty cars of slough muck accumulated at points where occasional sets of retimber would be required. The project openings are standing well and there was only about 15 feet of water in the project winze. There is an accumulation of bad air at the winze hoist.

Two roofs have failed due to snow load over the living quarters which were built prior to the DMEA contract. There has been little depreciation to the buildings constructed for the project.

The equipment and supply items at the property were checked with the items which had been noted by Mr. Thor Kiilsgaard during his inspection of October 14, 1953. The items which have apparently been removed since that date are as follows:

1 set of chain falls
20 pieces of 20-16 rail - 20 ft.
5 pieces of 2-1/2" pipe - 16 ft.

An inventory of the equipment, installations and supplies at the property is as follows:

Equipment

| | | | | |
|---|---|---|---|---|
| 10 | 27 cubic foot end dump mine cars | | | |
| 1 | 750 gal. oil storage tank | | | |
| 1 | Forge blower- hand driven | | | |
| 1 | 3/4 ton, 36-in. ga. mine skip- | installed | at | winze |
| 1 | I-R air tugger, #A 1241 | " | " | " |
| 1 | Water pressure tank, 20 gal. | " | " | " |
| 1 | Air receiver, 3 ft. dia. 6 ft. long | " | " | " |
| 1 | Coleman water heater, 20 ga. | | | |
| 1 | Anvil | | | |
| 1 | Hand vice | | | |

Supplies

Rail 14 - 20 ft. lengths - 20 lb.
Pipe 100 ft. of 2-1/2"
200 ft. Of 1"
Stulls - 160 - 16 ft. 6-10 in.
Misc. mine and mill timber - 2,000 board feet
Wheelbarrow
Oil stove
Bed and cot
100 Ties - 4 in. x 4 in. x 3-1/2 ft.
24 pieces 2 x 8 in. sinking standpipes
350 ft. 10" fan pipe
250 ft. 8" fan pipe
10 ft. 2-1/2" bull hose

Buildings

1 54 ft. x 16 ft. frame building, single sheathed, tar paper covered and roofed, concrete floor.
1 18 ft. x 56 ft. building rehabilitated; same construction as above.

## Salvage

The above physical inventory of items at the project indicates that there is relatively little remaining at the mine from which the Government's equity in salvage might be obtained.

Approved costs on the October 1952 MF-104 wherein an equity in salvage is to be considered are for the categories thatfollow:

| | |
|---|---|
| Operating Materials and Supplies | |
| Timber | $2,640.53 |
| Explosives | 1,366.54 |
| Pipe | 252.61 |
| Track | 46.00 |
| Other supplies | 3,184.92 |
| Operating Equipment | |
| Rental (In part rental purchase) | 11,142.87 |
| Purchase | 4,513.60 |
| New Buildings, Improvements, Etc. | 1,275.28 |

The few work units, drift 95 feet and winze 89 feet, completed under the project suggests that only a little depletion and depreciation may be attributed to the project work. Timber in the above list cost $2,640.53 and the existing supply has an approximate value of $800.00, indicating that $1,840.00 worth of timber had been used on the property. The timber supply cost would be high ($5.25/ft.) if this is true, but there is nothing to suggest that any part of the timber supply has been removed.

The powder magazine at the property was locked, but $1,366.54 of approved cost for explosives is suggestive that there should be a portion of this supply remaining that could reasonably be worth $400.00 to $450.00. The explosives cost should not have been high in the fault zone where most of the project work was advanced. A rather high cost per foot could have been $5.00 which would have totaled $920.00 (5'x184) for the cost of explosives actually used.

Pipe was submitted for an approved cost of $252.61 and this amount is probably the true cost of the pipe installed and on hand at the mine.

Track was submitted for an approved cost of $46.00 which is much less than the worth of the track installed or the rails on hand. Evidently the Operator used track from other parts of the mine.

Other supplies costing $3,184.92, includes fuel, lubricants, and other items which were not detailed on audits or invoices. A complete accurate analysis of the individual items in this category is difficult, but fuel and lubricants will total about $804.00, and

repairs and parts will total over $600.00. Hose, 3/4 inch, 50 ft., $54.60 and 1 inch, 50 feet, $48.20, as well as the wire reinforced hose for the mucking machine could not be found at the property. These and other items such as drill steel have probably been removed for safe keeping.

Rental Purchase Equipment

Accepted cost for $11,142.97 is the amount charged to Operating Equipment-- Rented, and a significant amount of this was paid on equipment items used under rental purchase agreements. The pieces of equipment so rented and the amounts paid are as follows:

| | | | |
|---|---|---|---|
| Eimco Rockershovel | 1 | @ $258.00 month | $1,290.00 |
| " Air locomotive | | @ 196.00 month | 980.00 |
| Joy 315D Compressor | | @ 470.00 month | 6,168.95 |
| | | | $8,438.95 |

The above totals would indicate that an appreciable credit towards the purchase of these items had been completed jointly by the Operator and the Government.

Operating Equipment Purchased

The total accepted amount for equipment purchased was $4,513.60. In addition to the items now at the mine there were jointly purchased items removed for safe keeping or to be used elsewhere* as follows:

| | | |
|---|---|---|
| 1 | Atlas rock drill #431455 with lubricator, hoses, and pusher attachment | $513.00 |
| 1 | 30 inch Cate scraper | 175.00 |
| 1 | Pneumatic saw | 362.00 |
| 1 | Atlas rock drill #432350 with lubricator, hose set and pusher | 495.00 |
| 1 | Set of chain falls | 50.00 |
| 1 | Welding outfit | 124.50 |
| 2 | Timber trucks | 75.00 |
| 1 | Set mule harness | 79.20 |
| 1 | J-40 Jackhammer #670128 I-R | 345.00 |
| 1 | R-48 I-R Stoper #673354 | 670.00 |
| 1 | 6 x 4 x 6 McGowan Sump Pump | 250.00 |
| 1 | J 40 I-R Jackhammer #669421 | 345.00 |
| 2 | JL4 I-R Jacklegs | 390.00 |

no

*Amend. #6 prohibits "without advance written approval of Govt." Jackert 10/18/54

The above named equipment was used very little at the project so that a Government equity exists in these items at nearly 50 percent of the amount charged to the contract. Nevertheless, equipment purchasers will not take them as new and there is the cost of liquidating if the Government attempts the sale of such equipment.

A reasonable salvage value for the Government's equity for the categories above discussed is estimated as follows:

| Item | Cost on MF-104s | Suggested Salvage Value Remaining | Suggested Value of Govt. equity |
|---|---|---|---|
| Timber | $2,640.53 | $ 800.00 | $ 320.00 |
| Explosives | 1,366.54 | 450.00 | 200.00 |
| Pipe | 252.61 | 125.00 | 60.00 |
| Track | 46.00 | 40.00 | 20.00 |
| Other Supplies | 3,184.92 | 1,200.00 | 400.00 |
| Operating Equipment-Rental Purchased | 8,438.95 | 6,300.00 | 3,000.00 |
| Equipment Purchased | 4,513.60 | 3,600.00 | 1,440.00 |
| New Bldgs. & Improvements | 1,275.28 | 650.00 | 300.00 |
| Total salvage value for Government's equity | | | $5,740.00 |

It is suggested that the Government accept any offer from the Operator which equals or exceeds $5,000.00 for its equity because the cost of assembling and disposing of the items to other parties would probably be enough to reduce the net well below $5,000.00.

V. Z. Johnson

V. Z. Johnson

cc: Orig. & 3 cys - Wash.
USGS (2)
DMEA
~~M/D~~ auditor
AD
VZJ:mp

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
No. 157 Howard Street
Spokane 4, Washington

August 12, 1954

Mr. George C. Selfridge, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Automatic Termination of Contracts

Dear Mr. Selfridge:

The contracts listed below were given amendments which called for automatic termination if work was not resumed by certain dates. On the contracts listed work has not been resumed and we would like to know whether your office will initiate formal action to terminate the contracts, and if you want us to notify the Operators that the contracts are terminated and that formal papers are coming from Washington.

1. Idaho Mining Company, Docket No. DMEA-981, Contract No. Idm-E88; Amendment No. 1 provides that work is to be resumed on or before July 1, 1954.

2. Signal Mining Company, Docket No. DMEA-2237, Contract No. Idm-E421; Amendment No. 3 provides that work is to be resumed on or before July 1, 1954.

3. United Minerals Reserve Corporation, Docket No. DMA-81, Contract No. Idm-E18; Amendment No. 6 provides that work is to be resumed before May 1, 1954. A letter dated February 18, 1954, from Mittenderf to the company states that if snow conditions make it impractical to resume work by May 1, the Government would consider an additional amendment to recess work for an additional 30 or 60 days.

By Field Team, Region II

Wing G. Agnew, Acting Exec. Officer
U. S. Bureau of Mines

John S. Vhay, Acting Member
U. S. Geological Survey

cc: USBM (2)
Quinlan

File Copy
Surname
Selfridge
Mittendorf

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

INTERIOR DEPT.
AUG 3 - 1954
SOLICITOR

AUG 3 1954

Mr. A. E. Weissenborn
Executive Officer
DMEA Field Team, Region II
South 157 Howard Street
Spokane 4, Washington

FROM SOLICITOR
- 1954
FOR SIGNATURE

Re: Docket No. DMA-81 (Lead-Zinc)
United Minerals Reserve Corp.
Homestake Mine
Blaine County, Idaho
Contract No. Idm-E18

Dear Mr. Weissenborn:

Referring to the cited contract, it is our understanding that work has not been resumed on this project, though the recess period expired May 1. Under date of February 18, the Administrator advised this Operator that, if snow conditions made resumption of work by May 1 impractical, we would be willing to grant an additional recess.

However, if work has not been started before now, we can see no reason for any further delay. We feel that you should notify the Operator that, in accord with Amendment No. 6, all obligations of the Government to contribute to further costs in this project have been terminated, and that the proper winding-up and settlement actions should be taken as outlined in the amendment.

Enclosed for your information are two copies of a memorandum dated July 29, by the Acting Assistant Solicitor, Defense Minerals.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (216)

Enclosures 2

APPROVED:
J. H. Hedges
Member, Bureau of Mines (216)

S/ E. L. Newcomb
Member, Geological Survey (216)

WRGriswold/er (rewritten 8/2/54)

Copy to: Docket
Admr. R. File
Op. Committee
Base Metals
Actg. Asst. Solicitor, DMEA
Mr. Bishop
Mr. Gildersleeve
Chron.

R.C.G.

File Copy
Surname
Griswold
Selfridge

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

Mr. A. H. Weissenborn
Executive Officer
DMEA Field Team, Region II
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMA-81 (Lead-Zinc)
United Minerals Reserve Corp.
Homestake Mine
Blaine County, Idaho
Contract No. Idm-218

JUL 26 1954

Dear Mr. Weissenborn:

Referring to the cited contract, it is our understanding that work has not been resumed on this project, though the recess period expired May 1. Under date of February 18, the Administrator advised this Operator that, if snow conditions made resumption of work by May 1 impractical, we would grant an additional recess.

However, if work has not been started before now, we can see no reason for any further delay. We feel that you should notify the Operator that, in accord with Amendment No. 6, all obligations of the Government to contribute to further costs in this project have been terminated, and that the proper winding-up and settlement actions should be taken as outlined in the amendment.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (24B)

APPROVED:

J. H. Hedges (24B)
Member, Bureau of Mines

T. P. Thayer (24B)
Member, Geological Survey

WRGriswold/bjl (7/22/54)

Copy to: Docket
Admr. R. File
Op. Committee
Base Metals
Actg. Asst. Solicitor, DMEA
Mr. Bishop
Mr. Gildersleeve
Chron.

Ginsburg Code 500

Will you pls make slight correction as per Counsel memo & then run thru again. See that AE gets copy of Hoffman memo - because he might overlook importance of "willing to"

M

DMEA
File Copy
Surname

Rubin
Hofflund

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

July 29, 1954

Memorandum

To: The Administrator, DMEA

From: Acting Assistant Solicitor, Defense Minerals

Subject: Docket No. DMA-81 (Lead-Zinc), United Minerals Reserve Corp., Contract Idm-E18

You have referred to this office the attached letter addressed to Mr. Weissenborn and signed by the Chairman of the Operating Committee "For opinion."

The letter refers to the provision in Amendment No. 6 dated January 8, 1954, recessing the work and requiring the operator to resume work no later than May 1, 1954, and to the Administrator's letter dated February 18 to the operator, which stated that if snow conditions made resumption of work impractical on May 1, "we would be willing to grant an additional amendment for 30 or 60 days..."

In our opinion, this does not amount to a waiver of the May 1 date set forth in Amendment No. 6 but amounts only to a promise to entertain a request to extend the recess beyond May 1 if the conditions stated in the Administrator's letter (snow conditions) occurred, such extension of the recess to be incorporated into a formal amendment of the contract. However, assuming that the operator, for some reason, contended that the letter amounted to a waiver of the May 1 date, the "30 or 60 days" referred to in the letter of February 18 have now passed. Therefore, in our view, the Government may consider the conditions of paragraph 4 of Amendment No. 6 as now being in effect and require the winding-up and settlement actions set forth in the amendment.

We would surname and approve the letter submitted if, after the word "would" on the last line of the first paragraph, there were added the words "be willing to."

J. L. Hofflund

J. L. Hofflund
Acting Assistant Solicitor
Defense Minerals

Attachment

Mr. Hofflund
Mr. Rubin
Chron.

Copy to: Solicitor's Docket
DMEA Docket
Mr. Griswold (2)

ubin:ep

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
No. 157 Howard Street
Spokane 4, Washington

2

July 20, 1954

Mr. Geo. V. Snyder, Jr., President
United Minerals Reserve Corporation
Felt Building
Salt Lake City 1, Utah

Re: Docket No. DMEA 81 (lead-zinc)
Homestake Mine
Blaine County, Idaho
Contract No. Idm-118

Dear Mr. Snyder:

Amendment No. 6 to your contract specifies that project work was to be recessed during the period November 1, 1952, to May 1, 1954, and a subsequent letter from Mr. C. O. Mittendorf, Administrator, expressed a willingness to grant an additional amendment for 30 or 60 days in order that the work might be started without undue hardship. The Field Team would appreciate being advised of your current plans regarding the project. Field representatives report that there is no activity.

Unless project work resumption is in progress it would appear that the winding up and settlement actions listed under paragraph (b) of Item 4 of Amendment No. 6 should now be initiated. A reasonable disposal of facilities, buildings, fixtures, equipment, and other items, to the cost of which the Government has contributed, can be executed by your submission of a bid for the Government's equity in such items along with supporting evidence that yours is the highest bid submitted.

Approved totals on your October 1952 MT-104, wherein a Government equity in salvage might be considered, are in categories as follows:

(3) Operating Materials and Supplies

| | |
|---|---|
| Timber | $2,040.53 |
| Explosives | 1,366.34 |
| Pipe | 252.01 |
| Steel | 40.00 |
| Other supplies | 5,154.92 |

(4) Operating Equipment

| | |
|---|---|
| Rental (any rental purchase item) | $11,142.87 |
| Purchase | 4,513.60 |

(6) Use Buildings, Improvements, etc. 1,275.28

The above costs are given to suggest sources of possible salvage if the project is to be terminated at this time rather than an indication of value.

The Field Team hopes to hear that you are resuming project work.

By Field Team, Region II

A. L. Weissenborn, Exec. Officer
U. S. Geological Survey

Wing G. Agnew Member
U. S. Bureau of Mines

cc: DMEA (2)
USBM (2)

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

1201 N. Division St.
Spokane 2, Washington
May 20, 1954

MEMORANDUM

To: DMEA Field Team, Region II

From: V. Z. Johnson, Mining Engineer, Bureau of Mines

Subject: Inspection of access conditions, United Minerals Reserve Corp., Homestake property, Blaine County, Idaho, Contract Idm-E18, Docket No. DMEA 81 (lead-zinc)

The sixth amendment to the subject contract authorized a suspension of operations to May 1, 1954. The area was visited on May 3 to determine if the property was accessible.

About 18 inches of ice-like snow covered the road for a distance of one mile from the portal. There were no tracks or other indications that any one had visited the area recently. It is believed that two days work with a bulldozer would be sufficient to open the road.

If the Operator does not express some interest or undertake some project activity in the next few weeks, it is recommended that this project be terminated either by mutual agreement or unilateral action. There has been no project work done since October 1952.

V. Z. Johnson

Orig. & 3 cys—Wash.
USGS (2)
DMEA
M/D
AD
VZJ/he

FILE COPY
SURNAME:

500

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

FEB 18 1954

Mr. George W. Snyder, Jr., President
United Minerals Corporation
Felt Building
Salt Lake City 1, Utah

Re: Docket No. DMA-81 (Lead-Zinc)
United Minerals Reserve Corp.
Homestake Mine
Blaine County, Idaho
Contract No. Idm-218

Dear Mr. Snyder:

We wish to acknowledge your letter of January 15, 1954, referring to Amendment No. 6 to the above contract. We note your comment that snow conditions may make it impractical to get work started by May 1. If such should prove to be the case, we would be willing to grant an additional amendment for 30 or 60 days, whichever might be necessary in order that work could be started without undue hardship.

Thank you for calling our attention to your opinion that the certification by agreement contained in paragraph 4(c) of Amendment No. 6 may not be binding upon your landlord. Of course, your landlord cannot be bound by an agreement to which he is not a party, but we are not prepared to express an opinion as to whether he would be bound under his existing subordination agreement.

Sincerely yours,

C. O. Mittendorf (fw)

Administrator

WRGriswold/bjl

Copy to: Docket
Admr. R. File
Op. Committee
Base Metals
Mr. Kinkel
Mr. Bishop
Chron.
Region II (2)

P.C.B. 2-18-54

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
So. 157 Howard Street
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 8 1954

February 4, 1954

Mr. George C. Selfridge, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMA-81 (lead-zinc)
United Minerals Reserve Corporation
Homestake Mine
Blaine County, Idaho
Contract No. Idm-E18

Dear Mr. Selfridge:

Receipt is acknowledged of two signed copies of Amendment No. 6 to the subject contract. These copies are being distributed in the usual manner.

In the amendment it is noted that work is to be resumed on or before May 1, 1954, and that if work is not resumed by that date the contract shall be terminated as of that date. This agreement is quite satisfactory to the Field Team as it has obtained a definite commitment from the operator. It might have been better to have established the resumption deadline as of June 1, 1954, because, barring an unusually early spring, there will definitely be snow at the mine site by May 1. This factor could inconvenience the operator, and could delay his resumption of work even though his intentions might be to begin work as of that date.

In the event the operator makes a definite attempt to resume work on or before May 1, but is prevented by snow conditions, it is recommended that the Government extend the deadline date for a sufficient period of time to allow the operator to occupy the property in such fashion as to permit resumption of the project in a workmanlike manner.

By Field Team, Region II

A. E. Weissenborn

A. E. Weissenborn, Executive Officer
(U. S. Geological Survey)

Thomas E. Howard

Thomas E. Howard, Acting Member
(U. S. Bureau of Mines)

cc: USBM (2)
Kiilsgaard
Finance Office w/encl.

FILE COPY
SURNAME:

140

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

Butler

N.S. in R.R.

February 2, 1954

Memorandum

To: Mr. G. C. Selfridge

From: Chief Counsel

Subject: Docket No. DMA-81 (Lead-Zinc), United Minerals Reserve Corp., Homestake Mine, Blaine County, Idaho, Contract No. Idm-818

In your memorandum to me of February 1 you ask for my comments on a letter from the Operator dated January 15 to the Administrator, in which he points out ". . .that we are operating under a lease and that we have no authority to bind the land owner on the strength of his earlier subordinate agreement."

This contract, dated June 22, 1951, is on the old form which requires certification in terms of ". . . particularly describing and delimiting its [the Government's] estimate of the discovery or development." It is my understanding that it is impracticable or undesirable to make a certification under these provisions. For this reason, a certification by agreement was incorporated in Amendment No. 6 suspending operations, the certification to become effective if the work is not resumed on or before May 1, 1954. No doubt it is the intention of the Operator to point out that a certification by agreement, without any such discovery or development as would justify a unilateral certification under the provisions of the contract, may not be binding upon a landlord who has signed the old form of Landlord's Subordination Agreement.

I agree with the Operator in this respect. However, the matter is of no significance to the Government if it is a fact that a unilateral certification under the provisions of the contract would not have been justified. The only purpose of the Landlord's Subordination Agreement is to subject the production to the Government's royalty pursuant to the lien which is established only, as far as the landlord is concerned, by a unilateral certification of discovery or

development under the provisions of the contract. In any case where such certification cannot be made, the Government might as well rely upon a certification by agreement rather than to have no certification at all.

Another reason for accepting the certification by agreement when the contract is written on the old form is that certification is made to cover all or as much as may be desired of the land described in the contract form without any particular description or delimitation such as would otherwise be required.

I suggest therefore that the letter in reply to Mr. Snyder contain a paragraph somewhat as follows:

> Thank you for calling our attention to your opinion that the certification by agreement contained in paragraph 4(c) of Amendment No. 6 may not be binding upon your landlord. Of course, your landlord cannot be bound by an agreement to which he is not a party, but we are not prepared to express an opinion as to whether he would be bound under his existing subordination agreement. At any rate, inasmuch as we do not wish at this time to make a unilateral certification of discovery or development under the provisions of the contract, we deem the contingent certification by agreement contained in Amendment No. 6 to be beneficial and to serve a useful purpose.

J. L. Hofflund

J. L. Hofflund
Chief Counsel

JLHofflund/emd

Copy to: Docket
Adm. R. File
W. R. Griswold
J. L. Hofflund
chron.

FILE COPY
SURNAME:

Selfridge

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

February 1, 1954

Memorandum

To: John L. Hofflund, Chief Counsel

From: George C. Selfridge
Special Assistant to the Administrator

Subject: Docket No. DMA-81 (Lead-Zinc)
United Minerals Reserve Corp.
Homestake Mine
Blaine County, Idaho
Contract No. Idm-E18

Will you please comment on George W. Snyder, Jr.'s letter of January 15, 1954, relating to Paragraph C of Section 4 of Amendment No. 6.

/S/
George C. Selfridge

GCSelfridge/esf

cc to: Docket
Admr. R. File
Mr. Selfridge
Chron.

FILE COPY
SURNAME:

500

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

JAN 27 1954

Mr. A. E. Weissenborn
Executive Officer
DMEA Field Team, Region II
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMA-81 (Lead-Zinc)
United Minerals Reserve Corp.
Homestake Mine
Blaine County, Idaho
Contract No. Idm-413

Dear Mr. Weissenborn:

Enclosed are the Finance Office and Field Team signed copies of Amendment No. 6 to the above contract, which were sent directly to this office by the Operator.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (JHB)

Enclosures 2

WRGriswold/bjl (1/26/54)

APPROVED:

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

s/ Philip W. Guild
Member, Geological Survey (JHB)

Copy to: Docket
Admr. R. File
Op. Committee
Base Metals
Mr. Kinkel
Mr. Bishop
Chron.

R.S.G. 1-27-54

# UNITED MINERALS CORPORATION

FELT BUILDING

SALT LAKE CITY 1, UTAH

January 15, 1954

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 18 1954

Mr. C. O. Mittendorf
Administrator
United States Department of the Interior
Defense Minerals Exploration Administration
Washington 25, D. C.

Re: Docket No. DMA-81 (lead-zinc)
United Minerals Reserve Corporation
Blaine County, Idaho
Contract No. Idm-E18

Dear Mr. Mittendorf,

Enclosed please find executed original and four copies of Amendment No. 6 to the subject contract. There are two conditions which I believe should be called to your attention in this regard.

First, it is frequently extremely difficult to operate in this area until all of the slides have run. This has, in the past, occured many times during the month of May. In view of the extremely open winter now prevailaing, we can only hope that slide and surface conditions will not be excessively difficult.

The second condition deals with Paragraph C of Section 4 of the Amendment wherein a commitment is established as regards the repayment of royalties. We direct your attention to the fact that we are operating under a lease and that we have no authority to bind the land owner on the strength of his earlier subordinate agreement.

Your many courtesies in regard to our operations have been most sincerely appreciated. Thanking you again, we are,

Very truly yours,

UNITED MINERALS CORPORATION

George W. Snyder, Jr.

George W. Snyder, Jr.,
President

GWSjr/pt
Enc.

FILE COPY
SURNAME: 93

149

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

Hoffland
Chandler

JAN 1 1 1954

Mr. George W. Snyder, Jr., President
United Minerals Corporation
Felt Building
Salt Lake City 1, Utah

Re: Docket No. DMA-81 (lead-zinc)
United Minerals Reserve
Corporation
Blaine County, Idaho
Contract No. Idm-E18

Dear Mr. Snyder:

Reference is made to correspondence in the past several months relating to the current suspension of operations under the subject contract.

It is my understanding that work on this project has been suspended since early in November 1952. It is now plain that the work cannot be resumed so as to bring the project to completion within the time now limited for completion; that is by June 22, 1954. This agency is not authorized to permit the indefinite suspension of operations under its exploration project contracts. On the other hand, we do not want to foreclose any reasonable prospect or desire you may have to resume operations and complete the project within such reasonable time period as we believe we are authorized to allow.

With the foregoing considerations in mind, I propose the attached amendment (Amendment No. 6) approving the suspension of operations until not later than May 1, 1954, but terminating the project if work is not resumed on or before that date so as to bring it to completion on or before November 22, 1954. The amendment also provides for a certification by agreement, as I consider this an essential element to justify either a further extension of time for completion or the termination of the project without completion.

Of course, if you are not interested in any further extension of time, the proposed amendment can be revised to provide for an immediate termination and certification.

R.C.G.
1-11-54

If this proposal meets with your approval, please execute all six of the attached copies and return the original and four copies to this office.

Sincerely yours,

C. O. Mittendorf (for)

Administrator

Enclosures 6

JLHofflund/emd 1/8/54

Copy to: Docket
Adm. R. File
C. O. Mittendorf
Operating Committee
Field Team, Reg. II (2)
Base Metals Div.
J. L. Hofflund
chron.
pending

500

FILE COPY
SURNAME:

Keating
Raymond
Pulvin
Allen
Hoffman
Bishop
Selfridge
Chandler

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

Mr. [illegible] Weissenborn
Executive Officer
DMA Field Team, Region II
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMA 81 (Lead-Zinc)
United Minerals Reserve Corp.
Homestake Mine
Blaine County, Idaho
Contract No. Idm-118

Dear Mr. Weissenborn:

This refers to your letters of October 9, 1953, and November 17, 1953, relative to your recommendation that the above contract be terminated by mutual consent.

Pursuant to your recommendation we are enclosing a termination agreement. If it meets with the approval of yourself and the Operator, please obtain the required signatures and distribute in the usual manner.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (JHB)

AGKeating/hmj (12-9-53)

CC to: Docket
Adm. R. File
Op. Committee
Mr. Bishop
Mr. Kinkel
Chron.
Base Metals

APPROVED:

J. H. Hedges

Member, Bureau of Mines (JHB)

D. M. Larrabee

Member, Geological Survey (JHB)

Docket Copy

TERMINATION OF WORK UNDER AN EXPLORATION PROJECT CONTRACT
BY AGREEMENT

It is agreed this ____ day of _____, 195__, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and the United Minerals Reserve Corporation, hereinafter called the "Operator," parties to that certain Exploration Project Contract Idm-810, Docket No. DMA-81, dated June 22, 1951, that:

1. All exploration work under the said contract shall be terminated as of the date first above written.

2. Any work prosecuted or costs incurred by the Operator after November 1, 1952, shall be for the sole account of the Operator, except for (a) such necessary and reasonable costs and expenses as may be incurred in preserving and disposing of any facilities, buildings, fixtures, equipment, or other items, to the cost of which the Government has contributed and in which the Government has an equity, and (b) the costs of any reports, accounts, and winding-up and settlement actions provided for in the Contract.

3. The undersigned Operator hereby releases and agrees to save harmless the Government from all claims and demands under or arising out of said Exploration Project Contract, except as herein expressly otherwise provided.

4. Article 14 of the Contract, as amended herein, shall remain in full force and effect.

5. (a) That part of Article 14 of the contract which precedes the colon, is amended to read as follows:

> The Operator, regardless of any certification of a discovery or development, and regardless of whether the Operator is the producer or has any interest in the land, shall pay to the Government a royalty on all minerals mined or produced from the land described in Article 2 of the Contract within eleven years from the date of the Contract, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first. Said royalty shall be a percentage of the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of such

production (including any bonuses, premiums, allowances, or other benefits), in whatever form disposed of, including ore, concentrates, or metal, as follows:

(b) In the sentence preceding the last sentence of Article 14, delete "10-year" and substitute "11-year" period.

Witness the following signatures as of the day and year first above written.

THE UNITED STATES OF AMERICA

By _____
A. E. Weissenborn, Executive Officer
DMEA Field Team, Region II

Partin
Hoffland
B. Ellen

UNITED MINERALS RESERVE CORPORATION

By _____

140

FILE COPY
SURNAME:

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

January 8, 1954

Memorandum

To: The Administrator

From: Chief Counsel

Subject: United Minerals Reserve Corporation, Docket No. DMA-81 (lead-zinc)

Pursuant to our conversation of yesterday, there is attached hereto a revised draft of a combined suspension and termination agreement, denominated "Amendment No. 6."

By the provisions of this agreement, the current suspension is approved until May 1, 1954, but the contract to terminate automatically if work is not resumed on or before that date so as to bring it to completion on or before November 22, 1954.

J. L. Hofflund

J. L. Hofflund
Chief Counsel

Attachment

JLHofflund/emd

Copy to: Docket
Base Metals Div.
J. L. Hofflund
chron.

FILE COPY
SURNAME:

Keating
initialed

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

N.S. in R.R.

December 4, 1953

Memorandum

To: Chief Counsel

From: Base Metals Division

Subject: Docket No. DMA 81 (Lead-Zinc)
United Minerals Reserve Corporation
Homestake Mine
Blaine County, Idaho
Contract No. Idm-818

May 15, 1953 amendment No. 5 extended time for completion of the work from 2 years to 3 years (June 1954). Work was suspended early in November 1952 and there has been no recess provided for by amendment. Therefore the Operator is presently in default.

This contract is on the old form and a termination by mutual agreement, preserving the percentage royalty right might be questionable because the landlord subordinates to the Government's rights under the contract.

It is believed to be for the best interests of the Government to terminate the contract by mutual consent with agreement by the Operator that it will be responsible for royalty payment to the Government if the property should be worked within the 10-year period, as provided by the contract.

A termination agreement to conform to the above conditions is requested.

/S/
A. W. Keating

Attachment

Copy to: Docket
Base Metals
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
So. 157 Howard Street
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 23 1953

November 17, 1953

Mr. George C. Selfridge, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMA-81 (lead-zinc)
United Minerals Reserve Corp.
Homestake Mine
Blaine County, Idaho
Contract No. Idm-E18

Dear Mr. Selfridge:

Reference is made to your letter of November 9, 1953, in which you request additional information on the mineralized showings disclosed by DMEA work done on or from the No. 6 level of the Homestake mine. It is understood that you would like to issue a certification of discovery for such work, if such action can be substantiated.

DMEA work completed to date has been so inconclusive that we do not believe a discovery should be certified. It is true that some ore has been encountered; however, perusal of the geologic and assay map submitted with the DMA application will show that several ore shoots have been intersected on the No. 6 level, but these shoots have been largely oxidized zinc ore and therefore of little value. The DMEA program was predicated on the finding of sulphide ore bodies in the Homestake mine and in this we have not been successful. The short length of winze completed off the No. 6 level and the short advance of the No. 6 level to the northwest have encountered discontinuous ore but not in sufficient extent or grade to constitute appreciable oreshoots. As an example of the discontinuous grade, we might mention that a 1-foot sample of the vein, taken from the short hoisting raise over the winze, assayed 13.6 ozs. Ag, 17.4 percent Pb, and 43.8 percent Zn; however, a sample taken from the winze a few feet below the No. 6 level assayed only traces of lead-zinc. At the bottom of the winze a 3-foot sample assayed 0.7 percent Pb, and 0.44 percent Zn; gold and silver were not assayed.

Ore in the No. 6 drift, northwest of the winze, is likewise spotty although the structure is strong. A sample taken across a 1.7-foot width, 30 feet from the face, assayed 5 percent Pb and 10.8 percent Zn; this shoot seems to be about 20 feet in length with the ore values pinching toward the face. At the face a sample taken across a 1.6-foot width assayed Tr. Au, 0.3 oz. Ag, no Pb, and 0.9 percent Zn.

The aforementioned inconsistent assays, the relatively small amount of work completed, and the fact that no sulphide ore has been found in what must be considered as a well-explored vein in the oxidized zone leads us to again recommend that no discovery be certified. If the preserving of percentage royalty rights is questionable under a mutual termination agreement on the old form of contract, we would recommend that no lien be placed on the property involved as we do not believe the value of the property has increased as a result of DMEA work.

By Field Team, Region II

A. E. Weissenborn

A. E. Weissenborn, Executive Officer
(U. S. Geological Survey)

Stephen W. Zolotok
for M. E. Volin

M. E. Volin, Member
(U. S. Bureau of Mines)

cc: USBM (2)
Kiilsgaard

FILE COPY
SURNAME:
500

Keating
Reinnel
Defense
Owen
Talbot
Selfridge
Weissenborn

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

NOV 9 1953

Mr. A. L. Weissenborn
Executive Officer
DMA Field Team, Region II
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMA 81 (Lead-Zinc)
United Minerals Reserve Corp.
Homestake Mine
Blaine County, Idaho
Contract No. Idm-518

Dear Mr. Weissenborn:

This refers to your letter of October 9, 1953, in which you recommend that the above contract be terminated by mutual consent preserving the Government's right to percentage royalty.

This contract is on the old form and a termination by mutual consent preserving the percentage royalty rights might be questionable because the landlord subordinates to the Government's rights "under the contract."

We concur with your recommendation that the project be terminated, but it appears best that we certify to a discovery if such action can be substantiated.

We note in your letter that the face of the No. 6 level is definitely in ore, and that additional ore has been revealed by slabbing the walls of the drift.

It will be helpful to us in considering a certification of discovery if you would advise us in somewhat more detail as to the mineralization disclosed by the exploration work on the No. 6 level, including your opinion as to the probable potentiality of the showings.

Sincerely yours,

APPROVED:

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

A. R. Kinkel, Jr.
Member, Geological Survey (GCS)

George C. Selfridge (GCS)
Chairman, Operating Committee

AGKeating/hmj (10-30-53)

CC to: Docket
Op. Committee
Adm. R. File
Mr. Kinkel
Mr. Bishop
Base Metals Div.
Chron.

R.C.S. 11-9-53

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
So. 157 Howard Street
Spokane 4, Washington

October 27, 1953

Mr. George C. Selfridge, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA-81 (lead-zinc)
United Minerals Reserve Corporation
Homestake Mine
Blaine County, Idaho
Contract No. Idm-E18

Dear Mr. Selfridge:

Please refer to Mr. Thor H. Kiilsgaard's memorandum of October 21, 1953.

The Field Team concurs with the recommendations set forth in Mr. Kiilsgaard's memorandum and hereby requests that the subject contract be terminated by mutual agreement. In the event the Operator will not sign the agreement mutually terminating the contract, it may be necessary for the Government to terminate because of failure of the Operator to conduct work pursuant to contract terms.

DMEA Field Team, Region II

A. E. Weissenborn, Exec. Officer
(U. S. Geological Survey)

M. E. Volin, Member
(U. S. Bureau of Mines)

cc: USBM (2)
Kiilsgaard

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
So. 157 Howard Street
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 16 1953

October 9, 1953

Mr. George C. Selfridge, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA-81 (Lead-Zinc)
United Minerals Reserve Corp.
Homestake Mine
Blaine County, Idaho
Contract No. Idm-E18

Dear Mr. Selfridge:

This will acknowledge your letter of October 5 concerning the Homestake project of the United Minerals Reserve Corporation in Blaine County, Idaho.

With respect to the certification of a discovery on the project, the face of the No. 6 level is definitely in ore, as reported in the Field Team letter to you of September 15, and additional ore has been revealed in slabbing the walls of the drift. These showings might be considered as sufficient to justify certification of a discovery; however, so little work has actually been done that we would, in our opinion, look faintly ridiculous if we declared a discovery. We would therefore recommend that we follow your second suggestion; that is, that we should make a termination by mutual consent, at the same time preserving the Government's right to percentage royalty, as if there had been a certification.

We infer from your letter that you will take the necessary steps to do this if it meets with our approval.

By DMEA Field Team, Region II

A. E. Weissenborn

A. E. Weissenborn, Exec. Officer
(U. S. Geological Survey)

M. E. Volin

M. E. Volin, Member
(U. S. Bureau of Mines)

cc: USBM(2)
Kiilsgaard

FILE COPY
SURNAME 500

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

OCT - 5 1953

Mr. A. E. Weissenborn
Executive Officer
DMEA Field Team, Region II
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMEA-81 (Lead-Zinc)
United Minerals Reserve Corp.
Homestake Mine
Blaine County, Idaho
Contract No. Idm-E18

Dear Mr. Weissenborn:

We have the letter from your office, dated September 15, 1953, regarding the above exploration project.

We are quite in accord that it would be inadvisable to extend the recessed period until some time in 1954, in view of the past unsatisfactory prosecution of the project.

We would consider it desirable to make a certification if you feel that sufficient evidence exists to warrant our doing so; we shall await your advice.

If you do not feel that certification is possible and, in view of the fact that you definitely feel that the target possibilities are still favorable, we should make a termination by mutual consent, at the same time preserving the Government's right to percentage royalty, as if there had been a certification.

Kindly let us have your recommendations, so that we may take whatever action you consider advisable.

Sincerely yours,

George C. Selfridge

(GCS)

Chairman, Operating Committee

APPROVED:

WRGriswold/hmj (10/2/53)

CC to: Docket
Adm. R. File
Op. Committee
Base Metals Div.
Mr. Kinkel
Mr. Bishop
Chron.

J. H. Hedges

Member, Bureau of Mines (JHH)

T. P. Thayer

Member, Geological Survey (TPT)

R.C.B. 10-5-53

500

FILE COPY
SURNAME:

Kesting

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

N.S. in A.R. SEP 25 1953

Memorandum - Summary

Docket No. DMA-81, United Minerals Reserve Corp. (Lead-Zinc)
Homestake Mine, Blaine County, Idaho, Contract No. Idm-E18

Contract dated June 22, 1951, Form MF-200 (April 1951).
To be completed within 2 years (June 22, 1953) extended by amendment to June 22, 1954.

**Exhibit "A" Digest**

Operating equipment (not listed) furnished by the Operator at 1/60 per month depreciation allowance.

| | |
|---|---|
| Operating equipment to be purchased | $ 35,931.00 |
| (Later reduced by substituting rental units to $12,616.00) | |
| Rehabilitation and repairs | 6,000.00 |
| Construction (buildings) | 5,700.00 |
| | $ 47,631.00 |
| Project A - Drifting, 1,000 ft. @ $25.00/ft. | 25,000.00 |
| Project B - Sink from No. 6 level of Homestake Mine, 100 ft. @ $100.00/ft. | 10,000.00 |
| Project C - Extend No. 5 level of Long Grade Mine, 600 ft. @ $25.00/ft. | 15,000.00 |
| Project D - Bulldozing surface trenching | 3,500.00 |
| | $ 53,500.00 |
| Contingency reserve | 2,869.00 |
| Total estimated cost of project | $104,000.00 |
| Government participation @ 50% | $ 52,000.00 |

Last MF-104 Operator's report for October 1952
Work suspended early November 1952
Total progress to date - Sinking 89 feet @ $205.80/ft.
Drifting 95 feet @ $136.96/ft.

| | |
|---|---|
| Total expenditures to November 1952 | $50,111.96 |
| Contract funds unexpended | $53,888.04 |

Amendment 1 - June 22, 1952 - Substituting rental equipment in lieu of equipment to be purchased.

Amendment 2 - April 23, 1952 - To allow access road to maximum cost.

Amendment 3 - May 1, 1952 - Substitute equipment.

Amendment 4 - June 25, 1952 - Substituting equipment to be furnished by Operator for equipment to be purchased.

Amendment 5 - May 15, 1953 - Extending time for completion of work from 2 years to 3 years, to June 22, 1954.

Examination by the Field Team on July 3, 1953, reports that although the road had been dry for two weeks, no activity this season. A compressor rented for the project had been removed. In a progress report of November 14, 1952, the Operator reports 2 inches of high grade zinc-lead mineralization on gouge footwall of structure.

Contract work provides for rehabilitation and extension of the lowest level (No. 6) of the Homestake Mine by drifting 1,000 feet on the vein to explore the downward extension of ore bodies previously disclosed 300 feet vertically above. Thereafter, to sink a winze 100 feet on the best showing of ore on this level. To extend the No. 5 level of the Long Grade mine 600 feet along the vein. The Long Grade vein is believed to be the Homestake vein on the opposite side of the valley. To trench the surface by bulldozer and open other tunnels to more thoroughly explor the side of the hill.

The Operator reports that the Property has a recorded total production of 85,124 ozs. Ag., 1,409,936 lbs. Pb., and 1,615,441 lbs. Zn.; the ore averaging 15.93 ozs. Ag., 13.20 per cent Pb., and 16.30 per cent Zn. of carbonate ores. Sulfides have been found on the Homestake No. 6 level. A considerable tonnage of probable oxide-sulfide ore remains in the mine in stope fringes and drift headings.

The target area is represented by intermittent blocks of ore previously disclosed by six adit levels, each succeeding level of greater extent in order to reach the rake of the general ore zone. The target appears to be sufficient to justify the expenditure of the estimated costs of the above contract.

Field Team examination July 21, 1953, Operator stated he might be unable to resume work during this working season, lacks finances but expected to be able to finance work in the near future.

Operator was informed company should notify Field Team when they intended to resume work and that it would be necessary to obtain recess or terminate by mutual agreement. No word from Operator to date. The Field Team prefers not to terminate because of possibilities, but Operator is unable to finance. George W. Snyder, principal in this project, is also principal in three others at which work has been suspended for lack of funds. The work has been very inefficient and costs extremely high. It is recommended that the Operator be given a reasonable time for recess with an agreement that it will start work at a definite time, and if not, then the contract is automatically cancelled and the project should be certified.

A. G. Keating

AGKeating/bjl (9/22/53)

Copy to: Docket
Mr. Mittendorf
Mr. F. E. Johnson
Mr. Selfridge
Mr. Keating
Mr. Alt
Mr. Griswold
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
So. 157 Howard Street
Spokane 4, Washington

September 15, 1953

Mr. George C. Selfridge, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMA-81 (Lead-Zinc)
United Minerals Corporation
Homestake Mine
Blaine County, Idaho
Contract Idm-E18

Dear Mr. Selfridge:

Enclosed is a copy of a letter from Mr. George W. Snyder, Jr., President, United Minerals Corporation, which is in answer to a letter from the Executive Officer dated August 28, 1953.

It will be noted that financial conditions have made it impossible for the Operator to do any project work this season and that an extension of the contract until early 1954 is requested.

A review of subject docket will show that project work has been slow and expensive. Numerous letters have been written to the Operator by the Field Team calling attention to ways in which to improve performance of work. These suggestions have resulted in temporary improvement, but by and large, the project must be criticized as a poorly managed operation.

The Field Team has gone along with the Operator's various requests for changes in the contract and his apparent inability to prosecute project operations diligently and efficiently because they had faith in developing a substantial discovery at the Homestake mine. Project work has been encouraging. The winze from the No. 6 level has followed the strong and persistent Homestake vein, and while the ore values have been low, there are indications that the lower limits of the oxidized zone is being approached. Penetration of the primary zone is one of the exploration objectives as it is believed that the future of the mine will depend upon the characteristics and values of the ore in the primary zone. Advancement of

the No. 6 level to the northwest has also been encouraging. The last sample taken by field examiners in October 1952, a few feet back from the face and across a 1.7-foot width of the Homestake vein, assayed 5 percent lead and 10.3 percent zinc; gold and silver values were not determined. This structure certainly warrants continued drifting, particularly, when it is known that considerable ore has been mined in the vein further to the northwest and several hundred feet higher in elevation.

Because of exploration findings and because of time lost during the two winters the contract had been in effect, the Field Team recommended in April 1953 that the contract termination date be extended until October 1, 1954. Amendment No. 5, drawn in the Washington DMEA office, extended the contract for one year or until June 22, 1954.

As no project work has been done during the present season, it will be impossible to complete the project by the contract expiration date. If the project is recessed until early 1954, as Snyder suggests, the contract will have to be extended for the full 1954 season and possibly well into 1955 to allow time to complete work. In the face of this prolonged delay, coupled with the probability of the Operator being financially unable to complete work, even if the contract is recessed, the Field Team believes it would be to the best interests of the Government to terminate the contract. Therefore, unless the Operating Committee sees reason to extend the contract through the 1955 season, the Field Team requests permission to terminate the contract by mutual agreement, or because of the Operator's inability to prosecute operations pursuant to terms of the contract, should the Operator refuse to sign the mutual termination agreement.

By DMEA Field Team, Region II

Thor H. Kiilsgaard, Acting Exec. Officer
(U. S. Geological Survey)

T. E. Howard, Acting Member
(U. S. Bureau of Mines)

Enclosure
cc: USBM(2)
Kiilsgaard

# UNITED MINERALS CORPORATION

FELT BUILDING

SALT LAKE CITY 1, UTAH

September 9, 1953

Thor

Mr. Thor H. Kiilsgaard
Acting Executive Officer
DMEA Field Team, Region II
U.S. Department of the Interior
So. 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMA-81 (lead-zinc)
Homestake Mine
Blaine County, Idaho
Contract No. Idm-E18

Dear Mr. Kiilsgaard,

We have received your letter of August 28 relative to the subject contract. We have delayed reply until the present time in order to explore every possible alternative. The outlook for lead-zinc situationsis so pessimistic at the present time that we simply have been unable to do any financing whatsoever around any of our operations.

It now appears that it would be impossible to undertake any substantial amount of work this season and we have projected some additional financing shortly after the first of the year which might enable us to continue operations under that contract. However, we do recognize the difficulties with further extensions and adjustments. In the light of the information submitted herein, we would appreciate your considering your extending the contract until early 1954. However, we will be pleased to be guided by your further suggestions.

Thanking you, we are,

Very truly yours,

UNITED MINERALS CORPORATION

George W. Snyder

George W. Snyder, Jr.
President

GWSjr/pt

FILE 500Y
SURNAME:

Keating

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

MS on RR September 11, 1953

Memorandum - Summary

Docket No. DMA-81, United Minerals Reserve Corp. (Lead-Zinc)
Homestake Mine, Blaine County, Idaho, Contract No. Idm-E18

Contract dated June 22, 1951 Form MF-200 (April 1951).
To be completed within 2 years (June 22, 1953) extended by amendment to June 22, 1954.

Exhibit "A" Digest

Operating equipment (not listed) furnished by the Operator at 1/60 per month depreciation allowance.

| | | |
|---|---|---|
| Operating equipment to be purchased | | $ 35,931.00 |
| (Later reduced by substituting rental units to $12,616.00) | | |
| Rehabilitation and repairs | | 6,000.00 |
| Construction (buildings) | | 5,700.00 |
| | | $ 47,631.00 |
| Project A - Drifting | 1,000 ft. | 25,000.00 |
| Project B - Sink from No. 6 level | 100 ft. | 10,000.00 |
| Project C - Extend No. 5 level Long Grade Mine | 600 ft. | 15,000.00 |
| Project D- Bulldozing surface trenching | | 3,500.00 |
| | | $ 53,500.00 |
| Contingency reserve | | 2,869.00 |
| Total estimated cost of project | | $ 104,000.00 |
| Government participation 50 % | | $ 52,000.00 |

Last MF-104 Operator's report for October 1952
Work suspended early November 1952
Total progress to date - sinking 89 feet - drifting 95 feet.

| | |
|---|---|
| Total expenditures to November 1952 | $ 50,111.96 |
| Contract funds unexpended | 53,888.04 |

Amendment 1 - June 22, 1952 - Substituting rental equipment in lieu of equipment to be purchased.

Amendment No. 2, April 23, 1952 - To allow access road to maximum cost.

Amendment No. 3 - May 1, 1952 - Substitute equipment.

Amendment No. 4 - June 25, 1952 - Substituting equipment to be furnished by Operator for equipment to be purchased.

Amendment No. 5 - May 15, 1953 - Extending time for completion of work from 2 years to 3 years, to June 22, 1954.

Examination by the Field Team on July 3, 1953, reports although the road had been dry for two weeks no activity this season. A compressor rented for the project had been removed. In a progress report November 14, 1952, the Operator reports 2 inches of high grade zinc-lead mineralization on gouge footwall of structure.

Field Team examination July 21, 1953, Operator stated he might be unable to resume work during this working season, lacks finances but expected to be able to finance work in the near future. Operator was informed company should notify Field Team when they intended to resume work and that it would be necessary to obtain recess or terminate by mutual agreement. No word from Operator to date. The Field Team prefers not to terminate because of possibilities, but Operator is unable to finance. George W. Snyder, principal in this project, is also principal in three others at which work has been suspended for lack of funds. A suggestion is arrange termination by agreement of other three and concentrate on subject contract.

A. G. Keating

AGKeating/Hmj
(9/11/53)
CC to: Docket
Admn Op. Committee
Base Metals Div.
Chron.

HHM
9-14-53

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D. C.~~
So. 157 Howard Street
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
SEP 2 - 1953

August 28, 1953

Mr. George C. Selfridge, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMA-81 (lead-zinc)
Homestake Mine
Blaine County, Idaho
Contract No. Idm-E18

Dear Mr. Selfridge:

The Homestake property was examined by A. E. Weissenborn and Thor H. Kiilsgaard on July 21, 1953. The property was inactive at the time of the visit and had apparently been inactive since the winter season. Much of the mining machinery had been removed from the property.

The No. 6 level, which is being advanced by the project, was examined and found to be accessible to the face. There were perhaps 15 to 20 carloads of muck lying on the track but the level could be rehabilitated with a minimum of work. As the level had been advanced only about 20 feet since the writer's previous examination in September 1952, no mapping was done.

In a previous meeting with Hal Covey, Operator, held in Hailey on July 20, Mr. Covey stated that the company might be unable to resume work during this working season. He stated that they had intentions of resuming the work and that they expected to be able to finance work on the property in the near future. He was informed that the company should notify the Field Team when they intended to resume work and that it would either be necessary to obtain a recess in the work agreement or else to terminate the project by mutual agreement.

No word has been received from Mr. Covey since the July 20 meeting. We have written him asking for the company's intentions toward resuming work and have suggested that if they are unable to do so, they should either obtain a recess agreement or terminate the contract work by mutual agreement.

The Field Team is not in favor of terminating the contract short of the target as it feels that the property has excellent exploration possibilities which have thus far been untried. However, if the Operator is financially unable to continue work we believe it would be useless to try and force him and we would therefore recommend termination by mutual agreement.

We will inform you when we learn of the Operator's intentions.

By DMEA Field Team, Region II

T. H. Kiilsgaard

T. H. Kiilsgaard, Acting Executive Officer
(U. S. Geological Survey)

Thomas E Howard

Thomas E. Howard, Acting Member
(U. S. Bureau of Mines)

cc: USBM (2)
Kiilsgaard

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D.C.
So. 157 Howard Street
Spokane 4, Washington

August 28, 1953

Betty

United Minerals Reserve Corporation
518 Felt Building
Salt Lake City, Utah

Re: Docket No. DMA-61 (lead-zinc)
Homestake Mine
Blaine County, Idaho
Contract No. Ida-518

Gentlemen:

During a recent visit to your Homestake property by our field examiners, it was noted that you had not resumed work on your exploration project. On July 20 Mr. Thor Kiilsgaard contacted Mr. Harold Covey in Hailey and was advised that you were financially unable to resume work, but that you intended to, if possible, in the near future. Inasmuch as we have not heard of your resuming work since July 20, we would appreciate your informing us as to whether you intend to resume work during the present field season.

You will recall that Amendment No. 5 to your contract allows you an additional year to complete project work; however, unless work is resumed immediately and rapidly advanced, it will be impossible to complete work by the termination date.

Please advise us of your intentions as soon as possible. If you will be able to resume work this season we could perhaps recess the work for 30 additional days, otherwise we would suggest termination of the contract by mutual agreement.

Sincerely yours,

Thor H. Kiilsgaard
Acting Executive Officer
DMEA Field Team, Region II

cc: USBM (2)
DMEA (2)
Kiilsgaard

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

Greenwold
Keating
Betty

Spokane, Washington
June 10, 1953

Mr. Harold A. Covey, Vice-President
United Minerals Corporation
Felt Building
Salt Lake City, Utah

Subject: Docket No. DMEA 81 (lead-zinc)
Contract Idm-E18

Dear Mr. Covey:

Your letter of May 11, 1953 has not been answered before because of numerous interruptions to a thorough review we thought necessary of the proposal you presented.

Amendment No. 5 has extended the period of the contract as you requested.

The DMEA Field Team is in accord with your proposal to continue drifting on the vein on the Homestake No. 6 level to the probable rake limits of the overlying ore shoot. It is not deemed feasible to continue at an agreed unit cost as suggested in the second sentence of your proposal 2, page 2, of your letter of May 11. Such an agreement necessarily would require a detailed study of costs and the approval by the DMEA Washington office. Factors contributing to a probable reduction of costs are noted, and it is believed that your drifting cost will become reduced in the 1953 summer season.

The Field Team favors continuation of drifting on the Homestake No. 6 level only. We believe that your drifting from the winze and station preparation should be held in abeyance pending results on the No. 6 level. The proposed drifting from the winze would be much more effective at greater depth.

Proposal No. 5 is an acceptable expense after the winter shutdown, and it is probable that the expenses to be incurred will be less than the $1000 anticipated because your letter of May 27 indicates there was relatively little caving and slough along the Homestake No. 6 level.

The Field Team is in accord with your proposal to forego at this time the road building to the Long Grade No. 5 level and drifting at that place. The completion of proposed bulldozing on the Long Grade Hill is recommended, and it is anticipated that additional exposures by that work may influence decisions for further exploration at the Long Grade, and that road building and drifting should follow the bulldozing if favorable features are exposed.

We think that further amendment to the contract will not be necessary at this time inasmuch as participation by the Government during the next few weeks will be limited to drifting on the Homestake No. 6 level and bulldozing along the trace of the vein in the Long Grade group of claims, as set forth in Project D, Exhibit A, of the original contract. During the progress of these two phases justification for program changes and possibly amendments to the contract may become advisable and will then be processed.

Please advise this office if you intend to contract the bulldozing. If bulldozing is contracted, a copy of the agreement with the contractor is required and an amendment must be signed to allow Independent Contracts. Our experience has been that D-6 to D-8 size bulldozers with operator rent from $12 to $16 per hour.

By Field Team, Region II

A. E. Weissenborn, Exec. Officer
U. S. Geological Survey
157 South Howard Street

M. E. Volin, Member
U. S. Bureau of Mines
1201 N. Division St.

cc: DMEA, Wash. (2)
USGS (2)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
So. 157 Howard Street
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
MAY 22 1953

May 19, 1953

RECEIVED
JUN 3 1953
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

Mr. George C. Selfridge, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA-81 (lead-zinc)
United Minerals Reserve Corporation
Blaine County, Idaho
Contract Idm-E18

Dear Mr. Selfridge:

Attached are the original and two signed copies of Amendment No. 5 to the subject contract. This amendment extends the contract time from a period of 2 years to 3 years. The amendment was authorized by the Administrator under letter dated May 1, 1953, but was signed by the Executive Officer. Distribution of this amendment has been made in the usual manner.

It will be noted that a correction has been made in the contents of the amendment. The correction has changed the sentence reading ".....United Minerals Reserve Corporation, an Illinois corporation,....." to read "a Nevada corporation." This correction was made in the field and initialed by the Executive Officer.

Sincerely yours,

Thor H. Kiilsgaard
For: M. E. Volin, Acting Exec. Officer
DMEA Field Team, Region II

Attachment

cc: USBM (2)
Kiilsgaard

cc
5/22

FILE COPY
SURNAME: 300

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

BL

Keating
Bernhard
Chambers
R. E. Kane
Byrin
Hedges
Kinkel
H. Johnson

Mr. A. J. Weissenborn, Executive Officer
DMA Field Team, Region II
South 157 Howard Street
Spokane 4, Washington

MAY 1 1953

Re: Docket No. [illegible]-81 (Seed-Zinc)
United Minerals Reserve Corp.
Homestake Mine
Blaine County, Idaho
Contract No. Idb-[illegible]-12

Dear Mr. Weissenborn:

J. C. 5/1/53

You are hereby authorized to sign Amendment No. 5 to the subject contract attached hereto which will extend the time for completion of the work for a year from the expiration date of this contract June 22, 1953 to June 22, 1954.

Sincerely yours,

C. O. Mittenderf (for)

Administrator

Enclosure

AGKeating/hmj
(4/20/53)
CC to: Docket
Adm. R. File
Op. Committee
Mr. Kinkel
Mr. Bishop
Base Metals
Chron.

FILE COPY
SURNAME:
500

Keating
Grimes
Chamberlin

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

Mr. A. E. Weissenborn
Executive Officer
DMEA Field Team, Region II
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMEA-81 (Lead-Zinc)
United Minerals Reserve Corp.
Homestake Mine
Blaine County, Idaho
Contract No. Idm-E18

Dear Mr. Weissenborn:

Responding to your letter of April 2, 1953, relative to a request by the Operator for an extension of time to complete the work, we note that there has already been a recession of work from October 15, 1952 to date, which recess has not been covered by amendment. You report that the Operator plans to resume work in late may or June, but no definite time has been specified.

A recession of work should be covered by an amendment in which a specified period of time is expressed, a fixed time for resumption of operations provided and should also include the necessary time for completion of the work.

We concur with your recommendation to extend the expiration date of the subject contract, but believe that a period of one year should be sufficient in this case. We are, therefore, enclosing an original and five copies of an amendment extending the time for completion of the work from June 22, 1953 to June 22, 1954, which, if satisfactory, are to be executed by the Operator and yourself and distributed in the usual manner.

The Administrator has authorized you to sign this amendment, by the attached letter.

Sincerely yours,

Chairman, Operating Committee

Enclosures 6
APPROVED:

Member, Bureau of Mines

Member, Geological Survey

AGKeating/hmj
(4/20/53)
CC to: Docket
Adm. R. File
Op. Committee
Base Metals Division
Mr. Kinkel
Mr. Bishop
Mr. Keating.
Chron.

FILE COPY
SURNAME:

140

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

April 20, 1953

Memorandum

To: The Administrator
Through: Mr. W. R. Griswold

From: Chief Counsel

Subject: United Minerals Reserve Corp. - Docket No. DMA-81 (Lead-Zinc), Blaine County, Idaho

Reference is made to Mr. Keating's memorandum to me dated April 10, 1953, and his proposed letter from the Operating Committee to Mr. Weissenborn, both of which reached me via reference slip dated April 10, 1953.

Mr. Keating's memorandum suggests a year's extension from June 22, 1953. This would mean an extension to June 22, 1954. Consequently, the proposed letter to Mr. Weissenborn should be revised, because it refers to an extension to October 1, 1953 (1954 was meant), and this date should be changed to June 22, 1954.

The letter encloses an amendment to be executed by the Operator and Mr. Weissenborn. Since the time for completion of the work is for a period longer than two years, an amendment such as this cannot be signed by an executive officer in the field without specific authorization from the Administrator, and such authorization should be given to Mr. Weissenborn in the letter.

The proposed letter also states that the recession of work should be covered by an amendment which specifies a fixed time for the resumption of operations, fixes the rights and obligations of the parties relative to preserving interests in the equipment, and contains an agreement by the Operator to maintain the property at his own expense. Since the recess in this case appears to have been due to winter weather and not to the mere whim of the Operator, no such amendment

is necessary, and we attach for enclosure in the letter a proposed amendment merely extending the date for completion of the work.

J. L. Hofflund
Chief Counsel

Attachment

AEKane:ep

Copy to: Mails & Files
Mr. Hofflund
Mr. Kane
Chron

500 FILE COPY
SURNAME:

Keating

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

April 10, 1953

Memorandum

To: Chief Counsel

From: Base Metals Division R.S. for K.R.

Subject: Docket No. DMEA-81, United Minerals Reserve Corp. (Lead-Zinc) Homestake Mine, Blaine County, Idaho, Contract No. Idm-E18

The subject company requests an extension of time from June 22, 1953 to October 1, 1954, for the completion of the work, but has recessed operations from October 15, 1952 to date. The contract provides for completion within two years — June 22, 1951 to June 22, 1953. There has been no amendment agreement for this deferment. If an extension of time is granted, it will exceed the two-year period as set out in DMEA-1.

The Field Team recommends favorable consideration of the Operator's request, to which the Base Metals Division concurs, but is of the opinion that the amendment should be prepared and executed in Washington and that the extension be for one year only.

Your preparation of a proper amendment is requested.

A. G. Keating

AGKeating/hmj
4/10/53
CC to: Docket
Base Metals
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
So. 157 Howard Street
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 6 1953

April 2, 1953

Mr. George C. Selfridge, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket DMEA-81 (Lead-Zinc)
Homestake mine
Blaine County, Idaho
Contract Idm-E18

Dear Mr. Selfridge:

The captioned contract will expire on June 22, 1953, although at that time project work will be short of completion. Part of the slowness in advancing project work is directly attributable to poor supervision and administration by the Operator; however, the major factor has been the severe winter weather of the past two years. In 1951 the Operator suspended operations on November 28 and did not resume work until the middle of May 1952. In the fall of 1952 work was suspended on October 15 and it is not believed that work will resume until late May or June 1953. The total loss of time because of winter weather will have amounted to 12 or 13 months.

The Operator has recently requested an extension of the contract beyond the present expiration date. He has stated that he plans to put a larger crew on the project and will press the work more vigorously. According to present plans he hopes to complete the project by December 1953, barring an early snowfall during the coming autumn.

The Field Team recommends that the captioned contract be extended from June 22, 1953, to October 1, 1954. This increase would allow the project to be completed in the event an early snowfall during the coming autumn should cause work to be suspended earlier than the Operator anticipates.

An amendment extending the expiration date to October 1, 1954, to be signed by the Administrator, is recommended.

By DMEA Field Team, Region II

A. E. Weissenborn

A. E. Weissenborn, Executive Officer
(U. S. Geological Survey)

Acting for Thomas E. Howard

M. E. Volin, Member
(U. S. Bureau of Mines)

cc: USBM (2)
Kiilsgaard

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

[redacted]
So 157 Howard Street
Spokane 4, Washington

Department of the Interior
Defense Minerals Administration
DEC 15 1952

December 8, 1952

Mr Harold A. Covey
United Minerals Corporation
Felt Building
Salt Lake City 1, Utah

Re: Docket DMEA-81 (Zinc-Lead)
Homestake mine
Blaine County, Idaho
Contract Idm-E18

Dear Hal:

This will acknowledge receipt of your letter of December 4 in which you inquire as to the necessity of submitting monthly operating reports during the coming winter. Inasmuch as you will not be operating during this period and since there will be no fixed charges carried against the contract during this period, we do not believe monthly reports are necessary and consequently will expect none from you. All that we will require will be a letter from you in the spring stating the date at which you will expect to resume operations.

We are looking forward to meeting with you and discussing changes in your exploration program.

Sincerely yours,

Thor H. Kiilsgaard
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

cc: DMEA (2)
USBM (2)
Kiilsgaard

FILE COPY
SURNAME:

200

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

Adams
FE Johnson

NOV 26 1952

Mr. M. E. Volin
Acting Executive Officer
DMEA Field Team, Region II
South 157 Howard Street
Spokane 4, Washington

Dear Mr. Volin:

This will acknowledge receipt of a letter dated November 19, 1952, and signed by Thor H. Kiilsgaard, concerning the United Minerals Reserve Corporation, Docket No. DMA-81 (Zinc-Lead), Contract No. Idm-E18.

In accordance with Mr. Kiilsgaard's request, there is enclosed herewith a copy of the original application for exploration assistance submitted by the United Minerals Reserve Corporation.

Sincerely yours,

FRANK E. JOHNSON

11-26-52

Frank E. Johnson
Chairman, Operating Committee

Enclosure

READams/meb
11-25-52
cc to: Adm.Reading File
Mails & Files Br.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

[redacted]
So. 157 Howard Street
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 24 1952

November 19, 1952

Mr. Frank E. Johnson, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMA-81 (Zinc-Lead)
Homestake Mine
Blaine County, Idaho
Contract No. Idm-E18

Dear Mr. Johnson:

We would appreciate receiving one copy of the application submitted by the United Minerals Reserve Corporation on the subject property. That application contains copies of maps important to the exploration contract which we do not have at this office. As you will recall, the application was submitted before it became customary for us to retain one copy of the application in the field office.

Sincerely yours,

Thor H. Kiilsgaard

Thor H. Kiilsgaard
For: M. E. Volin, Acting Exec. Officer
DMEA Field Team, Region II

cc: USBM (2)
Kiilsgaard

FILE COPY
SURNAME:

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

140

October 10, 1952

Memorandum

To: Mr. Frank Johnson, Deputy Administrator

From: J. L. Hofflund, Chief Counsel

Subject: Amendments of wage rates in Exploration Contracts (United Minerals Reserve Corp., Docket No. DMA-81)

The subject contract is written on an old form (MF-200 of April 1951) and has been amended twice to increase the allowance for wage rates. I understand from your informal note that you would like to know if the Field Team Executive Officers have the power to amend contracts to increase wage rates.

Field Team Executive Officers do have the authority to make amendments that increase wage rates, regardless of the form the contract is written on, unless wage rates are particularly indicated as "allowable maximums."

No doubt your inquiry arises from the fact that Interior Order No. 2684, dated April 25, 1952, does not permit Field Team Executive Officers to make any amendments which increase any item of allowable cost expressly designated "allowable maximum." This Order was issued shortly after the new contract form (MF-200 Revised Feb. 1952) was promulgated, and had particular reference to the new contract forms which use the expression "allowable maximum." The previous Interior Order, No. 2653, dated August 16, 1951, made no reference to "allowable maximum" items, because the contract forms did not then contain that expression. There was no question but that the Field Team Executive Officers, under the previous order, could make amendments increasing wage rates as long as it was not necessary to increase the estimated total cost of the contract. It was not intended by the new Order (2684) to place any further limitation on the power of Field Team Executive Officers in this particular respect, as is evidenced by the fact that the new contract forms do not make wages an "allowable maximum." The old contract forms do refer to the wages stated in Exhibit "A" as "maximum wages or salaries that may be paid to each as an allowable cost of the project," but the effect of this provision is not to make wages an "allowable maximum" as that term is used in the new contract forms and in the later Interior Order (2684).

It follows that in the absence of any special provision in the contract, Field Team Executive Officers may by amendment increase the wage rates established by contracts written on the old form, and may increase the wage rates established by contracts written on the new form without any amendment of the contract.

Signed

A. E. Kane, Acting For
J. L. Hofflund, Chief Counsel

**Attachment**

JLHofflund/mef
cc to: Mails and Files
Mr. Mittendorf
Mr. Chambers
Mr. Keller
Mr. Rubin
Mr. Kane
Mr. Hofflund
Chron.

United Minerals Corporation DSA 81-1Dm18

| | Labor | Supervision | | |
|---|---|---|---|---|
| January | | | Supervisory Eng | 500.00 |
| March | | | Geologist | 700.00 |
| April | 6019 81 | 7305 96 | Foreman | 350.00 |
| May | 6019 81 | 7305 96 | Office force | 700.00 |
| June | 6865 31 | 7955 96 | per mo → | $1750.00 |
| July | 8856 28 | 8905 96 | | |
| Aug | | | | |
| Sept | | | | |
| June-51 | 2796 50 | 1118 00 | | |
| July-51 | | | | |
| Aug-51 | 1909 46 | 791 91 | | |
| Sept | | 1700 00 | | |
| Oct | | | | |
| Nov | 6019 81 | [illegible] | Totals to date | |
| Dec | 6019 81 | 7305 96 | | |

High costs & high ratio of supervision to labor

10/23/51 Telephone from Wessenauer says Snyder very much pretentious & will make a survey and revalue projects and confer with Wissenbach Com

Keating

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

So. 157 Howard Street
Spokane 4, Washington

September 23, 1952

Mr. Harold A. Covey
Vice-President
United Minerals Corporation
518 Felt Building
Salt Lake City 1, Utah

Re: Docket DMA-81, Zinc-Lead
Homestake Mine, Blaine County, Idaho
Contract I-DMA-E18

Dear Mr. Covey:

Reference is made to your letter of June 6, 1952, requesting approval for a change in wage rate schedules. We are sorry to find that you were not informed that approval was granted at the same time we wrote the Regional Fiscal Officer on June 19 to that effect. Accordingly, approval is given for changes in your base rate for various labor classifications listed in your letter of June 6 and reiterated below:

| "Classification | Rate per Day/1 |
|---|---|
| Mucker | $ 12.42 |
| Helper | 12.42 |
| Tuggerman | 12.85 |
| Miner | 13.87 |
| Motorman | 13.87 |
| U/G Trammer | 13.87 |
| U/G Hoistman /2 | 13.87 |
| Sawyer | 14.37 |
| Mechanic | 14.37 |
| Carpenter | 14.65 |
| Shaftsman | 14.65 |

"/1 All rates subject to time and one-half over 40 hours per week. Base rate shown above is for Day Shift. Afternoon Shift differential is 4 cents per hour additional and Night Shift is 6 cents per hour additional.

"/2 Hoistman shown is classification not hoisting men."

Sincerely,

A. E. Weissenborn, Exec. Officer
DMEA Field Team, Region II

cc: DMEA (4) w/cy of ltr. from Covey to AEW dtd. 6/6/52
USBM (2)

# UNITED MINERALS CORPORATION

FELT BUILDING

SALT LAKE CITY 1, UTAH

June 6, 1952

Mr. A. E. Weissenborn, Executive Officer
DMEA Field Team, Region II
So. 157 Howard Street
Spokane 2, Washington

Re: Contract Idm-518

Dear Mr. Weissenborn:

It has become necessary, because of the recent wage increases in the Wood River area in our vicinity, for us to increase our base rate accordingly in order to obtain any labor for our project.

Therefore, in accordance with Paragraph (5) of Exhibit "F" of our Amendment No. 1, we hereby submit for your approval the following changes in our base rate for various labor classifications:

| Classification | Rate per Day/1 |
|---|---|
| Mucker | $ 12.42 |
| Helper | 12.42 |
| Tuggerman | 12.85 |
| Miner | 13.87 |
| Motorman | 13.87 |
| U/G Trammer | 13.87 |
| U/G Hoistman /2 | 13.87 |
| Sawyer | 14.37 |
| Mechanic | 14.37 |
| Carpenter | 14.65 |
| Shaftsman | 14.65 |

/1 All rates subject to time and one-half over 40 hours per week. Base rate shown above is for Day Shift. Afternoon Shift differential is 4¢ per hour additional and Night Shift is 6¢ per hour additional.

/2 Hoistman shown is classification not hoisting men.

Can will use
use E Bu

We intend to proceed with the work on the project under a "unit contract" arrangement as previously outlined and follows. It is believed that these footage "bonus" payments will exceed applicable charges for wages thereunder if the work progresses satisfactorily. Therefore we hope that the overall cost of such work will not be materially affected by the above increases.

Your early consideration of this matter is respectfully requested. We would appreciate greatly if your approval could be made retroactive through May so as to include our work for that month.

Thank you for your cooperation in this matter.

Respectfully,

UNITED MINERALS CORPORATION

Harold A. Covey

Harold A. Covey, Vice President

HAC/wm

cc: Glenn C. Reed

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

No. 1[illegible] Howard Street
[illegible], Washington

September 1[illegible], 1952

Mr. R. A. Covey
United Minerals Corporation
518 Felt Building
Salt Lake City 1, Utah

Re: Docket No. DMA-21
Homestake Mine
Shoshone County, Idaho
Contract No. Idh-[illegible]

Dear Mr. Covey:

The field team has examined your August report on the Homestake Mine, DMA Contract Idh-[illegible].

Your excessively high mining costs are noted with grave concern. As of the end of August, your report shows an expenditure of contract funds amounting to $[illegible],[illegible].54. Your unit costs are shown as $[illegible].51 per foot for drifting and $[illegible].71 per foot for winzing. We are aware that part of these funds has been expended in rehabilitation and in the purchase of supplies and equipment; however, insofar as new exploration work is concerned, these funds have apparently accounted for only [illegible] feet in advance on the No. [illegible] level, [illegible] feet of winze from the No. 6 level, [illegible] feet of crosscut off the winze, and [illegible].5 feet of drift off the winze crosscut. This, of course, is a negligible amount of work for the expenditures involved. It was our hope that many of the problems affecting exploration advance encountered last summer would have been resolved during the present season; however, apparently this has not happened. In a further consideration of this matter, you will recall that a letter from this office, dated November 21, 1951, discussed certain economy measures that could be installed to increase the efficiency of your operation.

We note some of your troubles in rehabilitating the No. 6 level bulkhead and also the work involved in moving the level necessitate to the main tramper, but we believed that costs for this work would be reflected in the June and July reports. We looked forward to an increase in performance of work in August and were disappointed when this did not materialize.

The field team must advise that after your forthcoming September report shows a marked increase in the performance of work and

an appreciable reduction of costs incurred for such work it will be necessary to terminate your contract on the grounds of your failure to prosecute operations efficiently, expertly and in such a manner as to bring the project to completion within the time fixed, as provided for in Article 4 of the contract. We dislike to terminate a contract in this fashion and hope that progress of work will show such immediate improvement as to make this step unnecessary.

By ORSA Field Team, Region II

---

A. A. Eisenhorn, Executive Officer
(U. S. Geological Survey)

---

T. S. Tolin, Member
(U. S. Bureau of Mines)

cc: ORSA (2)
WRD (2)
Hillsgaard

TEK/dg

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

800

Keeling K
~~Betty~~

SEP 12 1952

Mr. A. E. Weissenborn
Executive Officer
DMEA Field Team Region II
South 157 Howard Street
Spokane 8, Washington

Dear Mr. Weissenborn:

Reference is made to a copy of a letter received by you from Mr. H. A. Covey, Vice President of the United Minerals Corporation, suggesting proofs of payment such as called for in your May 1, 1952, "Instructions to Operators" be retained in the company offices subject to periodical check and confirmation by a Government auditor.

Mr. Chambers, Chief of our Contract Administration and Audit Division suggests the possibility of your putting this project on an on-site audit basis. As you know we are trying to get an additional auditor for Region II in which case it may be that a number of additional larger projects could be placed on an on-site audit basis. It is hoped that this additional auditor will be available in the next two or three weeks.

Sincerely yours,

C. C. Mittendorf

~~Acting~~ Administrator

JLChambers/wb
September 12, 1952

Copy to: Mails & Files
Admr. Reading File
Administrator
Mr. Keller
Mr. Chambers

UNITED MINERALS CORPORATION
518 FELT BUILDING
SALT LAKE CITY 1, UTAH

August 29, [illegible]

Mr. A. E. Weissenborn, Executive Officer,
IMA Field Team, Region II
U. S. Department of the Interior
South 157 Howard Street
Spokane 4, Washington

Refer to: Contract Idm-E18
Dma 81

Dear Mr. Weissenborn:

Reference is made to an information circular dated May 1, 1952 "Instructions To Operators" as issued by the Field Team II. Particular reference is made to Item 4 thereof which reads as follows:

> "4. Proof of payment (1 COPY). This proof that the funds contributed by the Government for costs incurred have been properly applied must be supplied not later than two months after the costs are claimed on Form MF-104. It may consist of a receipted invoice containing the same information requested in Item 2 or a cancelled check (or photostat copy) which can be matched with supporting documents already submitted."

We should like to point out that the proposed methods of substantiation and proof of payment will be cumbersome and expensive and would like to know if some other method may be substituted. If we send invoices back to suppliers for their receipt, it is believed that it may result in delay, possible loss of records, and certainly extra expense in our administration and for the suppliers. Our cancelled checks must be retained in our offices and therefore, cannot be sent to the government. Photostatic copies thereof will certainly be a considerable extra expense on our part, properly chargable to "overhead," for which no provision has been made under our exploration contract.

We suggest that proofs of payment, such as are called for, be retained in our offices subject to periodic check and confirmation by a government auditor. On the other hand, and to serve as documentation thereof on a monthly basis, it is suggested that an affidavit or certification be prepared by the operator stating that certain items and accounts had been paid up to covering dates and executed by an officer or other authorized person.

Item 2 of said instructions calling for invoices for supplies and equipment has also proved to be quite a chore adding considerably to our secretarial and accounting costs. Our suppliers have been requested to submit sufficient duplicate invoices for transmittal with our monthly vouchers, but in many cases they would have to materially change their systems of billing. In some cases of small accounts, we have been informed they would rather not have our account if it entails this additional work. As you know we have been supplying certified copies of invoices where necessary and it is this extra work to which we object.

Therefore, it may be in order to also provide ~~for~~ that a group certification, such as proposed above for proofs of payment, be made sufficient by affidavit covering items of supply and equipment pending individual invoice ascertainment by periodic government audit.

We respectfully request your early attention to these matters and will look forward to your reply.

Very truly yours,

UNITED MINERALS CORPORATION

H. A. Covey - Vice President

HAC/md

cc: M. E. Volin
cc: C. O. Mittendorf

110
FILE COPY
SURNAME:

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

AUG 7 1952

Mr. A. E. Weissenborn
Executive Officer
DMEA Field Team, Region II
South 157 Howard Street
Spokane 8, Washington

Re: Docket No. 81 (Lead-Zinc)
United Minerals Corporation
Blaine County, Idaho
Exploration Contract No. Idm-81$

Dear Mr. Weissenborn:

This will acknowledge receipt of your letter of July 15, 1952, and three copies of amendment No. 4 relating to the captioned contract, copy of the inspection report by T. E. Howard, U. S. Bureau of Mines Engineer, and a copy of a letter dated June 11, 1952, addressed to you and signed by Harold A. Covey, Vice President, United Minerals Corporation.

We are distributing the copies of amendment No. 4 for attachment to contract copies on file in this office. However, we wish to call to your attention that the original of the amendments and other documents for attachment to the contract should be forwarded to this office pursuant to instructions in the Operating Committee's memorandum No. 10. This procedure is necessary so that all original contract documents can be filed in the same place.

Sincerely yours,

(signed) FRANK E. JOHNSON

F.N. 8-7-52

Chairman, Operating Committee (JHB)

APPROVED:

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

D. M. Lemmon
Member, Geological Survey

FEJohnson/bih 8/5/52
cc to: Docket
Admr&s. Reading File
Operating Committee
Region II
Messrs. Thayer R-5216 GSA Bldg.
Hedges R-4604
Chambers
Keller
FEJohnson

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
So. 157 Howard Street
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 21 1952

July 15, 1952

Chairman, Operating Committee
Defense Minerals Exploration Administration
Department of the Interior
Washington 25, D. C.

Re: DMEA Docket 81, United Minerals Corporation, Blaine County, Idaho, Contract Idm-E18, Lead-Zinc

Dear Sir:

Enclosed are three copies of Amendment No. 4 pertaining to Contract Idm-E18 of the United Minerals Corporation. Attached to the amendment is a copy of an inspection report by T. E. Howard, U. S. Bureau of Mines engineer, and a copy of a letter from Mr. Harold A. Covey, Operator. The report and the letter are enclosed as justification for granting the amendment.

Sincerely yours,

Thor H. Kiilsgaard

Thor H. Kiilsgaard
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

Enclosures

cc: USBM

SdS
7-31-52

Tom

June 11, 1952

Mr. A. E. Weissenborn, Executive Officer,
DMA Field Team, Region II
U.S. Department of the Interior
South 157 Howard Street
Spokane 4, Washington

Refer to: Contract Idm-218

Dear Mr. Weissenborn:

Herewith enclosed is a copy of an Equipment Inventory as of May 31, 1952, and description of new Construction at the Homestake Mine in connection with our Exploration Project Contract, Idm-218.

In connection therewith, it may be noted that certain equipment items have been charged to the contract and do not appear on the inventory. These were items which were deemed unsatisfactory, have been returned and for which suitable replacements have been or will be obtained. Credit will be given to the appropriate Contract accounts following Mr. Hulls' suggestion that this be done during a month of substantial expenditure so as to absorb the credits with more convenience from the accounting point of view. It appears that this may be effected in our monthly report for June, 1952. For your immediate convenience, these items have been added to said Inventory as a footnote.

For your information, the McGowan pump has been replaced by a portable Chicago-Pneumatic sump pump; the Ingersoll-Rand jackhammer and jackleg will be replaced by an Atlas rock drill with pneumatic pusher using Sandvik Coromant drill steel. The drill changes are expected to be better economically as they have been found so in this region and we are using them with success in one of our Nevada operations. It may also eliminate the need for liners as set forth in our original estimates for the drifting with considerable savings in equipment costs.

We close our fiscal year on June 30th and there are other changes in the Contract account which we would like to make subject to your approval to be effective July 1, 1952. We believe they will "clear up" these accounts somewhat and will be favorable both from the governments' and our points of view.

We propose to "buy back" the governments' share of certain equipment items at the same figure for which we were previously reimbursed and thus gain 100 per cent ownership of such items. With our operating other properties it might be advantageous, for example, to be able to inter-change equipment with more elasticity than the present set-up permits. For such equipment, a reasonable rental figure would be set for that actually used on the project and according to established practices.

If this proposal meets with your approval, the items which we would like to absorb are as follows:

| Quantity | Description | Cost to Contract | Gov't Share /1 |
|---|---|---|---|
| 1 | 3/4-ton Mine Skip, 24" ga., fabricated | $ 50.00 | $25.00 |
| 3 | 1-ton Mine Cars, 18" ga., end dump, used, @ $50.00 | 150.00 | 75.00 |
| 1 | 1-ton Mine Car, 18" ga., end dump, used | 35.00 | 17.50 |
| 1 | Set Chain Blocks, used | 50.00 | 25.00 |
| 1 | Hand driven forge blower | 10.00 | 5.00 |

/1 Actual amount government reimbursement to Operator.

If the cost for these items are thus absorbed by the Operator, the effect will be as though the Contract never was charged therefor and yet the project has had the use of them and other equipment furnished by the Operator. This poses the question of some retroactive rentals coming under consideration to truly balance the accounts. However, we are willing to forego any such past rentals in the interests of the project and more convenience in the bookkeeping.

Please bear in mind that neither the Operator nor the Government had been able to establish the exact methods for handling many of these items as they occurred. We have had to more or less "grow" along with the program and this, along with a few simple errors in learning, now calls for the proposed revisions. We would like to be able to put the account on more of "an even keel" beginning with our next fiscal year. Therefore, we urge your favorable consideration of these matters.

To accomplish the proposed objectives, an amendment to the Contract appears necessary. For your convenience and consideration, we have prepared the following draft of a proposed Exhibit "F" of Amendment No. 4.

UNITED MINERALS CORPORATION
EXPLORATION PROJECT CONTRACT AMENDMENT NO. 4
EXHIBIT "F"

Changes and Modifications

In Exhibit "C" of the Contract, under operating equipment to be purchased, delete the following items:

| Quantity | Item | Cost |
|---|---|---|
| 7 | 1-ton ore cars @ $165.00 | $1,155.00 |
| 1 | Air receiver | 250.00 |
| 1 | 1-ton sinking skip | 350.00 |
| 1 | Sinking pump | 460.00 |

In Exhibit "C", Page (2), of the Contract, under operating equipment furnished by the Operator as rental to the project, add the following items as maximum allowable costs of the project:

| Quantity | Item | Rental |
|---|---|---|
| 1 | One-ton mine skip | 4.20/mo. |
| 12 | One-ton ore cars @ $1.70/mo. | 20.40/mo. |
| 2 | Mine timber trucks @ $1.25/mo. | 2.50/mo. |
| 1 | Sump pump | 4.20 |
| Misc. | Blacksmith shop equipment | 1.70 |

We respectfully request your consideration hereof and will look forward to hearing from you in this regard. If the above appears satisfactory, please proceed to prepare the necessary forms for execution. If any changes appear desired or questions arise, please communicate with us.

Respectfully yours,

UNITED MINERALS CORPORATION

Harold A. Covey. M.D.

Harold A. Covey - Vice President

HAC/md

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

So. 157 Howard Street
Spokane 4, Washington

June 6, 1952

Mr. Frank E. Johnson
Chairman, Operating Committee
Defense Minerals Exploration Administration
Department of the Interior
Washington 25, D. C.

Re: United Minerals Corp.
Contract Idm-E18
Docket No. DMEA 81, Lead-Zinc

Dear Mr. Johnson:

Enclosed are original and two copies of an amendment to the United Minerals Corp. contract. Enclosed also is a copy of a field inspection report by Mr. T. E. Howard, U. S. Bureau of Mines, which explains the amendment.

Sincerely yours,

A. E. Weissenborn

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

Enclosures

cc: USBM

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
JUN 16 1952

SJS 6-16-52

M. E. Volin, Member, DMEA Field Team, Reg. II

Hailey, Idaho
May 27, 1952

T. E. Howard, Mining Engineer, Bureau of Mines

Routine inspection of United Minerals Corporation exploration project, Contract Idm-E18, Docket No. DMEA 81, Zn-Pb

The subject inspection was made May 24, 1952, with Lowell Thompson, mine foreman. Work had just been resumed after the winter shutdown. The foreman and two miners were engaged in cleaning up the No. 6 level adit of the Homestake mine where sloughing had occured during the winter. All the work done on the Homestake phase of the exploration project will require the use of this adit.

In addition to a number of places where the back of the adit was sloughed, about 50 cars of gob which was washed from a raise about 80 feet from the new winze will have to be cleaned up. At least 13 sets of old timber will have to be replaced, some of which will be difficult as the failed sets supported stope fill. The new winze is flooded and could not be examined but it is assumed to be in good shape.

The foreman estimates that about two weeks will be required to complete the necessary cleanup and repair. I talked to Mr. Covey, supervisor in charge of the project, later and with him prepared an amendment to allow their cost as a cost of the project. I have included repairs to surface plant because anti-freeze was discovered in the oil when the compressor was drained and it will have to be checked and possibly repaired. Also the outside water line will require some repair. Though the cost of this work will further reduce the funds available for actual exploration, the work must be done before the project can proceed.

The second part of the amendment is to allow a change from the originally planned method of driving the drift from the bottom of the winze. The Operator intended for the mucking to be done by hand. The slusher provided for in the amendment should give a more efficient operation.

The amendment has been signed by Mr. Covey and is enclosed for the consideration of the Field Team.

The high cost of the work done thus far under the contract was discussed again with Mr. Covey. He stated that he intends to start both the winze and the No. 6 level drift extension on a 2-shift-per-day working schedule as soon as the cleanup and repair is completed if sufficient labor is available. If he is able to do this, costs should be reduced considerably.

The Long Grade prospect is still under fairly deep snow and work cannot be started there for about another month.

T. E. Howard

500

FILE COPY
SURNAME:

Keating
Moulds

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

MAY 26 1952

Mr. A. E. Weissenborn
Executive Officer, Region II
DMEA Field Team
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMEA 81
Contract No. Idm-818
United Minerals Reserve Corp.
Zinc-Lead

Dear Mr. Weissenborn:

This is in response to your memorandum of May 8, 1952, regarding an Amendment No. 2 to the above numbered contract. The Amendment involves an expenditure of $1,000.00 for an access road to the Long Grade prospect. Mr. Valin's memorandum indicates that this expenditure together with the rise in the cost of operation since the work was started, will require an increase in the estimated total cost of the project or a reduction in the estimated amount of the work. We note that the Operator, to date, has greatly exceeded the unit costs as specified in the contract, and that the work at the project has not sufficiently advanced to permit the Field Team to make further recommendations at this time.

In a telephone conversation regarding other matters on May 22, 1952, Mr. George Snyder, Jr., informed the Base Metals Division that arrangements had been made for a conference at the mine within a few days between Mr. Kiilsgaard of your office and Mr. Covey of the United Minerals Reserve Corporation. Under the circumstances, we feel that it will perhaps be best to delay further consideration of the Amendment and the project until we have heard from you as a result of this conference. Distribution will be held in abeyance until we hear from you.

Sincerely yours,

5/26

(signed) FRANK E. JOHNSON

Chairman, Operating Committee
Defense Minerals Exploration
Administration

APPROVED:

H. H. Hedges (HH)
Member, Bureau of Mines

D. M. Lemmon (DM)
Member, Geological Survey

AGKeating/mef 5/26/52
cc to: Adm. R. File
Docket File
Mr. McKnight
Mr. Keating
Op. Committee
Mr. Bishop
Mr. Moulds
Region II

OFFICE OF THE ADMINISTRAT

# UNITED STATES
# DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS ADMINISTRATION

WASHINGTON 25, D. C.

So. 157 Howard Street
Spokane 4, Washington

May 8, 1952

Memorandum

To: Frank E. Johnson, Chairman, Operating Committee, DMEA

From: A. E. Weissenborn, Exec. Officer, DMEA Field Team, Region II

Subject: Amendment No. 2, Contract Idm-E18, United Minerals Corp. Lead-Zinc. DMEA-81, AR-45.

Enclosed are three copies of an amendment for the United Minerals Corp., together with a memorandum from Mr. M. E. Volin from the Bureau of Mines in which the reason for the amendment is explained.

A. E. Weissenborn
A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

Enclosures

cc: USBM, Spokane

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 19 1952

SIS

C
O
P
Y

UNITED STATES
DEPARTMENT OF THE INTERIOR
Bureau of Mines

1201 N. Division St.
Spokane 2, Wash.
May 8, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
MAY 1 1 1952

MEMORANDUM

To: A. E. Weissenborn

From: M. E. Volin

Subject: Amendment No. 2, Contract Idm-E18, United Minerals Corp.

Enclosed are four copies of the subject amendment which provides funds for the construction of an access road to the Long Grade prospect to facilitate the performance of work specified in the exploration project contract.

Although the need for access road construction was recognized at the time the contract was negotiated, an appropriate amount was not included as application for road construction was made separately under the access road program.

The cost of road construction will increase the total cost of the project. Additional funds, however, are not required at the present time. The costs of the exploration work performed thus far on the Homestake property have greatly exceeded estimated costs. It is evident that the program cannot be completed with the funds allotted. Expenditures to the end of November 1951 are tabulated below:

| Item | Amount | Unit Cost | Estimated total or unit cost |
|---|---|---|---|
| Winze (71 feet) | $10,945 | $154.15 | $ 100.00 |
| Rehabilitation | 7,120 | -- | 6,000.00 |
| Buildings | 4,913 | -- | 3,500.00 |
| Equipment purchased | 4,385 | -- | -- |

The excessive cost of winzing resulted from high fixed charges for supervision, technical assistance, and equipment rental, all charged against one heading. Economy measures have been suggested to the Operator with little or no results. While it should be possible to decrease the costs somewhat by more efficient operation, a recent rise in the wage scale of the district makes it almost certain that the estimated unit costs for the work remaining will be exceeded. Without considering the cost of a road the program either will have to be curtailed or the funds increased.

Therefore, as the work done thus far is not sufficiently advanced to determine whether the program should be shortened or the amount of the contract increased, no additional funds are requested at this time.

/s/ M. E. Volin
M. E. Volin

Enclosures

81

IDAHO

BLAINE COUNTY

February 1, 1952

United Minerals Reserve Corporation, I-DMA-E18, Zn, Pb

50-50 of $104,000.00

2 years

The work of the project is divided into four parts. Part one calls for exploring the lateral extent of the Homestake vein on the No. 6 level for 1000 feet. Part two calls for 100 feet of winze in the Homestake vein from the No. 6 level to establish a new lower level. Part three calls for 600 feet of drifting on the No. 5 level of the Long Grade mine. Part four calls for reopening the upper levels of the Long Grade mine and surface bulldozing.

Work to date has been on the winze following a vein from No. 6 level. Oxide and sulphide ore minerals are present. Costs so far are excessive and program has been slow,,due in part to bad weather.

FILE COPY
SURNAME:

Ellis
F.E. Johnson

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

NOV 20 1951

Mr. Harold A. Covey, Vice President
United Minerals Reserve Corporation
518 Felt Building
Salt Lake City 1, Utah

Re: Docket No. DMA-81
Exploration Contract No.
I-UU-118

Dear Mr. Covey:

This will acknowledge receipt of your letter dated November 1, 1951 (received Nov. 9th) appertaining to an access road to the Long Grade property which is a part of the above captioned project.

We have referred this matter to Mr. Weissenborn, Executive Officer, Region II. We understand the proposed road length will be 1500 feet but we have no concrete figures as to the cost.

Please be assured that when this information is received we will take proper action and so advise you.

Sincerely yours,

(signed) FRANK E. JOHNSON

cc 11-20

Acting Director,
Production Expansion Division

H.Ellis/jem
11-13-51
cc to: Adm. Reading File
Reports & Records
Docket
Messrs. Mittendorf, Olund
Lyon
Moon
Mote
McKnight
Johnson, G
Walker, S.M.
Ellis
Weissenborn, Reg. II (2)

400

FILE COPY
SURNAME:

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

AIR MAIL

Mr. A. E. Weissenborn
Executive Officer, Region II
South 157 Howard Street
Spokane 8, Washington

Re: United Minerals Reserve Corp.
518 Felt Bldg.
Salt Lake City, Utah
Docket DMA-81
I-DMA-818

Dear Mr. Weissenborn:

This refers to an access road to the Long Grade prospect which property is included in an exploration project under the above captioned docket number.

Under date of November 1'51 (received Nov. 9th) the Company states that the road will require additional funds and thus increase the overall cost of the Contract. It is noted a copy of said letter was forwarded to your office.

Kindly inform us as to whether you now approve this road extension and the amount of funds necessary to do the work. We will take proper action upon receipt of this information.

Sincerely yours,

(signed) FRANK E. JOHNSON (for) 11/20

Acting Director,
Production Expansion Division

EWEllis/jem 11-13-51
cc to: Adm. Reading File
Reports & Records
Docket
Messrs. Mittendorf, Olund
Lyon
Johnson, G.
Moon
Mote
McKnight
Ellis
Walker, S.M.
Field Team, Reg. II

APPROVED

Chairman, Coordinating Committee

Member, Bureau of Mines

~~Member, Geological Survey~~

The File

Reports & Records

DEPARTMENT OF THE INTERIOR
RECEIVED
NOV 9 1951
Defense Minerals Administration,
Production Expansion Division.

# UNITED MINERALS RESERVE CORPORATION

518 FELT BUILDING
SALT LAKE CITY 1, UTAH

November 1, 1951

OFFICIAL FILE COPY

Mr. C. O. Mittendorf, Director
Production Expansion Division
Defense Minerals Administration
U.S. Department of the Interior
Washington 25, D.C.

DMA-81

| To | Init. | Date |
|---|---|---|
| | | |
| | | |
| 10 | | |

Dear Mr. Mittendorf:

Enclosed herewith is a copy of a letter recently received in this office. It relates to our application for an access road in connection with our exploration project (Contract No. DMA-81 I-DMA-18).

This application was previously made on Form MF-105, filed May 28, 1951, and called for 1500 feet of new road to the portal of the No. 5 Tunnel of the Long Grade mine. This was an extension of the presently existing road to enable us to perform 600 feet of drift on the vein for which we have already received approval under the aforementioned contract. Strong geological evidences are present in this locality to favorably indicate early ore production and, therefore, we were quite anxious to get the work under way.

We were originally advised by the Defense Minerals Administration that the application as we made it was the proper method to be followed. However, as you will note from the enclosure, we are directed to include this job within the other program. Inasmuch as this work will require extra funds and increase the overall cost of the project we respectfully request your early advice as to the proper procedure for accordingly amending our contract. Upon receipt of such instructions we will immediately file whatever data or application as may be necessary.

We are looking forward to receiving your reply and wish to express our appreciation for the past efforts on your behalf and attention to this matter.

Respectfully yours,

UNITED MINERALS RESERVE CORPORATION

Harold A. Covey

Harold A. Covey - Vice President

HAC/md

cc: A. E. Weissenborn, Executive Officer
DMA Field Team, Region II
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 5 1951

UNITED STATES 530
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

October 22, 1951

Mr. Harold A. Corey, Vice President
United Minerals Reserve Corporation
518 Felt Building
Salt Lake City, Utah

Subject: Application for access road, AR-45, Long Grade Mine, Blaine County, Idaho

Dear Mr. Corey:

We have received a report from the Defense Minerals Administration Field Team following an examination of your property. The recommendation is made that in view of the exploration project now being carried on at your property that the access road, or that part of it, which may be necessary to carry on the exploration work be included in the project program.

This office concurs in that recommendation and accordingly your access road application is denied and the recommendation has been made to the Production Expansion Division for its inclusion in the project program.

If the exploration project develops a substantial amount of shipping ore and additional ore-hauling roads are necessary at that time, this application may be revived.

Very truly yours,

Stanley M. Walker
Acting Chief
Housing and Utilities Branch
Requirements Division

400

FILE COPY
SURNAME:

Ellis
F. Johnson

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

OCT 31 1951

A.E.C.

Contract Service Section
General Accounting Office
Washington 25, D. C.

Re: Docket No. DMA-81
United Minerals Reserve Corp.
Exploration Project Contract
I-DMA-E16
Amended September 24, 1951

Gentlemen:

Enclosed for recording in your office is the original of the amended Exhibit F to the Exploration Project Contract between the operator named in the above reference and the Government of the United States.

Sincerely yours,

(signed) FRANK E. JOHNSON (for)

Acting Director
Production Expansion Division

Enclosure-1

P.J. 10-31

EWEllis/jem
10-29-51

cc to: Adm. Reading File
Reports & Records
Messrs. Mittendorf, Olund
Mr. Ellis
Field Team, Region II (2)
Docket copy
Chron. copy

P.E.D. File

530

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

DMA-81

October 22, 1951

Memorandum

To: Mr. Frank E. Johnson, Chief, Procedures Branch, Production Expansion Division, Defense Minerals Administration

From: Mr. Stanley M. Walker, Acting Chief, Housing and Utilities Branch, Requirements Division

Subject: Access road application, AR-45. Long Grade Prospect, United Minerals Reserve Corporation, I-DMA-E 18 - DMA-81 (Ou. E.)

Attached hereto are three copies of a memorandum from the DMA Field Team, Region II and a copy of the original application for the access road to the subject company.

You will note from the letter that the Field Team recommends that the access road be included in the exploration project program or the amount be increased to cover the cost of the road.

This office concurs in this recommendation and accordingly is denying the road application with the stipulation however that should the exploration project develop substantial shipping ore and should an additional ore-hauling road or roads become necessary, the application can be revived.

We will appreciate your keeping us advised of the progress of this case so that our files may be complete.

S M Walker

Stanley M. Walker

attachments

Evidently no action necessary by P.E.D. at this time. An unusual event by the Expl. Officer might include the road in this project providing there was no increase in cost to the Government.

Ellis 10/24/51

1201 North Division Street,
Spokane 2, Washington.

October 11, 1951.

MEMORANDUM

To: Mr. Stanley M. Walker, Acting Chief,
Housing and Utilities Branch, DMA.

From: DMA Field Team, Region II.

Subject: Access road to Long Grade prospect, United Minerals Reserve Corporation, I-DMA-E 18.

Herewith is a project statement for access road (5 copies) by the Bureau of Public Roads in connection with the subject application.

Instead of signing this project statement as Acting Executive Officer, DMA Field Team, Region II, I am referring it to your office with a review of the facts concerning the application.

This application was submitted before the access road program was clarified. It is in connection with an exploration project contract approved and now in progress. The principal and first purpose of the road would be to gain access for the purpose of performing work at the Long Grade prospect as defined under project "C" and project "D", Exhibit "A", of Exploration Project Contract I-DMA-E 18. If the exploration proves successful the road, of course, would be used for production purposes.

Although described in the application for an exploration project contract as a mine, the Long Grade property can be considered as only a prospect quite secondary in importance to the Homestake Mine on which most of the work under the contract is being performed. The examining team report recommending the project gives very little information about the Long Grade property. A discussion today with one of the members of the team, Mr. Killsgaard (U.S.G.S.) furnishes the additional information that the Long Grade prospect probably is a continuation of the Homestake structure, but that an evaluation of the possibilities of production from the extension can not be made until additional work is done and factual information is available.

Under these circumstances, it is recommended by the Field Team that the application for access road be denied, but that steps be taken to execute an amendment to contract I-DMA-E 18 to include the construction of the road. It is noted that Project "D" under Exhibit "A" includes $3,500.00 for performing bulldozer trenching on the Long Grade claims, although no provision is noted under Exhibit "C" for procurement or rental of a bulldozer.

The Bureau of Public Roads inspection report made on July 12, 1951, indicates that the road construction would involve excavation full width into the rock side hill. Mr. Killsgaard has the impression that the road could be constructed with bulldozers without such major rock excavation. This point is being brought up because it has a bearing on whether or not the amount of the exploration contract, $104,000.00, should be increased by the $4,500.00 estimated by the BPR as the cost of the road. Perhaps the best way to settle this matter is to refer it to United Minerals Reserve Corporation, but the Field Team is of the opinion that a road sufficient for access probably could be included without increasing the total amount of the contract.

---

M. L. Volin, Acting Executive Officer,
DMA Field Team, Region II.
(U. S. Bureau of Mines)

---

Thor Killsgaard
For: W. E. Weissenborn
(U. S. Geological Survey)

Form MF-105
(April 1951)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Budget Bureau No. 42-R1054.
Approval expires March 31, 1952.

Docket No. AR 45
(Leave blank)

# Application For Access Road

**Instructions to Applicant: Complete five copies of this form, keeping one copy for your files and sending original and three copies to:**

A.E. Weissenborn, Executive Officer, DMA Field Team, Region II, South 157 Howard St., Spokane 8, Washington

NOTICE.—If you have already filed Defense Minerals Administration Form MF-100 or MF-103, give date filed Dec. 15, 1950, Docket No., if available DMA-81, and do not answer questions 3 to 7, inclusive. Then return signed forms to Defense Minerals Administration, Department of the Interior, Requirements Division, Washington 25, D. C. If more space is needed, attach additional sheets of the same size, indicating item being answered.

1. Location of project: State Idaho County Blaine
   Mining district Warm Springs Creek Nearest town Ketchum
2. Name of mine or plant Long Grade Other identifying data (previous names, etc.) Part of Lake Creek Zinc Properties
3. Principal metal or mineral produced (or to be produced) —
4. Subordinate metals or minerals —
5. Present average daily production —
6. Estimated future average daily production —
7. Estimated ore reserves or life of the mine —
8. Access road requested from Present Road to Portal, No. 5 level Length 1500 feet
   To be a new road? Yes or improvement of existing road? Extension of present road
9. Number of trucks by type and size —— Total trips per day (1-way) ——
10. To the best of your knowledge, does any Federal, State, or county agency have jurisdiction over this road? Yes Which agency? County road Commission
    Have you been refused assistance by this agency? Yes
11. Have you applied for a Federal loan for your mining or milling operation? Yes
    If so, on what date and to what Government agency? December 15, 1950 - DMA
12. Do you have Government contracts for any of your production? No If so, with what agency? —— For what amount? ——

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

United Minerals Reserve Corp.
(Name of company)

By s/ Harold A. Corey
(Signature of authorized official)

518 Felt Building

Vice President
(Title)

Salt Lake City, Utah
(Address)

May 28, 1951
(Date)

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.

U. S. GOVERNMENT PRINTING OFFICE 16—64017-1

UNITED STATES 530
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

October 22, 1951

Mr. C. R. Salmon
District Engineer
Schreiber-McCann Building
609½ Bannock Street ( P.O. Box 1559)
Boise, Idaho

Subject: Access road application, AR-45. Long Grade Prospect, United Minerals Reserve Corporation, I-DMA-E 18.

Dear Mr. Salmon:

I am returning herewith the five copies of Project Statement on the subject road. These were forwarded to the Washington Office by Mr. M. E. Volin, Acting Executive Officer, DMA FieldTeam, Region II for the following reason: An exploration project calling for an expenditure of $104,000 is in force on this property and it is the opinion of the Field Team that this road or at least that portion ofit necessary to carry on the exploration work should be added to the project program and the cost included thereon. This office concurs in this recommendation and accordingly is denying the present application but is recommending its inclusion in the exploration project.

Should the exploration program develop ore in substantial shipping quantities this application could be revived if an additional road is necessary for ore-hauling pruposes at that time.

Very truly yours,

Stanley M. Walker
Acting Chief
Housing and Utilities Branch
Requirements Division

SMWalker:ik
Copies: Admin Reading File
Reports & Records
A.E. Weissenborn, Region II
Mr. A. G. Siegle, BPR
Mr. Walker
Mr. Speaker
Production Expansion Division, Room 4070

UNITED STATES 530
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

814

October 22, 1951

Mr. Harold A. Corey, Vice President
United Minerals Reserve Corporation
511 Felt Building
Salt Lake City, Utah

Subject: Application for access road, M-45, Long Grade Mine, Blaine County, Idaho

Dear Mr. Corey:

We have received a report from the Defense Minerals Administration Field Team following an examination of your property. The recommendation is made that in view of the exploration project now being carried on at your property that the access road, or that part of it, which may be necessary to carry on the exploration work be included in the project program.

This office concurs in that recommendation and accordingly your access road application is denied and the recommendation has been made to the Production Expansion Division for its inclusion in the project program.

If the exploration project develops a substantial amount of shipping ore and additional ore-hauling roads are necessary at that time, this application may be revived.

Very truly yours,

SIGNED

Stanley M. Walker
Acting Chief
Housing and Utilities Branch
Requirements Division

SMWalker:ik
Copies: Admin Reading File
Reports & Records
A. J. Weissenborn, Region II
Production Expansion Division
Mr. Walker
Mr. Speaker

Mr. Ellis PED.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS ADMINISTRATION
WASHINGTON

BUREAU OF MINES
1201 N. Division St.
Spokane 2, Wash.
October 19, 1951

OCT 25 1 43 PM '51

DEPARTMENT OF THE INTERIOR
RECEIVED
OCT 25 1951
Defense Minerals Administration,
Production Expansion Division.

Memorandum

To: C. O. Mittendorf, Director, Production Expansion Division, Defense Minerals Administration

From: DMA Field Team, Region II

Subject: Contract amendments I-DMA-E18 (Uma-81), I-DMA-E12, Idm-E60, I-DMA-E102, and Idm-E160

Enclosed for appropriate distribution are three copies each of the subject contracts. Copies of these amendments have been forwarded to the DMA Fiscal Officer, Region II, and to the companies concerned.

By Field Team, Region II

A. E. Weissenborn

A. E. Weissenborn, Exec. Officer
(U. S. Geological Survey)

Glenn C. Reed

Glenn C. Reed
For: M. E. Volin, Member
(U. S. Bureau of Mines)

FILE COPY 400
SURNAME:

Ellis
Olund
Mittendorf

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

August 15, 1951

AIR MAIL

A. E. C.

Mr. Harold A. Covey, Vice Pres.
United Minerals Reserve Corporation
518 Felt Building
Salt Lake City 1, Utah

RE: Docket No. DMA- 81
Approved (lead-zinc) project

Dear Mr. Covey:

This will acknowledge receipt of your letter of August 11, '51 in which you request accounting instructions relative to form MF-104. Please be advised there are no such instructions and in our opinion, none are necessary. You simply fill in said form and submit it in quadruplicate prior to the 15th day of the month following the reporting period. Mail the completed four copies to the D.M.A. field representative in your area. This report will form the basis for payments of the Government's participating share of expenses.

Sincerely yours,

BJ
8-15

C. O. Mittendorf (7/h)

C. O. Mittendorf, Director
Production Expansion Division

EWEllis/jem
cc to: Adm. Reading File
Reports & Records
Messrs. Mittendorf-Olund
Lyon
Billings
Mote
McKnight
Ellis
Weissenborn-Region II
Docket

Mr. Mittendorf
Code 400

# UNITED MINERALS RESERVE CORPORATION

FELT BUILDING
SALT LAKE CITY 1, UTAH

231 SO. LASALLE ST.
CHICAGO 4, ILLINOIS

Air Mail

AUG 14 1951

August 11, 1951

Mr. C. O. Mittendorf, Director
Production Expansion Division
Defense Minerals Administration
Washington 25, D.C.

Re: Docket No. D.M.A.-81

Dear Mr. Mittendorf:

At the suggestion of Mr. A. E. Weissenborn, Executive Officer, D.M.A. Field Team, Region II, I hereby request that you send two sets of accounting instructions relative to your Form No. MF-104.

Your kind attention to this request is much appreciated.

Very truly yours,

UNITED MINERALS RESERVE CORP.

Harold A. Covey

Harold A. Covey,
Vice President

HAC/md

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

So. 157 Howard Street
Spokane 4, Washington

RECEIVED
AUG 8 1951
GENERAL COUNSEL
DEFENSE MINERALS ADMINISTRATION

July 31, 1951

Mr. C. O. Mittendorf, Director
Production Expansion Division
Defense Minerals Administration
Washington 25, D. C.

Dear Mr. Mittendorf:

I have received a letter from the United Minerals Corporation (docket DMA-81) requesting permission to contract the underground work at the Homestake mine on a footage basis rather than doing it on company account. I have advised him that this would be satisfactory provided that the contract is in line with the current rates in the district and that the footage does not exceed the footage cost which is shown in his contract. It is my understanding that the field teams will be authorized to make these minor changes as the problems arise. Mr. Covey of the United Minerals Corporation also suggests that it may be more economical to contract both the bulldozing and the underground drifting in the Long-Grade mine. I see no reason why this should not be done provided a satisfactory contract at reasonable rates can be let, but I would appreciate your advice on this matter.

Sincerely yours,

A. E. Weissenborn

A. E. Weissenborn
Executive Officer, DMA
Field Team, Region II

BN

DMA No. 81

# UNITED MINERALS RESERVE CORPORATION

FELT BUILDING
SALT LAKE CITY 1, UTAH

231 SO. LASALLE ST.
CHICAGO 4, ILLINOIS

July 6, 1951

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 23 1951
LANDON F. STROBEL
Executive Secretary

Mr. A. E. Weissenborn,
Executive Officer,
D.M.A. Field Team, Region II,
South 157 Howard Street
Spokane, Washington

Re: Docket No. D.M.A.-~~18~~ 81

Dear Mr. Weissenborn:

We regret the delay in this communication, but the writer was in Hailey, Idaho and did not have the opportunity of examining the executed Exploration Project Contract No. I-DMA-E18, which was received in the Salt Lake City office on June 29th, 1951, with enclosures. The covering letter therewith received, requested that we notify you when we began work on this project.

For your information, rehabilitation and construction work was under way at the Homestake Mine at the time, so the work may be regarded as having been started on June 22, 1951, the date of said Contract. Following monthly Progress Reports and cost statements filed by us will reflect this date.

For your further information, the work is progressing satisfactorily andhas consisted mainly of retimbering, cleanup and repairing underground airpipe in the Homestake lower level and construction of a new combination change room - storage - compressor house at its portal.

As of June 30th we close not only a quarter, but also our fiscal year. Hence, accounting matters may be somewhat delayed. However, we will endeavor to furnish you with suitable cost accounting on Form MF-104 at our earliest opportunity.

Respectfully yours,

UNITED MINERALS RESERVE CORP.

Harold A. Covey

Harold A. Covey
Vice President

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 23 1951
LANDON F. STROBEL
Executive Secretary

HAC/md

FILE COPY
SURNAME:

Mittendorf

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

June 25, 1951

Mr. Frank McAtee, Jr.
Contract Service Section
General Accounting Office
4th Floor, New GAO Building
Washington 25, D.C.

Re: Docket No. DMA-81
Exploration Project Contract
I-DMA-E18
United Minerals Reserve Corp.
Salt Lake City, Utah

Dear Mr. McAtee:

Enclosed for recording in your office is the original signed copy of an Exploration Project Contract executed between the operator named in the above reference and the Government of the United States.

Sincerely yours,

LANDON F. STROBEL
HB

Landon F. Strobel
Executive Secretary

Enclosure-1

COMittendorf/fw

cc to: Admr. Reading File
Mr. Strobel
Field Team, Reg.II
Mr. Lyon
Mr. Herres
Mr. McKnight
Mr. Mittendorf, Mr. Olund
Mr. Ellis
FILES

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

SURNAM

June 22, 1951

United Minerals Reserve Corporation
518 Felt Building
Salt Lake City 1, Utah

Re: Docket No. D.M.A.-81

Gentlemen:

Enclosed find executed Exploration Project Contract No. I-DMA-E18 dated June 22, 1951 with attached Exhibits and maps; also a set of monthly Progress Reports (Form MF-104). A progress report is to be submitted monthly in quadruplicate to the D.M.A. field representative in your area where additional copies may be obtained.

Any questions appertaining to this project should be referred to Mr. A. E. Weissenborn, Executive Officer, D.M.A. Field Team, Region II, South 157 Howard Street, Spokane, Washington. Please notify Mr. Weissenborn when you begin work on this project.

A press release dated May 14, 1951 on "Questions and Answers on the Minerals Exploration Program" is enclosed for your information.

Sincerely yours,

SIGNED

C. O. Mittendorf, Director
Production Expansion Division

Enclosures

EWEllis/ecl

cc to: Messrs. Mittendorf - Olund
Lyon
Strobel
Herres
Ellis

A. E. Weissenborn, Region II
Field Finance Sec., Bureau of Mines
Contract Service Sec. - GAO
F I L E S

DMA 81

858

FILE COPY
SURNAME:

Koontz

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

June 22, 1951

Memorandum

To: C. O. Mittendorf

From: J. L. Hofflund

Subject: United Minerals Reserve Corporation exploration contract -- Docket No. DMA-81

This office has reviewed the proposed contract in the above case and finds it to be in satisfactory form for execution.

Your file in this case is returned.

J. L. Hofflund
General Counsel

Attachments

CJKoontz/ema

Copy to: L. F. Strobel
C. J. Koontz
J. L. Hofflund
Chron.
Files

FILE COPY
SURNAME:

Gowen
McLaughlin
Moore

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

June 18, 1951

Mailed 6/21/51

Memorandum

To: J. H. East, Jr.
224 New Customhouse
Denver 2, Colorado

From: Tom Lyon, Director, Supply Division
Defence Minerals Administration

Subject: United Minerals Reserve Corporation. Dockets DMA-57 and DMA-81.

Please be advised that Docket DMA-57, refers to an application filed by the United Metals Reserve Corporation for a loan of $25,700 to explore and operate the Sunnyside copper mining property in Santa Cruz County, Arizona. It was denied on March 8, 1951, because of inadequate reserves.

Docket DMA-81 refers to an application filed by the same corporation for assistance in exploring the Homestake Mine, a lead-zinc property in Blaine County, Idaho.

Tom Lyon

JBGowen:pf

Copy to: Executive Secretary
Copper Branch
Lead-Zinc Branch
Files

# UNITED MINERALS RESERVE CORPORATION

June 18, 1951

FELT BUILDING
SALT LAKE CITY 1, UTAH

231 SO. LASALLE ST.
CHICAGO 4, ILLINOIS

Mr. C. O. Mittendorf, Director
Production Expansion Division
Defense Minerals Administration
U.S. Department of the Interior
Washington 25, D. C.

Re: Docket No. DMA-81

Dear Sir:

Pursuant to your letter of June 6, 1951, herewith enclosed are six (6) completed copies of Form MF-200, Exploration Project Contract, covering our application filed December 15, 1950. Attached thereto are the following Exhibits and addenda:

(a) Exhibit "A" - Exploration Project Description, 2 sheets;
(b) Exhibit "B" - Construction List, 1 sheet;
(c) Exhibit "C" - Equipment List, 2 sheets;
(d) Exhibit "D" - Labor Schedule, 2 sheets;
(e) Exhibit "E" - Rehabilitation List, 1 sheet;
(f) Map I - Lake Creek Area, 1 sheet;
(g) Map II - Homestake Mine, 1 sheet;
(h) Map III - Long Grade Mine, 1 sheet;
(i) Form MF-202 - Landlord's Subordination Agreement (Lester T. Ditter, et al), 1 sheet;
(j) Power of Attorney (A. F. Donovan, et ux), 2 sheets;
(k) Lease and Option (Mrs. Anna B. Ditter, et al), 6 sheets;
(l) Assignment (Harold A. Covey, et al), 2 sheets;
(m) Form MF-202 - Landlord's Subordination Agreement (Grant W. Crutchley, et ux), 1 sheet;
(n) Lease and Option (Grant W. Crutchley, et ux), 7 sheets;
(o) Amendment of Lease and Option (Grant W. Crutchley, et al), 2 sheets;
(p) Assignment (Harold A. Covey, et al), 1 sheet; and
(q) Mining Deed (George W. Snyder, Jr., et al), 2 sheets.

We would greatly appreciate being advised by telegram (collect) as to the date of the Contract as soon as possible after its insertion. In the event any deficiencies or errors are found in the submittals, we respectfully request that we be so informed by long distance telephone in order that matters may be expedited.

As you will observe, the copies of leases, assignments, etc. are submitted in the form of photostatic copies of executed originals. We trust this is acceptable and that all other forms and Exhibits have been filled out properly.

Respectfully submitted,

UNITED MINERALS RESERVE CORPORATION

Harold A. Covey

Harold A. Covey, Vice President

HAC:jhl

Encls. as noted

1. Bowen
2. Steven

# UNITED STATES
# DEPARTMENT OF THE INTERIOR

**BUREAU OF MINES**

**REGION IV**

answered 6-18-51 JBB:BP

OFFICE OF
REGIONAL DIRECTOR

224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUN 11 1951
LANDON F. STROBEL
Executive Secretary

June 6, 1951

Memorandum

To: Tom Lyon, Director, Supply Division, Defense Minerals Administration

From: Executive Officer, DMA Field Team, Region IV

Subject: United Minerals Reserve Corporation

We have received copies of your letter of May 28 to the Director, Production Expansion Division, regarding DMA 81, recommendation for approval of application for an exploration loan submitted by United Minerals Reserve Corporation, 518 Felt Building, Salt Lake City 1, Utah.

The memorandum states that "all of the necessary information required for completion of the contract is contained in the application of the company and the report of the field team." The Field Team, Region IV, made a report on DMA 57, United Minerals Reserve Corporation, Sunnyside Copper Property. Would you please advise if dockets DMA 57 and 81 are one and the same.

J. H. East, Jr.

FILE COPY
SURNAME:

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

June 6, 1951

United Minerals Reserve Corporation
~~918~~ Felt Building
Salt Lake City 1, Utah

Re: Docket No. DMA-81

Gentlemen:

As you have been informed, your application for a Government loan of $104,000 filed December 15, 1950, is now being recommended as an Exploration Project. Such project will be on a 50-50 matching basis i.e. $52,000 to be supplied from Government funds and $52,000 by the Applicant.

We are enclosing six each of the following blank forms:

MF-200 - Exploration Project Contract.
MF-201 - Mortgagor's Subordination Agreement.
MF-202 - Landlord's Subordination Agreement.

If there is no encumberance of any nature whatsoever on the claims then form MF-201 would not apply.

All forms must be submitted in six (6) completed copies and returned to this office for processing. If properly filled out and accepted, the date (first line of the Exploration Project Contract) will be inserted in this office and then be submitted to the Administrator of Defense Minerals Administration for his signature. Your copy will be returned to you. Kindly note that the Exploration Project Contract is not to be retyped. It is to be filled out as is and signed. However, if there is not sufficient room in the space allotted for Item E, Operator's property rights, you may attach a printed paragraph over such space.

In addition to filling out the enclosed forms we wish to especially draw to your attention the following:

(a) Attach a map to each Contract showing the exact location of the proposed exploratory work.

(b) Be sure to attach Exhibits A, B, C, D and E mentioned in form MF-200, to each of the six copies of said form. Exhibit A should include a breakdown of the proposed expenditures.

(c) Also attach a copy of your lease agreements to the form MF-200. Certified copies may be used in lieu of executed copies.

If you have need of assistance in complying with the requirements of these forms it is suggested you contact:

Mr. A. E. Weissenborn, Executive Officer
Defense Minerals Administration Field Team
Region II
South 157 Howard Street
Spokane, Washington

Properly filled out forms and Exhibits will materially aid in expediting the work.

Sincerely yours,

C. O. Mittendorf, Director
Production Expansion Division
Defense Minerals Administration

Enclosures - 18

EWEllis/bih

cc to: Messrs. Mittendorf
Olund
Strobel
Herres
A.E.Weissenborn
EWEllis
F I L E S

FILE COPY
SURNAME:

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

Lyons
McKnight
Moon
Mote
Strobel

May 28, 1951

Memorandum

Re: Docket DMA-81

To: Director, Production Expansion Division

From: Director, Supply Division

Subject: Recommendation for approval of application (DMA-81) for an exploration loan submitted by United Minerals Reserve Corporation, 518 Felt Building Salt Lake City 1, Utah

Attached is the original application and supporting data submitted by the United Minerals Reserve Corporation of Salt Lake City, Utah, together with the report and recommendation for approval of the field team of the Defense Minerals Administration.

All of the necessary information required for completion of the contract is contained in the application of the company and the report of the field team.

The Lead-Zinc Branch concurs with the recommendation of the field team.

Tom Lyon

Tom Lyon, Director
Supply Division

Attachment

EJLyons:emp
G 5/28/51

Copies to: J. H. East, Jr. Region IV (2)
Chief, Lead-Zinc Br.
E. T. McKnight 4204 GSA
E. B. Moon
R. H. Mote
L. F. Strobel
Tom Lyon
Directors reading file 4214 GSA
Br. reading file 4212 GSA

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane 8, Washington

May 15, 1951

Mr. Landon F. Strobel
Executive Secretary
Defense Minerals Administration
Department of Interior
Washington 25, D. C.

Dear Mr. Strobel:

Enclosed is a report from the Field Team, Region II giving cover to a memo from E. A. Magill and Thomas E. Howard of the Bureau of Mines and Thor H. Kiilsgaard and James Quinlan of the Geological Survey with reference to the application of the United Minerals Reserve Corporation, DMA Docket 81. Also included is the original docket material. Will you please forward the above to the Lead-Zinc Branch.

Sincerely yours,

A. E. Weissenborn
Executive Officer, DMA
Field Team, Region II

Enclosures

cc: U.S.B.M.

MAY 22 1951

5

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 2 1 1951
LANDON F. STROBEL
Executive Secretary

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

So. 157 Howard Street
Spokane 8, Washington

May 15, 1951

Memorandum

To: Lead-Zinc Committee, Defense Minerals Administration, Washington 25, D. C.

From: Field Team, Region II

Subject: United Minerals Reserve Corporation

The report transmitted herewith discusses a proposal submitted by the subject corporation for exploration of a strong structure below the existing workings at the Lake Creek Mining property. As many oxidized ores have been mined the proposed work would be in the sulphide zone.

The factual data supporting the application is complete and the management competent. The Field Team recommends that the United Minerals Reserve Corporation be granted a loan of $52,000 on a matching fund basis.

By Field Team, Region II

A. E. Weissenborn
A. E. Weissenborn, Exec. Officer
(U. S. Geological Survey)

for Glenn C. Reed
M. E. Volin, Associate Officer
(U. S. Bureau of Mines)

cc: U.S.B.M. Albany
U.S.B.M. Spokane

Enclosures

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 2 1 1951
LANDON F. STROBEL
Executive Secretary

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Letter of transmittal dated May 15, 1951

ON-SITE Report

DMA Examining Team Report on United Minerals Reserve Corporation
(DMA Docket No. 81) (I-DMA-F18)

By

Elwin A. Magill and Thomas Howard, U.S.B.M.
Thor H. Kiilsgaard and James Quinlan, U.S.G.S.

## RECOMMENDATIONS

It is recommended that the United Minerals Reserve Corporation be granted a DMA exploration loan, the sum of which is to be $52,000.

## APPLICANT

The applicant is United Minerals Reserve Corporation, 518 Felt Building, Salt Lake City 1, Utah. The United Minerals Reserve Corporation was organized April 8, 1948, as a Nevada corporation under the name, Stalwart Products Corporation. The present capitalization is 3,000,000 shares common stock, par value $0.10 per share, nonassessable. At present there are 654,450 shares outstanding. George W. Snyder, Jr., is president; Harold A. Covey, George W. Snyder, Mason W. Rankin, and Harvey C. Orton are vice presidents; and Guy Snyder is secretary and treasurer.

## LOCATION OF DEPOSIT

The United Minerals Reserve Corporation holds the Lake Creek zinc properties on Lake Creek in secs. 4 and 5, T. 5 N., R. 18 E., B.m., in the Wood River mining district, Blaine County, Idaho. This is about 10 miles northeast by road from Ketchum, Idaho. The properties consist of the Homestake mine and the Long Grade prospect. The Homestake mine consists of 1 patented claim (Merry Mack) and 12 unpatented claims. The Long Grade prospect consists of 11 unpatented claims. (See map I in report on Lake Creek zinc properties by Mason W. Rankin, 1949, submitted with application form NSRB-146.)

## OWNERSHIP

The Homestake mine is held under a 10-year lease with option to purchase for $67,500, dated May 26, 1949. The Long Grade prospect consists of 11 unpatented claims; seven of these claims are held by the United Minerals Reserve Corporation and 4 claims are held under lease and option with a purchase price of $75,000. (For further details see pages 6 and 7 of United Minerals Reserve Corporation Prospectus and pages 1 and 2 of Rankin's report on the Lake Creek zinc properties, also exhibit B attached to form NSRB-146.)

The county records were not checked.

## HISTORY AND PAST PRODUCTION

The Homestake mine was discovered in the 1880's. The property has been worked spasmodically on a small scale ever since.

Total recorded production from the Homestake mine from 1885 to 1950 is 5,342.58 tons containing 26.04 ounces gold, 85,124 ounces silver, 1,409,936.2 pounds lead, and 1,615,441 pounds of zinc. A weighted average assay of the production over the years is 15.93 ounces silver, 13.20 percent lead, and 16.30 percent zinc. The Long Grade prospect produced in 1943-44, 100 tons of ore containing an average weighted assay of 0.01 ounce gold, 3.05 ounces silver, 4.81 percent lead, and 20.01 percent zinc. Practically all production from both properties consisted of carbonate and oxide ores.

## DESCRIPTION OF PROPOSAL

The applicant desires an exploration contract to the amount of $104,000, $52,000 to be provided by the DMA. They propose to expend the money in the following manner: (See page 2 of report by Harold A. Covey, dated November 18, 1950, accompanying application form NSRB-146.)

## TECHNICAL FEASIBILITY

### Geologic Setting

The geology of the Homestake mine is described in U. S. Geological Survey Bulletin 814, by J. B. Umpleby et al, pages 192-95, 1930. Additional description of the geology of the Homestake and Long Grade properties is ably presented in a report by Mason W. Rankin, dated May 29, 1949, which accompanies the application under consideration.

During the recent DMA examining team investigation of the Lake Creek zinc properties, the only workings accessible were the nos. 4 and 5 adits of the Homestake mine; all other workings were covered with snow or blocked by caves. At the Homestake mine little was done other than to check the geologic map prepared by Mason W. Rankin and H. A. Covey, which accompanies the application. The map was found to be quite descriptive and reflects a careful study of the deposit on the part of the authors.

The Homestake vein is a very strong structure with well-defined walls up to 10 feet apart. Ore mineralization may be traced throughout large portions of the structure with ore widths ranging from a few inches up to as much as 6 or 7 feet. The structure is filled with crushed wall rock, but quartz, calcite, and oxidized lead-zinc ores are common in those areas examined. Very little sulfide ore occurs in the upper levels; however, H. A. Covey reports that abundant sulfides were found on the No. 6 level. Unfortunately, the sulfide-bearing part of the No. 6 level was partially flooded by a caved pile of muck and could not be examined.

## Mine Workings

The mine workings of the Homestake property are shown on the maps accompanying the application form NSRB-146. The applicant informed the examining team that they intend to concentrate their mining operations on the Nos. 4, 5, and 6 levels and that they may mine some oxidized ore from areas above the No. 4 level. The areas above the No. 4 level were not visited, but the No. 4 level is open and with some minor improvements will be ready for mining. The No. 5 level is ready for mining at the present time. No. 6 level, the lowest level in the mine, is open but is in need of reconditioning before it will be ready for operation. The applicant states that the level will need about 250 sets of timber replaced and that certain sloughed areas will have to be caught up and cribbed. Inasmuch as most of the forthcoming exploration work will be done on or through the No. 6 level, the applicant already has commenced reconditioning that level.

## Ore Reserve

The probable and assured ore reserves of the Homestake mine are shown on the map accompanying the application under consideration. No attempt was made by the examining team to measure the reserve, but, judging from a brief examination of ore shoots in those areas accessible, the reserve figures appear to be in order. Some spot check samples were cut in several of the ore shoots, but the assay returns have not been received. It is felt, however, that the assays will not materially affect the reserve figures. It is possible that some of the estimated reserves may not profitably be mined owing to narrow widths of the ore. Smelter return sheets of ore previously shipped were examined and the assay figures thereon checked with assay figures given in Rankin's report.

The examining team is in agreement with the applicant who is of the opinion that minable ore may be expected to continue beneath the No. 6 level.

## Mining Method

The ore blocks exposed in the accessible workings are irregular in outline and vary from 1 to 5 feet or more in width. In past operations open stopes have been left with stulls to hold the ground. The walls seem to stand well except for local sloughing, particularly from the footwall. An open-stope method using stulls could undoubtedly be successfully used in future operations with perhaps backfilling in some cases.

Initial mining costs should be between $7.50 and $10 per ton with an unknown exploration and development cost to be added.

## Milling Method

A mill is not proposed at the present time. Ore mined previously has consisted mainly of oxides and carbonates which have been shipped crude.

It is planned to ship crude ore to Combined Metals Reduction Co. for eventual treatment in their plant at Henderson, Nev. The ore would at present be stockpiled either at Ketchum or at Salt Lake City. For oxide and carbonate ores Combined Metals proposes to pay $1.10 per unit for combined lead and zinc, with payment for 75 percent of the silver at $0.90 an ounce. The base treatment charge will be $4 per ton.

Ore shipments in 1950 were made to International Smelting and Refining Co., Salt Lake City, Utah, who charged $6 per ton for ore

treated and paid $1.20 per unit for combined lead and zinc. No payment was made for silver.

For sulfide ore a much better smelter and payment schedule can be arranged.

Freight charges are $1.50 per ton from the mine to Ketchum by truck and approximately $4 per ton from Ketchum to Salt Lake City, Utah, by rail.

### Rate of Production

The property is not mining ore at the present time. When operations get under way the applicant plans on producing 360,000 pounds of zinc and 120,000 pounds of lead per month. They have reserved with Combined Metals a smelter allotment of 20 tons of oxide and carbonate ores per day.

### Time Schedule

A 2-year period is requested to carry out the proposed exploration program although the applicant believes that the program may be completed in a shorter time.

The applicant hopes to reach a production of 20 tons per day of oxidized ores from workings above the No. 6 level of the Homestake mine in the immediate future.

### Marketing Facilities

(See milling methods.)

## EQUIPMENT AND FACILITIES

### Installed

Present facilities consist of two cabins and two sheds at the No. 6 Homestake adit portal. At the portal of the No. 5 level there is a cabin and a 50-ton ore bin. Rail and pipe are also installed on the No. 5 level.

Required

Practically all necessary mining equipment will have to be purchased. The applicant already has some of this equipment on order. A list of the necessary equipment is given on pages 10 and 11 of Rankin's report on the Lake Creek zinc properties, which is included with application form NSRB-146. To this list would have to be added an air-driven sump pump.

The prices given in Rankin's report are as of 1949. To these prices the applicant has added $5,000 to bring them up to date. By buying used equipment where possible they may be able to hold to that figure. The figure is insufficient to buy new equipment.

LABOR SUPPLY

There is a limited supply of skilled miners in the Hailey area. It is believed that labor can be obtained for an operation of the size proposed.

Wages will have to be based on a minimum of $12 per shift.

POWER

Electric power is not available. All power requirements will have to be met with Diesel or gasoline-driven equipment.

TRANSPORTATION

The mine is 10 miles from the railhead (Union Pacific) at Ketchum, Idaho. The current truck rate from the mine to Ketchum is $1.50 per ton; this might be lowered slightly if a steady haul could be maintained.

The rail rate from Ketchum to Salt Lake varies according to the grade of ore but approximates $4 per ton.

No access road construction is required for the Homestake mine; however, the applicant has stated a desire for an access road on the Long Grade property.

## ADEQUACY OF REQUESTED FUNDS

It is believed that the requested funds are sufficient (total of $104,000 to be expended) for the proposed exploration program.

## COMPETENCE OF APPLICANT

The United Minerals Reserve Corporation has in Harold A. Covey, George Snyder, Jr., and Mason W. Rankin competent and experienced supervisory personnel. These men are technically trained and have held responsible jobs in the mining industry. They are fully capable of carrying out the proposed exploration program.

## DISCUSSION OF PROPOSAL

The DMA examining team believes that the proposal as advanced by the applicant is sound. The only suggestion which they might have is that, if the proposed winze from the No. 6 level encounters good bodies of ore, it be continued to a greater depth than 100 feet below the No. 6 level. Drifting should be done at levels off the winze to further explore any intersected ore shoots. It is anticipated that sulfide ore will be encountered in the exploration below the No. 6 level.

FILE COPY
SURNAME:

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

Herres
Mote
McKnight

May 7, 1951

DMA-81
United Minerals Reserve
Corporation, Homestake
and Long Grade Mines, Idaho

Mr. George W. Snyder, Jr.
President
United Minerals Reserve Corporation
Felt Building
Salt Lake City 1, Utah

Dear George:

I am pleased to learn from your letter of May 2 that the Region XI field team has completed an examination of your Homestake property, DMA-81 and indicated that probably the property is qualified to receive exploration assistance from DMA.

In answer to your two questions, first, concerning the time required to complete an exploration contract and purchase contract, exploration contracts are being considered promptly after field reports are received. Probably a purchase contract would await the outcome of the exploration work. As to credit for the work you are doing now, the answer in sec. 134 of the regulations, MC-5, is "No work performed or costs incurred before the date of the contract shall be allowed as costs of the project in which the Government will participate."

This question has been raised in many instances and in each case the General Counsel for DMA has stated there can be no exception to this regulation.

I am pleased to learn of your appreciation for the courtesies extended by the field team during their investigation of your project.

Sincerely yours,

OHERRES:ks

Otto Herres

OTTO HERRES, Chief
Lead-Zinc Branch

cc: Mr. Strobel
Mr. Moen
Mr. McKnight
Mr. Mote
Mr. Herres
2 copies Region II Mr. A. E. Weissenborn
Files

~~LANDON F. STROBEL~~

# UNITED MINERALS RESERVE CORPORATION

Please Reply To
ELT BUILDING
ALT LAKE CITY 1, UTAH

May 2, 1951

231 So. LaSalle St.
Chicago 4, Illinois

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 4 - 1951
LANDON F. STROBEL
Executive Secretary

Mr. Otto Herres, Chief
Lead-zinc Division
Defense Minerals Administration
Washington, D.C.

Dear Mr. Herres:

During the period April 19-20th, the Region II field team of U.S. Geological Survey and Bureau of Mines personnel, conducted an examination on our Homestake property, which carries Docket No. D.M.A. 81. We were advised that the property appeared to comply with requirements of merit to permit its development under the matching funds offer which we have submitted.

Two questions arise from the result of our conferences and this examination. First, how soon we might expect the mechanics of the exploration contract and purchase contract to be worked out; and second, will we obtain credit for the work we are now doing at this location? The latter question is raised because we are endeavoring to take advantage of an early start in our working season and have two shifts going toward rehabilitation of our No. 6 level and toward repairing the campsite for major operations this summer.

We are most anxious not to put ourselves in the position of dissipating our available capital under an arrangement whereby we would not be receiving matching funds credit for work in progress.

Your early advices in the above matters will be most sincerely appreciated. We would like to take this opportunity to make note of our appreciation for the courtesies extended by the field team during their visit.

Thanking you, we are

Very truly yours,

United Minerals Reserve Corporation

George W. Snyder Jr.

George W. Snyder, Jr., President

GWSJr/cn

MAY 5 1951

BUREAU OF MINES
WASHINGTON, D. C

MAY 4 11 23 AM '51

FILE COPY
SURNAME:

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

Herres
McKnight

March 19, 1951

DMA-81
Homestake & Long Grade
Mines - Salt Lake City
Utah - Property in Idaho

United Minerals Reserve Corporation
Felt Building
Salt Lake City 1, Utah

Attention: Mr. George W. Snyder, President

Gentlemen:

Your letter to Mr. S. H. Williston dated March 8 asking for information concerning your application for Government assistance to the Homestake and Long Grade Mines has been referred to me for reply. Mr. Williston has left Washington and returned to his home in California.

Your property in Idaho has been referred to Region II Field Office which has headquarters at Spokane, Washington, Mr. A. E. Weissenborn, Executive Officer.

An exploration program has been approved and will become effective as soon as the necessary forms, regulations and instructions are printed. The press release covering the program in a general way is enclosed for your information. It is probable that the field inspection will be made as soon as weather conditions are favorable. There are a number of other properties in the same area that require field investigation.

Yours very truly,

OTTO HERRES

OTTO HERRES Chief
Lead-Zinc Branch

enclosure - 1

OHERRES:ks

cc: Mr. Mote
Mr. McKnight
Mr. Herres
Mr. Moon
Mr. Strobel
2 copies Executive Officer Field Team
Region II - Mr. A. E. Weissenborn
South 157 Howard Street
Spokane, Washington

Files

Dacr - 51

836

LANDON F. STROBEL
Herres

MAR 12

ans. O Herres
3/19

# UNITED MINERALS RESERVE CORPORATION

FELT BUILDING
SALT LAKE CITY 1, UTAH

231 SO. LASALLE ST.
CHICAGO 4, ILLINOIS

March 8, 1951

Mr. S. H. Williston
Director, Supply Division
Defense Minerals Administration
Dept. of the Interior
Washington, 25, D.C.

Re: Docket No. D M A - 81

Dear Mr. Williston:

On February 14, you wrote us concerning the referring of this application to the appropriate field office. Since that time, we have had no response from any of the field offices and would like to offer our assistance in completing such further information as may be required in this regard.

We, likewise, would appreciate being advised just what the present status is of the proposed arrangement whereby matched funds can be made available. We have, in the past, expended very considerable sums in developing the blocked out ore bodies of the Homestake Mine and are willing to advance further funds under such an arrangement.

The information contained in news releases has been very unreliable and of great variation, and as a consequence, we direct this inquiry to you. In this light, will you please advise which field office will make examination of the property in order that we may place engineers at their disposal to assist wherever possible in any examination.

We would likewise appreciate receiving any additional forms which should be executed under the matched funds program.

Thanking you, we are

Very truly yours,

UNITED MINERALS RESERVE CORPORATION

By George W. Snyder
President

MAR 19 1951

GWSJr/cn

BUREAU OF MINES
WASHINGTON, D. C.

MAR 14 7 23 PM '51

FILE COPY
SURNAME:

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

McKnight
Harris
Lyon

February 14, 1951

Memorandum A. E. Weissenborn

To: Executive Officer Field Team, Region II
Through Operating Committee and Director, Supply Division

From: Lead-Zinc Branch, DMA

Re: Docket DMA-81

Subject: Application of
United Minerals Reserve Corporation
H. A. Covey, Vice President
518 Felt Building
Salt Lake City 1, Utah

Commodity: Lead, zinc, silver

Review of subject docket indicates that the requested loan of $104,000 is largely for exploration of the Homestake and Long Grade Mines. If chances for discovery of sizable ore bodies are favorable, applicant should be eligible for exploration aid when this program is announced.

The known reserves of the Homestake mine are reported to be 9,675 tons of assured ore averaging 6 oz. silver, 3.4% lead and 20.8% zinc; and 13,820 tons of probable ore averaging 4.6 oz. silver, 3.2% lead and 22.3% zinc. The above figures include both oxidized and sulfide ore with the oxidized ore predominating and averaging 23.1-25.4% zinc; sulfide ore averages 9.8-11.1% zinc.

Recorded production of the Homestake mines, 1914-1950 has been 4,940 tons averaging near 16% zinc and 13% lead.

Proposal for the Homestake is to rehabilitate and extend the lowest tunnel on the vein for a distance of 1,000 feet underneath stopes on higher levels of the vein. This proposed exploration is 300 feet vertically (and somewhat more measured on the dip of the vein) below the next overlying tunnel. Furthermore, it is deep enough so that any ore developed should be sulfide. It is also proposed to sink a winze down 100 feet on the present best showing of ore on the lower level.

On the Long Grade vein (which is believed to be the Homestake vein on the opposite side of the valley), the proposal is to drift 600 feet on one of the levels, and to trench the surface and open up other tunnels to explore more thoroughly that side of the hill.

The geologic occurrence and structural setting of the deposits are very similar to those at the Triumph group of mines about 10 miles away which have been highly productive. The geologic conditions appear favorable enough for discovery of new ore to warrant the proposed

DMA-81

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exploration which, on a participation basis, can be made at moderate cost to the Government. It is believed that a cursory check of the ore shown in the geologic mapping will be sufficient to check or modify this appraisal. Such a check is requested of the field team.

A larger job needs to be done on the engineering aspects of the proposal, including an engineering appraisal of the feasibility of production if new ore shoots are found comparable in thickness and grade to the shoots already known. We need to know such items as mining methods and costs, milling practices and costs, freight costs if the ore is to be shipped, marketing, power needed and availibility, adequacy of requested funds, applicant's competence, etc.--in short, answers to all the items from G3 to end of the "Outline for Report and Recommendation of Commodity Committee on Application for Government Assistance," recently sent to you by the Operating Committee.

Any additional comments or recommendations that the field team cares to make will be welcomed.

OTTO HERRES, Chief
Lead-Zinc Branch, DMA

Approved:
DMA Operating Committee

_____
Chairman

_____
J. H. Hedges

_____
Olaf N. Rove

ETMcKnight:jeh
G-2/14/51

copy to: Chief, Lead-Zinc Branch
Geolological Survey - McKnight
J. H. Hedges
R. H. Mote
Strobel
Mittendorf
2 copies to Executive Officer,
Regional Field Team, Region II
Files

FILE COPY
SURNAME:

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

McKnight
Sterrs
Mr. Mittendorf
Hedges
Thayer for Rose

February 14, 1951

Re: Docket DMA-81

United Minerals Reserve Corporation
Mr. H. A. Covey, Vice President
518 Felt Building
Salt Lake City 1, Utah

Dear Mr. Covey:

Your application (Docket DMA-81) for a Government loan under the provisions of the Defense Production Act of 1950 has been reviewed by the Lead-Zinc Branch of the Defense Minerals Administration. Before final decision can be taken on your request it will be necessary to obtain additional information on your property. Your application, therefore, has been referred to the appropriate field office with the request that the needed information be supplied to us.

Yours very truly,

S. H. Williston, Director
Supply Division
Defense Minerals Administration

ETMcKnight:jeh
G-2/14/51

copy to: Chief, Lead-Zinc Branch
Geological Survey - McKnight
J. H. Hedges
R. H. Mote
Strobel
Mittendorf
2 copies to Executive Officer,
Regional Field Team, Region II
Files

FILE COPY
Secretary

December 4, 1950

United Minerals Reserve Corporation
Felt Building
Salt Lake City 1, Utah

Gentlemen:

Your request for assistance under the Defense Production Act of 1950 has been received and is being considered for eligibility under the Act.

All correspondence relating to your project should be identified with the Docket Number DMA-81.

Very truly yours,

CHARLES W. MERRILL, Chief
Base Metals Branch

CWMERRILL:mec

Copy to - Base Metals Branch
Lowell Moon
Files

DMA 81

Mr. C. W. Merrill

DEFENSE MINERALS ADMINISTRATION

Referral of Applications for Government Aid

Docket No. DMA-81

Commodity: zinc lead

Name of Applicant: United Minerals Reserve Corporation
(H. A. Covey - v.p.)

Address of Applicant: Felt Building
S. L. C. 1, Utah

Name of Property: Lake Creek Zinc Properties

Location of Property: Blaine County, Idaho

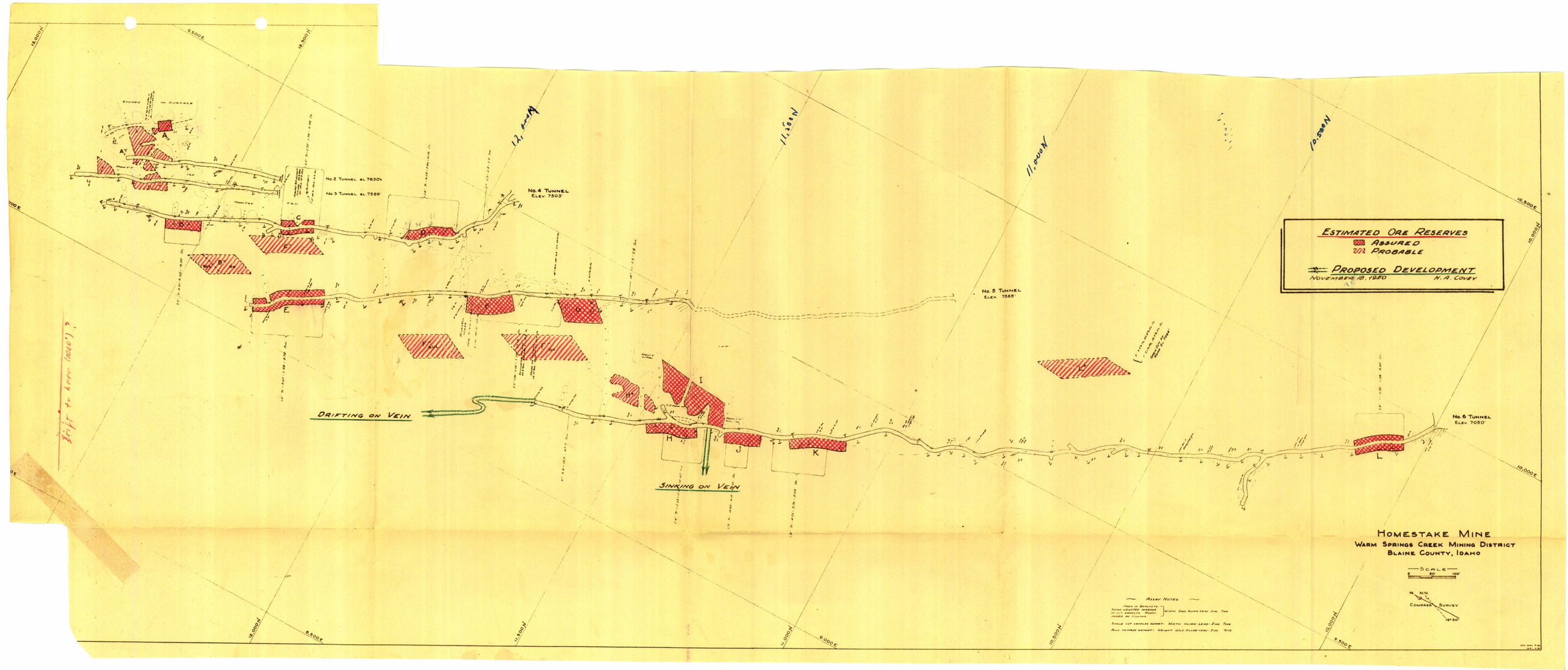
Purpose of Application: Loan for $104,000.00

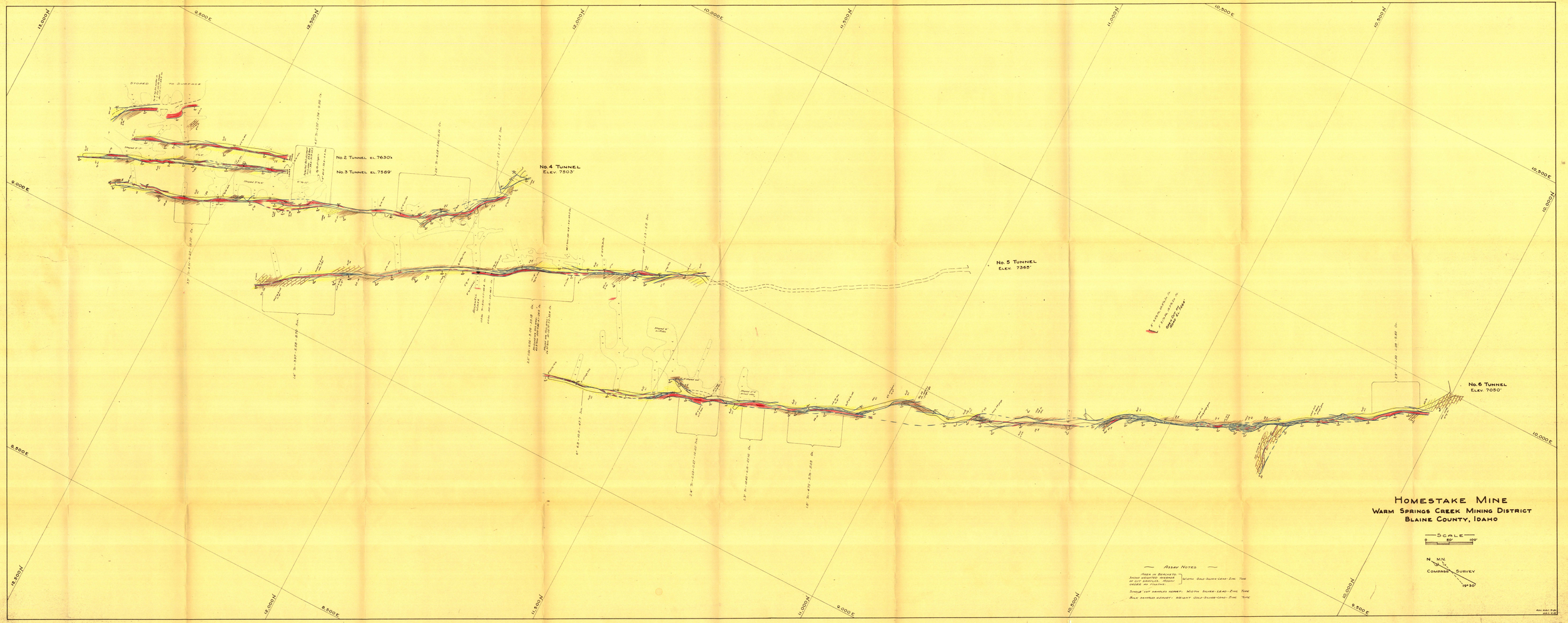
Action Dates

Filed: 11-18-50

Referred: 11-27-50

Referred to: NONFERROUS METALS Committee 11-30-50


ESTIMATED ORE RESERVES
ASSURED
PROBABLE
PROPOSED DEVELOPMENT
NOVEMBER 18, 1950
H. A. COVEY
HOMESTAKE MINE
WARM SPRINGS CREEK MINING DISTRICT
BLAINE COUNTY, IDAHO
SCALE
50'
100'
N
MN
COMPASS
SURVEY
19°30'
No. 2 TUNNEL EL. 7630'
No. 3 TUNNEL EL. 7589'
No. 4 TUNNEL
ELEV. 7503'
No. 5 TUNNEL
ELEV. 7365'
No. 6 TUNNEL
ELEV. 7050'
DRIFTING ON VEIN
SINKING ON VEIN
ASSAY NOTES
12,000 N
11,500 N
11,000 N
10,500 N
10,000 N
9,500 E
9,000 E
8,500 E
8,000 E
10,500 E
10,000 E


No. 2 Tunnel El. 7630'±
No. 3 Tunnel El. 7589'
No. 4 Tunnel
Elev. 7503'
No. 5 Tunnel
Elev. 7365'
No. 6 Tunnel
Elev. 7050'
Homestake Mine
Warm Springs Creek Mining District
Blaine County, Idaho
Scale
0 50' 100'
N
M.N.
Compass Survey
19° 30'
Assay Notes
Area in Brackets: Show mounted hardness on cut samples. Assay values as follows:
Width Gold-Silver-Lead-Zinc Type
Single cut samples nearest: Width Silver-Lead-Zinc Type
Bulk samples nearest: Width Gold-Silver-Lead-Zinc Type

GEOLOGY
of the
HOMESTAKE MINE
Blaine County Idaho
1" = 50'
EXPLANATION
Wall rock not known
Thin bedded, black siliceous argillite
Massive, buff, colored siliceous or calcareous argillite
Limestone
Quartzite
WOOD RIVER FORMATION
Fault, fault zone
Lead-zinc minerals
Fault zone, lead-zinc minerals shown in inset, 2 and 3
ASSAY NOTES
*Area in brackets shows weighted average of cut samples, assay order as given to right of this bracket, same order for single cut sample also
Width
Gold oz/ton
Silver oz/ton
Lead %
Zinc %
*As given by operator
No. 2 TUNNEL EL. 7630'
No. 3 TUNNEL EL. 7589'
No. 4 TUNNEL ELEV. 7503'
No. 5 TUNNEL ELEV. 7365'
No. 6 TUNNEL ELEV. 7050'
Stoped to surface
Open cut on road el. 7268'
HOMESTAKE MINE
Blaine County, Idaho
1" = 500'
After USGS Bulletin 814, modification by Company.
Inset 1
GEOLOGIC MAP OF DMEA DRIFTING
No. 6 level, Homestake mine
Blaine County, Idaho
1" = 20'
Geology by Thor H. Kiltgaard USGS
Inset 2
SECTION THROUGH DMEA WINZE
(looking N W)
HOMESTAKE MINE
Blaine County, Idaho
1" = 20'
Section by Thor H. Kiltgaard USGS
Inset 3
Plate 2

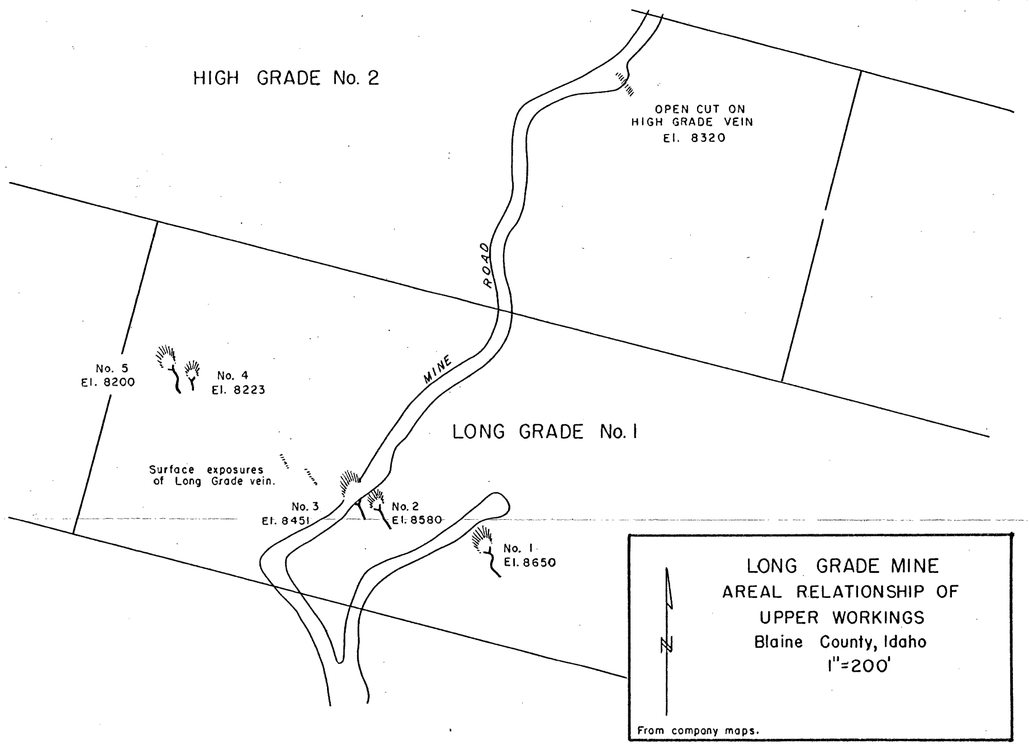
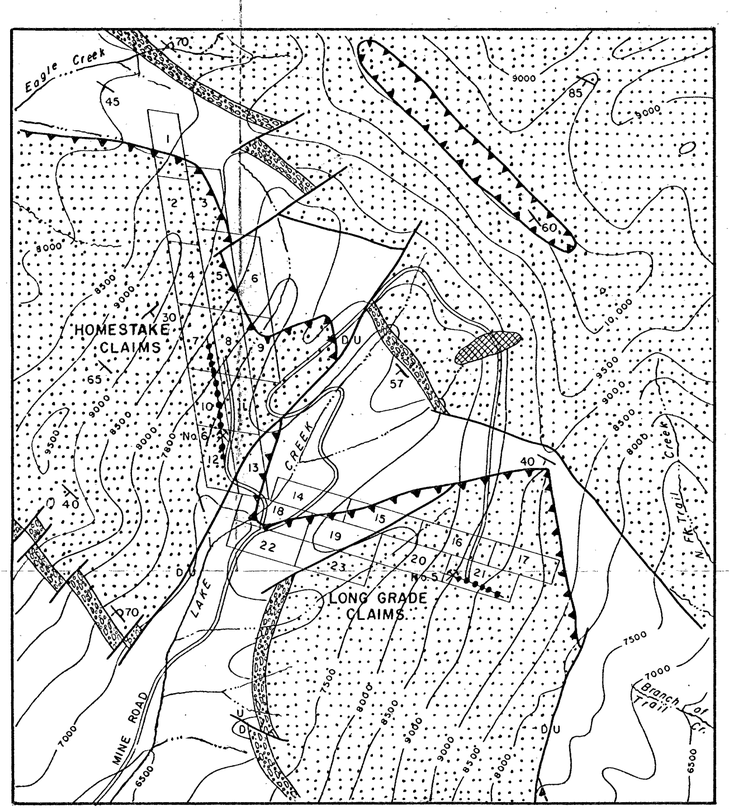



Figure 2




## EXPLANATION

Tertiary quartz diorite porphyry forming stocks and dikes

Basal conglomerate

Wood River formation Pennsylvanian, mainly buff silliceous limestones and argillites, has quartzitic basel conglomerate

Milligen formation Mississippian – Dev (?) mainly black argillite

Strike and dip

Strike and dip of overturned bedding

Fault, showing movement

Thrust, teeth indicate upper plate

Trace of vein

Adit level

## CLAIMS

1 Montreal
2 Chatham
3 Lillian B.
4 Merry Mack (Pat'd)
5 Pocahontas
6 Yukon
7 Homestake
8 Helena
9 Colorado
10 Tecumseh
11 Kansas
12 Lone Jack
13 Marona
14 High Grade No. 4
15 " " " 3
16 " " " 2
17 " " " 1
18 Long Grade No. 4
19 " " " 3
20 " " " 2
21 " " " 1
22 Stalwart No. 1
23 " " 2

# GEOLOGY OF THE LAKE CREEK AREA

Blaine County, Idaho

1" = 2000' (approx.)

Map adapted from USGS. Bulletin 814, with modifications. Claims as indicated by operator in application report; relationship of claims, veins and adits to areal geology is only approximate.

Figure 1

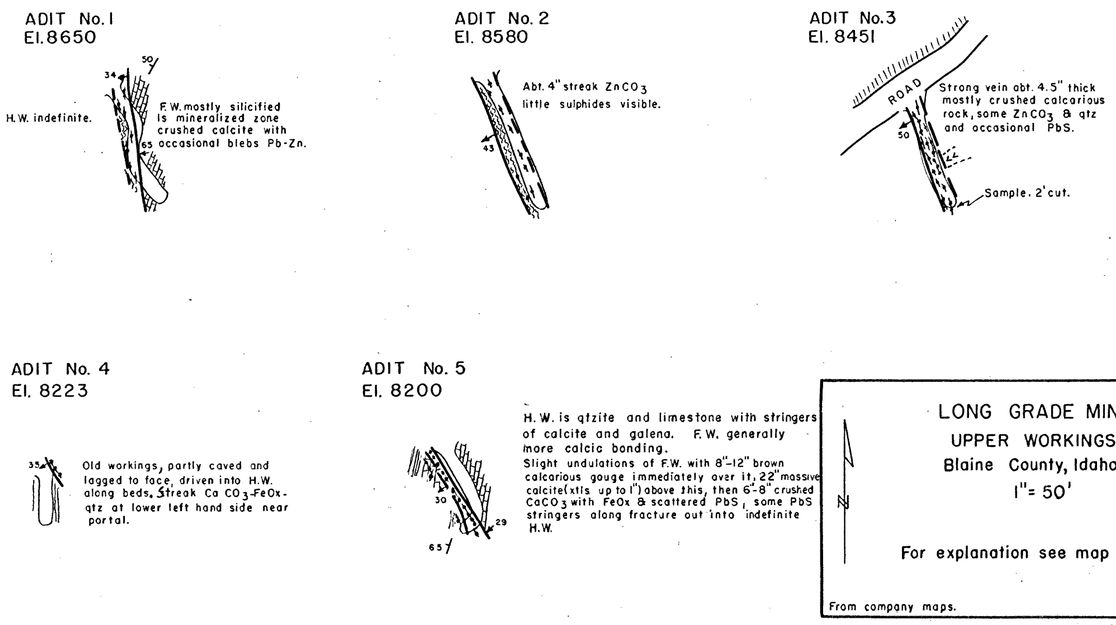



Figure 3

**Plate I**

Accompanying DMEA final report on Home Stake Mine
Blaine County, Idaho. Contract No. Idm, E-18