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-E380, Docket DMRA-2420 (zinc-lead), dated August 4, 1952, with

Hypothesk Mining & Milling Company
510 Bank Street
Wallace, Idaho

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 East Hypothesk Mine located in Shoshone County, Idaho, during the period September 9, 1959, through December 27, 1962.

A certification of discovery or development was issued on October 29, 1954, and, in accordance with Annex II (attached to and a part of Amendment No. 5) 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. An Audit Certificate dated July 25, 1955, indicated accepted costs under the exploration contract amounting to $34,559.51 with the Government's contribution on a 50 percent basis being $17,279.76.

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

This review found 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. Accordingly, as of December 27, 1962, the royalty account of this project was found to be:

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

E. D. Talbert

E. D. Talbert, OME Auditor

January 8, 1963

Idm-K380 Hypothesis Mining & Milling Company DMEA-2420

STATUS OF PROJECT, SCOPE OF REVIEW AND REASONS THEREFOR

This contract, as amended, provides that the Operator, as principal if the producer or as surety if not the producer, shall pay to the Government a percentage royalty on all minerals produced from the land thereunder. The land consists of certain claims, properties, and interests in secs. 17, 18, 19, and 20, T. 48 N., R. 2 E., B.M., in the Pine Creek area of the Yreka Mining District. The contract recites that the Operator was in possession "pursuant to the purchase agreement set forth in Annex I", but Annex I contains no reference to such agreement. The files, however, contain a June 30, 1950, agreement between the Operator and the King of Pine Creek Mining Company for purchase over a period of 25 years. In consideration of the exploration contract, the seller executed an Owner's Consent to Lien on January 18, 1952. The contract contains the so-called "abandonment" provision.

Exploration work under the contract was terminated October 4, 1954, and all activity ceased some time during the first half of 1955. Reports of DMEA and OME regional representatives, on the basis of examinations and inquiries, state that the property remained inactive to September 8, 1959.

In a December 27, 1962, reply to a MMK Form 63 inquiry, W. T. Anderson, Manager, King of Pine Creek Mining Company, Box 178, Spokane 10, Washington, advised that (1) there had been no production from the property since September 8, 1959, and (2) its 1950 agreement with the Operator had been terminated for non-payment.

Inquiries by MMK Form 63 addressed to the Operator on August 24, 1962, and October 5, 1962, did not result in replies. The October inquiry was sent by registered mail. A return receipt indicates that delivery was effected on November 2, 1962.

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 no ores were produced from the date of the contract through the period covered by this review; 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.

So. 157 Howard Street
Spokane 4, Washington
January 17, 1963

Memorandum

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

From: Acting Field Officer, Region I

Subject: [illegible]-2420 (Zinc-Lead)
Hypothesis Mining & Milling Company
Hecla Hypothesis Mine
Shoshone County, Idaho
Contract I[illegible]-[illegible]

There is enclosed a Report of Royalty Review dated January 8, 1963, covering the subject contract for the period September 9, 1959, through December 27, 1962.

One copy of the report has been retained for the Spokane office files. No copy was provided for the Operator, as the report is for record purposes only.

D. R. Maclaren

Enclosure

DRMaclaren:my

cc: CAAA
CMM(2)
CFF
Reading copies to:
Nelson
McKelvey

O. M. E
RECEIVED JAN 21 '63
800

JAN 11 1963

Memorandum

To: Acting Field Officer, Region I

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

Subject: IBMA-2420 (Zinc-Lead)
Hypothesis Mining & Milling Company
East Hypothesis Mine
Shoshone County, Idaho
Contract Idm-K380

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, U. S. 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 1-10-63

cc:
Docket
Director's Reading File
CA & A Division
Fiscal Section

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-E380, Docket No. DMEA-2420 (Zinc-Lead), dated August 4, 1952, with

Hypothesek Mining and Milling Company
510 Bank Street
Wallace, Idaho

for the purpose of determining the amount of royalty due the U. S. Government on sales of minerals from property referred to as East Hypothesek Mine located in Shoshone County, Idaho, during the period August 4, 1952, through September 8, 1959.

A certification of discovery or development was issued on October 29, 1954, and, in accordance with Amendment No. 5 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. An Audit Certificate dated July 25, 1955, indicated accepted costs under the exploration contract amounting to $34,559.51 with the Government's contribution, on a 50 percent basis, being $17,279.76.

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

(1) The mine has not been operated since completion of the exploration;
(2) Semi-annual reports by representatives of the Field Team, Region I, and other documents in the files do not disclose any production or sales of minerals from this property subject to Government royalty during the exploration period or subsequent thereto; 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.

The review has indicated that there has not been any production since August 4, 1952, from the land described in Article 2 of the contract and no royalty is due to the Government.

C. E. Fisher

C. E. Fisher, OME Auditor

September 15, 1959

MME Form 22
April 59

DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration

CHECK SHEET OF EXAMINING ENGINEER

Operator's Name Hypotheek Mining & Milling Company

Address Wallace, Idaho

Exploration Contract No. Idm-E380 Docket No. DMEA-2420

		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

FINAL
AUDIT REPORT

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

RECEIVED

AUDIT CERTIFICATE

I have examined the records and transactions of the:

Hypotheek Mining and Milling Company,
a corporation duly organized and
existing under and by virtue of the
laws of the State of Idaho
510 Bank Street
Wallace, Idaho

pertaining to Exploration Project Contract No. Idm-8380, Docket No. DMEA-2420, including Amendments Nos. 1, 2, 3, 4 and 5, covering a project for the exploration of lead-zinc, located in Shoshone County, Idaho, commonly known as the East Hypotheek Mine, for the period of August 4, 1952, to October 4, 1954, inclusive, and the 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 the contractor		$40,377.96
Less: Proceeds from disposition of property		5,800.00
Net claimed cost		$34,577.96
Exceptions (see Audit Report for details):		
By DMEA Finance Officer	$63.05	
Less: Additional costs allowed	44.60	18.45
Total Accepted Cost		$34,559.51

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 Seventeen Thousand Two Hundred Seventy Nine and 76/100 Dollars,

$17,279.76

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.

George Mavor
George Mavor, Auditor

July 25, 1955

AUDIT REPORT

I. INTRODUCTION

On June 23 and 24, 1955, a final audit (covering operations for the period of August 4, 1952, to October 4, 1954,) was made of the records and transactions pertaining to Exploration Project Contract No. Idm-E380, Docket No. DMEA-2420, including Amendments Nos. 1, 2, 3, 4 and 5, with the:

Hypotheek Mining and Milling Company,
a corporation duly organized and
existing under and by virtue of the
laws of the State of Idaho
510 Bank Street
Wallace, Idaho

covering a project for the exploration of lead-zinc, located in Shoshone County, Idaho, and commonly known as the East Hypotheek Mine.

The original records under this contract were maintained by and were in the custody of Mr. Roy N. Kingsbury, Treasurer of the Hypotheek Mining and Milling Company, 510 Bank Street, Wallace, Idaho.

During the course of the audit Mr. Roy N. Kingsbury, Treasurer, was present and consulted as required, and his cooperation and assistance greatly facilitated the audit.

Mr. Clarence Fisher, DMEA Auditor, collaborated in the audit, and the audit work performed by Mr. Fisher is hereby acknowledged.

By reference to Exhibit "A" of the contract, on page 3, under the caption of "Summary", it will be noted that all costs of the project are reimbursable on a cost basis, with a limitation on certain items specified as allowable maximums. This audit report covers all items claimed by the operator on a cost basis, taking into consideration the allowable maximums, and described in the narrative of this report under each item of cost.

II. GENERAL INFORMATION ON RECORDS

The accounting records were adequate to properly account for the expenditures made for the exploration project. The operator did not maintain any general ledger; however, the cash disbursement record, payroll register and voucher checks were sufficient to conduct a satisfactory audit.

The operator pays invoices and payrolls by voucher check, and retains a copy for the files. These voucher checks are numbered

numerically and have copies of invoices attached, and the voucher checks issued for payrolls show the gross earnings less deductions and net amount paid. All checks are drawn on the First National Bank of Wallace, Wallace, Idaho.

III. SCOPE OF AUDIT AND FINDINGS

The audit consisted of a complete analysis of all expenditures, in order to ascertain the accuracy, propriety and validity of the costs as shown in the "Totals to Date" column of Form MF-104, Operator's Monthly Report and Voucher, for the months of June to October 1954, inclusive. The extent of the audit and the findings under each of the "Items of Cost" follow:

(1) Independent Contracts $5,730.44

All charges under this category were verified to invoices, cancelled bank checks, sub-contracts for diamond drilling, and contract terms, and the costs can be accounted for as follows:

Diamond Drilling	$5,506.44
Bulldozing	224.00
Total	$5,730.44

The diamond drilling was performed by the following subcontractors:

Diamond Drilling

Vivian Bros., Drilling Holes Nos. 2, 3, 4, 5 and 6					
Drilling	475' 2"	@	$3.60	$1,710.60	
Drilling	476' 10"	@	4.60	2,193.44	
Drilling	5' 0"	@	4.95	24.75	
Stand-by time, operating compressors etc.				83.90	
Total	957' 0"				$4,012.69
C. L. Shepherd, Drilling Hole No. 7					
Drilling	300' 0"	@	$3.25	$ 975.00	
Drilling	100' 0"	@	3.50	350.00	
Drilling	45' 0"	@	3.75	168.75	
Total	445' 0"				$1,493.75
Totals	1,402' 0"				$5,506.44

The contract states in Exhibit "A", under item 4, that 1500 feet of diamond drilling will be allowed, whereas under Estimated Costs of the Project, Item (1) Independent Contracts has no cost estimate; however by referring to the aforementioned summary as listed in Exhibit "A" of the contract, it will be noted that this item will be accepted on a cost basis. Therefore the above amount of $5,506.44 was an actual cost to the operator and has been accepted as a necessary cost of the project.

Bulldozing

Duncan McGillivray	16 hrs.	@ $14.00	$224.00

The above bulldozing covered grading which was necessary for laying track to dump. There was no sub-contract for this work; however as it was a necessary cost of operation, same has been included and accepted as a cost of the contract.

(2) Labor and Supervision $16,640.39

The payroll records for the period August 4, 1952, to October 4, 1954, were examined together with cancelled bank checks. The audit also disclosed that the costs shown under this item on the June to October 1954 MF-104, as compared to the costs properly chargeable, and allowable, under the terms of the contract are:

	Charged	Disallowed	Allowed
Labor	$13,772.28	$41.89	$13,730.39
Supervision	2,805.00		2,805.00
Technical Services	105.00		105.00
Totals	$16,682.28	$41.89	$16,640.39

The disallowance for labor in amount of $41.89 covered incorrect extensions in payrolls for the months March to May 1953 inclusive and disallowed by the Certifying Officer.

The labor charges of $13,730.39 can be further analyzed as follows:

Enlarge and Straighten Adit		
Straight Time Hourly Rates	$273.80	
Bonus Contract Footage Rates	908.44	1,182.24
Drifting		
Straight Time Hourly Rates	$1,344.20	
Bonus Contract Footage Rates	6,996.90	8,341.10
Yardmen		
Straight Time Hourly Rates		4,207.05
Total		$13,730.39

The operator did not have any Union Agreement and the miners and yardmen were paid at a rate of $14.80 per eight hour shift, with the exception of one period June to October 1954, when a compressorman was paid $15.25 per shift. The bonus contract footage rates were based on a verbal agreement between the miners and the operator. The footage rate paid for drifting was $8.00 per foot. The amount of $908.44 listed under Enlarge and Straighten Adit includes footage amounts for drifting $484.16 and slabbing $424.18. The footage rates paid were $8.00 for drifting and $3.00 for slabbing.

The supervision salaries paid in amount of $2,805.00 were for services rendered by John Kingsbury, Superintendent, and Pat DeWilliam, Engineer. The charges for this supervision were on an estimated basis as follows:

Aug. 1952 to Dec. 15, 1952, 4½ mos. @ $210.00 mo.	$ 945.00
Dec. 16, 1952, to June 30, 1953, 744 ft. Drifting @ $2.50/ft.	1,860.00
Total Supervision	$2,805.00

Mr. John Kingsbury was a full time employee and paid at the rate of $20.00 per day, whereas Pat DeWilliam was an employee of the Sunshine Mining Company and worked 4 days a month for the operator at $30.00 per day. The method of proportioning supervision salaries was accepted by the Field Team as being reasonable and did not exceed the allowable maximum of $420.00 per month for supervision as set forth in Exhibit "A" of the contract. The total supervision as charged amounts to 11 months at $255.00 per month or a total of $2,805.00.

The technical service charge of $105.00 was paid to V. F. Hammerand, Geologist, for services rendered during the period April 30 to August 24, 1953, in connection with the diamond drilling program, which was an allowable and acceptable cost of the contract.

(3) Operating Materials and Supplies $7,405.38

A complete examination was made of invoices charged to this category, which included the verification of footings and extensions, together with examination of cancelled bank checks. All materials and supplies purchased were charged direct to project costs.

The audit disclosed the costs shown under this item on the June to October 1954 MF-104, as compared to the costs properly chargeable and allowable, to be:

	Charged	Disallowed	Less: Sale of Property	Allowable
Timber	$ 201.61	$	$	$ 201.61
Explosives	2,259.21			2,259.21
Pipe	571.56		100.00	471.56
Track	743.05		250.00	493.05
Drill Steel	856.33			856.33
Core Boxes	142.30			142.30
Ventilation Pipe	220.00		25.00	195.00
Electric Cable	76.80		25.00	51.80
Electric Power	2,238.99			2,238.99
Miscellaneous	516.69	21.16		495.53
Totals	$7,826.54	$21.16	$400.00	$7,405.38

The disallowance of $21.16 was a charge of $20.00 not supported by any invoice, and $1.16 cash discounts not credited to the cost of material by operator. The amount of $21.16 was disallowed by Certifying Officer.

The proceeds from sale of property in amount of $400.00 was bid by the operator, and accepted by A. E. Weissenborn, Executive Officer, in his letter dated June 28, 1954, to the operator. The distribution of the $400.00 by supply items was made by this auditor for audit report purposes.

The electric power consumed during the period August 20, 1953, to October 4, 1954, amounted to $2,238.99, and represented a total of 105,390 KWH, at an average rate of 2.12448 cents per KWH, and was furnished by The Washington Water Power Company.

(4) Operating Equipment $2,288.32

All charges for operating equipment were checked against invoices, cancelled bank checks and rates specified in contract.

The audit disclosed the costs shown under this item on the June to October MF-104, as compared to the costs properly chargeable, and allowable, under the terms of the contract to be:

	Charged	Less: Sale of Property	Allowable
Purchased Equipment	$7,233.32	$5,400.00	$1,833.32
Depreciation	455.00	-0-	455.00
Total	$7,688.32	$5,400.00	$2,288.32

The proceeds from the sale of purchased equipment was bid by the operator, and accepted by A. E. Weissenborn, Executive Officer, in his letter dated June 28, 1954, to the operator. A further analysis of amounts authorized by contract and purchase price is as follows:

	Allowed By Contract	Cost	Bid Price	Net Cost to Contract
1-Used Air Compressor	$3,500.00	$2,630.32	$2,200.00	$ 430.32
1-New Eimco 12B Loader	2,500.00	2,500.00	1,900.00	600.00
4-New 32 cu. ft. Mine Cars	1,700.00	1,550.00	1,000.00	550.00
1-Thor Drill and Attachments	600.00	553.00	300.00	253.00
Totals	$8,300.00	$7,233.32	$5,400.00	$1,833.32

When the operator submitted the bid on equipment, the air compressor was listed at $3,422.74 whereas the cost listed above is

shown as $2,630.32 or a difference of $792.42. This difference of $792.42 represented installation costs, made up of the following items:

Labor	$736.60
Material-Cement	21.20
Payroll Taxes	8.10
Compensation Insurance	26.52
Total	$792.42

For audit report purposes, the above installation costs were not considered as part of the purchase price of the compressor, and have been transferred to the cost of labor, material, payroll taxes and compensation insurance.

The depreciation charges of $455.00 can be accounted for as follows:

	Mo. Deprec. Rate	No. of Mos.	Deprec.
1-Muncha Tramper	$45.00	7	$315.00
2-Drifters @ $10.00 each per mo.	20.00	7	140.00
Total			$455.00

The operator did not exceed the allowable maximums of $8,300.00 for purchased equipment and $520.00 for depreciation.

(7) Miscellaneous $957.68

The audit of miscellaneous charges included the examination of invoices, cancelled bank checks and other supporting data pertaining to payroll taxes and compensation insurance.

The audit disclosed the costs shown under this item on the June to October 1954 MP-104, as compared to the costs properly chargeable and allowable, to be:

	Charged	Add'l Costs Allowed	Allowable
Payroll Taxes	$355.28	$20.99	$376.27
Compensation Insurance	557.80	23.61	581.41
Totals	$913.08	$44.60	$957.68

The above additional costs allowed in amount of $44.60 represented payroll taxes and compensation insurance charges on June to September 1954 payrolls aggregating $655.85. The operator stated that by oversight he neglected to charge the $44.60 to contract costs; therefore same has been included as an allowable cost of the contract.

The payroll taxes $376.27, and liability insurance $581.41 were verified by computation at the rates used by the operator, which were as follows:

	Aug. Sept. & Oct. 1952	Nov. & Dec. 1952	Jan. 1953 to Oct. 1954
Payroll Tax Rates			
State Unemployment Tax	2.7%	1.1%	1.7%
F.I.C.A.	1.5%	1.5%	1.5%
Federal Unemployment	.3%	-	-
Totals	4.5%	2.7%	3.2%
Compensation Insurance Rates			
Liberty National Insurance Co.	3.6%	3.6%	
Western Pacific Insurance Co.			*3.6%

*Effective Jan. 1, 1954

The total cost of $957.68 did not exceed the allowable maximum of $1,000.00 as shown in Exhibit "A" of the contract.

(8) Contingencies $1,537.30

Under this caption is the cost of building a foundation to install the compressor purchased under the terms of the contract. The cost of installation was made up as follows:

Labor		$836.20
Outside Mechanic		198.00
Material		
Pipe	$257.57	
Cement	103.35	
Belts, Switches, Fuse Links, etc.	74.46	435.38
Payroll Taxes		37.62
Compensation Insurance		30.10
Total		$1,537.30

The above foundation costs were considered a necessary and allowable cost of the project, and due to the type of work performed, the cost was charged to contingencies. The cost of $1,537.30 did not exceed the allowable maximum of $5,000.00 set forth in Exhibit "A" of the contract.

During the course of the audit an examination was made covering payrolls, invoices and cancelled bank checks, pertaining to the above mentioned costs.

IV. CONCLUSIONS AND RECOMMENDATIONS

The audit also disclosed that the status as of October 4, 1954, of "allowable maximums" under this contract was as follows:

Item	Maximum	Total Costs	Balance
Operating Equipment			
Purchased	$8,300.00	$1,833.32	$6,466.68
Depreciation	520.00	455.00	65.00
Miscellaneous	1,000.00	957.68	42.32
Contingencies	5,000.00	1,537.30	3,462.70

This audit has disclosed that all costs, as charged to this project, including the additional costs allowed and itemized under Item (7) Miscellaneous, with the exception of the disallowances itemized under Items (2) Labor and Supervision (3) Materials and Supplies and salvage received from disposal of property, itemized under Items (3) Material and Supplies and (4) Operating Equipment, of the preceding section of this report, are reasonable and proper under the terms of the contract.

The adjustments between items of Costs, as shown on the June to October 4, 1954, MF-104, the recommended disallowances, proceeds from sale of property, and approved amounts, are summarized as follows:

	Totals June to Oct. 4 1954, MF-104	Distribution Corrected	Disallowed by Audit	Proceeds Sale of Property	Allowed by Audit
(1) Independent Contracts					
Drilling	$7,292.83	$5,506.44	$	$	$5,506.44
Bulldozing		224.00			224.00
(2) Labor and Supervision					
Labor	11,450.25	13,772.28	41.89		13,730.39
Supervision	2,950.24	2,805.00			2,805.00
Technical Services		105.00			105.00
(3) Operating Mat'ls and Supplies					
Timber	119.75	201.61			201.61
Explosives	1,756.88	2,259.21			2,259.21
Pipe	171.79	571.56		100.00	471.56
Track	550.19	743.05		250.00	493.05
Drill Steel	143.21	856.33			856.33
Core Boxes		142.30			142.30
Ventilation Pipe		220.00		25.00	195.00
Electric Cable		76.80		25.00	51.80
Electric Power		2,238.99			2,238.99
Miscellaneous	2,609.64	516.69	21.16		495.53
(4) Operating Equipment					
Rental	455.00	-0-			-0-
Purchase	8,025.74	7,233.32		5,400.00	1,833.32
Depreciation		455.00			455.00
(5) Initial Rehabilitation	2,520.31	-0-			-0-
(7) Miscellaneous					
Payroll Taxes		355.28	* 20.99		376.27
Compensation Insurance		557.80	* 23.61		581.41
Power	795.39	-0-			
(8) Contingencies					
Compressor Installation	1,536.76	1,537.30			1,537.30
Totals	$40,377.96	$40,377.96	$18.45	$5,800.00	$34,559.51

Disallowances	$63.05
Less: Add'l Costs Allowed	* 44.60
Net Disallowance	$18.45

At the conclusion of the audit, the findings were discussed with Mr. Roy H. Kingsbury, Treasurer of the Hypotheek Mining and Milling Company.

This report has been discussed with Mr. A. E. Weissenbern, Executive Officer, and he agreed that the costs as presented were necessary and allowable under the terms of the contract.

July 25, 1955

George Mayer, Auditor

RECEIVED
AUG 29 1955

420 Customs House
555 Battery Street
San Francisco 11, Calif.

August 22, 1955

Mr. Charles A. Turner
DMEA Auditor
1201 North Division Street
Spokane 2, Washington

Re: Idm-E380, DMEA-2420
Hypothesk Mining and
Milling Company

Dear Mr. Turner:

Attached hereto is copy of letter, dated August 12, 1955, from Mr. E. D. Talbert, which authorizes distribution of subject audit report, after changing the third word of the penultimate paragraph on page 7, the word "installation" to read "foundation". As these reports are in your possession, please make the necessary change before distributing.

Also attached to complete your file, is copy of Mr. E. D. Talbert's letter, dated August 3, 1955 and copy of my reply, dated August 8, 1955.

Sincerely yours,

"(SIGNED) GEORGE MAVOR"

George Mavor
Auditor

Attachments

Copy for E. D. Talbert

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

AUG 12 1955

Mr. George Mavor
DMEA Auditor
420 Custom House
555 Battery Street
San Francisco 2, California

Re: Idm-E380, DMEA-2420
Hypothesk Mining and
Milling Company

Dear Mr. Mavor:

Receipt is acknowledged of your letter of August 8, 1955, relative to the installation and foundation costs of the compressor under the subject Exploration Project Contract.

In view of your explanation we have changed the third word of the penultimate paragraph on page 7 of your audit report to "foundation" in lieu of "installation".

After this change has been effected on all other copies you are authorized to make the normal distribution.

Sincerely yours,

(Signed) E. D. Talbert

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

EDTalbert/wb
August 12, 1955

Copy to: Docket
Admr. Reading File
Mr. Chambers

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

420 Custom House
555 Battery Street
San Francisco 11, California

August 8, 1955

Air Mail

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

Re: Idm-E380, DMEA-2420
Hypotheek Mining and Milling Co.

Dear Mr. Talbert:

Reference is made to your letter dated August 3, 1955, in connection with clarification of the following items in Audit Report of subject operator:

Item (4) Air Compressor Costs
trfd. to labor, mat'l., etc., $792.42

Item (8) Contingencies:
Building foundation for compressor $1,537.30

Item (4) covered operating equipment to be purchased in accordance with Exhibit "A" of the contract and $3,500.00 was allowed for the purchase of an air compressor. The purchase price allowed by the contract did not include the cost of assembling or installing the compressor and, as the work was performed by yardmen, the redistribution of labor, material, etc., I believe is correct, as the cost of $792.42 had no direct connection with the cost of $1,537.30 for building a foundation to install the compressor.

The cost of unloading, moving and assembling other purchased equipment is handled by yardmen and their wages are charged to labor, therefore, I believe similar costs for unloading, moving and assembling the compressor, should be in the same labor classification.

RECEIVED
AUG 12 1955

The cost of building a foundation for the compressor, in amount of $1,537.30, had no connection with the assembling or installing of the air compressor. The contract did not specifically authorize the construction of the air compressor foundation, however the Field Team authorized the construction of this foundation in order to operate the air compressor in a satisfactory manner, and as the contract had a contingency of $5,000.00, the cost of the foundation was charged to contingencies. It is also pointed out that if the operator had a foundation to install the air compressor then the yardmen's wages would still be chargeable to labor.

Trusting the above explanation clarifies any misunderstanding you may have had in correctly applying the labor and other costs to the purchase price of air compressor, and foundation to install the air compressor.

Sincerely yours,

George Mayor

George Mayor
Auditor

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SEP - 6 1955

DISPOSAL OF GOVERNMENT'S INTEREST IN PROPERTY

(FORM A)

1/ To: Roy H. Kingsbury, Secretary
Hypotheek Mining and Milling Company
510 Bank Street
Wallace, Idaho

The United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, for a valuable consideration hereby sells, assigns, transfers and sets over to you all of its right, title and interest in all property acquired under Exploration Project Contract Idm-E 380, Docket No. DMEA 2420, dated August 4, 1952 (which is listed below: ~~xxx~~ 2/

Compressor and Installation
Eimco B-12 mucking machine
Drill and Bar
4 cars

Dated September 1 1955 THE UNITED STATES OF AMERICA

By A. E. Weissenborn
A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I, NW Dist.
Title

1/ Insert name of purchaser.

~~xxx~~2/ If the Government's interest in all property is being transferred at one time, strike the words "which is listed below." If the Government's interest in less than all property is being transferred, list the property being transferred, in the space provided, or if there is insufficient space provided, write in the space on the form the words "See Exhibit 1, attached hereto and made a part hereof," and attach list entitled "Exhibit 1" to form.

(Per Operator's bid June 12, 1954, and Field Team acceptance June 28, 1954)

DMEA

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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SEP - 6 1955

~~WASHINGTON 25, D.C.~~
So. 157 Howard Street
Spokane 4, Washington

September 1, 1955

Mr. Roy H. Kingsbury, Secretary
Hypotheek Mining and Milling Company
510 Bank Street
Wallace, Idaho

Re: Docket No. DMEA-2420 (lead-zinc)
Hypotheek Mining and Milling Company
Shoshone County, Idaho
Contract No. Idm-X380

Dear Mr. Kingsbury:

Enclosed for your information and files is a copy of Form A, Disposal of Government's Interest in Property, dated September 1, 1955.

By this form, title to the Government's equity in equipment purchased under Contract No. Idm-X380 is transferred to you. This is in accordance with your bid of June 12, 1954, and the Government's acceptance dated June 28, 1954.

Sincerely yours,

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I, NW Dist.

Enclosure

cc: DMEA (3) w/enclosures
USBM (AD) do
USBM (2)
Campbell

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

AUG - 3 1955

Mr. George Maver
DMEA Auditor
420 Custom House
555 Battery Street
San Francisco 2, California

Re: Idm-E380, DMEA-2420
Hypothesk Mining and
Milling Company

Dear Mr. Maver:

Approval of your recently submitted Audit Report covering the referenced Exploration Project Contract is being held in abeyance pending explanation or clarification of one point.

At the bottom of page 5 and at the top of page 6, you indicate that certain compressor installation costs aggregating $792.42 have been "transferred to the cost of labor, material, payroll taxes and compensation insurance." One page 7, under category (8) Contingencies, you indicate costs aggregating $1,537.30 for "building a foundation to install the compressor". Are these two items separate costs of installation and, if so, why have they not been combined? If not, what is the reason for handling them by different methods?

Sincerely yours,

(Signed) E. D. Talbert

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

EDTalber/wb
August 3, 1955

Copy to: Docket
Admr. Reading File
Mr. Chambers

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

800

AUG 28 1953

Mr. Robert M. Hull
DMEA Auditor
1201 North Division Street
Spokane 2, Washington

Re: Hypotheek Mining Company
Shoshone County, Idaho
Docket No. 2420X
Contract No. Idm-E380

Dear Bob:

Inasmuch as you called my attention during my recent visit to your office to the fact that you did not always see copies of the various interim reports on DMEA projects, I am writing this letter to call your attention specifically to an interim report addressed to the DMEA Field Team, Region II, by E. G. Erickson, Mining Engineer, under date of August 13, 1953.

This memorandum specifically states that the supervision charged on the referenced project for the period ending June 30, 1953, in the total amount of $4,597.75 is exorbitant and that the engineer recommends allowance of only $2,950.24. The following quote from the memorandum is particularly pertinent:

"Factors that influenced the reduction of supervision from $4,595.75 to $2,950.24 were intermittent and slow operation which was probably due to lack of finances and the amount of supervision considered necessary under the circumstances.

"The Operator's supervisor worked on jobs other than the DMEA project and no detailed record of actual time spent on various jobs was kept. Therefore, during the period of preparation and rehabilitation an average of $210.00 per month was allowed and approximately $2.50 per foot of advance was allowed for supervision during the time of drifting and crosscutting. A tabulation of total allowed supervision up to July 1, 1953, accompanies the Operator's last invoice for period March, April, May and June.

"It is recommended that when contract is audited the supervision, amounting to $2,950.24, (includes payroll taxes) through June 1953 be allowed as just and reasonable, although it is not supported by hourly distribution of time to different jobs."

Please keep this memorandum in mind when you make an audit of this project.

Sincerely yours,

(Signed) E. D. Talbert

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

EDTalbert/wb
August 28, 1953

Copy to: Docket
Admr. Reading File
Mr. Chambers

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

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of June, July, August, Sept. to Oct. 4, 1954. Docket No. DMEA _____ Contract No. E-380

Operator's Name Hypothesis Mining & Milling Co. Minerals Pb Zn

Address Box 496, Wallace, Idaho

Contract Amount, $70,410.00 Government Participation: 50 % Amount, $35,205.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling	2439.25	4853.58	7292.83	652.86	4853.58	5506.44
Bulldozing				224.00	—0—	224.00
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor		11450.25	11450.25	2959.49	10770.90	13730.39
Supervision		2950.24	2950.24		2805.00	2805.00
Technical Services				105.00	—0—	105.00
(3) Operating Mat'ls. and Supplies:						
Timber		119.73	119.73	81.88	119.73	201.61
Explosives		1756.88	1756.88	257.91	2001.30	2259.21
Pipe		171.79	171.79	213.50	258.06	471.56
Track		550.19	550.19	59.44	550.19	493.05
Drill steel		143.21	143.21		856.33	856.33
Misc.		2609.64	3609.64	1903.05	1220.57	3123.62
(4) Operating Equipment:						
Rental		455.00	455.00		—0—	—0—
Purchase		8025.74	8025.74	1202.69	8032.01	18332
Depreciation					455.00	455.00
(5) Initial Rehabilitation and Repairs		2520.31	2520.31	2520.31	2520.31	—0—
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment				[illegible]	312.83	—0—
Sampling and Analysis						
Payroll Taxes				82.29	293.98	376.27
Liability Insurance				92.69	488.72	581.41
Electric power		795.39	795.39	795.39	795.39	—0—
(8) Contingencies (specify):						
Prep Comp site		1536.76	1536.76	.54	1536.76	1537.30
		37938.71				
TOTALS	2439.25		40377.96	3316.15	37875.66	34559.51

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

Date 3/22/55 *Payee Hypothesis Mining & Milling Co.

Per Roy H Kingsbury Title Secy-Treas.

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

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

(Instructions on reverse) Deducted from balance due operator

adjusted to final audit

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

$ 165.[illegible]

Signature M JP
(Authorized Certifying Officer)

Date 9-13-55 Vou. No. 1600
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. 6380 in accordance with the terms of the contract.

Signature /S/ Eric G. Erickson Title Mining Engr Date 3-28-55

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /S/ Stephen W. Goldich Title Mining Engr Date 8-26-55

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

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SEP 19 1955

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of June, July, August, Sept to 10/4 1954. Docket No. DMEA 2420 Contract No. E-380

Operator's Name Hypotheek Mining & Milling Co. Minerals Pb Zn

Address Box 498, Wallace, Idaho

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting				17795.21				
Crosscutting								
Raising								
Shafts								
Winzes Station				292.80				
Drilling: Core		2439.25	445	7292.83				
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Contingencies				2914.21				
Drift prep.				2520.31				
TOTAL DISTRIBUTED COSTS				30815.46				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased				8025.74				
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Prop comp site				1536.76				
TOTAL COSTS				40377.96				

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

REMARKS:

Date 3/22/55. Operator Hypotheek Mining & Milling Co

Per Roy H. Kingsbury Title Secy-Treas.

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 83-38475

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SEP 19 1955

3/22/55.

Narrative: June, July, August,
September to Oct. 4, 1954.

The work during this period was confined to diamond drilling, which wa started June 7, 1954, after an extension of contract and a recess from August, 1953.

The hole was a 30° down hole, driven northerly from the face of the north surface tunnel at East Hypotheek (Pine Creek) to determine if a vein (shearing) exposed at the foot of the hill persisted as far as the face of the north surface tunnel, then in about 1000 feet from the portal. The exposure apparently had a dip of about 45° and a hole dipped from the horizontal should be shorter than a horizontal one.

Not encountering the objective, and the drill being still in quartzites, it was continued beyond the Drig inal objective of 300 feet. Finally at 445 feet, the drill stuck. It could not be pulled, so the rods were uncoupled where they would, and about 200 feet of rods left in the hole, with bit and core barrel.

The recovered cores were inspected by your Mr. Art Campbell and I believe his report was turned in. I have been unable to find a copy.

Respectfully submitted,

Hypotheek Mining & Milling Co.

Roy H. Kingsbury

Roy H. Kingsbury, Secy-Treas.

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

RECEIVED
SEP 19 1955

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of July-August, 1953. Docket No. DMEA 2024 Contract No. D-300
Operator's Name Hypothesis Mining & Milling Company Minerals Pb Zn
Address 516 Bank St., Wallace, Idaho
Contract Amount, $ 70,410.00 Government Participation: ____% Amount, $ 35,205.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling	4853.58		4853.58	4853.58	-0-	4853.58
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor		11,450.25	11450.25		10770.90	10770.90
Supervision		2,950.24	2950.24		2805.00	2805.00
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber		119.73	119.73		119.73	119.73
Explosives		1,756.88	1756.88		2001.30	2001.30
Pipe		171.79	171.79		258.06	258.06
Track		590.19	590.19		550.19	550.19
Drill steel		143.21	143.21		856.33	856.33
Misc.		2,089.64	2089.64		1226.57	1226.57
(4) Operating Equipment:						
Rental		455.00	455.00		-0-	-0-
Purchase		8,025.74	8025.74		8037.01	8037.01
Depreciation					455.00	455.00
(5) Initial Rehabilitation and Repairs		2,520.31	2520.31		2520.31	2520.31
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment					312.85	312.85
Sampling and Analysis						
Payroll Taxes					293.98	293.98
Liability Insurance					488.72	488.72
Misc. Power		795.39	795.39		795.39	795.39
(8) Contingencies (specify): Misc. Cost Acct.		1,536.76	1536.76		1536.76	1536.76
TOTALS	4853.58	33,005.13	37858.71	4853.58	33022.88	37875.66

I certify that the above bill is correct and just and that payment therefor has not been received.
Date 11/16/53. *Payee Hypothesis Mining & Milling Co.
Per Roy H Kingsbury Title Secy-Treas.

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

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

(Instructions on reverse)

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

$2426.79

Signature M D P
(Authorized Certifying Officer)

Date 9-13-55 Vou. No. 1600
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. 6380 in accordance with the terms of the contract.

Signature /S/ Eric G Erickson Title Mining Engr. Date 8-26-55

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /S/ Stephen W Zoldok Title Mining Engr. Date 8-26-55

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
SEP 19 1955

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of July-August 1953. Docket No. DMEA 2420 Contract No. [illegible]-300
Operator's Name Hypothesis Mining & Milling Company Minerals Pb Zn
Address 510 Bank Street, Wallace, Idaho.

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting				17,795.21				
Crosscutting								
Raising								
Shafts								
Winzes Station				292.80				
Drilling: Core		4,053.58		4,053.58				
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails Contingencies				2,914.31				
Dust prep.				2,530.21				
Total Distributed Costs								Total Costs Authorized by Contract
Operating Equipment Purchased				8,025.74				
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Prep camp site				1,530.70				
Total Costs		4,053.58		37,931.74				

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

Date 11/16/53 Operator Hypothesis Mining & Milling Co.

Per Roy H. Kingsbury Title Secy-Treas.

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

Remarks:

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 83-38475

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SEP 19 1955

Hypotheek Mining & Milling Company

OFFICE: WALLACE, IDAHO MINES: KINGSTON, IDAHO

Wallace, Idaho

Narrative: July- August 1953.

11/16/53.

Work done during the period consists solely of diamond drilling under contract with Vivian Bros., of Kellogg.

For detail see their itemized bill attached, and we give you below remarks on the work by V. F. Hammerand.

"As part of the DMEA exploration project recently carried out at the East Hypotheek, a thorough search was made for possible extensions of the North vein opened on the North adit l evel of the property.

The North vein pinched against a strong fault which joined the minera lization at a point some 400 feet from the p ortal of the adit. Before encountering the fault, zinc-lead ore of good grades was being followed in the drift. Beyond the junction of the fault and the vein, scattered ore was exposed in several places by prospecting along the strike of the fault for a distance of 650 feet, b ut no structures which could b e identified as the North vein were found.

Subsequently, the South crosscut was driven and diamond drill holes #4, #5, and #6 were bored to test evidence that the North vein was displaced by the fault. Nothing of cons eq uence was found in the crosscut. Moreover, blocks of ground prospected by drilling likewise were barren. It seems reasonable to conclude that the North vein does not exist beyond the fault junction. Further prospecting and development of the vein will have to be done at depth.

Old records of previous operations at the East Hypotheek indicate ore of fair to good grade on the presently flooded 300 level of the mine. For some time, this ore tentatively has been correlated with the North vein. To check the correlation, drill holes #2 and #3 were put down from a point near the face of the South crosscut. A vein 9 to 10 feet wide containing stringers and bunches of zinc-lead ore of good quality was cored in both holes. The overall grade of the ore where penetrated by the drill is too lowto be profitable at present metal prices, but the information obtained by drilling is valuable and encouraging. It appears that ore on the 300 level as well as that along the North vein lies essentially on the same structure. However, more work obviously is needed to prove the continuity of mineralization between the two levels.

Exploration at the East Hypotheek under present management has been well conceived and efficiently performed. Considering the size of the holdings, the development of the property has scarcely begun. Given better prices for zinc and lead, work at the mine certainly should be continued.

Hypotheek Mining & Milling Co.
Roy H. Kingsbury Secy.

Wash

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of March, April May and June, 1953. Docket No. DMEA _____ Contract No. E-380

Operator's Name Hypotheek Mining & Milling Co. Minerals Pb Zn

Address Wallace, Idaho

Contract Amount, $ 70,410.00 Government Participation: 50% Amount, $ 35,205.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor	6816.09	4634.16	11,450.25	6405.26	4365.64	10,770.90
Supervision 11 mo.	2950.24		2,950.24	2805.00		2,805.00
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber		119.73	119.73		119.73	119.73
Explosives	431.73	1325.25	1,756.88	431.63	1,569.67	2,001.30
Pipe	41.79	130.00	171.79	47.72	210.34	258.06
Track	198.37	351.82	550.19	198.37	351.82	550.19
Drill steel/Bits	75.00	68.21	143.21	315.90	540.43	856.33
Misc. Power	414.83	2194.81	2,609.64	856.64	1159.35	2,015.99
(4) Operating Equipment:						
Rental	260.00	195.00	455.00	-0-	-0-	-0-
Purchase		8025.74	8,025.74		8,037.01	8,037.01
Depreciation				260.00	195.00	455.00
(5) Initial Rehabilitation and Repairs		2520.31	2,520.31		2520.31	2,520.31
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment				89.78	223.05	312.83
Sampling and Analysis						
Payroll Taxes				182.62	111.36	293.98
Liability Insurance				331.56	157.16	488.72
Elec power	795.39		795.39	795.39		-0-
(8) Contingencies (specify):						
Rep compressor site		1536.76	1,536.76		1536.76	1,536.76
TOTALS	11983.34	21101.79	33,085.13	11,924.45	21,097.63	33,022.08

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

Date 7/10/53 *Payee Hypotheek M&M Co.

Per Roy H Kingsbury Title Secretary

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

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

(Instructions on reverse)

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

$ 5,962.23

Signature _____ (Authorized Certifying Officer)

Date 8/25/53 Vou. No. 889

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E 380 in accordance with the terms of the contract.

Signature /s/ Eric G. Erickson Title Mining Engr. Date 8/5/53

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /s/ Thomas E. Howard Title Mining Engr. Date 8/6/53

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form [illegible]
(Ap[illegible]

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
[illegible]
SEP 4 1953

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

March, April

Month of May, June 1953 Docket No. DMEA _____ Contract No. E-380

Operator's Name Hypotheek Mining & Milling Co. Minerals Pb Zn

Address Wallace, Idaho

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting & Stations		10,711.52	482.8	17,795.21	731.9	24.40	1300	$30
Crosscutting								
Raising								
Shafts								
Winzes D Drill Sta		292.80		292.80		292.80	3	$350
Drilling: Core								
Churn								
Auger				[illegible]				
Stripping								
Trenching								
Test Pits								
Roads and Trails Contingencies		979.02		2,914.31				
Drift prep.				2,520.31	324.5	16.74		
TOTAL DISTRIBUTED COSTS								TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased				8,025.74				
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Prep-comp site				1,536.76				
TOTAL COSTS		11,983.34		33,085.13				

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

REMARKS:

Date 7/10/53 Operator Hypotheek M&M Co.

Per Roy H Kingsbury Title Secretary.

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 83-38475

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
(DMEA)
SEP 4 - 1953

Narrative: March, April
May and June, 1953. 7/24/53.

During this four months period, a total of 494.8 feet was driven. A total of 322.8 feet were driven in the north face, 20 feet being driven in the first half of May and 35 feet in June. Then, starting from the face of a 20 feet westerly crosscut driven about 500 feet in from the portal, we drove 160 feet on a course of S 45° West. At 150 feet, or 170 feet from the drift, we cut the second diamond drilling station, putting up 12 feet of raise for a down hole. The first down hole is platted at 65° from horizontal on a course S 65° East, and the orebody should be cut at 150 feet in the hole, if the dip is regular as indicated.

The progress by months is as follows: March 122.80, April 145.0, May 139.0 and June 88.0 feet, a total of 494.8 feet. Two, of the three diamond drill stations, have been included in this work.

Since March 16th, all work by us was discontinued temporarily at West Hypotheek, and our engineering and superintendence staff was devoted entirely to East Hypotheek on the DMEA contract at a cost considerably more per month than the maximum of $420.00 per month allowed in the contract. So far we have not billed any of this expense, and shall include this charge for 11 months herein, which we trust is in order.

Vivian Brothers, contractors of Kellogg, will do the diamond drilling, and after preparation, the first hole got away on July 9th.

To clarify our position on the charge for superintendence and engineering, the contract provides for an allowance of $420.00 per month for this service, as mentioned above. During this 11 months period, we spent considerably more than this on these two items, and we submit copy of our monthly payrolls for John Kingsbury, superintendent, and Pat DeWilliam, engineer and geologist, part time for us. Mr. DeWilliam is employed by Sunshine Mining Company, and gives us 4 days a month on Saturdays and Sundays. John Kingsbury, in addition to his work, works with DeWilliam on Sunday, at times. We shall try to equitably apportion these costs, keeping within the $420.00 per month allowed.

On August 4th, when the DMEA contract started, our crew were preparing to pump out the 300 foot shaft at East Hypotheek, and they were putting in around 9 hours a week, combined time for 3 men, inspecting automatic pumping operations at the old 1100 foot shaft at West Hypotheek. This is less than 20% of the working time. On March 16th, we pulled the pumps and transformers

in the 1100 foot West Hypotheek shaft, and since that time we have had no crew except at East Hypotheek. At East Hypotheek, in addition to the DMEA work, we completed repairs to buildings and installed the pumps and other equipment. The pump furnishes cooling water for the compressor, but we made no charge for this work against DMEA not then covered by the contract.

During November, John Kingsbury completed the mechanical work installing electric lines and equipment, which Woody Gjerning, contract electrician laid out and supervised. This included wiring in connection with compressor, starter and controls, mine fan installation and electric blasting lines, and at the time $330.00 was charged to DMEA, and we are therefore deducting this amount, as shown on payroll copy herewith.

The pumping equipment has been installed, including a 20 h.p. electric hoist and transformers, for use in pumping the shaft. The hoist cable and sheave is yet to be installed. Pumping was postponed until a later date, so it would not interfere with the DMEA contract.

There has been shown on the payroll sheet, in addition to the supervision labor, the progress paid for each month and the place where done. August and September were preparation months. The track and pipelines were taken from the low crooked tunnel and the portal was enlarged and timbered. In October there was 216 feet of tunnel enlarging and 24 feet of drifting, replacing old tunnel out of line. In November there was 58.5 feet of drifting, replacing old tunnel, or 298.5 total enlarging and straightening, in addition to the portal work of about 26 feet. In December, 47 feet of new tunnel was driven, in addition to cleaning up, and in January progress was 97.5 feet. The 104.7 feet in February included 36.5 feet in soft ground, driven to prospect and abandoned in favor of alternate drift in more solid ground, leaving 68.2 feet progress. In March the footage of 122.8 feet included 26 feet of a stub prospecting crosscut. April progress was 145 feet and in May the 139 feet was split, 20 feet in the north drift and 119 feet in the south crosscut. In June the north drift was extended 35 feet at the request of the geologist, and 41 feet was driven to finish the south crosscut, and a 12 foot raise completed the 88 feet paid for. These footages are also shown on the accompanying 20 foot scale progress map.

Diamond drilling started July 9th and two down holes have been completed, proving the continuance of the ore at depth. We now wish to unwater the shaft, explore the 300 west face, and raise on the proven oreshoot, if warranted. We have money left on the original grant, but need an extension of time. This will determine if we have commercial ore, below the tunnel level.

The basis we have used in computing superintendence charges is 60% of payroll, after deducting the $330.00, already charged. To facilitate payroll tax charges, we show this in different items at different tax rates. Our progress units as outlined above show 1068.5 feet.

Hypotheek Mining & Milling Company
Roy H. Kingsbury Secretary.

NYI O[illegible]K MINING & MILLING COMPA[illegible]
Wallace, Idaho

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
(2[illegible])

March, April,
May and June, 1953.

7/30/53 [illegible] 4-1953

Detail of Report:
Form DF-104.

Drifting, crosscutting and Diamond Drill Stations.

Labor, March				1645.45	
April				1664.70	
May				1730.84	
June				1393.48	
				6444.47	
Payroll taxes, 3.6, 1.7, 1.5					
3699.51 @ 6.8			251.58		
1415.80 @ 5.1			72.20		
1329.16 @ 3.6			47.84	371.62	6816.09
6444.47					
Superintendence, etc.					
Period		Payroll	Work. Rate.		
August, Sept, Oct. & Nov		2800	Prep. 210	840.00	
Taxes @ 3.6				30.24	
December, 1952, ½ mo.		680	"	105.00	
Taxes @ 3.6				3.78	
Preparation of tunnel, etc.				979.02	
December, ½ mo. 47 ft			Drift	117.50	
Taxes @ 3.6				4.23	
Jan, Feby, March, Apr		2840	"470'	1175.00	
Taxes @ 6.2				72.90	
May,		730	"139	347.50	
Taxes,	76.13 @ 6.8			5.18	
	271.34 @ 5.1			13.84	
June,		650	" 88	220.00	
Taxes,	10.15 @ 5.1			.52	
	209.85 @ 3.6			7.55	
				1971.22	1971.22
Supplies and Services:					
Carbide bits, 15 @ 13.40				201.00	
Dimco, shovel parts				28.75	
Eatco services, 14.87, 3.15, 7.35					
7.00, 18.15, 8.70 and 7.20				62.40	
Bitco, drill steel,				75.00	
Wallace Powder Co, delay exploders					
60.15, 96.04, 96.04 and 60.90				313.13	
10 boxes powder,				118.50	
Coeur d'Alene Hardware, misc 14.51,					
15.25, 1.88, 28.93, 4.60, 31.80, 5.25				122.68	
Mine rail,				198.37	
Black pipe, 1"				41.79	
Washington Water Power Co., electric					
power, 234.04, 196.96, 184.28, 180.11				795.39	
Rental, Rancha tramer, 4 mo. @ $45				180.00	
Rental, 2 IR drifters, 4 mo. @ $20.00				80.00	2217.01
Total Drifting,					11004.32
Total preparation of tunnel supt, as above					979.02
					$ 11983.34

Certified correct:
Roy N. Kingsbury

HYPOTHEEK MINING & MILLING COMPANY
Wallace, Idaho

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
SEP 4 1953

March, April,
May and June, 1953.

Detail of Report:
Form MF 104 A

Drifting, crosscutting and Drill Stations:

Labor and payroll taxes,			6,816.09
Superintendence and payroll taxes			1,971.22
Supplies and services,	Misc.	489.83	
	Rail	193.37	
	Pipe	41.79	
	Exploders	313.13	
	Powder	118.50	
	Elec power	795.39	
	Rentals	260.00	2,217.01
			11,004.32
Contingences, preparation of tunnel superintendence, etc.			979.02
Total for month,			11,983.34

Correction of distribution:
In error, November work was charged to drifting, and we transfer this amount $2940.29, less $1005.00 for powder, or $1935.29, to a special contingencies account covering work on drift preparation.

Certified correct,

Roy H Humphrey

DMEA Field Team, Region II

August 26, 1953

R. J. Hindman, Certifying Officer

Hypothesis Mining & Milling Co., Contract Idm-E380,
March, April, May and June 1953 MF-104.

Despite repeated requests asking the operator to submit reports monthly, I have again received the above MF-104 which covers a four month reporting period instead of one month as required by the terms of the contract. Many charges were erroneously stated under the wrong expense items, and as a result, required all charges to be redistributed as shown in "For Government Use Only" column. Payroll charges under Item 2, Labor and Supervision, not only included the labor, but also the payroll taxes as well. Payroll taxes must be shown under Item 7, Miscellaneous:, Payroll Taxes and Liability Insurance. Depreciation of the operator's equipment was shown under Item 4, Rental, instead of correctly under Item 4, Depreciation. Repairs to Equipment charges were included under Item 3, Operating Material and Supplies:, Miscellaneous, rather than Item 7, Miscellaneous:, Repairs to Equipment. After correctly distributing the expense items a total deletion of $58.89 was made. This total deletion consists of the following: $39.21 was deleted under Item 2, Labor, for various errors made in computing the payroll. This, of course, resulted in a corresponding deletion of $2.68 for payroll taxes. The operator included invoice No. 4314 from Bitco, Inc. in the amount of $3.00, which was not carried forward to their expense distribution sheet. This was added to Item 3:, Miscellaneous Expense. In adding the invoices from the Coeur d' Alene Hardware Co. on the expense distribution sheet the operator made a $20.00 error in addition. A deletion was made for this $20.00 error.

I must request that the operator send in his July 1953 report as quickly as possible. On all future reports, if they cover more than a one month reporting period and the expenses are not properly distributed, the entire report will be returned to the operator for correction.

RJH:mp
cc:
AD
DMEA
Operator
Engineer
MAF
Wash

R. J. Hindman

mdl

-104 (Rev.)
1952)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

Defense Minerals Administration
RECEIVED
MAR 24 1953

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of December, 1952 Jan-Feby, 1953 195..... Docket No. DMEA ..... Contract No. E-380

Operator's Name Hypothetek Mining & Milling Company Minerals Pb Zn

Address 510 Bank Street, Wallace, Idaho

Contract Amount, $ 70,410.00 Government Participation: 50 % Amount, $ 35,205.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor	3679.02	955.14	4634.16	3464.24		4365.64
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber	119.73		119.73	119.73		119.73
Explosives		1325.25	1325.25	179.20		1569.67
Pipe	130.00		130.00	155.30		210.34
Track		351.82	351.82			351.82
Drill steel		68.21	68.21	278.30		540.43
Misc.	1214.66	980.15	2194.81	643.36		1157.35
(4) Operating Equipment:						
Rental	195.00		195.00	-0-		-0-
Purchase		8025.74	8025.74	14.70		8037.01
Depreciation				195.00		195.00
(5) Initial Rehabilitation and Repairs		2520.31	2520.31			2520.31
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment				73.50		223.05
Sampling and Analysis						
Payroll Taxes				90.07		111.36
Liability Insurance				124.51		157.16
(8) Contingencies (specify):						
Prep camp site		1536.76	1536.76			
TOTALS	5338.41	15763.38	21101.79	5338.11	15759.52	21097.63

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

Date 3/15/53 *Payee Hypothetek Mining & Milling Co

Per Roy H. Kingsbury Title Sec-Treas.

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

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

(Instructions on reverse)

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

$ 2669.06

Signature ..... (Authorized Certifying Officer)

Date 3/18/53 Vou. No. 699
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E 380 in accordance with the terms of the contract.

Signature /s/ Eric G Erickson Title Mining Engr Date 3/17/53

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /s/ Thomas E Howard Title Mining Engr Date 3/17/53

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 24 1953

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of December, 1952 Jan-Feby, 1953. Docket No. DMEA _____ Contract No. E-380

Operator's Name Hypotheek Mining & Milling Company Minerals Pb Zn

Address 510 Bank Street, Wallace, Idaho.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting		5338.41		9018.98				
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Drift prep				2530.21				
TOTAL DISTRIBUTED COSTS								TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased				8025.74				
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Prep comp site				1536.76				
TOTAL COSTS				21101.79				

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

REMARKS:

Date March 15/53. Operator Hypotheek Mining & Milling Co.

Per Roy H. Kingsbury Title Sec-Treas.

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 83-38475

HYPOTHEEK MINING & MILLING COMPANY.
Wallace, Idaho.

Narrative: December, 1952
January-Feby, 1953 3/14/53.

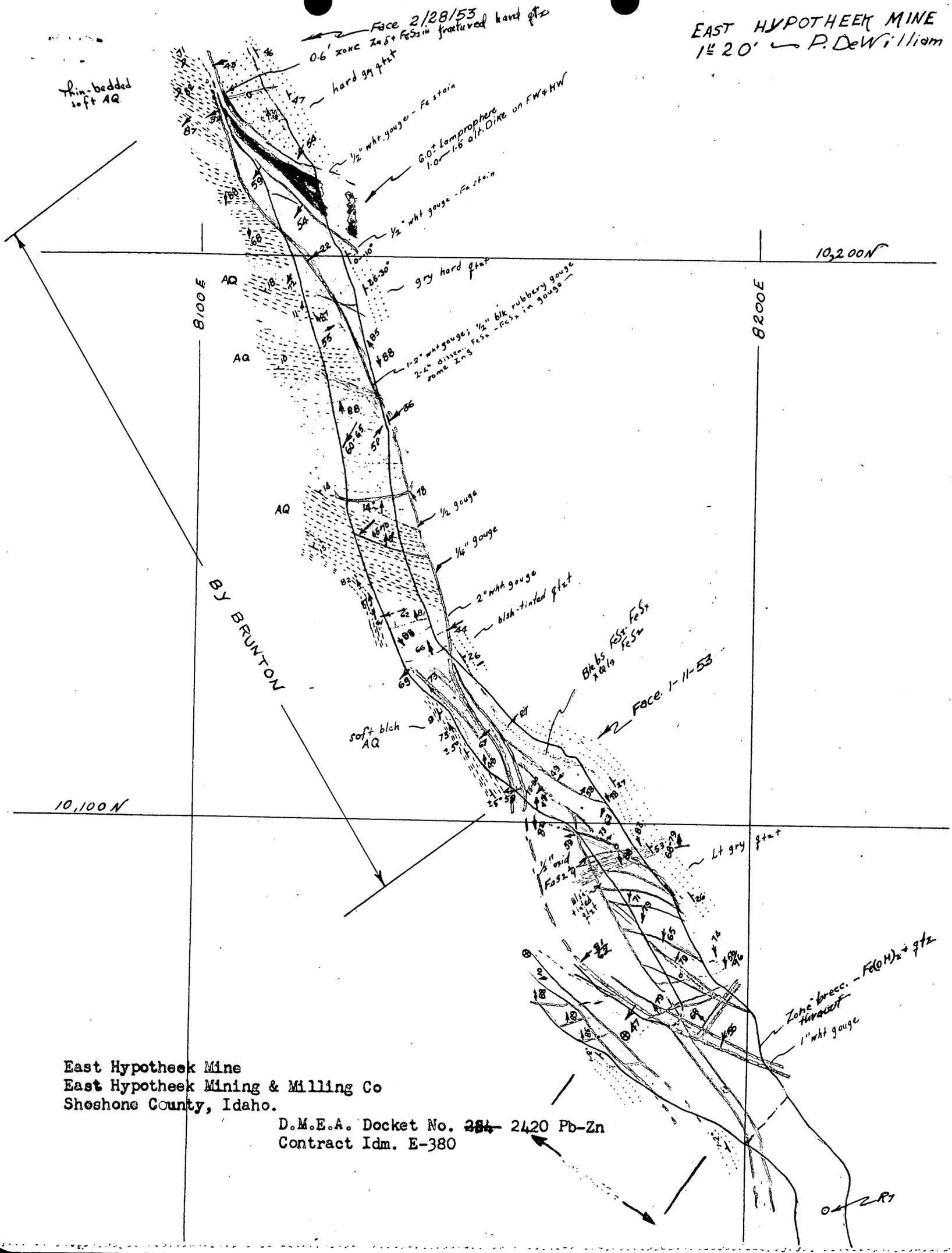
During this 3 months period 249.2 feet of new drifting was completed, and we have on hand 52 boxes of powder, plus $72.00 of delay exploders, as on March 1st. The powder was included in the November account.

At the start of this period, we drilled 4 raise rounds in the footwall from a north crosscut, going up 32 feet, and some cleaning up in December, which we have not charged to DMEA.

You will note in two different half month periods we made over 70 feet progress, and we are striving to attain this rate of progress. We have had to timber some drift, and of course timbering slows up progress.

We have provided a sketch on 20 foot scale, showing tunnel and geology.

Hypotheek Mining & Milling Co.
Roy H. Kingsbury Secretary.



East Hypotheek Mine
East Hypotheek Mining & Milling Co
Shoshone County, Idaho.

D.M.E.A. Docket No. ~~284~~ 2420 Pb-Zn
Contract Idm. E-380

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

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 24 1953

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of November, 1953 Docket No. DMEA Contract No. 1530

Operator's Name Hypothesis Mining & Milling Company Minerals Pb Zn

Address 510 Bank St., Wallace, Idaho

Contract Amount, $ 70,410.00 Government Participation: 50% Amount, $ 35,205.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor	955.14 ~~1190.91~~	~~1190.91~~	955.14 ~~1190.91~~	901.4		901.40
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives	1005.00	320.25	1325.25	1070.22	320.25	1390.47
Pipe				53.04		53.04
Track		371.82	371.82			
Drill steel		68.31	68.31	193.92		262.13
Misc.	980.15		980.15	515.99		515.99
(4) Operating Equipment:						
Rental						
Purchase	1103.80	6841.94	8045.74	1180.37		8022.31
Depreciation						
(5) Initial Rehabilitation and Repairs		2520.31	2520.31			2520.31
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment				149.55		149.55
Sampling and Analysis						
Payroll Taxes				21.29		21.29
Liability Insurance				32.45		32.45
(8) Contingencies (specify):						
Preparing camp site		1536.76	1536.76			1536.76
	4124.09		15763.38			
TOTALS	~~4559.86~~	~~11639.29~~	~~15999.15~~	4120.23	11639.29	15759.52

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

Date 2/14/53 *Payee Hypothesis Mining & Milling Co

Per Roy H. Kingsbury Title Secy-Treas.

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

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

(Instructions on reverse)

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

$ 2060.12

Signature (Authorized Certifying Officer)

Date 3/17/53 Vou. No. 699 (See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E 380 in accordance with the terms of the contract.

Signature /s/ Eric G. Erickson Title Mining Engr Date 3/17/53

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /s/ Thomas E. Howard Title Mining Engr Date 3/17/53

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

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

U.S. DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 24 1953

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of November 195 7 Docket No. DMEA _____ Contract No. E-380
Operator's Name Hypotheek Mining & Milling Company Minerals Pb Zn
Address 510 Bank St., Wallace, Idaho

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting		2940.29 ~~3195.06~~		3680.57 ~~3916.34~~				
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Drft prep			0	2520.31				
TOTAL DISTRIBUTED COSTS							TOTAL COSTS AUTHORIZED BY CONTRACT	
Operating Equipment Purchased		1183.80		8025.74				
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Prep comp site			0	1536.76				
TOTAL COSTS		~~4259.85~~ 4124.09		~~15999.17~~ 15763.38				

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

REMARKS:

Date 2/14/53 Operator Hypotheek Mining & Milling Co

Per Roy H. Kingsbury Title Secy-Treas.

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 83-38475

C O P Y

HYPOTHEEK MINING & MILLING COMPANY
Wallace, Idaho

Narrative: November, 1952 2/14/53.

Miners Gruber and Lamphere put in full time on the drifting job, and cleaning up. They put in 7 shifts apiece on the raise and cleaning up the north crosscut, from which the raise was started, amounting to $222.00, plus $13.77 payroll taxes. We have deleted this $235.77, from our original report, conforming to suggestions.

They used 30 boxes of powder during the month, which cleaned up the inventory, and we bought from the Wallace Powder Company 100 boxes of 1" #4 Atlas powder.

On November 14th we dismanteled at Dayrock and brought to East Hypotheek the used IR Imp. 10 compressor. The authorized allowance for this compressor was $3500.00. We paid $2250.00 in place at Dayrock, which left $1250.00 for moving, installation and overhauling and cleaning up valves, etc., and the cost came within that figure, being $1183.80. This closes the item.

During the month, four of our crew were exempt from paying old age tax of 1½%, having earned then over $3600 for the year. We likewise became exempt from paying our half of the tax of 3%, and we are therefore, as requested, giving detail of payroll tax items as charged.

Work is progressing satisfactorily.

Hypotheek Mining & Milling Company

/s/ Roy H. Kingsbury, Secretary

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

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration

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

JAN 20 1953

Month of October, 195 2 Docket No. DMEA Contract No. [illegible]
Operator's Name [illegible] Minerals [illegible]
Address [illegible]
Contract Amount, $ [illegible] Government Participation: 50 % Amount, $ [illegible]

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives	320.25		320.25	320.25		320.25
Pipe						
Track	351.82		351.82	357.82		357.82
Drill Steel	68.21		68.21	68.21		68.21
(4) Operating Equipment:						
Rental						
Purchase	2803.00	4050.00	6853.00	2791.94	4050.00	6841.94
Depreciation						
(5) Initial Rehabilitation and Repairs	2207.31	1852.69	4060.00	1805.90	714.41	2520.31
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify): Preparing Camp Site				398.48	1138.28	1536.76
	5750.59	5902.69	11653.28			
TOTALS				5736.60	5902.69	11,639.29

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

Date Nov. 25/52 *Payee Hypotheek Mining & M. Co

Per Roy H. Kingsbury Title Sec-Treas.

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

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

(Instructions on reverse)

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

$2868.30

Signature [illegible]
(Authorized Certifying Officer)

Date 1/20/53 Vou. No.
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E 3 80 in accordance with the terms of the contract.

Signature /s/ Eric G. Erickson Title Mining Engr. Date 1/15/53

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /s/ Elwin A. Magill Title Mining Engr Date 1/15/53

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
JAN 2 0 1953

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of October 195 2 Docket No. DMEA _____ Contract No. E-380

Operator's Name Hypotheek Mining & Milling Company Minerals Pb Zn

Address 510 Bank Street, Wallace, Idaho

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting		740.28		740.28				
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails		1805.90		2520.31				
Drift preparation		~~1808.83~~		~~2523.26~~				
TOTAL DISTRIBUTED COSTS		2791.94 ~~2803.00~~		6841.94 ~~6853.00~~				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Preparing compressor		398.48		1536.76				
TOTAL COSTS		~~5750.59~~ 5736.60		~~11653.28~~ 11,639.29				

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

REMARKS:

Date Nov. 25/52 Operator Hypotheek Mining & M Co.

Per Roy H. Kingsbury Title Sec-Treas

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 83-38475

HYPOTHEEK MINING & MILLING COMPANY
Wallace, Idaho

Narrative: October, 1952. November 25, 1952.

The 240 cfm Sullivan small compressor was moved from the large compressor foundation and installed in the adjoining building. Enlarging the tunnel started, and Gruber and Lamphere made 240 feet of progress.

Instead of buying a used Ingersoll DA-35 drifter, we bought a new Thor sinker with leg for $553.00 We bought from Day Mines, of Wallace, a used Ingersoll Imperial 10 compressor for $2250.00 in place at their plant.

We bought 2½ tons of new 20 lb. rail at $544.68, which we laid in the tunnel as rehabilitation advanced. We figured the cost for 320 feet as, including fittings, $462.86, and we charge the balance of $81.82 against future new drifting. We give the rehabilitation job credit for salvage of 2 tons of 16 lb. rail, which also we will use in drifting.

We purchased a ton of K-K/8 powder $427.00, and charged 10 boxes against rehabilitation for October, and the balance to new drifting, under inventoey control.

Work is progressing satisfactorily, although perhaps we under estimated the work and costs.

Hypotheek Mining & Milling Co.

Roy H. Kingsbury Secretary.

HYPOTHEEK MINING & MILLING COMPANY
Wallace, Idaho.

Nov. 25, 1952.

Detail of Report:
Form MF-104

Equipment purchased:

1 IR Imp 10 used compressor, in place at plant of Dayrock Mine,	$2,250.00
1 Thor Sinker drill, new, with leg	~~553.00~~ 541.94
	~~2,803.00~~
	2791.94

Initial Rehabilitation and Drifting.

Labor, Gruber and Lamphere, payroll,		$1,219.24
Payroll taxes @ 8.1%	98.75	
Less previous overcharge	1.65	97.10
2½ tons 20 lb. rail & ftgs	544.68	
200 ft 15" fanpipe	220.00	
1 Ton 1-1/8 powder	427.00	
Electric power	115.82	
Gardner Supply- drill steel	~~146.55~~ 143.62	
Bres M.Equip Co, ldg sticks	15.60	
Union Oil Co., cleaner	4.52	
Sharpening picks, Hdw Co	2.50	
Coeur d'Alene Hdw Co., misc	58.54	1,628.32
Wallace Powder Co., delay exp.	96.04	~~1,631.25~~
		~~2,947.59~~
		2944.66
		2944.66
		~~2,947.59~~
		~~5,750.59~~
		5736.60

Certified correct,
HYPOTHEEK MINING & MILLING CO.
Roy H. Kingsbury

HYPOTHEEK MINING & MILLING COMPANY
Wallace, Idaho

Nov. 25, 1952.

Detail of Report:
Form MF-104A

Preparation & enlarging drift.
Drifting. Supplies & equipment purchased.

Operating equipment purchased:

1 IR Imp. 10 used compressor, in place at plant of Dayrock Mine,		$2,250.00
1 Thor Sinker drill, new, with air leg,		~~553.00~~ 541.94
		~~2,803.00~~
		2791.94

Preparing for Compressor:

Labor,		$310.80	
Payroll taxes,		24.62	
Union Oil Co, cleaner		4.52	
Coeur d'Alene Hdw Co, misc		58.54	398.48

Drift preparation:

Labor,		908.44	
Payroll taxes,		72.48	
20 lb rail,	462.86		
less salvage	270.00	192.86	
Coeur d'Alene Hdw Co, fanpipe		220.00	
Wallace Powder Co, 40 Bx 1-1/8	427.00		
less inventory	320.25	106.75	
Washington Water Power, elec power	143.62	115.82	
Gardner Supply, steel	~~146.55~~	~~75.41~~	
less inventory	68.21	~~78.34~~	
Bres, loading sticks		15.60	
Hardware, sharpening picks		2.50	1,805.90
Wallace Powder Co. delay exploders		96.04	~~1,808.83~~

Drifting, inventory

20 lb. rail, new	81.82	
16 lb. rail, salvage	270.00	
30 bx 1/1/8 powder, inventory	320.25	
Gardner Supply, steel, inventory	68.21	740.28
		~~$5,750.59~~
		5736.60

Certified correct
HYPOTHEEK MINING & MILLING CO.
Roy H. Kingsbury

C O P Y

HYPOTHEEK MINING & MILLING COMPANY

Wallace, Idaho

Nov. 25, 1952

Narrative: October, 1952

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Work is progressing satisfactorily, although perhaps we underestimated the work and costs.

Hypotheek Mining & Milling Co.

/s/ Roy H. Kingsbury, Secretary.

Standard Form No. 1034a—Revised
Form prescribed by
Comptroller General, U. S.
September 7, 1950
(Gen. Reg. No. 51, Supp. No. 11)

PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL

D. O. Vou. No. .....

Bu. Vou. No. 523

U. S. Interior, Mines
(Department, bureau, or establishment)

Voucher prepared at Spokane, Washington 11/20/52
(Give place and date)

PAID BY

(For use of Paying Office)

THE UNITED STATES, Dr., *Payee's Account No.* Idm-E380

To Hypotheek Mining & Milling Co.
(Payee)

510 Bank St., Wallace, Idaho
(Address) (City) (State)

No. and Date of Order	Date of Delivery or Service	ARTICLES OR SERVICES (Enter description, item number of contract or Federal supply schedule, and other information deemed necessary) Discount Terms	QUANTITY	UNIT PRICE Cost	UNIT PRICE Per	AMOUNT Dollars	AMOUNT Cts.
	August-Sept. 1952	As per attached certified form MF-104 dated 10/30/52				2,951	34
PAYMENT: Complete ☐ Partial ☐ Final ☐		Use continuation sheet(s) if necessary					

Shipped from to Weight Government B/L No. Total 2,951 34

(Payee must NOT use this space)

Differences .....

Account verified; correct for 2,951 34

(Signature or initials) .....

Contract No. Idm-E380 Date Req. No. Date Invoice Rec'd.

2,951.34

MEMORANDUM

ACCOUNTING CLASSIFICATION (For completion by Administrative Office)

Appropriation, limitation, or project symbol	Appropriation title	Limit'n. or Proj't. Amount	Appropriation Amount
14X4401	Revolving Fund, Defense Production Act, Interior	2,951.34	2,951.34

Allotment symbol	Amount	Obligations liquidated	COST ACCOUNT Symbol	COST ACCOUNT Amount	OBJECTIVE CLASSIFICATION Symbol	OBJECTIVE CLASSIFICATION Amount

Paid by { Check No. ..... dated ....., 19...., for $..... } on Treasurer of the United States in favor of payee named above.
{ Cash, $....., on ....., 19.... }

16—22000a-2

METHOD OF OR ABSENCE OF ADVERTISING

METHOD OF ADVERTISING

1. Advertising in newspapers Yes ☐ No ☐.
2. (*a*) Advertising by circular letters sent to ..... dealers.

   (*b*) And by notices posted in public places Yes ☐ No ☐.

   (If notices were not posted in addition to advertising by circular letters sent to dealers, explanation of such omission must be made below.)

ABSENCE OF ADVERTISING

3. Without advertising, under an exigency of the service which existed prior to the order and would not admit of the delay incident to advertising.
4. Without advertising in accordance with .....
5. Without advertising, it being impracticable to secure competition because of .....

.....

.....

.....

.....

(Here state in detail the nature of the exigency or circumstances under which the securing of competition was impracticable under 3 and 4)

NOTE.—The above form "Method of or Absence of Advertising" is to be used when purchases are made or services secured under proper authority without written agreement in any form. In case of a written agreement (formal contract, proposal, and acceptance, or less formal agreement) Standard Form No. 1036—Revised should be used for abstracting the method of or absence of advertising and award of contract. (See General Regulations No. 51, as amended.)

U. S. GOVERNMENT PRINTING OFFICE : 1950 O—75805

16—22000a-2

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 24 1952

(4)

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of Aug-Sept, 1952, 195____ Docket No. DMEA 2420 Contract No. E-380
Operator's Name Hypothock Mining & Milling Company Minerals Pb-Zn.
Address 510 Bank St., Wallace, Idaho
Contract Amount, $70,410.00 Government Participation: 50% Amount, $ 35,205.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing				224.00		
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor				273.80		
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber				81.88		
Explosives				55.12		
Pipe						
Track						
Other				55.79		
(4) Operating Equipment:						
Rental						
Purchase	4050.00		4050.00	4050.00		
Depreciation						
(5) Initial Rehabilitation and Repairs	1786.31		1786.31	- 0 -		
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes 8.1%	66.38		66.38	66.38		
Liability Insurance						
(8) Contingencies (specify) Preparing Camp Site				1095.72		
TOTALS	5902.69		5902.69	5,902.69		

I certify that the above bill is correct and just and that payment therefor has not been received.
Date 10/30/52 *Payee Hypothock Mining & Milling Co
Per Roy H Langsburg Title Secy-Treas.

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

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

(Instructions on reverse)

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

$ 2,951.34

Signature _____
(Authorized Certifying Officer)

Date _____ Vou. No. _____
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

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

Signature ..... Title ..... Date .....

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature ..... Title ..... Date .....

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

U. S. GOVERNMENT PRINTING OFFICE 205675

Form MF-104A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 24 1952

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of Aug-Sept 1952 Docket No. DMEA 2420 Contract No. _____

Operator's Name Hypothook Mining & Milling Co. Minerals _____

Address 510 Bank St., Wallace, Idaho

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Drift preparation		690.59		690.59				
TOTAL DISTRIBUTED COSTS								TOTAL COSTS AUTHORIZED BY CONTRACT
Payroll taxes, etc		66.38		66.38				
Operating Equipment Purchased		4050.00		4050.00				
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Preparing for compressor		1095.72		1095.72				
TOTAL COSTS		5902.69		5902.69				

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

REMARKS:

Date 10/30/52 Operator Hypothook Mining & Milling Co

Per Roy H Kingsbury Title Secy-Treas.

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

U. S. GOVERNMENT PRINTING OFFICE 205676

HYPOTHECK MINING & MILLING COMPANY
Wallace, Idaho

October 10, 1952.

Narrative:

Our DMEA agreement of August 4th, covering development plans at our East Hypotheck property on Pine Creek, starts off with two items, each in preparation for continuing the drift tunnel westerly.

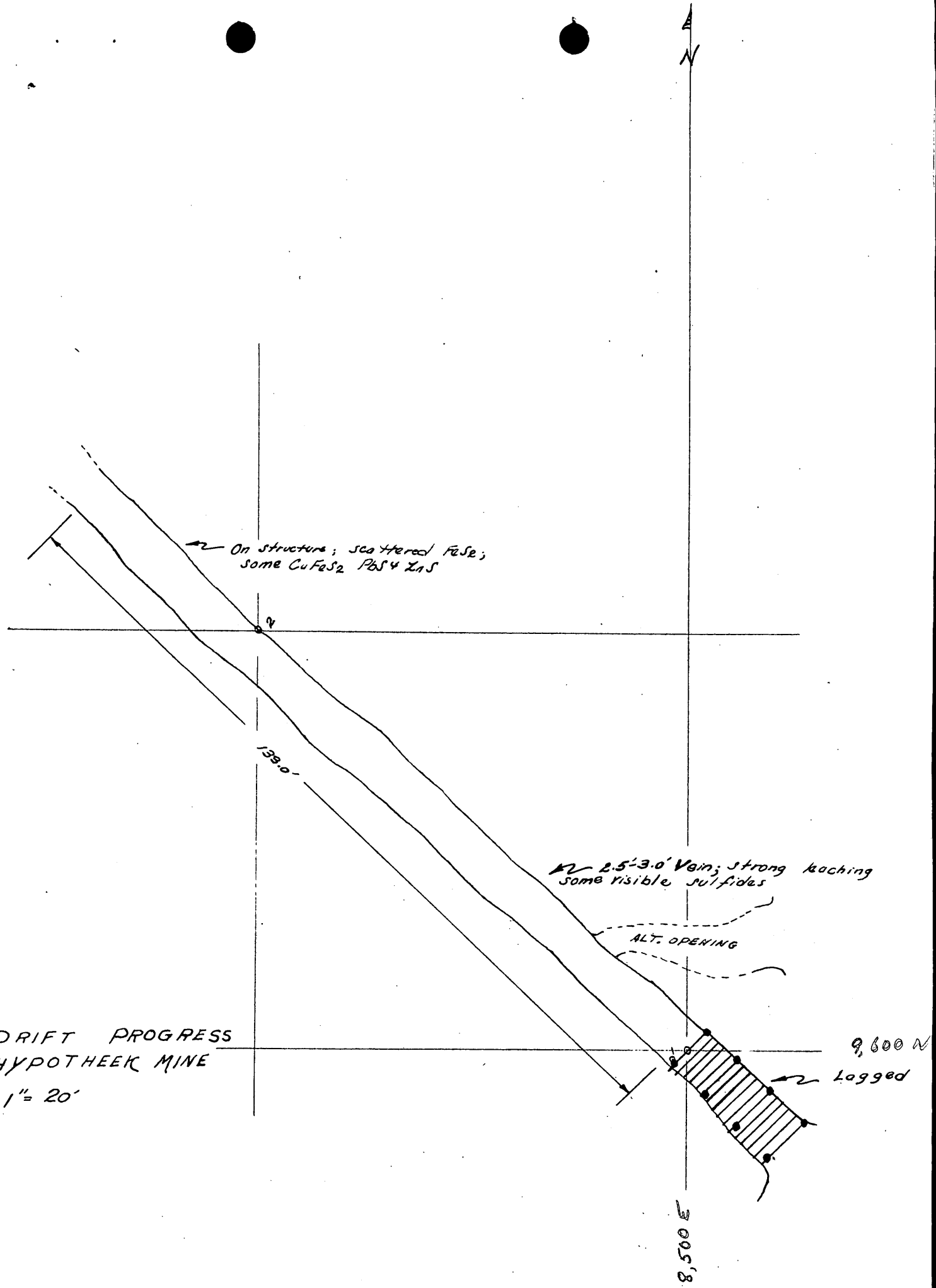
The first of those is (1) enlarging and straightening the 320 feet of old work so that 15" ventilating pipe may be installed and the tunnel put in shape for better tramming. This portal is surrounded by a mine dump from the shaft, and in preparation it was necessary to dig out the portal, enlarge and straighten it, and put in three sets of timber. Also to remove track and pipe lines.

Under "equipment to be purchased" comes (2) the used 500 cfm Imperial 10 HR compressor to be installed in compressor house, authorized to cost $3500.00. In this compressor house, we had temporarily installed on timbers across the foundation a rented Sullivan single stage compressor of 240 cfm. Before this installation could be made, we had to move into an adjacent building this smaller compressor, which we are using until the larger one is in place, and set it on a new foundation. A 3" compressor line was built to connect up both compressors in place of the temporary pipeline for the small compressor.

The equipment purchased to date consists of the used Lima 12B rockershovel, and the four 1½ ton rocker-dump type mine cars- 2 used and 2 new.

Hypotheck Mining & Milling Company
Roy H. Kingsbury Secretary.

Note:
The attached sketch shows portal straightening and 3 portal sets covered in this report.
It also shows drift enlarging and straighening to Oct 15th inc
RHK



NORTH DRIFT PROGRESS
EAST HYPOTHEEK MINE
1" = 20'

JAN 31 1964

King of Pine Creek Mining Co.
P. O. Box 178
Spokane, Washington, 99210

Re: DMEA-2420 (Zinc-Lead)
Hypothesis Mining & Milling Company
East Hypothesis Mine
Shoshone County, Idaho
Contract Idm-E380

Gentlemen:

Thank you for returning the completed forms dated January 15, 1964.

By the terms of the subject Exploration Project Contract, as amended, and the certification of discovery or development dated October 29, 1954, all minerals mined or produced from August 4, 1952, to August 4, 1963, 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.

This is with reference to the Owner's Consent to Lien, dated January 18, 1952, executed by King of Pine Creek Mining Company, Ltd. in consideration of the subject exploration contract.

Sincerely yours,

George Fumich, Jr.

Acting Director

FMMurphy/mm (1/30/64)
cc: Director's Reading File
Region I w/cy of Form 63 dated 1/15/64
CA&A Division
Docket
Code 500

GOVERNMENT COPY

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

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

To: Mr. Roy H. Kingsbury, Secretary
Hypotheek Mining & Milling Co.
Wallace, Idaho

Pursuant to the provisions of Exploration Project Contract No. Idm-E380, dated August 4, 1952, Docket No. DMEA-2420, hereinafter called the "contract", between you and the United States of America, hereinafter called the "Government"; to establish and fix the Government's percentage royalty on production and its lien thereon and on the land described in the contract, the Government considers and therefore certifies that discovery or development from which production may be made has resulted from the exploration work.

The nature of said discovery or development is described broadly or indicated as follows: Drifting on the North vein in the North Adit level, and diamond drill holes drilled downward from the North Adit level, have shown the existence of zinc-lead ores occurring within a vein in metamorphic rocks.

Dated: OCT 2 9 1954

WRGriswold/bjl(rewritten 9/8/54)
Copy to:
Docket
Irving Gumbel,Dr.,MD,EPS
Mr. Hedges, 4604
Mr. Kiilsgaard, 5229
Admr. R. File
Op. Committee
Base Metals
Cont.Adm.&Audit Div.
Finance Office
Region II (2)
King of Pine Creek Mining Co.
F. E. Johnson
W. R. Griswold
Chron.

THE UNITED STATES OF AMERICA

By C P Mitkewicz
Administrator, Defense Minerals
Exploration Administration

500

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

NOV 1 1954

Mr. Irving Gumbel, Acting Director
Materials Division
Emergency Procurement Service
General Services Administration
Washington 25, D. C.

Re: Docket No. DMA-2420 (Lead-Zinc)
Hypotheek Mining & Milling Co.
East Hypotheek Mine
Shoshone County, Idaho
Contract No. Idm-5380

My dear Mr. Gumbel:

Enclosed is a copy of a certification of discovery or development related to Exploration Project Contract No. Idm-5380.

The contract was dated August 4, 1952, with the Government participating to the extent of 50 percent in an exploration project estimated to cost $70,410.00. Actual expenditures to date (subject to final audit) have totalled $37,938.71, with the Government's share being half of such amount, or $18,969.35. Work continues on the project.

The total amount of work provided for under the contract consisted of rehabilitation of 320 feet of tunnel, 1,300 feet of drifting, cutting three diamond drill stations, and 1,500 feet of diamond drilling. Work done to date, of which we have record, consists of 752 feet of drifting, 957 feet of diamond drilling, cutting a diamond drill station, and rehabilitation of tunnel.

The discovery consisted of zinc-lead ores encountered in drifting and in diamond drilling. So far insufficient work has been done to make a tonnage estimate of such ore.

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosure

WRGriswold/bjl (8/30/54)
Copy to:
Docket
Cont.Adm.&Audit
Region II (2)
Base Metals
Admr. R. File
Op. Committee
Mr. Hedges (4604)
Mr. Kiilsgaard (5227)
F. E. Johnson
W. R. Griswold
Chron.

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

NOV 1 - 1954

Mr. Roy T. Kingsbury, Secretary
Hypothesis Mining & Milling Co.
Wallace, Idaho

Re: Docket No. DMEA-2420 (Lead-Zinc)
Hypothesis Mining & Milling Co.
East Hypothesis Mine
Shoshone County, Idaho
Contract No. Idm-1380

Dear Mr. Kingsbury:

Transmitted herewith is a certification of discovery or development related to the Exploration Project Contract No. Idm-1380, dated August 4, 1952, on the lands described in the contract.

By the terms of the Exploration Project Contract and of the Certification, all production from the land described in the contract after August 4, 1952, the date of the contract, is subject to the Government's percentage royalty as set forth in the said contract until the sum which the Government has advanced as its participating interest is repaid, or until August 4, 1963, whichever occurs first.

Payments should be made to Mr. A. J. Weissenborn, Executive Officer, DMEA Field Team, Region II, South 157 Howard Street, Spokane 4, Washington. Checks should be drawn in favor of the Defense Minerals Exploration Administration. The purchaser should be advised to deduct royalties from the amount due on each shipment and forward the checks to the Executive Officer.

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

You are requested to notify Mr. Weissenborn of any changes in ownership or production rights that might affect the Government's right to its percentage royalty. Also, if production ceases at any time for an extended period please notify Mr. Weissenborn at six-month intervals that such is the case.

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosure

King of Pine Creek Mining Co.
Base Metals
W. R. Grimwold
Chron.

Op. Committee
Cont.Adm.&Audit Div.
Finance Office
Region II (2)
Mr. W. W. Johnson

WGrimwold/bjl (8/30/54)
Copy to: Docket
Mr. Gumbel, Dr., MD, FPS
Mr. Hedges, 4604
Mr. Killegsard, 5228
Ad-r. F. File

Government copy

EXPLORATION PROJECT CONTRACT
HYPOTHEEK MINING & MILLING COMPANY
DOCKET NO. DMEA-2420

AMENDMENT NO. 5

It is agreed this 27th day of August, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Hypotheek Mining and Milling Company, hereinafter called the "Operator," that Exploration Project Contract Idm-E380 (Docket No. DMEA-2420), dated August 4, 1952, as amended, hereinafter called the "Contract," is further amended as follows:

1. Effective August 4, 1954, the period "24 months" in Article 3, provided by Amendment No. 3, is deleted and the period "26 months" is substituted.

2. Effective August 4, 1952, Annex II, attached hereto and made a part hereof, is substituted for Article 9 of the Contract.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be required to contribute, or the amount of any item designated as "allowable maximum."

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By O O Mitchendorf
Administrator, Defense Minerals Exploration Administration

HYPOTHEEK MINING & MILLING COMPANY

By Roy H. Kingsbury, Secy

EXPLORATION PROJECT CONTRACT
HYPOTHEEK MINING & MILLING COMPANY
DOCKET NO. DMEA-2420

ANNEX II

The following provisions are in lieu of Article 9 :

Repayment by Operator.--a. Certification.--If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after the Operator has rendered the final report and final account, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

b. Royalty on production.--The Operator, as principal, if the Operator is the producer, or as surety, if the Operator is not the producer, shall pay to the Government a royalty on all minerals mined or produced from the land* as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, for a period of ten years‡ from the date of the contract, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

c. Basis for computation.--The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f.o.b. point); except, that charges of the buyer arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by the buyer, sampling and assaying to determine the value of the production sold, and freight paid by the buyer to a carrier (not the Operator), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. Any costs of treatment processes, sampling or assaying, or transportation, performed or paid by the

* The "land" refers to the land described in Article 2 of the contract.

‡ The period "eleven years" is substituted for the period "ten years."

Operator or by anyone other than the buyer, are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent) applied to the raw ore or other production after it is extracted from the ground, to put it into a commercially marketable form; excluding fabricating or manufacturing.

d. Unsold production.--If any production (ore, concentrates, metal, or equivalent), after the lapse of six months from the date the ore was extracted from the ground, remains neither sold nor used by the Operator in integrated manufacturing or fabricating operations (for instance, if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrates, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time when it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

e. Percentages of royalty.--The percentages of the Government's royalty shall be as follows:

> One and one-half ($1\frac{1}{2}$) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half ($\frac{1}{2}$) percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.
>
> (For instance: the royalty on an amount of five dollars ($5.00) per ton, would be one and one-half ($1\frac{1}{2}$) percent; on an amount of ten dollars ($10.00) per ton, three and one-half ($3\frac{1}{2}$) percent.)

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

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

h. No obligation to produce.--Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

i. Government not obligated to buy.--Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals mined or produced from the land.

58694

Gove[illegible]ment's copy

Defense Minerals Administration
RECEIVED
MAY 3 - 1954

EXPLORATION PROJECT CONTRACT
HYPOTHEEK MINING & MILLING COMPANY
DOCKET NO. DMEA-2420

AMENDMENT NO. 4

It is agreed this 15th day of April, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Hypotheek Mining & Milling Company, parties to that certain Exploration Project Contract Idm-E380, Docket No. DMEA-2420, dated August 4, 1952, as amended, hereinafter called the "Contract," that:

1. (a) Work under the Contract shall be suspended during the period beginning April 1, 1954, the date upon which work was to be resumed under Amendment No. 3, and ending not later than July 1, 1954.

(b) No costs incurred by the Operator during the period of suspension shall be allowable for contribution by the Government.

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

(d) The Government shall not contribute to any costs of rehabilitation or repair which in its opinion would not have occurred if there had been no suspension of work.

2. It is of the essence of the Contract that work be resumed on or before July 1, 1954; and if the work is not resumed within the time limited, in a manner required to bring the work to completion as required:

(a) All obligation of the Government to contribute to costs not incurred before August 4, 1953, shall be and is hereby terminated, except for necessary and reasonable costs and expenses incurred in:

(1) preserving and disposing of property to the cost of which the Government has contributed, and

(2) making and rendering reports, accounts, and winding-up and settlement actions provided for in the Contract.

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

(c) Article 9 of the Contract, as amended hereafter, shall remain in full force and effect. That part of paragraph (a) of Article 9 which precedes the first colon is amended to read as follows:

> "The Operator, regardless of any certification of discovery or development, and regardless of whether the Operator is the producer or has any interest in the land or the production therefrom, shall pay to the Government a royalty on all minerals mined or produced from the land described in the Contract for a period of ten years from the date of the Contract, or until the total amount contributed by the Government, without interest, is fully repaid, whichever occurs first. Said royalty shall be a percentage of the net smelter returns, the net concentrator returns, or other amounts realized from the sale or other disposition of any such production (including any bonuses, premiums, allowances, or other benefits), in whatever form disposed of, including ore, concentrates, or metal, as follows:"

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total

amount which the Government may be required to contribute, or the amount of any item designated as "allowable maximum."

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By O Mittendorf
Administrator, Defense Minerals
Exploration Administration

HYPOTHEEK MINING & MILLING COMPANY

By Roy H Kingsbury
Secy - Treas.

This appeared in Spokane-Chronicle Mining News, March 4, 1954.

HYPOTHEEK PLANS TO PUMP SHAFT

3/4/54

WALLACE, Idaho, March 4.—Hypotheek Mining and Milling company has announced plans to start unwatering its East Hypotheek shaft this month.

A 100-foot extension of an old northerly crosscut from the 200 level of the shaft would open a vein disclosed by surface bulldozing, the management said in a letter to stockholders.

This structure lies north of a vein on which lessees now are sinking a winze. The lessees have shipped 184 tons of ore to the Sunset Minerals mill on Pine creek, the letter said, but there is some doubt there will be a profit at present low base metal prices.

The lessees believe they can make money if they can raise on the ore shoot from the 300 level of the shaft, the letter said.

Hypotheek Mining Co. Contract. Idm-E 380

EXPLORATION PROJECT CONTRACT
HYPOTHEEK MINING AND MILLING COMPANY
DOCKET NO. DMEA-2420

Government's Copy

AMENDMENT NO. 3

It is agreed this 28th day of September, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Hypotheek Mining and Milling Company, that Contract Idm-E380 (Docket No. DMEA-2420) dated August 4, 1952, as amended, is further amended, effective August 4, 1953, as follows:

1. In Article 3 of the contract form, delete the period "12 months" and substitute the period "24 months."

2. During the period August 4, 1953, to not later than April 1, 1954, the project work shall be recessed; the Government shall not contribute to any costs incurred by the Operator; and the Operator shall save the Government harmless from any and all claims, and shall preserve and protect the project work and any property in which the Government has an interest.

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

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By Frank E. Johnson
ACTING Administrator, Defense
Minerals Exploration
Administration

HYPOTHEEK MINING AND MILLING COMPANY

By Roy H. Kingsbury Secy Treas.

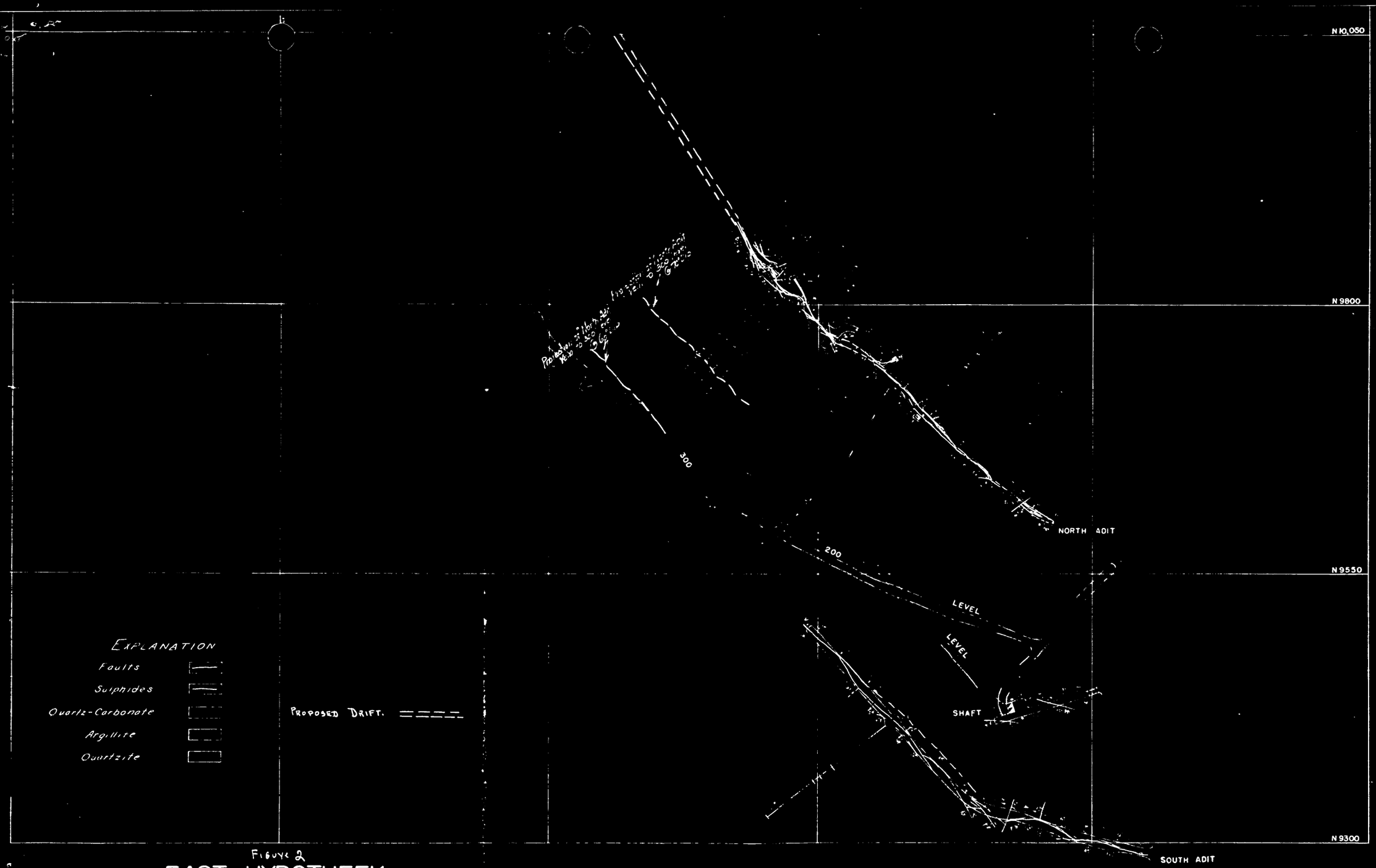


FIGURE 2

EAST HYPOTHEEK

1 = 50 Plan & geology

GOVERNMENT'S COPY

AMENDMENT NO. 2

Docket No. DMEA 2420
(Pb-Zn)

It is agreed this 18th day of March 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration, and Hypotheek Mining & Milling Co.

each acting in consideration of the agreement of the other to the terms hereinafter set forth, that the Exploration Project Contract Idm-E 380 of August 4 1952 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 October 1 1952.

This amendment is made by authority granted the Executive Officer, DMEA 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.

HYPOTHEEK MINING & MILLING CO.
(Operator)

By Sig Torkelson

THE UNITED STATES OF AMERICA

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

HYPOTHEEK MINING AND MILLING COMPANY
Exploration Project Contract Idm-E380
Docket No. DMEA 2420 (lead-zinc)

AMENDMENT NO. 2

Exhibit "F"

Changes and modifications

In Exhibit "A" under "Estimated Costs of the Project", Item (4), To be purchased, delete:

One new 3-ton diesel locomotive	$6,000.00
Two used IR DA-35 drifters @ $500 each	1,000.00

Add:

1 Thor sinker drill, attachments and accessories, est.	600.00

Add to Item (4), To be furnished by Operator:

Depreciation allowance	Monthly allowance	Total months	Total
1 Mancha trammer, complete with battery and charging panel	$45.00	8	$360.00
2 Drifters @ $10 each per month	20.00	8	160.00

HYPOTHEEK MINING AND MILLING COMPANY
Exploration Project Contract Idm-E380

Justification of Amendment No. 2

Amendment No. 2 to Contract Idm-E380 approves a depreciation allowance of $45 per month for a mancha trammer complete with battery and charging panel and $20 a month for two drifters.

The trammer owned by the company is proving adequate for the operation; therefore, depreciation allowance was approved in lieu of purchasing the new locomotive.

One Thor sinker and attachments was purchased under the contract but due to ground conditions, drifters prove to be more efficient. The company, because of curtailment at another property, has drifters available; therefore, depreciation allowance is approved on 2 drifters in lieu of purchase.

This amendment effects a considerable saving to the Government.

E. G. Erickson

AMENDMENT NO. 1

It is agreed this 11th day of Sept. 195 2, between the the United States of America, acting through the Department of the Interior, Defense Minerals Administration and Hypotheek Mining & Milling Company, Wallace, Idaho (Docket No. DMEA 2420, zinc-lead)

each acting in consideration of the agreement of the other to the terms hereinafter set forth, that the Exploration Project Contract Idm-E380 of Aug. 4 195 2 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 August 4 195 2.

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.

HYPOTHEEK MINING & MILLING CO.
(Operator)

By Sig Torkelson

The United States of America

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

U.S. DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 10 1952

HYPOTHEEK MINING AND MILLING CO.
Shoshone County, Idaho
Docket No. 2420 (lead-zinc)
Contract Idm-E380

AMENDMENT NO. 1

Exhibit "F"

Changes and modifications

In Exhibit "A" under "Estimated Costs of the Project," Item (4), "To be Rented", delete:

1 Eimco 12B loader @ $250.00 per month for ten months	$2,500.00

Add to Item (4), "To be Purchased",

1 Eimco 12B loader (used)	$2,500.00

HYPOTHEEK MINING & MILLING COMPANY
Shoshone County, Idaho
Docket No. DMEA 2420 (lead-zinc)
Contract Idm-E380

Justification of Amendment No. 1

Amendment No. 1 to Contract No. Idm-E380 allows the purchase of a used mechanical loader for $2500.00 in lieu of renting the same type loader for a total rental cost of $2500.00.

Purchasing the loader is of benefit to both the Government and the Operator as a definite equity will be established.

Docket No. 2420

Commodity Lead-Zinc

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~DEFINITION~~

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

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

Contract No. Idm-E 280

Date of Contract ~~or Amendment~~: August 4, 1952

Name and Address of Operator:

Hypothesis Mining and Milling Company
510 Bank Street
Wallace, Idaho

Amount of Government participation ____ $35,205.00

Percent of Government participation 50 %

Region: I NW State: Idaho

Note: Please release $17,925.25

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

Date Delivered to Bureau of Mines, Washington.
8/22/55

54458

Docket No. 2420

Commodity Lead-Zinc

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

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

Contract No. Idm-E 380

Date of Contract ~~Amendment~~ August 4, 1952

Name and Address of Operator:

Hypotheek Mining and Milling Company
510 Bank Street
Wallace, Idaho

Amount of Government participation $ 35,205.00

Percent of Government participation 50 %

Region: II State: Idaho

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

(Title)

Date Delivered to Bureau of Mines, Washington. 8/5/52

13908

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

DOCKET NO. D[illegible]A 2420

COMMODITY Zinc-Lead

Idm-E-380
Government's copy

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

EXPLORATION PROJECT CONTRACT[1]

IT IS AGREED this 4th day of August, 1952 between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Hypotheek Mining and Milling Company, a corporation duly organized and existing under and by virtue of the laws of the State of Idaho.
510 Bank Street
Wallace, Idaho

hereinafter called the "Operator," as follows:

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

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

the Operator represents and undertakes:[4]

(*a*) That the Operator is ~~the owner~~ pursuant to the purchase agreement set forth in Annex I, in possession and entitled to possession, and that the property is subject ~~only to the following claims, liens, or encumbrances, or none of which the subordination agreement of the holder is attached:~~ to no other lien or encumbrance, and the Owner's Consent to Lien is attached.

~~(b) That the Operator is a lessee, in possession and entitled to possession, and the Owner's Consent to Lien is attached.~~

The Operator shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of the exploration project without any allowance for the use, rental value, depreciation, depletion, or other cost of acquiring, owning, or holding possession thereof.

ARTICLE 3. *Exploration project.*—The Operator, within 60 days from the date of this contract shall commence work on a project of exploration for[5] zinc-lead in or upon the described land; and shall bring the project to completion within a period of 12 months from the date of this contract. The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 8. *Payments by the Government.*—(*a*) The Government will pay 50 percent of the allowable costs incurred, as they accrue, in an aggregate total amount not in excess of $35,205.00, which is 50 percent of $70,410.00, the agreed, estimated total cost of the project in which the Government will participate; *Provided,* that until the Operator's final report and final accounting have been rendered to the Government, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract.

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

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

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

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

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

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

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

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

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

ARTICLE 11. *Title to and disposition of property.*—All facilities, buildings, fixtures, equipment, or other items costing more than $50.00 each, paid for or purchased with funds contributed jointly by the Operator and the Government, although title may be taken in the name of the Operator, shall belong to the Operator and the Government jointly, in proportion to their respective contributions, and upon the completion of the work or the termination of the contract shall be disposed of promptly by the Operator for the joint account of the Government and the Operator, either by return to the vendor, by sale to others, or purchase by the Operator at a price at least as high as could otherwise be obtained, as may appear to be for the best interest of the Government, unless the Government, in writing, waives its interest in any such item. If necessary to accomplish such disposition, the Operator shall dismantle, sever from the land, and remove any such item, the cost thereof to be for the joint account of the parties in proportion to their respective interests. If the Operator, within 90 days after the receipt of written notice from the Government, fails, neglects, or refuses to dispose of such property, the Government may itself enter upon the land, take possession of, and remove and dispose of any such property as above provided. See Exhibit "A", (4) for amendment.

ARTICLE 12. *Termination and completion.*—The Government may, at any time, by written notice to the Operator, terminate this contract: (*a*) If the Operator fails to provide his share of the money necessary to prosecute operations pursuant to the terms of the contract; (*b*) if the Operator, in the opinion of the Government, fails to prosecute operations pursuant to the terms of the contract; or (*c*) if in the opinion of the Government, operations up to the time of the notice have not indicated the probability of making any worth while discovery and in the opinion of the Government further operations are not justified. Upon the completion of the project or any termination of the contract the Operator shall dispose of any remaining materials, supplies, facilities, buildings, fixtures, and equipment in which the Government has an interest, for the joint account of the Operator and the Government in the proportion of their respective interests; shall render to the Government a full and final accounting of his operations under the contract and his expenditures of money; and shall pay to the Government its pro rata share of any money remaining. See Exhibit "A", (4) for amendment.

ARTICLE 13. *Changes and added provisions.* The Operator's obligation to bring the project to completion continues only as long as the accumulated allowable costs of the project in which the Government will participate do not exceed the agreed, total estimated cost of the project set forth in Article 8.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. J. Mittendorf
Acting Administrator
Defense Minerals Exploration Administration

HYPOTHEEK MINING AND MILLING COMPANY
(Operator)

By Sigurd Torkelson

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

Roy H. Kingsbury

[CORPORATE SEAL]

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

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of Idaho, County of Shoshone, which is the subject of a proposed Exploration Project Contract, hereinafter called the "Contract", between the United States of America, hereinafter called the "Government", and 1/ Hypotheek Mining & Milling Company

hereinafter called the "Operator"; and

WHEREAS, under certain provisions of said Contract which are set forth on the reverse side hereof, the Government will acquire certain rights and equities which do or may conflict with or be adverse to the interest of the undersigned in said property;

NOW THEREFORE, the undersigned, in consideration of said Contract and as an inducement to the Government and Operator to enter into same, undertakes and agrees as follows:

1. The Government's equity in and right to remove facilities, buildings, fixtures, and equipment, as provided in the Contract, shall prevail over and be prior and superior to any conflicting or adverse rights of the undersigned.

2. The Government's percentage royalty on net smelter returns or other net proceeds realized from ore, concentrates, or metal produced within ten (10) years from the date of the Contract, and the Government's lien for the payment of said percentage royalty shall attach to the mineral deposit and the production therefrom, in the amount of the Government's contribution, not in excess of 2/ $ 35,205.00, all upon the terms and conditions set forth in said Contract.

3. The undersigned shall commit no act nor assert any claim that may contravene or conflict with the lien, claim, or rights of the Government under the provisions of the said Contract. This agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of the undersigned.

Dated this 18th day of January, 1952.

KING OF PINE CREEK MINING COMPANY, LTD.

By C. C. Anderson
President

Attest: Lawrence Smith
Secretary

1/ Insert the name of the Operator as it will appear in the Exploration Project Contract.

2/ Insert the maximum amount of the Government's contribution.

RELEVANT CONTRACT PROVISIONS

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.

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

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

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

ANNEX I

The property referred to in Article 2 consists of certain lode mining claims, real properties and mining interests on Pine Creek in Yreka Mining District, Shoshone County, Idaho, is known as the East Hypotheek and is described as follows:

South Half ($S\frac{1}{2}$) of Southeast Quarter ($SE\frac{1}{4}$) of Southeast Quarter ($SE\frac{1}{4}$), being a part of Lot 8, of Section Eighteen (18), Township Forty-eight (48) North, Range Two (2) East B.M.

All Mines and minerals, lodes, veins, mineral deposits, mineral oils and natural gases of every kind and nature contained in or upon the North Half ($N\frac{1}{2}$) of the Southeast Quarter ($SE\frac{1}{4}$) and Lots Seven (7) and Eight (8) of Section Eighteen (18), Township Forty-eight (48) North, Range Two (2) East B.M., containing 149.75 acres.

Together with all easements and rights of way necessary thereon for the lawful exploration, development and mining operations necessary for the operation of said mineral property for the extraction of ores and natural resources heretofore named and the marketing of the same, if any.

All of the foregoing property is described in a deed from Charles Houck, a widower, recorded in Book 56 of Deeds, page 15, Official Records of Shoshone County, Idaho.

Lot Three (3) and the Northeast Quarter ($NE\frac{1}{4}$) of Southwest Quarter ($SW\frac{1}{4}$) and the Southeast Quarter ($SE\frac{1}{4}$) of Southwest Quarter ($SW\frac{1}{4}$) of Section Eighteen (18) and the Northeast Quarter ($NE\frac{1}{4}$) of Northwest Quarter ($NW\frac{1}{4}$) of Section Nineteen (19), Township Forty-eight (48) North, Range Two (2) East of Boise Meridian, containing 159.53 acres, known as the George Lightbody Homestead.

B-29, P-38 and Catalena Fraction Unpatented Lode Mining claims, notices of location of which said claims are of record in Book 27 of Quartz Locations, at pages 475, 476 and 477 respectively, official Records of Shoshone County, Idaho.

Monty Fraction, Monty Christo, Olson the Miner, Otto Fraction, Olson the Miner Fraction, and the Rose Bird patented lode mining claims, Mineral Survey No. 3197, United States patent for which is recorded in Book 64 of Deeds, pages 142, 143 and 144, Official Records of Shoshone County, Idaho.

However, excluded from the above is the following:

A portion of the Rose Bird Claim, Survey No. 3197, situated in the SW$\frac{1}{4}$ of Section 17, Township 48 North, Range 2 East B. M., in Shoshone County. Beginning at Corner No. 4 of said Rose Bird Lode which is also the NE Corner of the tract, and running thence South 4° 14' East 240.77 feet to intersection of line 1-4 Gold Standard Lode, Survey No. 2641 to a point; thence South 9° 34' West 144.23 feet to corner No. 1 of said Gold Standard Lode: thence South 77° 48' East 35.41 feet to intersection of line 4-1 Rose Bird Lode; thence S. 4° 04' East 139.19 feet to the South East corner of the tract; thence North 88° 43' 30" West 180 feet to the South West corner of the tract; thence North 4° 04' West 530 feet to the North West corner of the tract; thence South 88° 43' 30" East 180 feet to the North East Corner of the tract and the place of beginning; containing 2.1 acres; recorded in Book 76 of Deeds, Page 31, records of Shoshone County, Idaho.

EXPLORATION PROJECT CONTRACT
HYPOTHEEK MINING & MILLING COMPANY
DOCKET NO. DMEA-2420

EXHIBIT "A"

Description of the Work

The object of this exploration project is to explore, both by drifting on the main vein in the North Adit and by diamond drilling, possible veins running parallel or intersecting the North Adit Vein. The work shall consist of the following projects:

1. Rehabilitate, straighten, and enlarge the first 320 feet of drift in the North Adit.

2. Drift on main vein a distance of 1,000 feet from the present face. If through this drifting or diamond drilling, ore is encountered in veins parallel to or intersecting the main vein, an additional 300 feet of drifting or crosscutting shall be allowed to explore such veins.

3. Excavate three diamond drill stations on the North Adit drift.

4. Drill three to five diamond drill holes with a total footage not to exceed 1,500 feet. The location, length, strike and dip of each hole shall be determined by mutual agreement of the Operator and Government Field Engineers.

The attached maps marked "Figure 1, East Hypotheek" and "Figure 2, East Hypotheek" show the proposed work in relationship to known mine workings and property lines.

Estimated Costs of the Project
(*Indicates allowable maximum)

DETAILS

(1) Independent Contracts

None

(2) Labor, Supervision, Consultants

Schedule waived. Allowance for supervision and consultants not to exceed $420.00* per month.

(3) Operating Materials and Supplies

Schedule waived.

(4) Operating Equipment

To be rented

One Eimco 12B Loader @ $250.00 per month for ten months	$ 2,500.00	

Note: The Operator will procure the loader under a rental-purchase agreement, and upon the termination of this Exploration Project Contract, the disposition and other provisions of Articles 11 and 12 thereof will apply to the loader if its purchase has been completed. The Operator agrees to give the Government thirty days written notice if it does not intend to complete the purchase, but agrees to complete it if the Government desires to, and advances any funds necessary therefor. In such event, the aforesaid disposition provisions shall apply only after the Government has first been fully reimbursed for such advances.

To be purchased

One used Air Compressor, Imperial 10, 500 cu. ft.	3,500.00	
One new, 3-ton diesel locomotive	6,000.00	
Four new, 32 cu. ft. rocker type mine cars @ $425.00 each	1,700.00	
Two used Ingersoll-Rand DA-35 drifters @ $500.00 each	1,000.00	$12,200.00*

To be furnished by Operator

The Operator will furnish without cost:

Two, 32 cu. ft. used rocker type mine cars

One, 5 h.p. blower

One bit grinder

All miscellaneous tools and facilities

(5) Rehabilitation and Repairs

None

(6) New Buildings, Improvements, Installations

None

(7) Miscellaneous

Assaying	$ 1,000.00*

(8) Contingencies

Unforeseen expenditures	5,000.00*

S U M M A R Y

Although the Government will contribute only on the basis of actual costs, the only items estimated on that basis are those set forth in the schedules above and brought forth into this summary in the last four items thereof. The first five items of the summary estimated in terms of units of work include all costs of the work specified other than those costs estimated in terms of actual costs set forth in the last four items of this summary.

Rehabilitate, enlarge and straighten 320 feet of Adit drift @ $8.00/ft.	$2,560.00	
Drift on Main Vein and others, a maximum of 1300 feet @ $30.00/ft.	39,000.00	
Excavate 3 diamond drill stations @ $350.00 each	1,050.00	
Drill 1000 feet AX diamond drill hole @ $4.60 per foot	4,600.00	
Drill 500 feet AX diamond drill hole @ $5.00 per foot	2,500.00	
Operating equipment to be rented	2,500.00	
Operating equipment to be purchased	12,200.00	
Miscellaneous	1,000.00	
Contingencies	5,000.00*	
Total estimated cost of Project		$70,410.00*
Government participation @ 50%		$35,205.00*

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

So. 157 Howard Street
Spokane 4, Washington

August 20, 1952

Mr. Frank E. Johnson
Chairman, Operating Committee
DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA-2420 (Zinc-Lead)
Hypothesis Mining and Milling Co.
Shoshone County, Idaho
Contr. No. Idm-E 380

Dear Mr. Johnson:

Enclosed are three copies of subject contract signed by the operator. By copy of this letter, the Regional Fiscal Officer's copy of contract is transmitted.

Incidentally, there were two page 2's in the Finance Copy, and no page 3. The appropriate page was removed from the Field Team copy and an ozalid one put in its place. Attached is the extra page which is probably missing from another copy since all of the copies transmitted herewith (and the Operator's copy) are complete.

Sincerely yours,

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

Enclosures 1 (in trip.)

cc: Fiscal Officer, Albany w/encl.
USBM

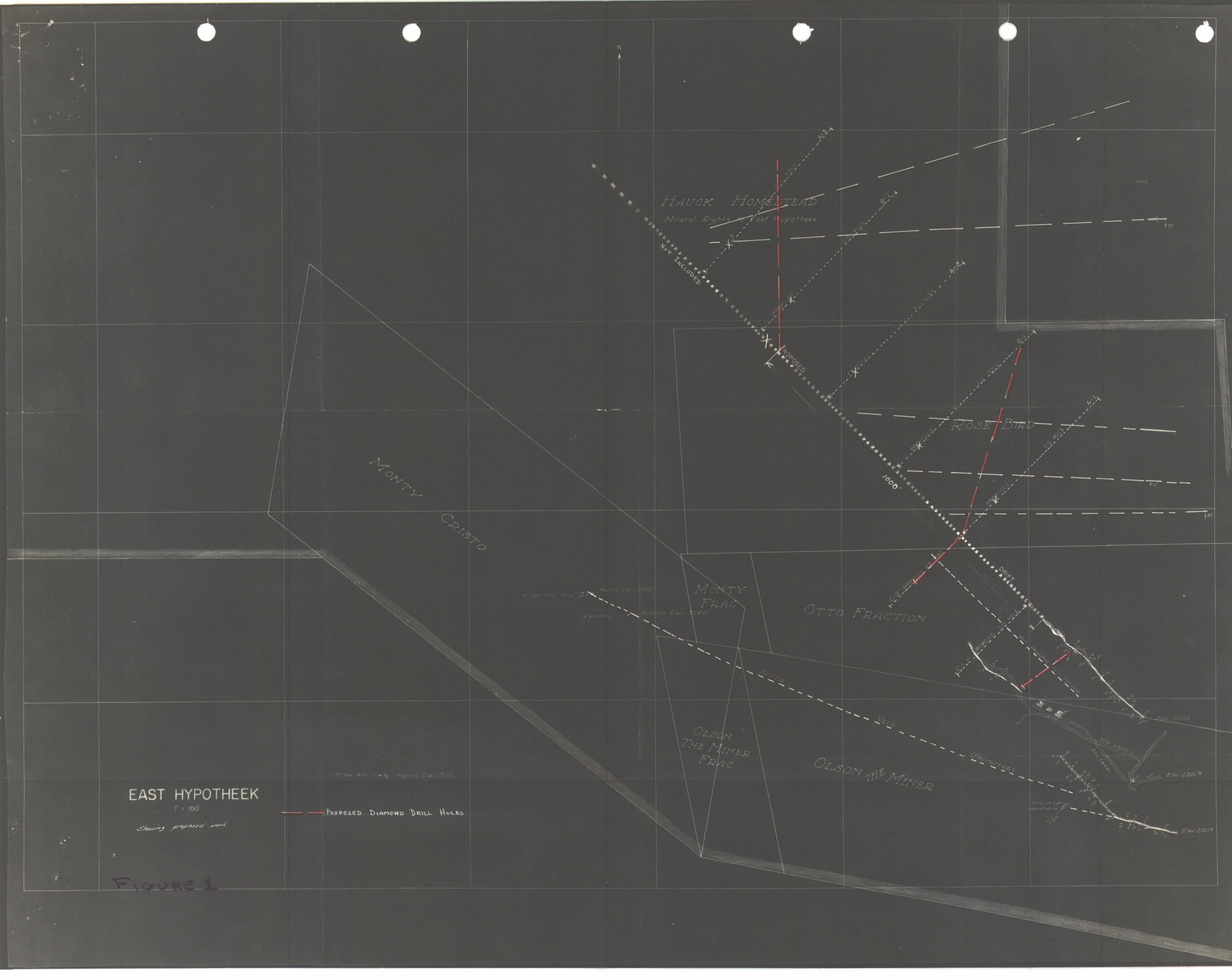

N
HAUCK HOMESTEAD
Mineral Rights Only East Hypotheek
NOT INCLUDED
PROPOSED
A-3-1
B-2-1
A-2-1
B-1-1
A-1
ROSE BIRD
1000'
DRIFT
MONTY CRISTO
MONTY FRAC
OTTO FRACTION
OLSON THE MINER FRAC
OLSON THE MINER
VEIN
(PROJECTED)
Approx Elev 3100'
Approx Elev 3110'
Elev 2300
200 LEVEL
Elev 2301'
Elev 2311'
EAST HYPOTHEEK
1" = 100'
Showing proposed work
PROPOSED DIAMOND DRILL HOLES

FIGURE 1