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-R406, Docket DMEA-2654 (tungsten), dated September 25, 1952, with

McRae Tungsten Corporation
c/o Robert J. McRae
The Bunker Hill Company
Box 29
Kellogg, 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 Red Bluff Group of claims located in Valley County, Idaho, during the period September 9, 1959, through March 25, 1963.

A certification of discovery or development was issued on June 29, 1956, and, in accordance with Annex II, attached to and a part of Amendment No. 3 of the contract, royalty is payable on all minerals produced from the land described in Article 2 of the contract for a period of 12 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 March 25, 1956, indicated accepted costs under the exploration contract amounting to $23,299.21 with the Government's contribution on a 75 percent basis being $17,474.40.

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 March 25, 1963, 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

March 28, 1963

Idm-2406 McRae Tungsten Corporation DMEA-2654

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 Red Bluff Nos. 1 (amended), 2, 3, and 4 unpatented lode mining claims situated on Smith Creek in Big Creek Mining District. At the time the contract was executed, the Operator was in possession by virtue of an August 1, 1952, assignment by Robert J. and Ruth C. McRae of a ten year lease and option agreement granted on the same date by Wilbur V. Wiles, Big Creek, Idaho. In consideration of the contract as amended, an Owner's Consent to Lien was executed by Mr. Wiles on March 18, 1955. The contract contains the so-called "abandonment" provision.

Exploration work under the contract was completed during August 1955. No ores were produced during the exploration period and examinations of the property and inquiries by DMEA and OME regional representatives disclosed that the property remained inactive thereafter through September 8, 1959.

In a March 29, 1960, letter Wilbur V. Wiles advised that the Operator "let the lease go Oct. 1, 1958". In a March 25, 1963, reply to a MME Form 63 inquiry, Robert J. McRae stated that there had been no production since September 8, 1959, and that "About 1957 this lease was given up and the property was returned to Mr. Wilbur Wiles of Big Creek, Idaho".

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 there has been no production from the property since the date of the contract;

(2) The property has remained inactive since completion of the exploration work; 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.

So. 157 Howard Street
Spokane 4, Washington
April 2, 1963

EXTRA COPY
O. M. E
RECEIVED APR 4 1963
DATE
800

Memorandum

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

From: Acting Field Officer, Region I

Subject: DMEA-2654 (Tungsten)
Moffat Tungsten Corporation
Red Bluff Group of Claims
Valley County, Idaho
Contract IDm-E406

There is enclosed a Report of Royalty Review dated March 28, 1963, covering the subject contract for the period September 9, 1959, through March 25, 1963.

One copy of the Report of Review has been retained for the Spokane office files. The report is for record purposes only, and no copy was provided for the Operator.

D. R. MacLaren

Enclosure

DRMacLaren:my

cc: OMM(2)
CAAA
CPF
Reading copies to:
Nolan
McKelvey

MAR 28 1963

Memorandum

To: Acting Field Officer, Region I

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

Subject: BMKA-2654 (Tungsten)
McRae Tungsten Corporation
Red Bluff Group of Claims
Valley County, Idaho
Contract Idm-8406

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 3-28-63

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
WASHINGTON 25 D C

March 15, 1963

Re: [illegible]A-1654 (Tungsten)
[illegible] Tungsten Corporation
Red Bluff Group
Valley County, Idaho
Contract Ide-[illegible]

Mr. Robert J. [illegible]
The Bunker Hill Company
Box 39
Kellogg, Idaho

Dear Mr. [illegible]:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

Sincerely yours,

W. A. Grisswold, Chief
Division of Minerals [illegible]

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-E406, Docket No. DMEA-2654 (Tungsten), dated September 25, 1952, with

McRae Tungsten Corporation
1704 Courtney Street
Boise, Idaho

for the purpose of determining the amount of royalty due the U. S. Government on sales of minerals from property referred to as Red Bluff Group of Claims located in Valley County, Idaho, during the period September 25, 1952, through September 8, 1959.

A certification of discovery or development was issued on June 29, 1956, and, in accordance with Annex II to Amendment No. 3 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 12 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 March 25, 1956, indicated accepted costs under the exploration contract amounting to $23,299.21 with the Government's contribution, on a 75 percent basis, being $17,474.40.

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 indicated that there has not been any production or sales of minerals from the land described in Article 2 of the contract since September 25, 1952, and no royalty is due the Government.

C. E. Fisher

C. E. Fisher, OME Auditor

October 15, 1959

OME Form 22
April 59

DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration

CHECK SHEET OF EXAMINING ENGINEER

Operator's Name McRae Tungsten Corporation

Address 1704 Courley Street

Boise, Idaho

Exploration Contract No. Idm-2406 Docket No. DMEA-2654

		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

AUDIT CERTIFICATE

RECEIVED APR 5 1956

I have examined the records and transactions of the:

McRae Tungsten Corporation
Stibnite, Idaho

pertaining to Exploration Project Contract No. Idm-E406, Docket No. DMEA-2654, dated September 25, 1952, including Amendments Nos. 1 to 4, inclusive, covering a project for the exploration of tungsten, on property known as the Red Bluff Group of Claims, located in the Big Creek Mining District, Valley County, State of Idaho, for the period of September 25, 1952, to February 27, 1956, and including the disposition of project property.

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

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

Total cost as billed by Contractor		$25,273.61
Less proceeds from disposition of property		1,274.55
Net Claimed Cost		$23,999.06
Exceptions (see audit report for details)		
Prior to this audit	None	
During this audit	$699.85	699.85
Accepted Costs		$23,299.21

The contract calls for a 75 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Seventeen thousand four hundred seventy four and 40/100 Dollars

--$17,474.40--

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.

C. A. Turner

C. A. Turner, Auditor

March 25, 1956

RECEIVED
APR 27 1956

AUDIT REPORT

I. INTRODUCTION

On February 6, 7 and 8, 1956, a final audit (covering operations for the period of September 25, 1952, to August 31, 1955) was made of the records and transactions pertaining to Exploration Project Contract No. Idm-E406, Docket No. DMEA-2654, dated September 25, 1952, including Amendments Nos. 1 to 4, inclusive, with the:

McRae Tungsten Corporation
Stibnite, Idaho

covering a project for the exploration of tungsten on property known as the Red Bluff Group of Claims, located in the Big Creek Mining District, Valley County, State of Idaho. This report includes the review of a final and subsequent Operator's Monthly Report and Voucher Form MF-104, dated February 7, 1956, and the disposition of project property which was approved by the Field Team Region 1, Northwest District, February 27, 1956.

The original records under this contract were maintained by and were in the custody of Robert J. McRae, president of the corporation, and were located in Mr. McRae's home, 1704 Gourley Street, Boise, Idaho.

Mr. J. A. Bardill, Mining Engineer, U.S. Bureau of Mines, and member of the Region I, Northwest District Field Team, was available for consultation as required. Mr. McRae also rendered valuable assistance during the audit.

II. GENERAL INFORMATION ON RECORDS

The general records of the company consisted of the items of original entry, namely; payroll records, vendors' invoices, bank statements, cancelled bank checks and the various monthly and quarterly reports rendered to the State and Federal Governments pertaining to labor, income tax and workmen's compensation insurance. Work sheets were also available on which certain labor and supplies were prorated and allocated to the exploration project and the Operator's other mining activities.

Labor and supply items were paid by checks drawn on the Idaho First National Bank, McCall, Idaho. Checks were signed by Robert J. McRae and Harry M. Sargent.

The Operator's Monthly Report and Voucher Forms MF-104 were prepared by and signed by Robert J. McRae, president of the corporation.

The actual on-site audit was preceded by a considerable amount of pre-audit analysis and preparatory work in Spokane, Washington, office of the DMEA.

III. SCOPE OF AUDIT AND FINDINGS

The audit was limited to ascertaining the accuracy, propriety and validity of the costs shown in the "Total to Date" column of the Operator's Monthly Report and Voucher Form MF-104 for the month of February, 1956, but including the settlement of the Government's equity in certain project property.

Stage II of the contract was deleted in its entirety by Amendment No. 4.

The audit disclosed a considerable amount of improper distribution of the charges to "Items of Cost" shown on the February, 1956, Operator's Monthly Report and Voucher Form MF-104. Therefore, the audit findings presented below are those applicable to Stages I, III and IV, resulting after correction of the cost distribution.

(1) Independent Contracts

Costs allowed to the Operator for work performed by Independent Contractors are as follows:

Stage I

One mile access road				
Bulldozing	161 Hours	@$12.50	$2,012.50	
Preparing drill sites				
Bulldozing	16 Hours	@$12.50	200.00	
Total	177 Hours	@$12.50		$2,212.50
See Schedule No. 1, Access Road and Drill Sites				

Stage IV

Diamond drilling	
1003.5 feet @$5.154 per foot	$5,171.87
Total Independent Contracts	**$7,384.37**

The bulldozing was completed by R. G. Nissula, Cascade, Idaho, with a D7 Cat and dozer, 177 Hours @$12.50 $2,212.50

Diamond drilling was contracted by Nichols and Thompson, 505 South 16th Street, Boise, Idaho, as follows:

41-3/8 Shifts @$125.00 per shift $5,171.87

The allowable maximums for bulldozing the access road and drill sites were as follows:

Access Road	$2,500.00
Drill Sites	$ 200.00

or the total cost of the access road and drill sites not to exceed $15.00 per bulldozer working hour.

See Schedule No. 1, Access Road and Drill Sites.

The allowable maximum of $8.00 per foot for diamond drilling was not exceeded.

A review of the docket file on this project indicates the probability that part of the road and drill site work was performed prior to the effective date of the contract (September 25, 1952). The findings are: Two roads were constructed, one prior to the effective date of the exploration project contract and one under the terms of the contract.

Road Number One from the forks of Smith Creek to a point about 500 feet beyond the camp site, approximately two miles, was built in August and September, 1952. This was a crude drag road costing about $3,000.00. It was over this road that the McRae Tungsten Corporation skidded the drilling equipment and supplies to perform the work authorized in Stage II of the contract. The costs of this road and a portion of the drilling were incurred prior to the date of the contract and were assumed by the McRae Tungsten Corporation without any Government participation. Stage II of the contract was deleted by Amendment No. 4 and the remaining drilling transferred to Stage IV.

Road Number Two or the Red Bluff Road continued from the point where the drag road ended to the Red Bluff Outcrop, a distance of approximately 5,000 feet. This road construction covered the period of September 27, 1952, to October 12, 1952, inclusive, a total of 161 bulldozer operating hours. The costs were incurred under the terms of the contract and participated in by the Government.

The drill sites were constructed October 13 and 14, 1952, a total of 16 bulldozer operating hours. These drill sites were used during the Stage IV drilling. These costs were incurred under the terms of the contract and participated in by the Government.

The analysis of costs did not include the construction of No. 1 Road. However, the analysis of exploration project costs, which included Road No. 2 and the drill site costs, indicated that the No. 1 (skid and drag) Road was built prior to the effective date of the contract and the costs assumed by the McRae Tungsten Corporation.

(2) Labor and Supervision

The basic records for the labor costs consisted of the monthly payrolls, which are supported by an individual monthly time sheet for each employee. The individual monthly time sheet is a daily record of the shift worked, hours worked, classification and location of work, and rate of pay. These monthly records are compiled from the foreman's pocket time book, which was not available at the time of the audit.

Employees whose labor benefited both the exploration project and the Operator's other mining activities was prorated on the monthly time sheets. Supervision charges were based on the actual time spent on the project. The cook's time was prorated on the basis of hours worked on the exploration project and hours worked on the Operator's other activities.

During the audit, all of the monthly time sheets were recomputed and payments checked by reference to the cancelled bank checks. Employees were paid by checks drawn on the Idaho First National Bank, McCall, Idaho. Checks required two signatures, Robert J. McRae and Harry M. Sargent.

Payrolls were compared with the Employer's Quarterly Federal Tax Returns, State of Idaho, Employer's Contribution Reports and the State of Idaho Insurance Fund Reports.

Labor was paid at rates prevailing in the mining district as follows:

Miners	$1.60 to $1.75 per Hour
Muckers	$1.60 per Hour
Cook	$210.00 per Month
Cat Operator	$350.00 per Month
Supervision	$600.00 per Month

Labor costs determined by this audit to be allowable are shown in the following summary:

Labor Costs	Stage I	Stage III	Stage IV
Access Road (Schedule No. 1)	$402.50	$ ---	$ ---
Drill Sites (Schedule No. 1)	---	---	---
Drifting	---	3,928.99	---
Cook	---	936.50	---
Total	$402.50	$4,865.49	$ ---

Additional labor allocated to categories as follows:

No. 5 Initial Rehabilitation & Repair	$ ---	$ 96.32	$ ---
No. 7 Repair	---	103.60	---
No. 7 Snow Removal & Mail Delivery	---	665.35	$ ---
Total	$ ---	$ 865.27	$ ---
Total Labor	$402.50	$5,730.76	$ ---
Supervision Costs	$600.00	$1,500.00	$600.00

Labor costs disallowed by this audit are as follows:

Access Road	$17.96
Drill Sites	41.79
Total	$59.75

Labor costs were disallowed from the access road and drill sites to bring the total costs of this project within the allowable maximum of $15.00 per bulldozer working hour. See Schedule No. 1.

Supervision costs disallowed by this audit are as follows:

Stage II	$280.00
Stage IV	160.00
Total	$440.00

Stage II was entirely eliminated from the contract by Amendment No. 4 and the Stage IV claims were $160.00 in excess of the allowable maximum.

Allowable maximums for labor and supervision are as follows:

Access roads and drill sites have a maximum of $15.00 per bulldozer operating hour, of which $12.50 per hour was paid the independent contractor, leaving $2.50 per hour for labor.

Cook			
Stage I	1 Month	@$300.00	$300.00
Stage III	4½ Months	@$300.00	$1,350.00
Stage IV	1 Month	@$300.00	$300.00
Supervision			
Stage I	1 Month	@$600.00	$600.00
Stage III	2½ Months	@$600.00	$1,500.00
Stage IV	1 Month	@$600.00	$600.00

Direct Labor Drifting

Labor cost of $9.68 per foot on all production subsequent to January 31, 1954.

During the audit it was determined that the direct labor cost of drifting at January 31, 1954, to be:

170 feet	@$15.08 per foot	$2,564.11

This cost per foot was questioned as being excessive. However, the Field Team accepted this cost as being reasonable under the circumstances. Starting a new job under adverse winter weather conditions which continued into January, 1954, in a remote location, coupled with organizational difficulties would naturally increase the labor cost during the starting period. The Field Team, to maintain an average cost of about $13.00 per foot for the entire job, placed a maximum of $9.68 per foot on direct drifting labor for the remaining drifting.

The direct labor cost for the entire drifting footage of the project was by the audit determined to be:

311 feet	@$12.63 per foot	$3,928.99.

This cost per foot compares favorably with $12.93 for labor attained at the Snowbird Project (Contract No. Idm-E133) in the same area and under the same conditions. The labor cost of $12.63 per foot is considered reasonable for this job.

(3) Operating Materials and Supplies

The costs chargeable to this category were determined by a complete analysis of the vendor's invoices, freight bills and cancelled bank checks. The following summarizes the costs determined by the audit to be allowable in Stage III of the contract.

Timber	$ 268.36
Explosives	832.72
Pipe and Fittings	137.24
Drill Steel & Bits	634.50
Fuel Oil & Lubrication	806.22
Cable	100.42
Fuel	102.00
Miscellaneous	221.83
Accepted Costs Stage III	$3,103.29
Less Salvage Pipe and Accessories	63.21
Net Cost to Project	$3,040.08

The McRae Tungsten Corporation by letter dated December 26, 1955, made an offer for the remaining equipment and supplies to be salvaged, which include pipe and accessories $63.21. This bid was accepted by Field Team letter dated January 4, 1956.

The Field Team Representative who examined the project advised the auditor informally that all project supplies had been consumed.

(4) Operating Equipment

The acceptable costs of this category were determined to be as follows:

Rental:

1 Ingersoll-Rand Slusher Hoist No. A 5NN-OH and Esco Slusher Bucket - Value $1,272.89	
2½ Months @$93.25 per Month	$233.13

This equipment was rented from the Intermountain Equipment Co. under a contract dated October 20, 1953, which contained an Option to Purchase clause. The Operator purchased the equipment. The Government has an equity of $233.13. This item is transferred to equipment purchases of this category.

Purchases:

1 Ingersoll-Rand Portable Compressor Model GK 105 Serial No. 406-31445		$2,000.00
1 Ingersoll-Rand J40 Jack Hammer and Jack leg, Serial Nos. 673946 and L 13081		360.00
Equity in slusher hoist and bucket		233.13
Total		$2,593.13
Less Proceeds From Property Disposition		
Compressor	$805.00	
Jack Hammer and Jack leg	153.00	
Equity in slusher hoist and bucket	13.34	
	$971.34	
Less Transportation on Compressor Mine to Boise, Idaho	36.05	
Net Proceeds		935.29
Net Cost to Project		$1,657.84

The McRae Tungsten Corporation by letters dated December 26, 1955, and February 21, 1956, made offers for the remaining equipment to be salvaged as follows:

Compressor (Starline Equipment Co.)	$ 805.00
Jack Hammer and Jack leg	153.00
Equity in Slusher Hoist and Bucket	13.34
	$ 971.34

which were accepted by Field Team letters dated January 4, 1956, and February 27, 1956.

The offer of $805.00 for the compressor included in the Operator's letter of December 26, 1955, was made by the Starline Equipment Co. to whom the sale was made.

Depreciation:

Air Compressor	
2½ Months @$35.83 per Month	$ 89.57
International Tractor	
209 Hours @$.56 per Hour	117.04
Total	$206.61
Allocated to Category No. 7 snow removal and mail delivery	117.04
Total	$ 89.57

A disallowance of $.10 was made on the tractor depreciation to correct an error in computation.

Allowable maximums as follows were not exceeded

Compressor	2½ Months	@$35.83 per Month	$ 89.58
Tractor	600 Hours	@$ .56 per Hour	336.00

(5) Initial Rehabilitation and Repairs

Charges to this category were determined by an examination of the payrolls, payroll distribution of labor, vendor's invoices and cancelled bank checks. The charges applicable to Stage III are as follows:

Labor	$ 96.32
Compressor Parts	53.00
Total	$149.32

The allowable maximum of $150.00 was not exceeded.

(6) New Buildings Improvements Etc.

Charges to this category were determined by an examination of the payrolls and distribution of labor, vendor's invoices and cancelled bank checks. Acceptable costs were found to be as follows:

Stage III

Compressor and Shop Building	
Martin Construction Co.	$478.80
Labor	30.40
Building Materials	403.93
Accepted Cost	$913.13
Less salvage proceeds	240.00
Net Cost to Project	$673.13

The corrected distribution included an item of $200.00 to cover the cost of a prefabricated building transferred from Contract No. Idm-E133. The contract authorized the transfer of this building from Contract No. Idm-E133. However the building was not moved from the site of the prior contract, or used for any useful purpose on the present contract. The cost of the building $200.00 was disallowed by the audit.

The McRae Tungsten Corporation by letter dated December 26, 1955, made an offer for the Compressor House of $240.00, which was accepted by letter dated January 4, 1956, from the Field Team.

The allowable maximum of $1,250.00 was not exceeded.

(7) Miscellaneous

The allowable costs in this category were determined by audit of the invoices and cancelled checks or, as in the case of payroll taxes and insurance, by examination of the Company's tax returns and insurance reports. The accepted costs were found by the audit to be as follows:

Repairs Equipment	$ 261.22
Sampling and Analysis	272.50
Payroll Taxes	393.92
Liability Insurance	488.40
Snow Removal	920.87
Freight On Compressor	36.05
Accepted Costs	$2,372.96

Repairs to Equipment were found to be as follows:

Jack leg	$ 5.88
Jack Hammer	169.09
Compressor	86.25
Accepted Costs	$ 261.22

Sampling and Analysis were found to be assays made by the Union Assay Co. at Salt Lake City, Utah, as follows:

Stage I	45 determinations	$ 118.00
Stage III	33 "	114.50
Stage IV	8 "	40.00
Accepted Costs		$ 272.50

Payroll Taxes were determined by an analysis of the Operator's payrolls and various State and Federal Tax Returns. Returns examined, and the rates were found to be as follows:

(Schedule next page)

	1952 and 1953	1954 and 1955
Employer's Quarterly Federal Tax Return		
Account Number 82-0205159		
F.I.C.A. Rates	1.5%	2.0%
Employer's Contribution Report		
State of Idaho - Firm No. 109937805		
Rates	2.7%	2.7%
Federal Excise Tax		
Does not apply - Operator had less than eight employees	-	-
Total	4.2%	4.7%

Payroll Taxes

Accepted Labor Costs	1952	1953	1954	1955
Access Road & Drill Sites	$ 402.50	$ -	$ -	$ -
Drifting	-	1,807.01	2,121.98	-
Initial Repairs & Rehabilitation	-	96.32	-	-
Repairs Equipment	-	76.67	26.93	-
Snow Removal	-	169.84	495.51	-
Cook	-	347.68	588.82	-
Supervision	600.00	750.00	750.00	600.00
Total	$1,002.50	$3,247.52	$3,983.24	$600.00
Rate	@4.2%	@4.2%	@4.7%	@4.7%
Payroll Taxes	$ 42.11	$ 136.40	187.21	$ 28.20

Allocated to Stages

	Labor	Payroll Taxes
Stage I	$1,002.50	$ 42.11
Stage III	7,230.76	323.61
Stage IV	600.00	28.20
Total	$8,833.26	$393.92

Liability Insurance allowable costs were made upon premiums paid to the State of Idaho as follows:

State of Idaho Insurance Fund
Policy No. 29550 M

Rates	1952	1953	1954	1955
Surface Labor	3.5%	3.5%	3.6%	3.6%
Underground Labor	8.0%	8.0%	8.5%	8.5%

Premiums are computed as follows

	Payroll		Insurance
Year of 1952	$1,002.50	@3.5%	$ 35.08
1953	1,807.01	@8.0%	144.56
	1,440.51	@3.5%	50.41
1954	2,121.98	@8.0%	169.75
	1,861.26	@3.6%	67.00
1955	600.00	@3.6%	21.60
Total	$8,833.26		$488.40

Allocated to Stages

Stage I	$1,002.50	$ 35.08
Stage III	7,230.76	431.72
Stage IV	600.00	21.60
Total	$8,833.26	$488.40

Snow Removal and Mail Delivery. The acceptable costs under this item are as follows:

Labor	$665.35
Depreciation on Cat & Dozer 209 Hours @$.56 per Hour	117.04
Fuel Oil and Lube	138.48
Accepted Costs Stage III	$920.87

Freight On Compressor. Acceptable cost under this item was found to be

Freight On Compressor	$ 36.05

The compressor which was sold to the Starline Equipment Co. was shipped from the mine to Boise, Idaho. This item of cost is chargeable to the salvage proceeds.

(8) Contingencies

This category of cost not applicable to this contract.

IV. CONCLUSIONS

The audit disclosed that all costs charged to this project, with the exception of the disallowances aggregating $699.85 as itemized in the preceding section of this report, are reasonable and proper under the terms of the contract.

The adjustments between "Items of Cost" as shown on the February, 1956, Form MF-104, the disallowances, the accepted costs as disclosed by this audit and the proceeds from property disposition are summarized in the audit summary as follows:

AUDIT SUMMARY

	Totals February 1956 MF-104	Corrected Distribution	Disallowed By Audit	Accepted Costs	Stage I	Stage III	Stage IV
1. Independent Contracts							
Drilling	$ 5,171.87	$ 5,171.87	$ ---	$ 5,171.87	$ ---	$ ---	$ 5,171.87
Bulldozing	2,200.77	2,212.50	---	2,212.50	2,212.50	---	---
2. Labor and Supervision							
Labor	5,433.22	4,391.24	59.75	4,331.49	402.50	3,928.99	---
Cook	---	936.50	---	936.50	---	936.50	---
Supervision	3,140.00	3,140.00	440.00	2,700.00	600.00	1,500.00	600.00
Technical	---	---	---	---	---	---	---
3. Operating Materials and Supplies							
Timber	281.66	268.36	---	268.36	---	268.36	---
Explosives	832.72	832.72	---	832.72	---	832.72	---
Pipe	137.24	137.24	---	137.24	---	137.24	---
Fuel Oil & Lube	806.22	806.22	---	806.22	---	806.22	---
Steel and Bits	628.17	634.50	---	634.50	---	634.50	---
Miscellaneous	334.56	424.25	---	424.25	---	424.25	---
4. Operating Equipment							
Rental	233.13	233.13	---	---	---	---	---
Purchase	2,360.00	2,360.00	---	2,593.13	---	2,593.13	---
Depreciation	206.71	89.67	.10	89.57	---	89.57	---
5. Initial Rehabilitation & Repairs	349.32	149.32	---	149.32	---	149.32	---
6. New Buildings, Improvements, Etc.	913.13	1,113.13	200.00	913.13	---	913.13	---
7. Miscellaneous							
Repairs Equipment	260.15	261.22	---	261.22	---	261.22	---
Sampling and Analysis	272.50	272.50	---	272.50	118.00	114.50	40.00
Payroll Taxes	394.67	393.92	---	393.92	42.11	323.61	28.20
Liability Insurance	481.22	488.40	---	488.40	35.08	431.72	21.60
Snow Removal	800.30	920.87	---	920.87	---	920.87	---
Freight On Compressor	36.05	36.05	---	36.05	---	36.05	---
8. Contingencies	---	---	---	---	---	---	---
	$25,273.61	$25,273.61	$ 699.85	$24,573.76	$3,410.19	$15,301.90	$ 5,861.67
Less Proceeds From Property Disposition							
Pipe & Accessories $ 63.21							
Compressor 805.00							
Jack Hammer & Jack leg 153.00							
Slusher Hoist & Bucket 13.34							
Compressor House 240.00							
	1,274.55	1,274.55	---	1,274.55	---	1,274.55	---
Net Totals	$23,999.06	$23,999.06	$ 699.85	$23,299.21	$3,410.19	$14,027.35	$ 5,861.67

The contract contained numerous items of cost expressly designated as "Allowable Maximums." The status of these allowable maximums, after deduction of the disallowances discussed in Section III of this report, is summarized as follows:

Salary rates of Supervisor $600.00 and Cook $300.00 per month were not exceeded.

Drifting, direct labor cost of $9.68 per foot on drifting subsequent to January 31, 1954, was not exceeded.

Access road and drill site costs of $15.00 per bulldozer working hour were not exceeded.

Equipment rental time of 2½ months at $93.25 per month was not exceeded.

Depreciation time on compressor of 2½ months at $35.83 per month was not exceeded.

Diamond drilling did not exceed the rate of $8.00 per foot.

	Allowable Maximum	Accepted Costs	Balance
Stage I			
One Mile Access Road	$ 2,500.00	$ 2,012.50 402.50	$ 85.00
Diamond Drill Sites	200.00	200.00	---
Bunk House 14 x 16	200.00	---	200.00
Cook House 16 x 32	3,000.00	---	3,000.00
Facilities & Installations - Cook House	600.00	---	600.00
Total	$ 6,500.00	$ 2,615.00	$ 3,885.00
Stage II			
Deleted From Contract			
Stage III			
Equipment Rental	233.13	233.13	---
Equipment Purchased	2,760.00	2,360.00	400.00
Depreciation			
Compressor	89.58	89.57	.01
Cat & Dozer	336.00	117.04	218.96
Rehabilitation & Repairs	150.00	149.32	.68
New Buildings & Improvements	1,250.00	913.13	336.87
Total	$ 4,818.71	$ 3,862.19	$ 956.52
Stage IV			
Rates per foot and per month discussed in preceding paragraph			
Totals	$11,318.71	$ 6,477.19	$ 4,841.52
Total Contract Costs	$47,045.61	$23,299.21	$23,746.40

During the on-site audit, the findings of the audit were discussed with Robert J. McRae, president of the corporation. At the conclusion of the audit the findings were discussed with A. E. Weissenborn, Executive Officer, DMEA Field Team, Region 1, N. W. District.

C. A. Turner, Auditor

March 25, 1956

Schedule No. 1

RECEIVED
APR 2 - 1953

Cost of Access Road and Drill Sites

	Access Road		Drill Sites	
Independent Contract Bulldozing	161 Hours @$12.50	$2,012.50	16 Hours @$12.50	$200.00
Labor - Helper	@$ 2.61	420.46	@$ 2.61	41.79
Total	161 Hours @$15.11	2,432.96	16 Hours @$15.11	241.79
Disallow Costs in excess of $15.00 per Bulldozer Operating Hour	.11	17.96	.11	1.79
Cost per Bulldozer Operating Hour	161 Hours @$15.00	2,415.00	16 Hours @$15.00	240.00
Disallow Costs in excess of the allowable maximum	- -	-	2.50	40.00
Accepted Costs		$2,415.00		$200.00

Allowable Maximums

Access Road	$2,500.00
Drill Sites	200.00

or

Costs not to be in excess of $15.00 per bulldozer working hour.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
1201 N. Division Street
Spokane 2, Washington
April 25, 1956

RECEIVED
APR 27 1956

Mr. Jay L. Chambers, Chief
Contract Administration and Audit Division
Defense Minerals Exploration Administration
Department of the Interior
Washington 25, D.C.

Re: Docket No. DMEA 2654
Contract No. Idm-E406
McRae Tungsten Corporation

Dear Mr. Chambers:

Enclosed please find revised page No. 1 of the McRae Tungsten Corporation audit report which you requested in your letter of April 3, 1956.

This project was completed in August 1955. However, the final acceptance of project property which the operator bid on was dated February 27, 1956, and for that reason I used it in my original report as the closing date covered by the audit.

I am wondering if in the future you would desire the period covered by the audit to be expressed in this way. If so, your suggestions would be welcomed.

The report is now being distributed to the certifying officer and the regional Executive Officer per instructions in your letter of April 3, 1956.

Yours very truly,

C. A. Turner, Auditor

APR 3 1956

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

Re: Audit Report
Mellen Tungsten Corporation
Km-2406, DMEA-2654

Dear Mr. Turner:

The introductory sentence of the copies of your recently submitted final Audit Report for the referenced project states "On February 6, 7 and 8, 1956, a final audit (covering operations for the period of September 25, 1952, to February 27, 1956) was made ***." This is obviously an erroneous statement and, accordingly, the acceptance and release of the report is being held in abeyance pending your submission of a revised page 1.

From a study of your report and the docket file it appears that your actual site audit covered a period of operations ending in the latter part of the calendar year 1955, but that your report covers not only your site audit findings but also the review of subsequent property disposition and a February 1956 MF-104 claiming costs incident to the removal of the project equipment. Accordingly, the date "February 27, 1956" should be changed to the actual closing date of the period covered by your site audit and a second sentence should be added to the first paragraph stating, in effect, that the report also includes the review of a subsequent Form MF-104 and disposition of project property.

In the sixth line of page 13 of the report a reference is made to the "February, 1955, Form MF-104". We have changed this reference on the Washington copies to "February, 1956, Form MF-104". Please correct all regional copies accordingly.

Upon preparation and submission of a revised page 1 for this report normal distribution of the regional copies of the report and certificate is authorized without further advice from this Division.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

EDTalbert/wb
April 3, 1956

Copy to: Docket
Admr. Reading File
Mr. Chambers

RECEIVED
APR 9 - 1956

AUDIT REPORT

I. INTRODUCTION

On February 6, 7 and 8, 1956, a final audit (covering operations for the period of September 25, 1952, to February 27, 1956) was made of the records and transactions pertaining to Exploration Project Contract No. Idm-E406, Docket No. DMEA-2654, dated September 25, 1952, including Amendments Nos. 1 to 4, inclusive, with the:

McRae Tungsten Corporation
Stibnite, Idaho

covering a project for the exploration of tungsten on property known as the Red Bluff Group of Claims, located in the Big Creek Mining District, Valley County, State of Idaho.

The original records under this contract were maintained by and were in the custody of Robert J. McRae, president of the corporation, and were located in Mr. McRae's home, 1704 Gourley Street, Boise, Idaho.

Mr. J. A. Bardill, Mining Engineer, U. S. Bureau of Mines, and member of the Region I Northwest District Field Team, was available for consultation as required. Mr. McRae also rendered valuable assistance during the audit.

II. GENERAL INFORMATION ON RECORDS

The general records of the company consisted of the items of original entry, namely; payroll records, vendors' invoices, bank statements, cancelled bank checks and the various monthly and quarterly reports rendered to the State and Federal Governments pertaining to labor, income tax and workmen's compensation insurance. Work sheets were also available on which certain labor and supplies were prorated and allocated to the exploration project and the Operator's other mining activities.

Labor and supply items were paid by checks drawn on the Idaho First National Bank, McCall, Idaho. Checks were signed by Robert J. McRae and Harry M. Sargent.

The Operator's Monthly Report and Voucher Forms MF-104 were prepared by and signed by Robert J. McRae, president of the corporation.

The actual on-site audit was preceded by a considerable amount of pre-audit analysis and preparatory work in Spokane, Washington, office of the DMEA.

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

APR 2 1956

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

Re: Docket No. DMEA-2654
Contract No. [illegible]
Maine Tungsten Corporation

Dear Mr. Turner:

In your letter of April 25, 1956, submitting a revised page 1 for your audit report covering the referenced project, you request advice as to the proper method of specifying the period covered in future audits.

The method used in your revised introduction is acceptable. Another method is shown in the example of an audit report and certificate included in the manual of Audit Procedure for Exploration Work Under DMEA Exploration Contracts. (See the first paragraph on pages 49, 50 and 51 of the manual.)

The only requirement with respect to stating the period covered by an audit is that such statement be factual. Obviously the introductory statement, as presented in your original draft of page 1 (that on February 6, 7 and 8, 1956, you made an audit of operations through February 27, 1956), was erroneous. Furthermore, the appearance of such an impossible condition in the very first sentence of an audit report would tend to raise questions as to the correctness of the report in other particulars.

Sincerely yours,

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

EDTalbert/wb
April 27, 1956

Copy to: Docket
Admr. Reading File
Mr. Chambers

QUINTUPLICATE

STANDARD FORM 201 (Formerly Cert. of Deposit, Form 1)
Promulgated Oct. 1949 by Treasury Dept., Fiscal Service

LETTER OF TRANSMITTAL

Portland, Oregon

DEPOSIT NO.
14-23-020-292

$ 863.94

For credit of 420, Division of Disbursement, 523 Y.S. Courthouse, Portland 5, Oregon (Name, title, and disbursing or other identification symbol of accountable officer) 1/17/56 (Date sent)

deposited with Federal Reserve Bank of San Francisco, Portland Branch (Name and location of depositary) Portland, Oregon

for accounts listed below. SCHEDULE NOS.

ACCOUNT SYMBOL	TITLE OF ACCOUNT TO BE CREDITED	AMOUNT
14X4401		$863.94

(Depositor will insert below his name, title, Department or Agency concerned, and his address)

Defense Minerals Exploration Administration
c/o Bureau of Mines
P. O. Box 492
Albany, Oregon

TO ABOVE-NAMED BANK OR TO TREASURER U. S.:

Herewith you will receive the deposit described above. Please observe the distribution printed on each accompanying copy of Standard Form 201.

(Depositor)

DEPOSITARY WILL RETAIN THIS COPY

16—59686d-1 GPO

Check No. 1101, dated [illegible]/11/56
Amount - $603.75
From: Starline Equipment Co.
Contract E406, McRae Tungsten Corp.
Property proceeds

Check No. 7778, dated 1/11/56
Amount - $64.04
From: United States Smeltin, Refining. & Mng.
Contract E728, Sowers and Johnson
Royalty receipt

Check No. 73802, dated 12/14/55
Amount - $76.30
From: American Smelting & Refining Co.
Contract E651, Centrida Mines, Inc.
Royalty receipt

Check [illegible] 73949, dated 12/21/55
Amount [illegible] $51.64
From: American Smelting and Refining Co.
Contract E651, Centrida Mines, Inc.
Royalty receipt

Check No. 73997, dated 12/23/55
Amount - $29.16
From: American Smelting and Refining Co.
Contract E651, Centrida Mines, Inc.
Royalty receipt

Check No. 74212, dated 12/28/55
Amount - $39.05
From: American Smelting and Refining Co.
Contract E651, Centrida Mines, Inc.
Royalty receipt

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

APR 6 1956

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

Re: Audit Report
Nelson Tungsten Corporation
Idm-2406, DMEA-2654

Dear Mr. Turner:

The introductory sentence of the copies of your recently submitted Final Audit Report for the referenced project states "On February 6, 7 and 8, 1956, a final audit (covering operations for the period of September 25, 1952, to February 27, 1956) was made ...." This is obviously an erroneous statement and, accordingly, the acceptance and release of the report is being held in abeyance pending your submission of a revised page 1.

From a study of your report and the docket file it appears that your actual site audit covered a period of operations ending in the latter part of the calendar year 1955, but that your report covers not only your site audit findings but also the review of subsequent property disposition and a February 1956 NF-104 claiming costs incident to the removal of the project equipment. Accordingly, the date "February 27, 1956" should be changed to the actual closing date of the period covered by your site audit and a second sentence should be added to the first paragraph stating, in effect, that the report also includes the review of a subsequent Form NF-104 and disposition of project property.

In the sixth line of page 13 of the report a reference is made to the "February, 1955, Form NF-104". We have changed this reference on the Washington copies to "February, 1956, Form NF-104". Please correct all regional copies accordingly.

Upon preparation and submission of a revised page 1 for this report normal distribution of the regional copies of the report and certificate is authorized without further advice from this Division.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

EDTalbert/wb
April 3, 1956

Copy to: Docket
Admr. Reading File
Mr. Chambers

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

MAR 2 0 1956

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

AIR MAIL

Re: Docket No. DMEA-2654 (Tungsten)
Mohaw Tungsten Corporation
Red Bluff Claims
Valley County, Idaho
Contract No. Idm-2406

Dear Mr. Turner:

By letter dated March 16, 1956, you requested advice as to whether or not the reasons, as presented by the Field Team in a letter to you under date of March 15, 1956, constitute adequate justification for considering the labor costs of the referenced project as being reasonable during the period of October 1953 to January 1954.

The reasons presented in the Field Team's letter to you are essentially the same as those given by Mr. Weissenborn in a discussion of this project during his recent visit to the Washington office. It was agreed that such reasons adequately justified the acceptance of the labor costs for the period in question.

The original of the Field Team's letter should be filed with your audit working papers and your audit report should state that during the course of the audit the acceptance of the higher costs was questioned but that the Field Team advised that the costs were justified for the several reasons stated in the second, third, and last paragraphs of their letter.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

EDTalbert/wb
March 20, 1956

Copy to: Docket
Admr. Reading File
Mr. Weissenborn
Mr. Selfridge
Mr. Martin
Mr. Chambers

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
1201 N. Division St.
Spokane 2, Washington

RECEIVED
MAR 19 1956

March 16, 1956

Air Mail

Mr. Jay L. Chambers, Chief
Contract Administration and Audit Division
Defense Minerals Exploration Administration
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA-2654 (tungsten)
McRae Tungsten Corporation
Red Bluff Claims
Valley County, Idaho
Contract No. Idm-E406

Dear Mr. Chambers:

I have reference to your letter dated March 6, 1956 regarding the retroactive disallowance of the drifting labor. This was discussed further with the Field Team and they have written a letter (copy attached) in which they are furnishing adequate justification for considering the higher labor costs for the period of October 1953 to January 1954 as being reasonable.

Will you please advise me as soon as possible whether or not this letter is adequate justification.

Sincerely yours,

C. A. Turner, Auditor

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

1201 N. Division St.
Spokane 2, Washington

RECEIVED
MAR 19 1956

March 15, 1956

Mr. C. A. Turner
DMEA Auditor, Region I
1201 N. Division Street
Spokane 2, Washington

Re: Docket No. DMEA-2654 (tungsten)
McRae Tungsten Corporation
Red Bluff Claims
Valley County, Idaho
Contract No. Idm-E406

Dear Mr. Turner:

Following are the reasons for the Field Team's decision not to request retroactive disallowances for direct labor exceeding $9.68 per foot on work done prior to February 1954.

Crosscutting at the project started on October 27, 1953 under adverse winter weather conditions which continued into January 1954. This, in addition to the organizational difficulties of starting a project in a remote location, would naturally increase the labor costs during the starting period.

The Field Team recognized that the labor costs during the starting period would be higher than normal and considers these costs to be reasonable under the circumstances, but beginning in February 1954 the Operator should have had the work well organized which would result in lowering the labor costs.

To forestall the eventuality of continued high labor costs the Field Team informed the Operator on April 15, 1954 that the Government would not participate in such costs exceeding $9.68 per foot unless the Operator could submit acceptable evidence that the higher costs were due to unusually difficult operating conditions.

Thus, by reducing the labor costs (all labor except cook's wages) to $9.68 per foot for the footage remaining on February 1, 1954, the average costs of drift labor would be reduced to about $13.00 per foot for the entire job which compares favorably with

the average of $12.93 per foot for labor attained at the Snowbird project (Contract No. Idm-E133) in the same area and under the same conditions. This labor cost is reasonable for the job.

By Field Team, Region I, NW District

Wing G. Agnew, Acting Exec. Officer
U. S. Bureau of Mines

Verne C. Fryklund, Jr., Acting Member
U. S. Geological Survey

cc: DMEA (3)
USGS (2)
USBM (AD)

Mr. Chambers

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

MAR - 6 1956

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

Re: Docket No. DMEA-3654 (Tungsten)
Mahoe Tungsten Corporation
Red Bluff Claims
Valley County, Idaho
Contract No. Ida-8406

Dear Mr. Turner:

Receipt is acknowledged of your two letters of February 29, 1956, one of which pertains to excessive direct labor costs of drifting and crosscutting and the other to the cost of a building, as claimed by the Operator of the referenced project.

Under the provisions of the project contract the costs in which the Government will participate are limited to the actual, necessary and reasonable direct costs of performing the exploration work. Operating Committee Memorandum No. 11, dated October 17, 1952, specifies that "It is the responsibility of the Field Team representative to ascertain, in general, that the charges of the operator are reasonable."

In accordance with this responsibility the Field Team determined and advised the Operator by letter dated April 15, 1954, that a reasonable direct labor cost should not exceed $9.68 per foot of drift and crosscut and all such costs in excess of that amount would be deleted. This determination apparently was based on the memoranda of March 23, 1954, and April 14, 1954, addressed to the Field Team by S. W. Zoldok, Mining Engineer, as commented upon in the penultimate paragraph of my letter of February 17, 1956.

By letter dated February 27, 1956, the Field Team now advises you that "It was not the intention of the Field Team to make these disallowances retroactive, but that they should be made beginning with the February 1954 voucher." This decision appears to be inconsistent with Mr. Zoldok's findings that the average labor costs, including both direct and indirect labor, averaged $20.82 per foot through January, 1954, and $17.94 per foot during February, 1954. The basis for determining that the costs for February, 1954, were not reasonable, whereas the apparently higher prior costs were reasonable, is not understood.

It is always the desire of this Division to have its audit findings concur with the recommendations of the Field Team. To do so, however, in this instance without an adequate justification would place you as the auditor, as well as this Division, in a most untenable

position. Therefore this matter should be discussed further with the Field Team and the suggestion should be made that they either (1) concur with the limitation on direct labor costs of $9.68 per foot of advance being retroactively applied to the costs of work prior to February, 1954, or (2) furnish an adequate justification for considering the higher labor costs for that period as being reasonable under the provisions of the contract.

With regard to the Operator's charge for $200.00 for the building, which was discussed in the antepenultimate paragraph of my letter of February 17, 1956, there appears to be no justification for accepting this item as an actual, necessary and reasonable direct cost of the project. Although the contractual estimates included $200.00 for the 14'x16' prefabricated house to be transferred at that valuation from the property acquired under the provisions of another contract (Idm-2133, Docket No. DSEA-864), the records indicate that the building was not moved to the project site. In fact, in a letter dated August 13, 1953, the Operator advised the Field Team that "The house transferred from the Snowbird is ¼ mile airline from the Red Bluff project and 10 miles by road and cannot be used in connection with Red Bluff."

You state in your letter that "The Operator feels that the Government should participate in this $200.00 item on one contract or the other." You also advise that "The Operator included in his bid for the equipment and supplies an item of $60.00 for the building, which was accepted by the Field Team." Under the prior contract (Idm-2133) the Government contributed to a net cost for this building of $1,246.65 (a cost of $1,446.65 less salvage value of $200.00) in accordance with the contract provision (Art. 5) that "The difference between the cost of such additional facilities, buildings, or fixtures and the salvage value thereof at the conclusion of the work shall be charged as a cost of the project ****." Although the later contract (Idm-2406) permitted the transfer of this building to the new project at the salvage value of $200.00, the building was neither transferred nor used for the purposes of the contract and, therefore, cannot be considered an actual, necessary direct cost of the work for contribution by the Government. As the Government may not contribute to the $200.00 cost under this contract, it follows that the Government has no interest in this building and the Field Team's acceptance of the Operator's bid of $60.00 is without force or effect.

The original of the Field Team's letter, addressed to you under date of February 27, 1956, is returned herewith for retention with your audit work papers.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

Enclosure-1

EDTalbert/wb
March 5, 1956

Copy to: Docket
Admr. Reading File
A. E. Weissenborn (2)
Mr. Selfridge
Mr. Martin
Mr. Chambers

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
1201 N. Division Street
Spokane 2, Washington
February 29, 1956

RECEIVED
MAR - 8 1956

Mr. Jay L. Chambers, Chief
Contract Administration and Audit Division
Defense Minerals Exploration Administration
Department of the Interior
Washington 25, D.C.

Re: McRae Tungsten Corporation
Contract No. Idm-E406
Docket No. DMEA-2654

Dear Mr. Chambers:

Attached is copy of the Field Team's letter of February 27, 1956, having reference to the disallowance of direct labor costs of drifting and crosscutting.

Since the Field Team has determined that the direct labor costs of drifting are excessive and that a disallowance is to be made of the excess on future claims, it seems to me that they would have to make the disallowance retroactive.

I don't know just how much authority the Field Team has in cases like this and I would like to know.

Yours very truly,

C. A. Turner, Auditor

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
1201 N. Division St.
Spokane 2, Washington
February 27, 1956

RECEIVED
MAR - 2 1956

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

Re: Docket No. DMEA-2654 (tungsten)
McRae Tungsten Corporation
Red Bluff Claims
Valley County, Idaho
Contract No. Idm-E406

Dear Mr. Turner:

This letter will clarify the matter of deleting all direct labor costs for drifting and crosscutting that exceeded $9.68 per foot and which was the subject of a Field Team letter to the Operator dated April 15, 1954.

Mr. Jay L. Chambers, Chief, Contract Administration and Audit Division, in his February 17, 1956 letter to you, brought up the question of a retroactive disallowance. It was not the intention of the Field Team to make these disallowances retroactive, but that they should be made beginning with the February 1954 voucher.

By Field Team, Region I, NW District

A. E. Weissenborn, Executive Officer
U. S. Geological Survey

Wing G. Agnew, Member
U. S. Bureau of Mines

cc: DMEA (2)
USGS (2)
USBM (AD)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
1201 N. Division Street
Spokane 2, Washington
February 29, 1956

RECEIVED
MAR - 2 1956

Mr. Jay L. Chambers, Chief
Contract Administration and Audit Division
Defense Minerals Exploration Administration
Department of the Interior
Washington 25, D.C.

Re: McRae Tungsten Corporation
Contract No. Idm-E406
Docket No. DMEA-2654

Dear Mr. Chambers:

The McRae Tungsten Corporation under Exploration Project Contract No. Idm-E133, Docket No. DMA 864, constructed a shop building costing $1,446.65.

Mr. Hull's audit report dated December 18, 1953 indicates the following:

Cost of building	$1,446.65
Transfer to contract No. Idm-E406	200.00
Allowable cost Contract No. Idm-E133	$1,246.65

The Government participated in the costs of $1,246.65 under contract No. 133 and the balance of $200.00 was transferred to the Operator's October 1952 Form MF-104, Category No. 5, Contract Idm-E406 by the Spokane office of DMEA.

The building was not moved from the original site to Exploration Project Idm-E406. The Operator by letter dated August 13, 1953 to the Executive Officer indicated that it was not practical to move the building to the tunnel site as a shop building.

The building was used in 1952 by the road crew and as a storage shed and dwelling in 1953 and 1954.

The Operator feels that the Government should participate in this $200.00 item on one contract or the other.

The Operator included in his bid for the equipment and supplies an item of $60.00 for the building, which was accepted by the Field Team.

What is your opinion?

Yours very truly,

C. A. Turner, Auditor

File Chamberlin

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

FEB 17 1956

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

Re: Idaho Tungsten Corporation
Contract No. Idm-2406
Docket DMEA-2654

Dear Mr. Turner:

By letter dated February 14, 1956, you request advice as to whether labor provided by the Operator in connection with road building and preparation of drill sites may be considered as allowable cost under the referenced contract.

Although the contract provided that this Stage I work would be done under independent contracts, an equitable settlement would seem to require the allowance of the labor costs incurred by the Operator provided that (1) the hourly costs for the independent contractor plus the additional labor did not exceed the contractual maximum of "$15.00 per working hour, including wages of an Operator, fuel, lubrication, transportation, repairs and all other costs," (2) the allowable maximums of $2,500.00 and $300.00, respectively, for road construction and drill site preparation are not exceeded, and (3) the work and the costs thereof are otherwise acceptable under the terms of the contract.

With regard to proviso (3) it should be noted that this contract contains the usual stipulation that "No items of **** 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." A review of the docket file on this project indicates the probability that the road and drill site work was performed prior to the date of contract (September 25, 1952).

A copy of a letter dated August 27, 1952, from the Operator to Senator Walker states, in part, "In order to accomplish the drilling program before snow comes we have been forced to build a road to the property and let the diamond drill contract at our own expense."

Furthermore, a memorandum to the Field Team from John A. Ketcher, Mining Engineer, under date of September 22, 1953, contains the statement that "All of the drilling to date was done prior to the execution of the contract and the cost and payment disallowed, so the

drilling was not vouchered by the Operator," and J. D. Hardill's justification for Amendment No. 4 to the contract recites that "Operator completed the diamond drilling provided under Stages I and II at company expense prior to the effective date of the contract ****." It would appear that, if the Stage I drilling was completed prior to the date of the contract, the access road and drill sites preparatory to the drilling also must have been completed.

In reviewing the Forms MF-104 another questionable charge has been noted. The Operator has claimed $349.32 under category (5) Initial Rehabilitation and Repairs, whereas the contract as amended authorized an allowable maximum of $150.00 for rehabilitating of compressor under this category. It appears, however, that $200.00 of the claimed amount is actually the valuation of a 14'x16' bunkhouse authorized under category (6) New Buildings, Improvements and Installations for transfer from another project (Contract Ida-E133). That this item may be a "necessary" cost of the project is questioned because the Operator in a letter dated August 13, 1953, to the Executive Officer stated "You asked if the 12x12 compressor house proposed in my letter was to be in addition to the 14x16 house transferred from the Snowbird (DMRA-364). The house transferred from the Snowbird is 1/4 mile airline from the Red Bluff project and 10 miles by road and cannot be used in connection with Red Bluff."

Another matter which should be given particular attention in the audit of this project is the reasonableness of the costs claimed for drifting and crosscutting. In a memorandum to the Field Team under date of March 23, 1954, S. W. Zoldak, Mining Engineer, stated that the costs "are believed to be excessive" and, in a table attached, indicated that the labor costs averaged $20.82 per feet through January 1954. In another memorandum dated April 14, 1954, Mr. Zoldak advised the Field Team that the labor costs for February 1954, amounted to $13.56 per feet for direct labor and $4.38 per feet for indirect labor, and recommended that the Government participate in the direct labor costs only to the extent of $9.68 per feet. By letter dated April 15, 1954, the Field Team advised the Operator that all direct labor costs exceeding $9.68 per feet would be deleted. Such disallowances apparently were made on all vouchers paid thereafter; however, a review of our MF-104 file does not establish definitely that a retroactive disallowance was effected.

In view of these questionable matters, your audit report should be most specific in the findings related thereto and should include appropriate refutations or concurrences with the facts or implications.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

EDTalbert/wb
Febmuary 17, 1956

Copy to: Docket
Admr. Reading File
Mr. Chambers

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25 EXEX~~
1201 N. Division Street
Spokane 2, Washington
February 14, 1956

RECEIVED
FEB 16 1956

Mr. Jay L. Chambers, Chief
Contract Administration and Audit Division
Defense Minerals Exploration Administration
Department of the Interior
Washington 25, D.C.

Re: McRae Tungsten Corporation
Contract No. Idm-E406
Docket DMEA 2654

Dear Mr. Chambers:

The McRae Tungsten contract No. Idm-E406, under Stage I, provides in part the following:

(1) Independent Contracts	
One mile of access road	$2,500.00*
Prepare 6 diamond drill sites	200.00*
	$2,700.00
(2) Labor, Supervision, Consultants	
Engineer supervisor	$ 600.00
Cook	300.00
	$ 900.00

The Operator engaged a contractor to build the road and prepare the drill sites paying him for 177 hours @ $12.50 per hour, or $2,212.50. The Operator also provided a helper, paying him $462.25.

Do you consider this additional labor an allowable cost considering the way this contract is written?

Yours very truly,

C. A. Turner, Auditor

P. S. Mr. Weissenborn expects to be in Washington February 17.

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. W

Vou. No. 1761

U. S. _____
(Department, bureau, or establishment)

Voucher prepared at Spokane 4/27/56 (Give place and date)

THE UNITED STATES, Dr., Payee's Account No. Idm-E406

RECEIVED MAY 7 - 1956

To McRae Tungsten Corporation (Payee)

1704 Gourley Street (Address) Boise (City) Idaho (State)

PAID BY

(For use of Paying Office)

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.
	Aug. 1955	Balance withheld under Voucher #1666 paid 12/12/55				4,035.00	
	Feb. 1956	MF-104 dated 2/7/56 after audit adjustments and salvage proceeds credit				(1,172.95)	
		Plus check received from Starline Equipment Co. for salvage				603.75	
		Use continuation sheet(s) if necessary			Total	3,465.80	

PAYMENT:
Complete ☐
Partial ☐
Final ☐

Shipped from to Weight Government B/L No.

(Payee must NOT use this space)

Differences

Account verified; correct for
(Signature or initials) MAP

3,465.80

Contract No. Date Req. No. Date Invoice Rec'd.

MEMORANDUM

ACCOUNTING CLASSIFICATION (For completion by Administrative Office)

Appropriation, limitation, or project symbol	Appropriation title	Limit'n. or Proj't. Amount	Appropriation Amount

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

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

16—22900a-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—22900a-2

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

Budget Bureau No. 42-R1036.5

RECEIVED
MAY 5 - 1956

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

Month of February, 1956 Docket No. DMEA 2654 Contract No. IDM-E406
Operator's Name McRae Tungsten Co. Minerals Tungsten
Address 1704 Gourley St. Boise, Idaho
Contract Amount, $53,800.00 Government Participation: 75 % Amount, $40,350.00

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		5171.87	5171.87		5171.87	5171.87
Bulldozing		2200.00	2200.00	11.73	2200.77	2212.50
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor		5433.22	5433.22	[illegible]	5433.22	5267.99
Supervision	310.00	2830.00	3140.00	[illegible]	2830.00	2700.00
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber		281.66	281.66	[illegible]	281.66	268.36
Explosives		832.72	832.72		832.72	832.72
Pipe		137.24	137.24		137.24	137.24
Track Fuel Gas		806.22	806.22		806.22	806.22
Steel and Bits		628.17	628.17	6.33	628.17	634.50
Misc.		334.56	334.56	89.69	334.56	424.25
(4) Operating Equipment:						
Rental		233.13	233.13	233.13	233.13	—o—
Purchase		2360.00	2360.00	233.13	2360.00	2593.13
Depreciation		206.71	206.71	[illegible]	206.71	89.57
(5) Initial Rehabilitation and Repairs		349.32	349.32	[illegible]	349.32	149.32
(6) New Bldgs., Improvements, etc.		913.13	913.13		913.13	913.13
(7) Miscellaneous:						
Repairs to Equipment		260.15	260.15	1.07	260.15	261.22
Sampling and Analysis	40.00	232.50	272.50	40.00	232.50	272.50
Payroll Taxes	14.57	380.10	394.67	13.82	380.10	393.92
Liability Insurance	9.85	471.37	481.22	17.03	471.37	488.40
Snow Removal		800.30	800.30	120.57	800.30	920.87
Freight on Compressor	36.05	36.05	36.05	36.05		36.05
(8) Contingencies (specify):						
Salvage proceeds				[illegible]		[illegible]
Totals	410.47	24,863.14	25,273.61	[illegible]	24863.14	

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

Date 2/7/56 *Payee McRae Tungsten Corp

Per Robert J McRae Title President

*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)

adjusted to final audit report

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:
1199.98

$ —o—

Signature M A P
(Authorized Certifying Officer)

Date 4/27/56 Vou. No. 1761
(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. E406 in accordance with the terms of the contract.

Signature 151 John D Bardiel Title Metallurgist Date 4/25/56

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature 151 A. E. Weissenborn Title Exec Officer Date 4/25/56

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MEE-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

RECEIVED
MAY 5 - 1956

Month of Feb. 195 6 Docket No. DMEA [illegible] Contract No. [illegible]
Operator's Name McRae Tungsten Corp.
Address [illegible] Idaho
Minerals Tungsten
40,350.00

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	Ft			10,986.94	295	35.87	300	
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core	Ft			5,191.07	2064	5.152		8.00
Churn								
Auger								
Stripping Project				36.05				
Trenching Assay				150.00				
Test Pits								
Roads and Trails				2,500.00				
[illegible]				300.00				
TOTAL DISTRIBUTED COSTS								TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased				2,300.00				
Initial Rehabilitation and Repairs				200.00				
New Buildings, Improvements, etc.				913.12				
				3,207.62				
TOTAL COSTS				25,223.01				

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 2/7/56 Operator McRae Tungsten Corp
Per Robert J. McRae Title President

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)

151 John D Bardill

INSTRUCTIONS

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

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

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

GPO 872894

RECEIVED
- 1956

FINAL PROGRESS REPORT

DMEA 2654
Contract IDM E-406

Red Bluff

This report covers all activity up to the final audit of the subject contract.

During September, November, December 1955, maps, logs, and sampling and assaying of cores was completed. In December a final report was made up and this has been accepted. In January the jointly owned equipment and buildings were disposed of by competitive bids. During the first week in February the final audit was initiated. When the audit is completed it would appear the contract can be closed.

The accompanying voucher covers mostly supervision in the preparation of final maps, samples, reports, sale of equipment and final audit. The four days of supervision back in May. 1954 were for the preparation of final maps, reports, etc. on Stage III of the contract.

No production is planned from the Red Bluff property in the near future. There will be production from the Snowbird starting in June, 1956.

Robert J. McRae

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED DEC 16 1955

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of August, 1955 Docket No. DMEA 2654 Contract No. Idm-2406
Operator's Name McRae Tungsten Corp. Minerals Tungsten
Address 1704 Courtley St. Boise, Idaho
Contract Amount, $ 53,800.00 Government Participation: 75 % Amount, $ 40,350.00

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 5171.87	5171.87		5171.87	5171.87	— o —	5171.87
Bulldozing		2200.77	2200.77		2200.77	2200.77
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor		5433.22	5433.22		5433.22	5433.22
Supervision	600.00	2230.00	2830.00	600.00	2230.00	2830.00
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber		281.66	281.66		281.66	281.66
Explosives		832.72	832.72		832.72	832.72
Pipe		137.24	137.24		137.24	137.24
Track		806.22	806.22		806.22	806.22
Fuel gas		628.17	628.17		628.17	628.17
Steel and bits		334.56	334.56		334.56	334.56
Misc						
(4) Operating Equipment:						
Rental		233.13	233.13		233.13	233.13
Purchase		2360.00	2360.00		2360.00	2360.00
Depreciation		206.71	206.71		206.71	206.71
(5) Initial Rehabilitation and Repairs		349.32	349.32		349.32	349.32
(6) New Bldgs., Improvements, etc.		913.13	913.13		913.13	913.13
(7) Miscellaneous:						
Repairs to Equipment		260.15	260.15		260.15	260.15
Sampling and Analysis		232.50	232.50		232.50	232.50
Payroll Taxes	28.20	351.90	380.10	28.20	351.90	380.10
Liability Insurance	15.00	456.37	471.37	15.00	456.37	471.37
Snow removal		800.30	800.30		800.30	800.30
(8) Contingencies (specify):						
TOTALS	5815.07	19,048.07	24,863.14	5815.07	19,048.07	24,863.14

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

Date Sept 9, 1955 *Payee McRae Tungsten Co.

Per Robert J. McRae Title President

*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)

4 361.30
withheld 4 035.00
326.30

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

$ 326.30

Signature M. G. P.
(Authorized Certifying Officer)

Date 12-13-55 Vou. No. 1666
(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 406 in accordance with the terms of the contract.

Signature 151 Stephen W Zoldok Title Mining Engr Date 12-12-55

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature 151 Stephen W Zoldok Title Mining Engr Date 12-12-55

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.

Form MF-104A
(April 1962)

19[illegible] Dr[illegible]ing Only

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
DEC 16 1955

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of August 1955 Docket No. DMEA 2654 Contract No. Idm-E406
Operator's Name McRae Tungsten Co. Minerals Tungsten
Address 1704 Courtney St. Boise, 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								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core	ft	$5171.87	1004	$5171.87	1004	$5.151		$6.00
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs								Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Supervision and P/R		$643.20		$643.20				
Taxes		$5815.07		$5815.07				

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

Date Sept. 8, 1955 Operator McRae Tungsten Co.

Per Robert J. McRae Title President

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

(Instructions on reverse)

Remarks:

(For Government use only)

/s/ Stephen W Goldok.

INSTRUCTIONS

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

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

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

GPO 872894

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Bearing - West RED BLUFF MINE

Inclination - 45° Hole P 1

Elevation - 8036 ft.

FOOTAGE	DESCRIPTION	PER CENT CORE REC.	CORE SIZE
0' - 5'	Aplitic Quartz, Pyrites, some Sulphides	95%	B X
14.5' - 18'	Aplitic Quartz Alteration weak in minerals	30%	B X
18' - 20'	Appears same as above	05%	B X
20' - 21.5'	Appears same as above	15%	B X
21.5' - 23'	Appears same as above	85%	B X
23' - 30'	Schistose Sediments some sulphides	65%	A X
30' - 43'	Igneous, rhyolite	95%	A X
43' - 53'	Sheared Silicified Schistose some sulphides	80%	A X
53' - 55.5'	Quartz trace hubnerite at 54', Pyrite, Galena, Fluorite	95%	A X
55.5' - 64'	Metamorphic Sulphides, pyrites - abundant sulphides	75%	A X
64' - 70.5%	Same as 55.5' to 64'	60%	A X
70.5' - 122'	Metamorphics with bands pf Aplite, Pyrite, Galena, Sphalerite, Fluorite	85%	A X

End of Hole 122'

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DEC 16 1955

Bearing - West RED BLUFF MINE

Inclination - 45° Hole No. P 2

Elevation 8030 ft.

Footage	Description	Per Cent Core Rec.	Core Size
0' 17'	Broken dike material	65%	B X
17' - 25.5'	Brecciated Quartz, Dark Sulphide Assay Av A6 WO_3	75%	A X
25.5' - 38'	Quartz, some pyrites, fine sulphides possible fluorites	50%	A X
38' - 44'	Quartz, some pyrites and sulphides	66 2/3%	A X
44' - 47'	Aplitic Quartz, pyrite, flourite	85%	A X
44' - 77.5%	Aplitic material with sulphides	80%	A X
77.5' - 84'	Quartz, pyrites, fluorites	85%	A X
84' - 86'	Quartz, strong sulphides	95%	A X
86' - 88.0'	Quartz	70%	A X
87.8' - 104'	Rhyolite Dike	75%	A X
104' - 112'	Dark Sheared Quartz very strong in sulphides, pyrites, fluorites	60%	A X
112' - 114'	Vein Quartz, Sulphides	25%	A X
114' - 117'	Vein Quartz, Sulphides	75%	A X
117' - 131'	Vein Quartz, Sulphides (116' - 131' some Hubnerite)	95%	A X
131' - 136'	Quartz, weak sulphides, pyrites	95%	A X
136' - 142'	Aplite, sulphides	95%	A X
142' - 143'	Quartz included schist		
143' - 146'	Aplite and included schists with pyrites	96%	A X

Bearing - West RED BLUFF MINE

Inclination - 45°

Elevation 8030 ft.

RECEIVED
DEC 16 1955

FOOTAGE	DESCRIPTION	PER CENT CORE REC.	CORE SIZE
146' - 153.5'	Aplite and included schists with pyrites, but less pyrites	65%	A X
153.5' - 158.5'	Aplite and schist, quartz pyrites	65%	A X
158.5' - 162'	Altered Aplite	45%	A X
162' - 184.5'	Schist, some alteration, some pyrites	95%	A X
184.5' - 197'	Pyritic Schist	50%	A X

End of Hole 197'

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DEC 16 1955

Bearing -- West RED BLUFF MINE

Inclination -- 45° Hole No. P 3

Elevation -- 8087 ft.

FOOTAGE	DESCRIPTION	PER CENT CORE REC.	CORE SIZE
0 - 12'	Rhyolite	75%	B X
12' - 101'	Altered Dacite Dike	80%	A X
101' - 109'	Rhyolite Dike	80%	A X
108'4" - 112'	Dark Silicified Metamorphics	95%	A X
112' - 119'	Vein Quartz and Hubnerite	90%	A X
119' - 124'4"	Vein Quartz Bands and Hubnerite	90%	A X
124'4" - 125'4"	Quartz vein with Hubnerite	98%	A X
125'4" - 128'	Quartz, Limonite, Fluorite, Trace Hubnerite	98%	A X
128' - 131'	Aplitic Quartz	80%	A X
131' - 135'	Hubnerite vein in good quartz - 2.5% WO_3		
135' - 140'6"	Metamorphic quartz some sulphides, oxidization	75%	A X
144' - 146'	Metamorphic and Quartz Bands Hubnerite malybdenite	75%	A X
146' - 163'	Aplitic Quartz	40%	A X
163' - 169'	Aplite and Pyrite	85%	A X
169' - 176'	Silicified Sediments - quartz pyrites, fluorite	85%	A X
176' - 186'6"	Aplite, some pyrites - moly.	95%	A X

End of Hole 186' 6"

RECEIVED
DEC 16 1955

Bearing - West RED BLUFF MINE

Inclination - 45°

Elevation - 8110 ft. Hole P 4

FOOTAGE	DESCRIPTION	PER CENT CORE REC.	CORE SIZE
0' - 10'	Dike rock Dacite	90%	B X
10' - 78'	Dike rock Dacite	90%	A X
78' - 86'	Altered and fractured	50%	A X
86' - 99'	Dike, some quartz		
99' - 105'	Altered Aplitic Rock	30%	A X
105' - 115'	Vein Quartz, Sulphides	20%	A X
115' - 149'	Aplite, Quartz, Sulphides	35%	A X

End of Hole

Bearing - S 70° W RED BLUFF MINE

Inclination - 45° Hole P 6

Elevation - 8065 ft.

RECEIVED
DEC 16 1955

FOOTAGE	DESCRIPTION	PER CENT CORE REC.	CORE SIZE
0 - 295	Dacite Dike	80%	A X
295 - 349	Aplite mixed with sediments, some sulphides, no hubnerite	70%	A X

End hole 349 ft.

RECEIVED
DEC 16 1955

PROGRESS REPORT FOR AUGUST 1955

D.M.E.A. 2654
CONTRACT I D M E-406

RED BLUFF

COPY

The drilling program on the Red Bluff got under way during the first week in August and finished on August 31. Nichols and Thompson were engaged to do the drilling on a shift basis. The rate agreed upon was $125.00 per 8 hour shift.

During the month 5 holes were drilled totaling 1004 feet. The locations are plotted on the plan map. The actual drilling cost came to $5.151 per foot with supervising engineer and payroll taxes $643.20. Total cost $5.791 per foot. Later there will be some charges for assaying and analysis.

There are core logs accompanying this report. The core has not yet been split for assaying.

The drilling results are briefly described. Holes P - 1 and P - 4 were drilled on either end of the ore shoot to check on the length of the shoot at some depth. Both found the ore structure but tungsten mineralization was sparse.

Hole P - 2 cut the ore structure but the tungsten mineralization in this hole was also weak.

Hole P - 3 cut the ore structure with 4 to 5 feet of good grade and 18 to 20 additional feet containing hubnerite.

Hole P - 6 was drilled to cut the zone deeper than any previous holes. Since P - 3 found ore hole P - 6 was directed to cut under P - 3 by 60 to 70 feet. It was believed that P - 6 might show up a possible south rake to the ore shoot. Hole P - 6 started in dacite and continued in dacite for 297 feet.

This situation indicates a shift in the west wall of the dacite by over 100 feet. Whether this represents a fault displacement or a flattening of the dip of the dacite toward the west cannot be determined. At least the position of the west wall of the dike is considerably out of its normal position. The last 50 feet of P - 6 was in aplitic material but it did not show any tungsten mineralisation.

As soon as time permits some of the core will be split for assay. Sections will also be worked up on the holes.

COPY

LARGE FORMAT DOCUMENTS AT END OF FILE

DEC 1 0 1955

XXXXXXXXXXXXXXXXXXX
1201 N. Division St.
Spokane 2, Washington
December 9, 1955

Mr. Robert J. McRae, President
McRae Tungsten Corporation
1704 Gourley Street
Boise, Idaho

Re: Docket No. DMEA-2654 (tungsten)
Red Bluff Property
Valley County, Idaho
Contract No. Idm-E406

Dear Mr. McRae:

This will acknowledge your December 6 letter concerning disposition of equipment and your August voucher.

We are sorry that we failed to acknowledge receipt of your August voucher as soon as it was received.

We doubt you will submit another voucher for assaying and costs attendant to winding up the project. If you can dispose of the jointly-owned equipment and submit your final voucher this December, we can audit your account the first part of January 1956. Will you please let us know where your books are kept so that we can inform the auditor?

Regarding partial payment on your August voucher, it is standard procedure to withhold from the last voucher or vouchers 10 percent of the maximum total amount which the Government might have been called upon to pay under the terms of the contract, in this case $4,035.00. (See Article 8a of the contract.) We are therefore releasing for payment the difference between $4,361.30 (which is 75 percent of $5,815.07, the amount of your August voucher) and $4,035.00, or $326.30.

By Field Team, Region I, NW District

A. E. Weissenborn, Executive Officer
U. S. Geological Survey

Thomas E. Howard, Acting Member
U. S. Bureau of Mines

cc: DMEA (2)
USGS (2)
USBM (AD)
Turner
Wash. (2)

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

September 1, 1954

Memorandum

To: Mr. Frank E. Johnson
Deputy Administrator

From: Jay L. Chambers, Chief (Signed) J. L. Chambers
Contract Administration and Audit Division

Subject: Idm-E406, DMEA-2654, McRae Tungsten Corp. (Tungsten)

On an "Action on Interim or Final Field Team Report" referral slip covering an interim report on the subject project, as submitted by W. S. Anderson, Bu Mines Engineer, you made the following comments:

> "Withhold payments under both contracts until satisfactory arrangements made for liquidation"

and requested that we take appropriate action. Also by notation on the report you suggested that we "Withhold for settlement" the payment of the April MF-104, which was the last submitted by the Operator (per the interim report).

For your information the April MF-104 on Idm-E406 was certified for payment on July 9, 1954. Final settlement on the other contract referred to, Idm-E133 (DMA-864) was effected by a refund on March 24, 1954 by the Operator of an amount due the Government in accordance with a final Audit Certificate dated December 18, 1953.

EDT albert/wb
September 1, 1954

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

Form MF 704 (Rev.)
(April 1952)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.4
Approval expires 6-30-53.

RECEIVED
JUL 15 1954

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of April, 1954 Docket No. DME-2000 Contract No. Idm-2400
Operator's Name Mono Tungsten Corp. Mineral Tungsten
Address Stibnite, Idaho
Contract Amount, $53,000.00 Government Participation 75 % Amount, $40,350.00

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		2200.77			2200.77	2200.77
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor	420.40	5053.46	5401.00	379.76	5053.46	5433.22
Supervision	120.00	2110.00	2230.00	120.00	2110.00	2230.00
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber		281.66	281.66		281.66	281.66
Explosives	193.15	639.57	832.72	193.15	639.57	832.72
Pipe		137.24	137.24		137.24	137.24
Track Fuel Gas	12.36	793.86	806.22	12.36	793.86	806.22
Steel Bits	49.52	578.65	628.17	49.52	578.65	628.17
Misc.	3.66	330.90	334.56	3.66	330.90	334.56
(4) Operating Equipment:						
Rental		233.13	233.13		233.13	233.13
Purchase		2360.00	2360.00		2360.00	2360.00
Depreciation		206.71	206.71		206.71	206.71
(5) Initial Rehabilitation and Repairs		349.32	349.32		349.32	349.32
(6) New Bldgs., Improvements, etc.		913.13	913.13		913.13	913.13
(7) Miscellaneous:						
Repairs to Equipment	26.93	233.22	260.15	26.93	233.22	260.15
Sampling and Analysis	20.00	212.50	232.50	20.00	212.50	232.50
Payroll Taxes	29.25	324.33	353.58	27.57	324.33	351.90
Liability Insurance	37.92	422.35	460.27	34.02	422.35	456.37
Unemployment	47.12	753.18	800.30	47.12	753.18	800.30
(8) Contingencies (specify):						
TOTALS	960.31	18,133.98	19,102.29	914.09	18133.98	19048.07

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

Date June 14 *Payee Mono Tungsten Co.

Per Robert J. McRae Title Pres.

*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:

$ 685.57

Signature MJP
(Authorized Certifying Officer)

Date 7/9/54 Vou. No. 1211
(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. E406 in accordance with the terms of the contract.

Signature /S/ Stephen W Zoldok Title Mining Engr Date 6/17/54

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /S/ Stephen W Zoldok Title Mining Engr Date 6/17/54

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-R1151.1
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of April 1954 Docket No. DMEA 2654 Contract No. [illegible]
Operator's Name [illegible] Corp Minerals Tungsten
Address Stibnite 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	Ft	048.31	30	10,601.10	295	35.93		
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core				110.00				
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails				[illegible]				
Fill sites				200.00				
TOTAL DISTRIBUTED COSTS								TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased				[illegible]				
Initial Rehabilitation and Repairs				[illegible]				
New Buildings, Improvements, etc.				915.13				
Supervision		120.00		[illegible]				
TOTAL COSTS		[illegible]		10,102.09				

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 June 10, 1954 Operator [illegible] Corp.

Per Robert J. McRae Title Pres

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

PROGRESS REPORT FOR APRIL 1954

Red Bluff

DMEA 2654
Contract IDM E406

During the first 15 days of April the west crosscut was extended from 13 feet to 33 feet for an advance of 20 feet. The south drift was extended 12 feet. Total advance 32 feet.

The west crosscut cut a vein at about 28 feet. The zone was two feet wide but only 3 inches of quartz carried any value. The face of the crosscut is silicified aplite. A hole was drilled 6 feet beyond the face but encountered no ore.

The south drift started in ore on the south side of the west corsscut. A fault trending S 35 W to S 20 W appears to have shifted the ore. The face of the south drift is mostly barren. The ore appears to be to the east.

The development work reveals that most of the values on the horizon developed are confined to zones from 6 inches to 24 inches wide ranging from 3 to 10% WO_3 in grade. The general vein material averages under 0.10% WO_3. On the surface the general vein material averages 0.50% WO_3 with high grade lenses bringing up the average. The development work has not revealed the continuity or size of individual ore lenses. Raising would be required to determine this. The property presents a problem in selective mining with a probable mill feed several times as high grade as originally estimated. There is no indication that the total units per foot of vein depth is less at the level propected but they are confined to narrower zones within the general zone of 13 feet wide.

Progress Report (cont)

The weather was bad the first half of April and 37 inches of snow fell during the first 10 days. Only a limited amount of snow ploughing was required.

It is our plan to finish the south drift if supplies and labor permit during May.

There was one man besides the DMEA crew at the boarding house during the first 15 days of April.

I am enclosing a statement of supplies used up to May 1 on DMEA 2654. Steel and bit losses have been excessive because the steel we have been able to obtain has been threaded too loosely. This allows the bits AND STEEL to be ruined before full wear has been obtained.

* DMEA ASSAYS

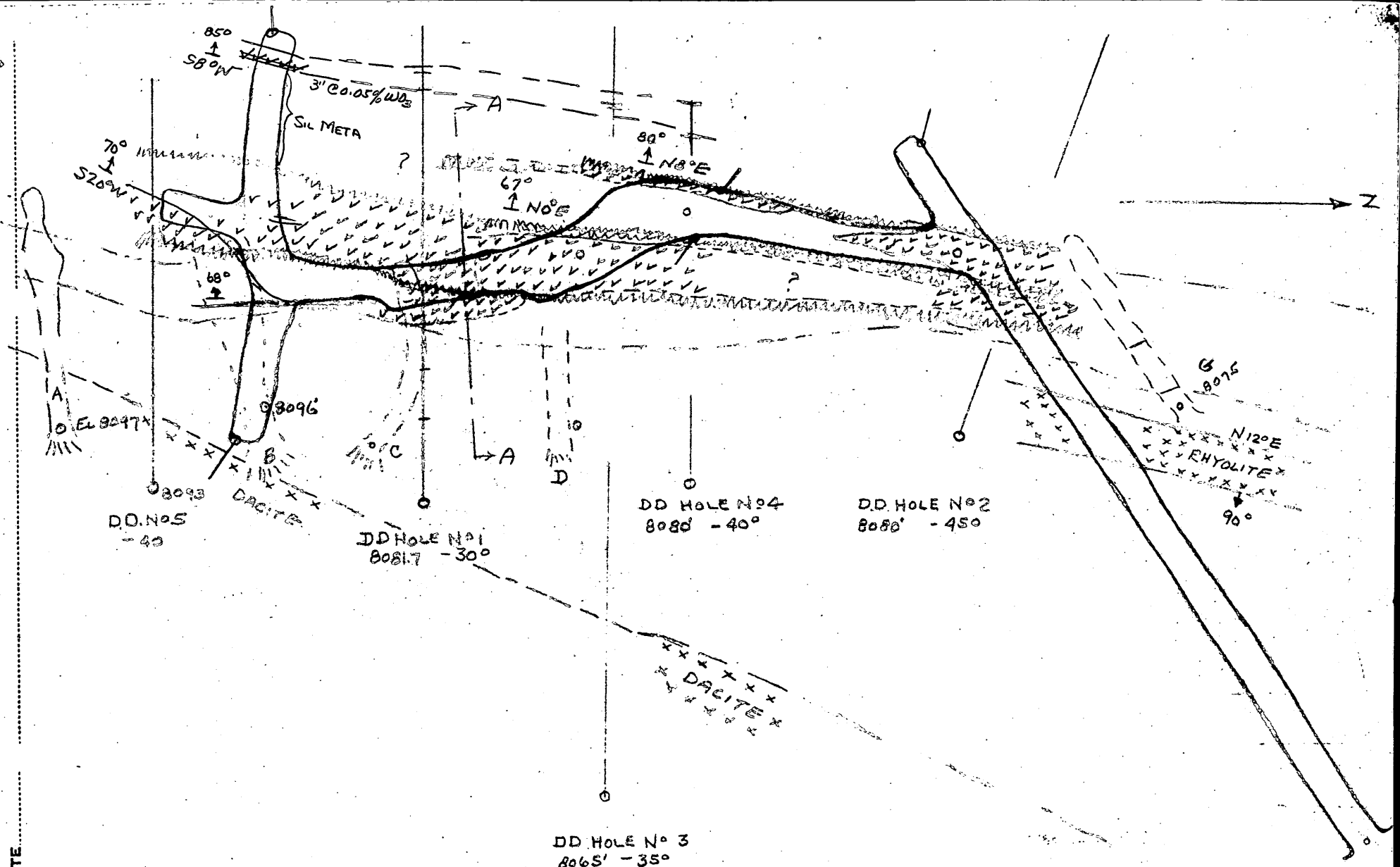
West Crosscut	*0-24 inches	(North Side)		~~2.03~~ 0.06
" "	24-72 "	"	"	2.33
" "	72-132 "	"	"	0.08
" "	36-102 "	South	Side	0.50
South Drift at 110 ft. 48 inch section				0.30

* Measured from west side of drift

BRADLEY MINING CO. SHEET NO. ..... OF .....

BY ..... DATE 5-1-4 SUBJECT RED BLUFF McRAE TUNGSTEN CO. JOB NO. .....

CHKD. BY ..... DATE .....



LEGEND

QUARTZ VEIN

GOUGE

RHY. AND DACITE

Scale 1" = 20'

DMEA SUPPLIES USED TO MAY 1, 1954
Red Bluff 2456
IDM-E 406

ITEM	NOV.	DEC.	JAN.	FEB.	MAR.	APRIL	TOTAL
Box Powder	10	15	15 3/4	11¼	11	5	68*
Fuse Ft.	1190	2040	1590	1508	1480	696	8504
Gasoline	275	480	416	373	392	138	2075
Gasoline (White)							57
Lube Oil	9	15	19	9	9	8	69
Caps	168	288	238	222	206	116	1238
Bits	4	10	5	5	4	2	30
4' Steel	3	4	7	5	4	1	24

* ~~Finish~~ inventory indicates 65 boxes used on Red Bluff

POWDER

Powder invoiced against project 2500 lbs. or 50 boxes
Invoiced in October, 1953, @ 20¢ per lb.
Brown's Tie and Lumber Invoice 9/25/53 #07662

Boxes used on project up to 4/15/54- 65
Yet to be invoiced- 15 boxes.

GASOLINE

Gasoline invoiced against project in October, 1953- 2035 gal.
Used on project up to 4/15/54- 2075 gal.
Yet to be invoiced- 40 gal.
White gas invoiced in October, 1953- 55 gal.
Yet to be invoiced- (none)

FUSE

Fuse invoiced against project in October, 1953- 6000 ft.
Used on project up to 4/14/54- 8504 ft.
To be invoiced- 2504 ft.

CAPS

1000 caps invoiced October, 1953
Yet to be invoiced 238 caps

LUBE OIL

30 gal. @ 29.50 invoiced in February, 1954
54### gal. @ 84¢ gal. in October, 1953
15 gal. on hand unused 4/15/54

BITS

Invoiced in October, 1953	12	
December, 1953	8	
March, 1954	8	
	28	bits

Two bits yet to be invoiced

STEEL

Invoiced in October, 1953	10	pieces
February, 1954	6	"
	16	

8 pieces 54" long used steel yet to be invoiced.

INVOICES AND DISTRIBUTION FOR APRIL 1954
Red Bluff 2456
IDM-E 406

These Invoices Charged to Operating Supplies

POWDER

*Invoice No. 07662 9/25/53
Brown's Tie and Lumber Co., McCall, Idaho, to Tungsten Co.
15 boxes or 750 lbs. @ 20¢ - $150.00

*Original invoice #07662 was for 5000 lbs. of dynamite at $0.20 per lb. 2500 lbs. were charged to DMEA and 2500 lbs. to Tungsten Co. The 15 boxes have been taken from Tungsten Co. 2500 lb. portion.

CAPS

Invoice No. 010 3/7/54
Tungsten Co. to DMEA Red Bluff
238 blasting caps @ $26.13/1000 $6.22
No original invoice is available on this item as they were part or a stock transferred from the Sunnyside Mine near Stibnite, Idaho, to Tungsten Co. They are being charged out at the new stock price of 9/24/53
Invoice #07133
Payette Lakes Lumber Co., McCall, Idaho, to Tungsten Co.
1000 caps @ $26.13/1000

FUSE

*Invoice no. 07133 & 9/24/53
Payette Lakes Lumber Co., McCall, Idaho, to Tungsten Co.
2504 feet fuse @ 44.22/3000ft. ($0.01474 ft.) - 36. 93

*Original invoice No. 07133 was for 9000 ft. of fuse @ $44.22/3000ft. DMEA Red Bluff was charged for 6000 ft. and Tungsten Co. for 3000 ft. The above 2504 feet came from Tungsten Co.'s 3000 ft. coil.

GASOLINE

Invoice No. 8867 9/15/53
Phillip's Petroleum Co., Cascade, Idaho, to Tungsten Co.
750 gal. gas @ 27.9¢ - $11.16

freight on gasoline

Invoice no. 40411
Phillip's Petroleum Co., Cascade, Idaho, to Tungsten Co.
Freight on 750 gal. gas @ $0.03
40 gal. @ $0.03 1.20
total $12.36

BITS

Invoice No. 011 4/3/54
Tungsten Co. to DMEA Red Bluff
2 Carbide bits @ $12.76 - $25.52
No original invoice is available on this item. These bits were part of a lot transferred from the Sunnyside Mine near Stibnite, Idaho. They have been billed at the lowest invoice price. Bradley Mining Co. Invoice #31 3/25/54. 4 bits @ $51.04. Invoiced on March requesition.

Invoices and Distribution for April, 1954, (cont.)
Red Bluff
IBM-E 406

STEEL

Invoice No. 012 3/10/54
Tungsten Co; to DMEA Red Bluff
8 pieces steel 54" long (used) @ 3.00 - $24.00
No original invoice is available on this item as it is a lot transferred from the Sunnyside Mine. Since it was used it has been billed at approximately 66% of new price.

BLUEPRINTS

Invoice No. 63484
Idaho Blueprint Supply Co, Boise, Idaho
Blueprints of project $3.66

These Invoices Charged to Assaying

Invoice serial 85053-61 5/3/54
Union Assay Office to Tungsten Co.
4 WO3 Assays @ 4.00 16.00

Invoice serial 85[illegible]6 6/7/54
Union Assay Office to Tungsten Co.
1 WO3 Assay @ 4.00 4.00

DMEA Field Team, Region II July 12, 1954

DMEA Certifying Officer, Region II

Contract Idm-E406, McRae Tungsten Corporation, April 1954 MF-104

The following deletions were made from the subject monthly operating report to bring the direct labor cost to $9.68 per foot of advance, as outlined in Field Team letter to the Operator of April 15, 1954.

Item 2, Labor	$48.64
Item 7, Payroll taxes	1.68
Item 7, Liability Insurance	3.90
Total deletions	$54.22

Myrtle Purdy

cc: Engr.
AD
USGS
Wash.

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

Budget Bureau No. 42-R1036.4
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of March, 1954 Docket No. DMEA 2654 Contract No. IDM-E406
Operator's Name McRae Tungsten Corp. Minerals Tungsten
Address Stibnite, Idaho
Contract Amount, $ 53,800.00 Government Participation: 75 % Amount, $ 40,350.00

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		2200.77	2200.77		2200.77	2200.77
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor	967.60	4550.52	5518.12	946.27	4307.09	5053.46
Supervision	160.00	1950.00	2110.00	160.00	1950.00	2110.00
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber		383.66	383.66		281.66	281.66
Explosives		639.57	639.57		639.57	639.57
Pipe		137.24	137.24		137.24	137.24
Fuel Gas		793.86	793.86		793.86	793.86
Steel Bits	102.08	476.57	578.65	102.08	476.57	578.65
Misc.	3.66	228.90	232.56	—	330.90	330.90
(4) Operating Equipment:						
Rental		233.13	233.13		233.13	233.13
Purchase		2360.00	2360.00		2360.00	2360.00
Depreciation		206.71	206.71		206.71	206.71
(5) Initial Rehabilitation and Repairs		349.32	349.32		349.32	349.32
(6) New Bldgs., Improvements, etc.		913.13	913.13		913.13	913.13
(7) Miscellaneous:						
Repairs to Equipment	2.23	230.99	233.22	2.23	230.99	233.22
Sampling and Analysis	43.50	169.00	212.50	43.50	169.00	212.50
Payroll Taxes	52.99	309.07	362.06	42.04	282.29	324.33
Liability Insurance	73.56	387.54	461.10	65.41	356.94	422.35
Snow Removal	113.19	595.13	708.32	102.50	650.68	753.18
(8) Contingencies (specify):						
TOTALS	1518.81	17,115.11	18,634.92	1264.13	16869.85	18133.98

I certify that the above bill is correct and just and that payment therefor has not been received.
Date 4-27-54 *Payee McRae Tungsten Corp.

Per Robert J. McRae Title Pres.

*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:

$ 948.10

Signature (Authorized Certifying Officer)

Date 5/18/54 Vou. No. 1169
(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. Eff 06 in accordance with the terms of the contract.

Signature /S/ Stephen W Zoldoh Title Mining Eng Date 5/11/54

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /S/ Stephen W Zoldoh Title Mining Eng Date 9/11/54

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-R1151.1
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of March 1954 Docket No. DMEA 2654 Contract No. IDM E406
Operator's Name McRae Tungsten Corp. Minerals
Address Stibnite, 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	Ft	1358.81	61	10,184.79	264	38.57		
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core				118.00				
Churn								
Auger								
Stripping								
Trenching								
Test Pits				2,500.00				
Roads and Trails				200.00				
D.D. Sites								
TOTAL DISTRIBUTED COSTS		1358.81	61	13,002.79				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased				2,360.00				
Initial Rehabilitation and Repairs				200.00				
New Buildings, Improvements, etc.				913.13				
Supervision		160.00		2,158.00				
TOTAL COSTS								

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 4-27-54 Operator McRae Tungsten Corp.

Per Robert J. McRae Title President

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

INVOICE DISTRIBUTION FOR MARCH 1954

Red Bluff DMEA 2654

Charged to Equipment Repairs

Intermountain Equipment Co. Tungsten Co. 3/22/54
Invoice No 3-1219
Parts as listed on Invoice - - - - -$2.23

Charged to Operating Supplies

Bradley Mining Co. to Tungsten Co. 3/3/54
Invoice No 28
4 Tungsten Carbide Bits - - - - - 51.04

Bradley Mining Co. to Tungsten Co. 3/25/54
Invoice No. 31
4 Tungsten Carbide Bits - - - - - 51.04

Charged to Assaying

Union Assay Office to Tungsten Co. 3/31/54
Assays - - - - - - - 43.50

Charged to Misc.

Idaho Blue Print Supply Co. to Tungsten Co. 3/31/54
Invoice No. 63484 - - - - - 3.66

Charged to Snow Removal

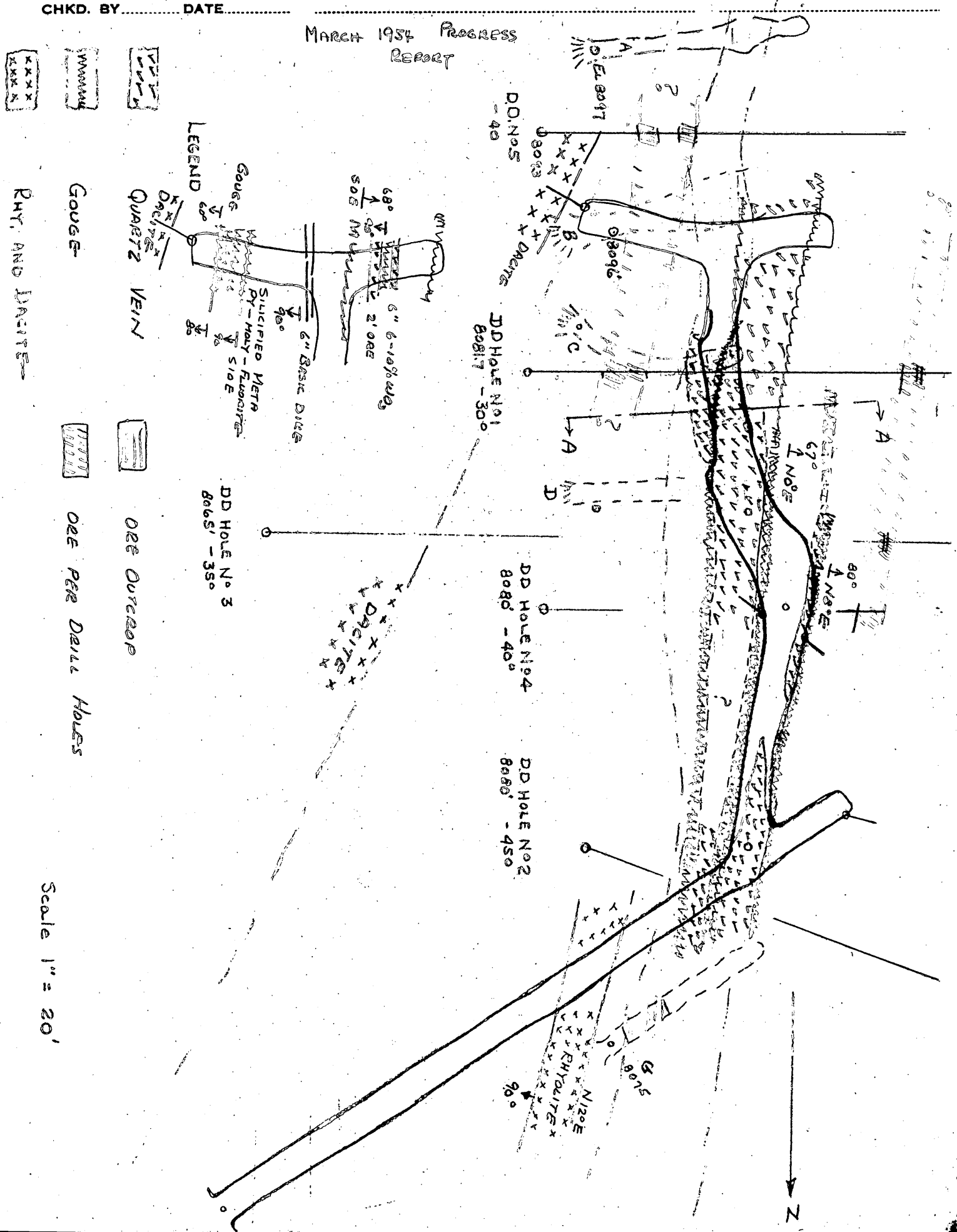
Tungsten Co. to DMEA Cat Work
60 Gallons Diesel Fuel at 30.5¢ - - - 18.30

BRADLEY MINING CO. SUBJECT RED BLUFF SHEET NO. ..... OF .....

BY ..... DATE 3-16-54 McRAE TUNGSTEN CORP JOB NO. .....

CHKD. BY ..... DATE .....

MARCH 1954 PROGRESS REPORT



Invoice West Shut attached

PROGRESS REPORT FOR MARCH 1954

DMRA 2654 Red Bluff

During March the drift was extended from 78 feet to 106 feet for a total of 28 ft. At a point 104 feet in the drift a crosscut was turned to the west on a bearing of S 80 W and extended 13 feet during the month. A crosscut was also turned to the east and driven 20 feet during the month on a bearing of S 80 E. Total advance was 61 feet.

The west crosscut designated as West crosscut No. 2 started in the footwall of the vein and crossed 13 feet of material containing hubnerite. Three samples were cut in the crosscut 4 feet above the floor on the north side. They represent sections 0 to 24 inches, 24 to 72 inches, and 72 to 132 inches, in the crosscut. The section 24 to 72 inches appeared to be commercial. It contained a band of 6 inches that is estimated to average 6 to 12% WO_3. Another sample was cut on the south side of the crosscut from 36 to 102 inches. The high grade band did not appear on the south side at 4 feet above the floor but came up about 2 feet above the floor and was 9 inches wide estimated to average 10% WO_3. This sample was cut on the south side to show what the ore band would run without the high grade and to show the variability in grade as between sides of the crosscut.

The crosscut to the east was projected to explore the possibility of an ore zone to the east of the surface outcrop following along the main dacite dike as is indicated by the ore in hole No.2 from 13 to 24 feet and in hole No. 5 from 20 to 22 feet and from 30 to 33 feet. The crosscut was driven 20 feet and then a drill hole was projected from the face eastward for 6 feet. The drill hole cut the dike 3 feet east of the collar or 23 feet from the side of the drift. No ore was found but a strong structure was cut 17 feet east of the drift. It is possible that the ore in No. 1 drill hole and No. 5 drill hole represents an east split

PROGRESS REPORT (CONT)

off the main zone. The split starting at some point over the present drift level. This can only be told by raising.

It is planned to extend the west crosscut No. 2 to 35 feet or until it cuts the ore zone to the west of the main zone as indicated in drill hole No. 1 from 72 to 74.8 feet. In addition it is planned to drift southward on the main zone.

Samples of the crosscut to the west are in for assay.

The weather conditions in March were about the same as for the past 3 months. Snow depth reached 111 inches on March 28. During the latter part of March enough rails had been salvaged from the snow slide to cut down double slushing and the length of haul to a point where gasoline consumption will be cut and better progress possible. At one time we were slushing 140 feet and handling the muck twice. It was either do this or abandon the project permanently.

The cook house had one man in addition to the DMRA crew who worked 6 days for DMRA and 21 days on other work.

R J McRae
4-29-54

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
OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of February, 1954 Docket No. DMEA 2654 Contract No. IDM E406
Operator's Name McRae Tungsten Corp Minerals Tungsten
Address Stibnite, Idaho
Contract Amount, $ 53,800.00 Government Participation: 75 % Amount, $ 40,350.00

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		2200.77	2200.77		2200.77	2200.77
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor	861.00	3689.52	4550.52	649.23	3657.86	4307.09
Supervision	140.00	1810.00	1950.00	140.00	1810.00	1950.00
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber		383.66	383.66		281.66	281.66
Explosives		639.57	639.57		639.57	639.57
Pipe		137.24	137.24		137.24	137.24
~~Mix~~ Oil	29.50	764.36	793.86	29.50	764.36	793.86
Steel	38.34	438.23	476.57	38.34	438.23	476.57
Misc.		228.90	228.90		330.90	330.90
(4) Operating Equipment:						
Rental		233.13	233.13		233.13	233.13
Purchase		2360.00	2360.00		2360.00	2360.00
Depreciation	29.12	177.59	206.71	29.12	177.59	206.71
(5) Initial Rehabilitation and Repairs		349.32	349.32		349.32	349.32
(6) New Bldgs., Improvements, etc.		913.13	913.13		913.13	913.13
(7) Miscellaneous:						
Repairs to Equipment	23.05	207.94	230.99	23.05	207.94	230.99
Sampling and Analysis		169.00	169.00		169.00	169.00
Payroll Taxes	58.78	250.29	309.07	43.86	238.43	282.29
Liability Insurance	73.85	313.69	387.54	52.24	304.70	356.94
Snow Removal and mail	176.46	418.67	595.13	176.46	473.22	650.68
(8) Contingencies (specify):						
TOTALS	1430.10	15,685.01	17,115.11	1181.80	15,688.05	16,869.85

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

Date 3-23-54 *Payee McRae Tungsten Corp.

Per Robert J. McRae Title President

*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:

886.35

$ 886.35

Signature [illegible]
(Authorized Certifying Officer)

Date 4/28/54 Vou. No. 1151
(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. 8406 in accordance with the terms of the contract.

Signature /S/ Stephen W Zoldok Title Mining Engr Date 4/15/54

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /S/ Stephen W Zoldok Title Mining Engr Date 4/15/54

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-R1151.1
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of Feb. 195 4 Docket No. DMEA 2654 Contract No. IDM E406

Operator's Name McRae Tungsten Corp. Minerals Tungsten

Address Stibnite, 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	ft.	1290.10	48	8825.98	203	43.48	265	
Crosscutting								
Raising								
Shafts								
Winzes				118.00				
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits				2500.00				
Roads and Trails				200.00				
D. Drill Sites								
TOTAL DISTRIBUTED COSTS		1290.10	48	11643.98				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased				2360.00				
Initial Rehabilitation and Repairs				200.00				
New Buildings, Improvements, etc.				913.13				
Supervision		140.00		1998.00				
TOTAL COSTS		1430.10		17,115.11				

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 3-23-54 Operator McRae Tungsten Corp.

Per Robert J. McRae Title President

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

PROGRESS REPORT FOR FEBRUARY 1954

DMEA 2654 Contract IDM-E406

The weather during the month of February was somewhat milder than January. Snow depth at the end of the month was about 94 inches. Four trips were made to Big Creek for mail and supplies.

The drift was driven 48 feet southward during the month for a total length of 78 feet. As was described in the January report the drift was started S 10 W on the high grade lense near the west wall of the zone. The high grade raked into the floor of the drift at about 20 feet in. The drift was extended on this bearing for 53 feet. Small bunches of ore were encountered. At 42 feet a drill hole was projected east 6 feet and encountered ore about 2 feet east of the drift wall. At about 45 feet the drift wall was slabbed to the ore and the drift was turned into this ore band. This quartz zone was 6 to 7 feet wide that appears to be commercial. At 64 feet the ore had flattened which put the drift partly into the foot wall or east wall. At 68 feet a turn was contemplated to bring the drift back into the vein. At this point a lense was encountered on the east side of what was considered the footwall gouge. This appeared to be the top of a lense the end of which had been faulted or folded as illustrated in section AA. This lense was from 5 to 6 feet wide of fair ore containing appreciable scheelite. The top of the lense appeared to be rising southward so it was decided to continue the drift in this lense and go along the footwall of the main lense. At 84 feet the top of the lense began receding. It was decided to continue the drift along the footwall even if in waste and then crosscut west after completing 100 feet of drift. Using a slusher for mucking requires a reasonably straight drift.

Samples were taken across the main ore lense as well as across the lense found on the east. These are listed on following page.

PROGRESS REPORT FOR FEBRUARY 1954 (cont)

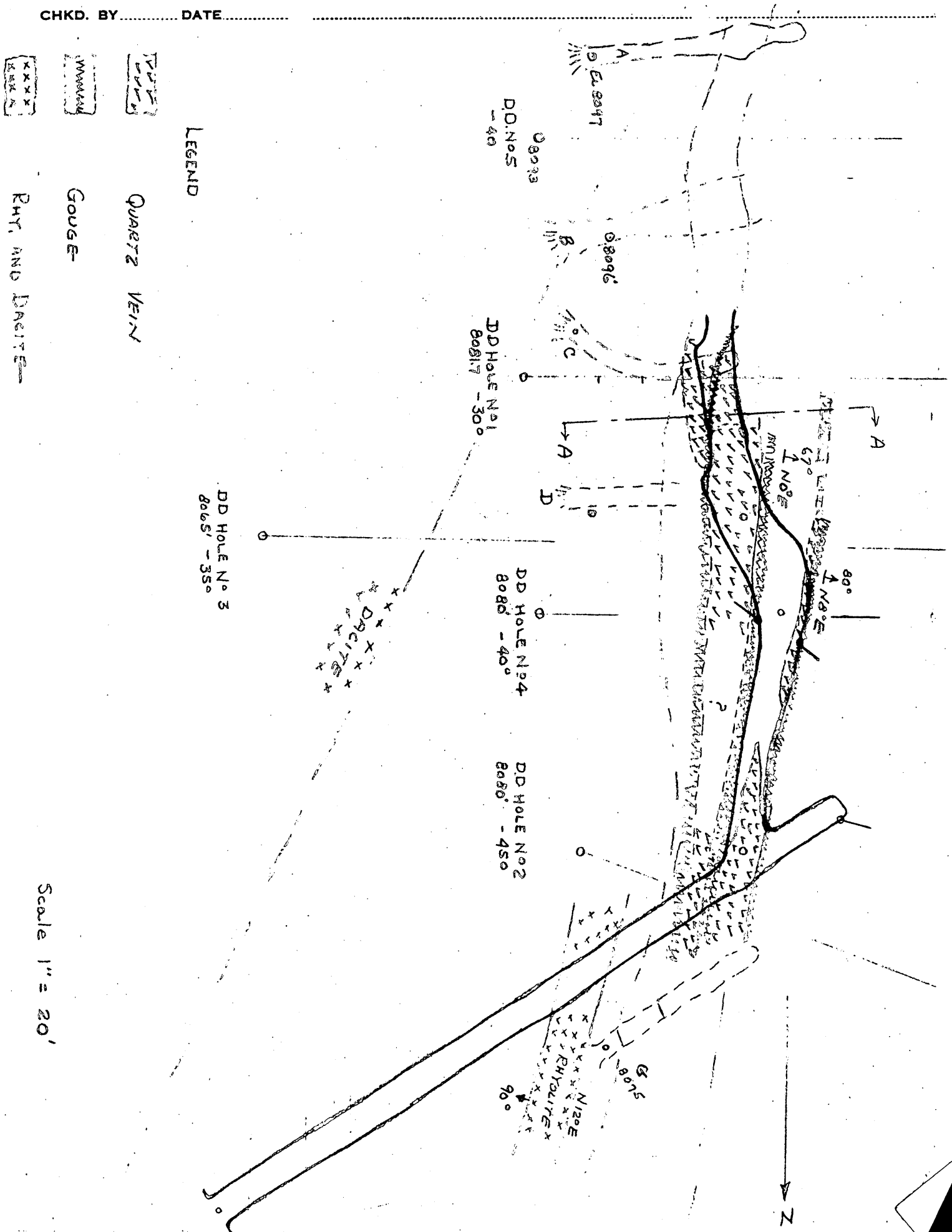
DMEA 2654 Contract IDM-2406

DESCRIPTION	LENGTH	$\%UO_3$
R.B. Drift No 1 at 58 feet	84"	0.55
R.B. " No 2 at 66 feet	84"	0.26
R.B. " No 3 at 72 feet	60"	0.07
Upper right corner of drift not a full section of main lense.		
R.B. Drift No 4 at 72 feet. Lower left corner of drift. Lense east of footwall.	24"	1.16
R.B. Drift No 5 at 81 feet across lense to east of footwall.	60"	0.79
R.B. Drift No 6 at 81 feet across upper right corner of drift. Partial section of main lense.	30"	0.29
R.B. No 13. In crosscut at 92 to 95½ feet 12" above track. North side Crosscut,	36"	0.66

BRADLEY MINING CO. SUBJECT RED BLUFF SHEET NO. ..... OF .....

BY ..... DATE 3-16-54 McRAE TUNGSTEN CORP. JOB NO. .....

CHKD. BY ..... DATE .....

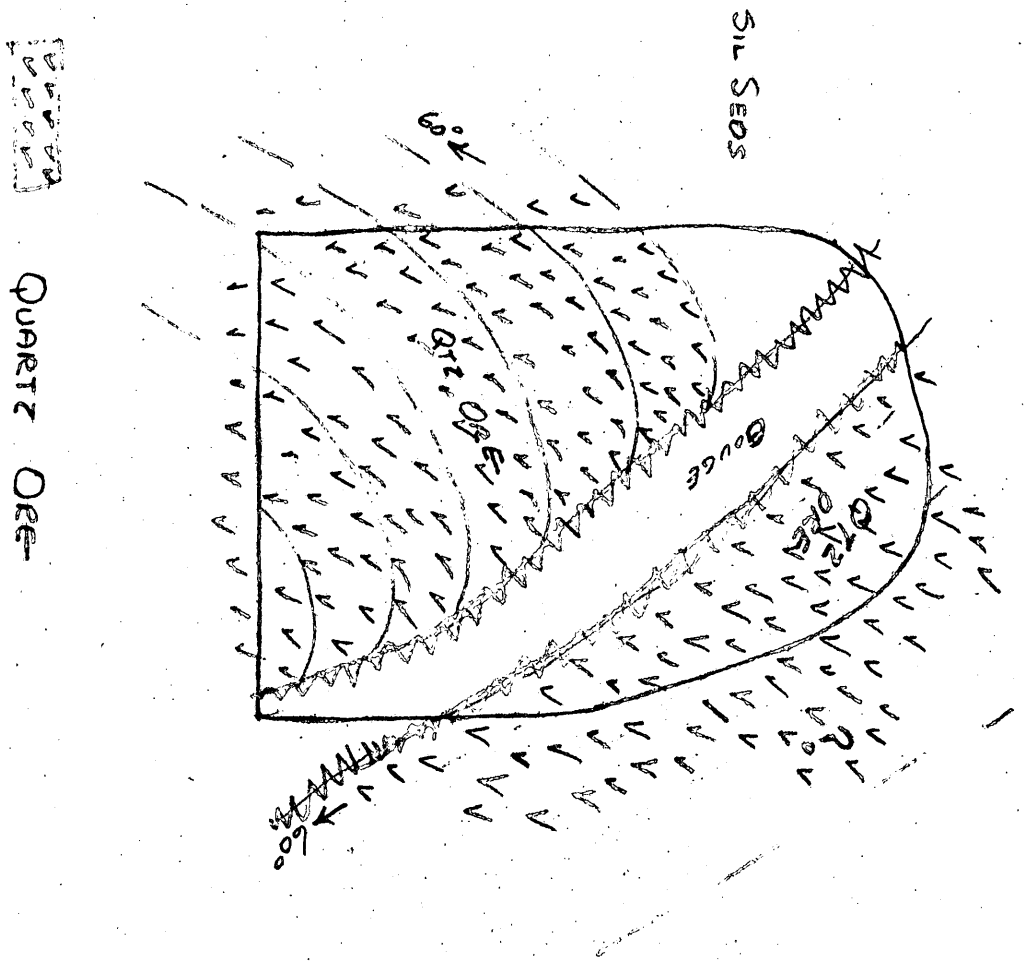


Scale 1" = 20'

BRADLEY MINING CO. SUBJECT RED BLUFF DRIFT SHEET NO. ..... OF .....

BY ..... DATE 3-15-54 SECTION JOB NO. .....

CHKD. BY ..... DATE ..... McRAE TUNGSTEN CORP



DEPRECIATION ON BULLDOZER

52 hrs. operation @ $.56 per hour - $29.12

FUEL OIL FOR SNOW REMOVAL

107 gallons @ 30.5¢ - $32.63

Labor for Snow Removal $143.83

INVOICE DISTRIBUTION FOR FEBRUARY 1954

DMEA 2654

These Invoices charged to Repairs to Equipment

Intermountain Equipment Co., Boise, Idaho to Tungsten Co.
Invoice #3520 dated 3-2-54
4 Side Rods for J40 Jackhammer $9.60

Intermountain Equip. Co., Boise, Idaho to Tungsten Co.
Invoice #21017 dated 2-12-54
Water Hose Connection Complete 13.45

These Invoices charged to Operating Supplies

Intermountain Equip. Co., Boise, Idaho to Tungsten Co.
Invoice #21036 dated 2-22-54
6 pieces 4' x 1" hex drill steel for Timken bits 38.34

Phillips Petroleum Co., Cascade, Ida. to Tungsten Co.
Invoice [illegible] dated 2-26-54
36 gal lube oil 29.50

The above listed invoices are all paid.
R J McLac

Department of the Interior

Defense Minerals Exploration Admin.

14X4401(01) Revolving Fund,
Defense Production Act, Interior (Allocated Working Fund to the Off. of the Sec.)

MAY 6 - 1954

MR. E. J. MEEKER
DMEA AUDITOR
1202 NORTH DIVISION STREET
SPOKANE 2, WASHINGTON

REFERENCE DEF 4 OF CONTRACT DMA-2654, MORAN TUNGSTEN. AGREE THAT AUDIT SHOULD NOT BE MADE AT THIS TIME. YOU MAY RETURN TO WASHINGTON WHENEVER YOUR WORK IN SPOKANE IS FINISHED.

(Signed) J. L. Chambers

JAY L. CHAMBERS, CHIEF
CONTRACT ADMINISTRATION
AND AUDIT DIVISION

JLChambers/wb
May 6, 1954

Copy to: Docket (DMEA-2654)
Admr. Reading File
Mr. Chambers

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
1201 N. Division St.
Spokane 2, Washington
May 4, 1954

Air Mail
Special Delivery

Mr. Jay L. Chambers, Chief
Contract Administration and Audit Division
Defense Minerals Exploration Administration
Department of the Interior
Washington 25, D. C.

Re: Contract Idm-E406, Docket DMEA-2654
McRae Tungsten Corporation
Stibnite, Idaho

Dear Mr. Chambers:

Your telegram in reference to an audit of the above referenced project was received by me when I returned to the office this morning. It seems apparent that a copy of the enclosed letter dated April 22 had not reached you at the time the telegram was sent.

However, as you indicated an audit should be made at this time, I consulted with Mr. Thor H. Kiilsgaard , who represents the Executive Officer of the DMEA Field Team, regarding the possibility of performing one. I was advised that the difficulties to be encountered in making this audit at this time were so great that the Field Team considered attempting it was out of the question. The second paragraph of the enclosed letter fairly well outlines the unusual problems expected to be encountered.

I have independently examined every phase of the problem as I understand it, and here are my observations:

To get up to the mine would require a flight from Boise to Stibnite, approximately 100 air miles. The flight would have to be timed so as to catch the once-a-week mail plane from Stibnite to a landing strip at Big Creek. Contact would have to have been previously made by short wave radio to the mine so the snow-cat would be at the Big Creek landing field to meet us. The work on the site examining the physical performance and original detailed records could be accomplished in one day. A plane could have been previously chartered in Boise to come up and pick us up at Big Creek at a prearranged time. If a storm came up contact would probably have been lost and we would have to wait the week out for the mail plane. However, the cost of the trip for the chartered plane intended to be used for picking us up would have to be paid. The alternative would be to plan on spending one week between flights of the mail plane up at the mine, thereby eliminating use of the chartered plane.

The Big Creek landing field is about 17 miles north of Stibnite. The area is surrounded with peaks shown on the map to be from 8300 ft. to 9400 ft. in elevation. The snow-cat could pick us up at Big Creek. However, I do not know as yet if daily radio contacts are made with the mine, but I believe they are made daily at a certain established time. I would not venture to make the trip on snowshoes as the trip is too long, and I am unfamiliar with the territory. And in view of the reluctance hitherto encountered I do not expect to be able to induce an engineer to hike in with me.

I telephoned Mr. S. W. Zoldok, Mining Engineer, Bureau of Mines, who represents that branch of the DMEA Field Team. He is at home on a week's vacation. He said he was definitely against assigning an engineer to go up there at this time of the year, and said the job should be done in July when the roads should be open. In his letter dated April 14, 1954 addressed to the DMEA Field Team (of which the original and 3 copies are routed for Washington) he has recommended disallowance of labor costs in excess of $9.68 per foot for crosscutting and drifting. The DMEA Field Team, in their letter of April 15, have advised the Operator of this decision. In view of the formal action taken, I believe the disallowance resulting should stand. The total disallowance on the February 1954 MF-104 (to be paid tomorrow) will be $248.30.

As you do not have copies of the February and March 1954 MF-104s, I will give you the totals and footages, which reflects the trend of costs, and shows an improvement in the picture. They are as follows:

	Drifting		Amount Claimed
	Feet	@	
February	48	$29.79	$1,430.10
March	61	24.90	1,518.81

Of the $1,430.10 charged in March, $248.30 is being disallowed. This includes various adjustments, including labor. I will not attempt to corroborate or dispute the balances to date shown on the MF-104s or MF-104A's. The contract calls for several items of cost not chargeable to crosscutting or drifting. Therefore a complete analysis would be necessary. I have not made it as of this writing. Likewise a superficial review of the costs per foot for crosscutting as presented in Mr. S. W. Zoldok's letter of March 23, 1954, reveals what in my opinion, are substantial inconsistencies. But not having made an analysis to present my views as to the true costs per foot, I can not afford to comment further on these figures.

However, in view of the costs being presented in February and March 1954, and as the Operator is now being limited to $9.68 per foot for cross--cutting labor, I do not feel that the urgency for making the audit before July is so extreme that I should attempt to make it without the cooperation of the DMEA Field Team, which in this case would be the furnishing of an

engineer to assist me in every phase of the on-site audit. In view of all the mitigating circumstances outlined above, I would appreciate further instructions from you in this matter.

I can be profitably engaged in preparing summaries and making analysis of this project for the balance of the week. And in the meantime I am looking forward to hearing from you.

Sincerely yours,

B. J. Brekhus

B. J. Brekhus

E5A

38 WA SP /I-BOM/

SPOKANE WASH 4-27-54 832

JAY L CHAMBERS CHIEF CONTRACT ADMIN AND AUDIT DIV

DEFENSE MINERALS

EXPLORATION ADMIN DEPT INTERIOR WA

B J BREKHUS EXPECTED IN SPOKANE OFFICE MAY 3. INVIEW YOUR TELEGRAM CONCERNING MCRAE TUNGSTON CORPORATION, IDM-E406, DMEA-2654, PLEASE DISREGARD FIRST 3 PARAGRAPHS MY LETTER APRIL 26TH CONCERNING MCRAE TUNGSTON CORPORATION.

ROBERT M. HULL DMEA SP

3 IDM-E406 DMEA-2654 3 26TH

AC 833

APR 27 3 10 PM '54
BUREAU OF MINES
MAIL ROOM
WASHINGTON, D. C.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
1201 N. Division St.
Spokane 2, Washington
April 26, 1954

APR 28 1954

Air Mail

Mr. Jay L. Chambers, Chief
Contract Administration and Audit Division
Defense Minerals Exploration Administration
Department of the Interior
Washington 25, D. C.

Subject: Docket No. DMEA-2654
McRae Tungsten Corporation
Red Bluff Claims
Valley County, Idaho
Contract No. Idm-E406

Dear Mr. Chambers:

Reference is made to the letter of April 16, 1954 from the Chairman of the Operating Committee to Mr. A. E. Weissenborn and the Field Team's reply of April 22nd, as well as to other related correspondence pertaining to the subject contract.

At the earliest date practicable, it is my intention to accompany an engineer to the project site to make an on-site audit. The actual date will be determined by the accessibility of the area.

I have reviewed the Operator's MF-104s and supporting documents pertaining to exploration contract Idm-E133, Docket No. DMEA-864, Snowbird. The completeness of these records leads me to believe the Operator's records pertaining to the Red Bluff project will be in proper order. I would appreciate any comments or suggestions you may care to make.

I feel that the forthcoming meeting will give me an excellent opportunity to discuss many of the problems relating to our work in this region. I am looking forward to seeing you again.

Sincerely yours,

Robert M. Hull

Robert M. Hull
Auditor

Department of the Interior

Defense Minerals Exploration Admin.

14X4401(01) Revolving Fund,
Defense Production Act, Interior (Allocated
Working Fund to the Office of the Secretary)

APR 26 1954

MR. W. J. MEKENS
DMEA AUDITOR
1201 NORTH DIVISION STREET
SPOKANE 2, WASHINGTON

SEE LETTER OF OPERATING COMMITTEE APRIL 16 TO EXECUTIVE OFFICER RE AUDIT NORTH TUNGSTEN CORPORATION [redacted], DMEA 2654. CONSULT WITH FIELD TEAM AND ARRANGE FOR AUDIT AS PER LETTER BEFORE GOING TO WASHINGTON FOR MAY 17 CONFERENCE. TAKE VACATION IF IT DOES NOT INTERFERE WITH AUDIT.

(Signed) J. L. Chambers

JAY L. CHAMBERS, CHIEF
CONTRACT ADMINISTRATION
AND AUDIT BRANCH

JLChambers/wb
April 26, 1954

Copy to: Mails & Files
Admr. Reading File
Mr. Chambers

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

APR 16 1954

Mr. A. E. Weissenborn
Executive Officer
DMEA Field Team, Region II
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMEA-2654 (Tungsten)
McRae Tungsten Corporation
Red Bluff Claims
Valley County, Idaho
Contract No. Ida-E406

Dear Mr. Weissenborn:

Reference is made to a memorandum from S. W. Zoldok, Mining Engineer, to the DMEA Field Team, Region II, under date of March 23, 1954, in regard to costs of the above-cited contract.

It is the opinion of the Operating Committee that an engineer and an auditor should make an on-site audit of this contract to determine whether or not the operator is prorating labor, material, and other costs between the exploration project and his own constructions and production activities, and the basis of such proration.

During this examination the auditor should determine whether or not the records maintained by the operator are sufficient to keep separate and proper costs for the exploration work, and point out any necessary changes which the operator should make in his accounting practices to enable an auditor to determine the actual costs of the project for which the Government should reimburse the operator.

We recognize that operating under difficult winter conditions increases many mining costs by a very large increment, and this letter is not meant to imply that we necessarily expect you will find any unwarranted items in the above examination.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee

APPROVED:
C. H. JOHNSON
Member, Bureau of Mines

D. M. Larrabee
Member, Geological Survey

JLChambers/wb 4-15-54

Copy to: Docket
Admr. Reading File
Operating Committee
Region II Field Team
Mr. Geehan
Mr. Martin
Mrs. Miller
Mr. Chambers

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.4
Approval expires 6-30-53.

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of January, 1954 Docket No. DMEA 2654 Contract No. IDM-2406
Operator's Name McRae Tungsten Corp Minerals Tungsten
Address Stibnite, Idaho
Contract Amount, $53,800.00 Government Participation: 75 % Amount, $40,350.00

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		2200.77	2200.77			
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor and cook	967.10	2722.42	3689.52	935.44	2722.42	3657.86
Supervision	180.00	1630.00	1810.00			
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber	102.00	281.66	383.66	-0-	281.66	281.66
Explosives		639.57	639.57			
Pipe	10.27	126.97	137.24			
Track Gas-Oil		764.36	764.36			
Steel Bits		438.23	438.23			
Misc.	3.69	225.21	228.90	105.69	225.21	330.90
(4) Operating Equipment:						
Rental		233.13	233.13			
Purchase		2360.00	2360.00			
Depreciation	69.53	108.06	177.59			
(5) Initial Rehabilitation and Repairs		349.32	349.32			
(6) New Bldgs., Improvements, etc.		913.13	913.13			
(7) Miscellaneous:						
Repairs to Equipment		207.94	207.94			
Sampling and Analysis	35.00	134.00	169.00			
Payroll Taxes	64.28	186.01	250.29	52.42	186.01	238.43
Liability Insurance	82.09	231.60	313.69	73.10	231.60	304.70
Snow Removal and Mail	245.71	172.96	418.67	301.26	172.96	474.22
(8) Contingencies (specify):						
TOTALS	1759.67	13,925.34	15,685.01	1762.71	13,925.34	15,688.05

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

Date March 1, 1954 *Payee McRae Tungsten Corp

Per Robert J. McRae Title Pres.

*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:

$1322.03

Signature (Authorized Certifying Officer)

Date 3/23/54 Vou. No. 1119
(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. E406 in accordance with the terms of the contract.

Signature /S/ Stephen W Zoldok Title Mining Eng Date 3/22/54

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /S/ Stephen W Zoldok Title Mining Eng Date 3/22/54

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-R1151.1
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of Jan 1954 Docket No. DMEA 2654 Contract No. IDL-R406
Operator's Name McRae Tungsten Co. Minerals Tungsten
Address Stibnite, 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	Ft.	1579.67	51	7555.88	155	48.62	265	
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core				118.00				
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails				2500.00				
D. Drill Sites				200.00				
TOTAL DISTRIBUTED COSTS		1579.67	51	10,353.88				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased				2,360.00				
Initial Rehabilitation and Repairs				200.00				
New Buildings, Improvements, etc.				913.13				
Supervision and P/R		180.00		1,858.00				
Tax (48.00)								
TOTAL COSTS				15,685.01				

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 March 1, 1954 Operator McRae Tungsten Co.

Per Robert J. McRae Title Pres

REMARKS:

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

(Instructions on reverse)

(For Government use only)

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

NARRATIVE REPORT FOR JANUARY 1954

Red Bluff Group DMEA 2654

The Red Bluff crosscut was extended from 104 feet to 125 feet during January. A drift was started on the vein on a course of S 10 W at a point 107 feet in the crosscut. The drift was driven 30 feet. The total advance was 51 feet.

The drift had good ore 4 feet wide for 10 feet along the strike. The bottom 2 feet of the drift had 12 inches of ore that was estimated from 5 to 10% WO_3. This continued for 25 feet in the drift and gradually raked down into the bottom of the drift. It appears that the drift level is just on top of a high grade lense of ore the top of which dips slightly south. From 12 feet to 30 feet the breast and back of the drift were very low grade. It is believed that there is an ore lense to the east of the drift perhaps for the entire 30 feet. No samples were taken as it would be difficult to get a representative sample.

Following are the assay returns on samples listed in Dec. Progress report:

Crosscut Samples	Section	% WO_3
* No. 11	10-15 feet	0.03
10	15-26	0.02
9	77-91	0.03
8	91-99	0.05
7	99-105	2.47
6	105-110½	0.03
5	116-125	0.02
12	Drift Face at 7 ft.	0.80

* Note this sample previously reported as 0.78% WO_3 but after recutting and assaying gave 0.03% WO_3.

NARRATIVE REPORT FOR JANUARY 1954 (cont).

The project was visited on February 3,4,5,6,7, and 8. Snow was 8 feet deep at the project. January was a month of heavy storm with severe blizzard conditions. Over 100 inches of snow fell in January. It became impossible to deliver the men to work by caterpillar so they snowshoed to and from work. No attempts were made to plough the road during heavy storm and wind conditions. Between storms the road was opened for supplies. A snowslide took out the snowshed at the Snowbird Project. All of the rails for the Red Bluff project were stored in this snowshed. Considerable delay was experienced in trying to dig out and find enough rails to carry on the Red Bluff Project.

Three trips were made to Big Creek for mail and supplies.

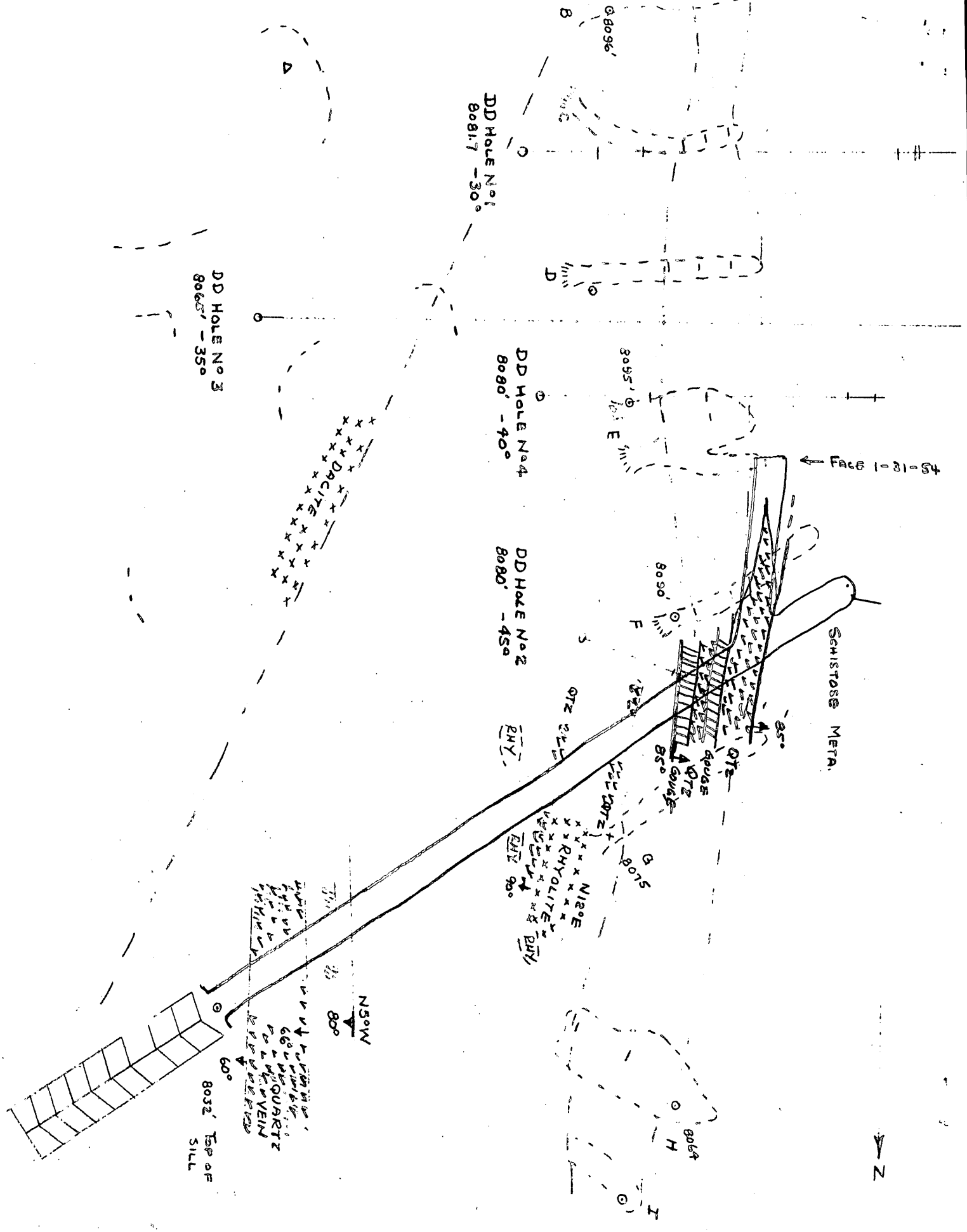
From personal experience it is believed that January was one of the severest months every experienced in that location.

RJM 3-1-54

[redacted]. SUBJECT RED BLUFF X CUT SHEET NO. ..... OF .....

BY ..... DATE ..... McRAE TUNGSTEN CORP. JOB NO. .....

CHKD. BY ..... DATE ..... STIBNITE IDAHO



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
OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of December, 1953 Docket No. DMEA 2654 Contract No. Idm-3406
Operator's Name McRae Tungsten Corp. Minerals Tungsten
Address Stibnite, Idaho
Contract Amount, $ 453,300.00 Government Participation: 75% Amount, $ 340,350.00

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		2200.77	2200.77			
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor and Cook	982.33	1812.41	2794.74	910.01	1812.41	2722.42
Supervision	300.00	1170.00	1470.00	300.00	1330.00	1630.00
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber		281.66	281.66			
Explosives		639.57	639.57			
Pipe		126.97	126.97			
Track Gas - Oil		764.36	764.36			
Steel and Bits	143.47	290.20	433.67	148.03	290.20	438.23
Hose.	141.80	258.60	400.40	71.24	153.97	225.21
(4) Operating Equipment:						
Rental	93.25	220.53	313.78	46.63	186.50	233.13
Purchase		2360.00	2360.00			
Depreciation	63.23	35.83	99.06	72.23	35.83	108.06
(5) Initial Rehabilitation and Repairs		200.00	200.00		349.32	349.32
(6) New Bldgs., Improvements, etc.		913.33	913.33			
(7) Miscellaneous:						
Repairs to Equipment	55.26	133.27	188.53	55.24	152.70	207.94
Sampling and Analysis	16.00	118.00	134.00			
Payroll Taxes	59.39	133.27	194.56	50.84	135.17	186.01
Liability Insurance	83.41	155.53	238.94	76.09	155.51	231.60
Snow Removal	162.85	144.00	306.85	164.00	8.96	172.96
Repair to Compressor		146.32	146.32		-0-	-0-
(8) Contingencies (specify):						
TOTALS	2100.99	12,106.52	14,207.51	1910.31	12015.03	13925.34

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

Date Jan 18-54 *Payee McRae Tungsten Corp.

Per Robert J. McRae Title President

*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:

$ 1432.73

Signature [illegible]
(Authorized Certifying Officer)

Date 1/25/54 Vou. No. 1066
(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. E406 in accordance with the terms of the contract.

Signature /S/ Stephen W Zoldok Title Mining Engr Date Jan 25-1954

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /S/ Stephen W Zoldok Title Mining Engr Date Jan 25-1954

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

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of Dec. 1953 Docket No. DMEA 2654 Contract No. Idm-E406
Operator's Name McRae Tungsten Corp. Minerals Tungsten
Address Stibnite, 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		1800.99	62	6446.18	104	$61.98	265	
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core				118.00				
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails				2500.00				
D. Drill Sites				200.00				
TOTAL DISTRIBUTED COSTS		1800.99		9264.18				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased				2360.00				
Initial Rehabilitation and Repairs				200.00				
New Buildings, Improvements, etc.				913.33				
Supervision		300.00		1470.00				
TOTAL COSTS		2100.99		14207.51				

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 Jan 18-54 Operator McRae Tungsten Corp.

Per Robert J. McRae Title President

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

NARRATIVE REPORT FOR DECEMBER 1953

RED BLUFF GROUP DMEA 2654

The Red Bluff Crosscut was extended from 42 feet to 104 feet for an advance of 62 feet during December. The vein was cut at 99 to 105 feet. Heavy storms and snow slowed up the work and at times even the cat had difficulty delivering the men to work. Mechanical troubles on the compressors lost about two rounds. All of the ground stood well and no timber was required.

The project was visited the week of Dec. 14 to Dec. 21 and again Jan. 8 to Jan. 13. The following description covers the entire crosscut which was finished to 125 feet on Jan. 9th. The drift south on the vein was started on a bearing of S 10° W on Jan. 12. Samples were taken and are in for assay. The record of supplies consumed in November and December is enclosed.

GEOLOGY

All distances in the crosscut referred to here are on the north side of the crosscut.

From 42 feet to 67 feet the formation is silicified metamorphics with bands of quartz the whole containing pyrite. At 67 feet a rhyolite dike was encountered. It had a width of 8 feet, a strike of N 12°E and a 90 degree dip. The formation between 77 feet and 92 feet is a sheared metamorphic formation. From 92 to 99 feet the silicified metamorphics contain some hubnerite and at 92 to 92½ feet a band of quartz containing scheelite was cut. The strike of the mineralized quartz bands are N 10° E and approximate a 90 degree dip. From 96 to 96½ feet is a quartz band containing good values in hubnerite. From 99 feet to 105 feet is a quartz zone containing 30 inches of very good hubnerite ore. The balance of the section is fair ore. The entire section should assay several percent WO_3. From 105 to 110.5 feet the section is silicified and contains some crystals of hubnerite but is probably not ore.

RED BLUFF GROUP DMEA 2654

GEOLOGY (cont)

At 110.5 a definite wall was cut that strikes N 10° E and dips 85 degrees E. There is 2 inches of gouge on the wall. From 110.5 to 125 feet is sheared metamorphic containing abundant pyrite but no tungsten minerals were observed. The face of the crosscut is at 125 feet. A 68 inch drill hole was drilled in the face and the drillings will be assayed later.

Between 99 and 105 feet the above description applies to the section along the crosscut at about 4 feet above the floor. The ore in the bottom of the crosscut was much better and this extended to a height of about 2 feet above the floor. About 24 inches could average approximately 10% WO_3 with some solid hubnerite crystals in excess of 5 lbs. None of this bottom material was cut into the samples. The sample sections were cut about 4½ feet above the floor.

SAMPLES

As mentioned in the previous report and as shown on the accompanying maps a quartz vein was cut at the section 5 to 15 feet on the north side of the crosscut. Results of the samples follow:

SECTION	OZ AU	OZ AG	% WO_3
5 to 10 ft.	0.01	1.2	0.02
10 to 15 "	0.01	1.6	0.78
26 to 60 "	0.01	0.3	0.09
61 to 67 "	0.01	0.3	0.03

No tungsten minerals were noticed in the 10-15 foot sample or in the 26-60 foot sample and the assays of 0.78 and 0.09 % WO_3 were surprising. I have requested Union Assay Office to rerun them, and I have reent the 10-15 foot section but the returns are not yet available.

The following additional samples have been cut and are in for assay. All samples are cut on the north wall of the crosscut with the exception of the 116 to 125 sample which was on the south wall.

NARRATIVE REPORT FOR DECEMBER 1953 (cont)

RED BLUFF GROUP DMEA 2654

SANDERS (cont)

An additional sample No 12 is 60 inches across the face of the south drift when it was 7 feet from the center line of the cross-cut.

No.	SECTION	ESTIMATED GRADE WO_3
RB No 11	10-15 feet	?
RB No 10	15-26 "	?
RB No 9	77-91 "	?
RB No 8	91-99 "	0.25
RB No 7	99-105 "	2.0
RB No 6	105-110½ Feet	0.25
RB No 5	116-125	?
RB No 11	Drift Face 5 feet	1.5

Assays on these samples will be submitted with the January Progress Report.

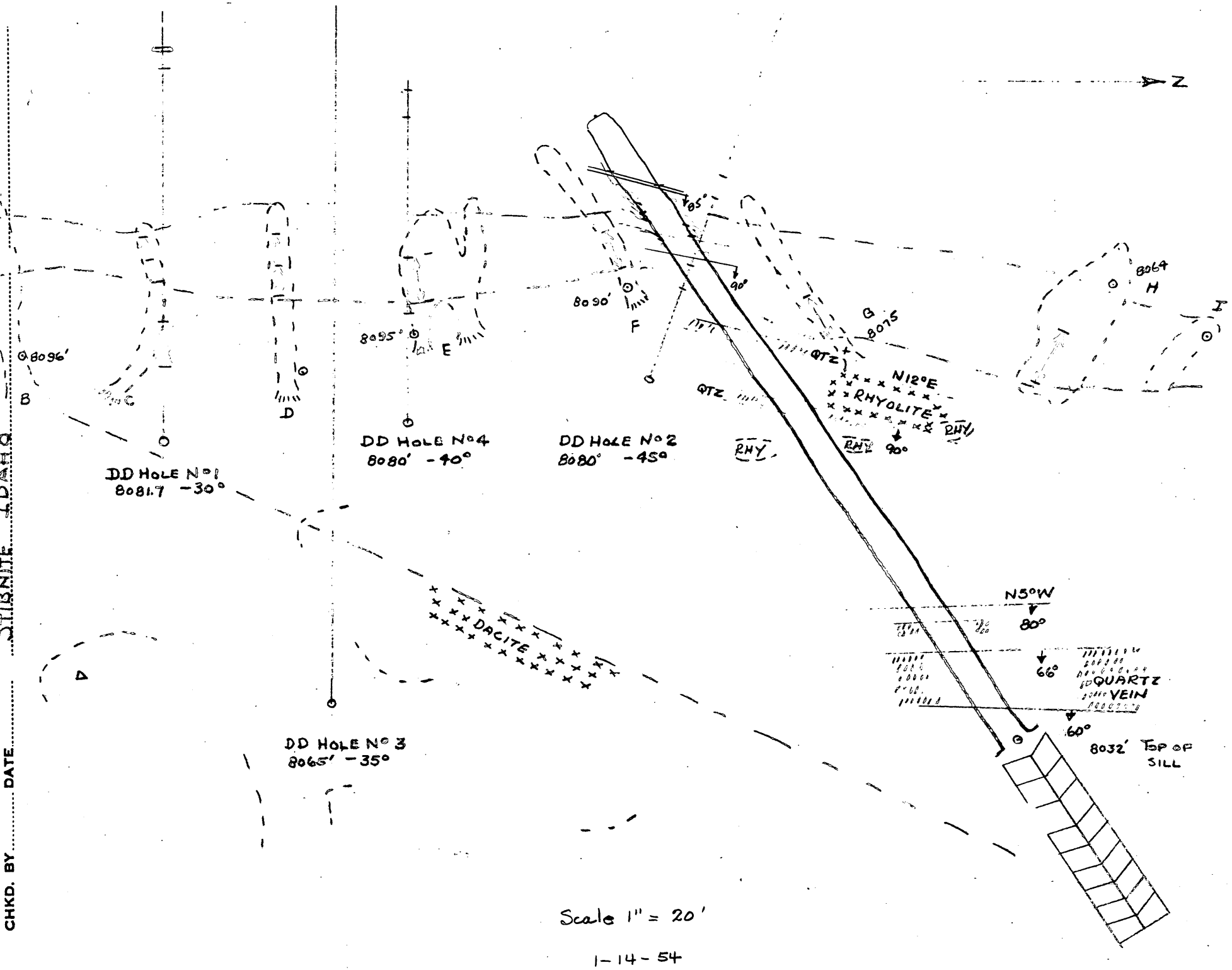
SHEET NO. ..... OF .....

JOB NO. .....

SUBJECT RED BLUFF X CUT
McRAE TUNGSTEN CORP.
STIBNITE IDAHO

BY ..... DATE .....

CHKD. BY ..... DATE .....



Scale 1" = 20'

1-14-54

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

(2)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1404
(Approval Expires 6-30-53)

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 18 1954

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of Nov, 1953 Docket No. DMEA 2654 Contract No. IOM E 906
Operator's Name McRae Tungsten Co Minerals TUNGSTEN
Address STIBNITE IDAHO
Contract Amount, $ 53,800.00 Government Participation: 75 % Amount, $ 40,350.00

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		2200.77	2200.77		2200.77	2200.77
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor	1221.80	523.53	1745.33	1221.80	590.61	1812.41
Supervision	160.00	890.00	1050.00	160.00	1170.00	1330.00
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber		370.03	370.03		281.66	281.66
Explosives		551.13	551.13		639.57	639.57
Pipe		126.97	126.97		126.97	126.97
~~Track~~ GASOLINE		689.87	689.87		764.36	764.36
OTHER	123.23	661.80	785.03	18.60	135.37	153.97
Steel & Bits					290.20	290.20
(4) Operating Equipment:						
Rental	93.25	127.28	220.53	186.50	-0-	186.50
Purchase		2360.00	2360.00		2360.00	2360.00
Depreciation	35.83		35.83	35.83		35.83
(5) Initial Rehabilitation and Repairs		200.00	200.00	149.32	200.00	349.32
(6) New Bldgs., Improvements, etc.		913.13	913.13		913.13	913.13
(7) Miscellaneous:						
Repairs to Equipment	37.41	95.86	133.27	56.84	95.86	152.70
Sampling and Analysis		118.00	118.00		118.00	118.00
Payroll Taxes	58.04	59.98	118.02	58.04	77.13	135.17
Liability Insurance	93.91	47.33	141.24	93.89	61.62	155.51
REPAIR TO T.Co's COMPRESSOR	146.32		146.32	-0-		-0-
SNOW REMOVAL - MAIL	144.00		144.00	8.96		8.96
(8) Contingencies (specify): ROAD REPAIRS		190.00	190.00		-0-	-0-
TOTALS	2113.79	10125.88	12,239.67	1989.78	10,025.25	12,015.03

I certify that the above bill is correct and just and that payment therefor has not been received.
Date 12/26/53 *Payee McRae Tungsten Corp
Per Robert J. McRae Title Pres

*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:

$ 1492 33

Signature [signature]
(Authorized Certifying Officer)

Date 1/12/54 Vou. No. 1043
(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. E406 in accordance with the terms of the contract.

Signature /S/ John a Bauscher Title Mining Engr Date Jan 6-1954

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /S/ Thomas E Howard Title Mining Engr Date Jan 7-1954

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 DMF-104A
(April 1952)

(2)

Budget Bureau No. 42-R1151.1
Approval expires 6-30-53.

DEPT. OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 18 1954

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of Nov 1953 Docket No. DMEA 2654 Contract No. IDA E 406
Operator's Name McRAE TUNGSTEN CORP Minerals TUNGSTEN
Address STIBNITE, 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								
Crosscutting	FT	1941.44	42	4625.66	42		265	
Raising								
Shafts								
Winzes								
Drilling: Core				118.00				
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails				2690.00				
D. DRILL SITES				200.0				
TOTAL DISTRIBUTED COSTS		1941.44	42	7633.66				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased				2360.00				
Initial Rehabilitation and Repairs				200.00				
New Buildings, Improvements, etc.				913.13				
SUPERVISION + P/R TAX		172.35		1132.68				
TOTAL COSTS		2113.79		12,239.67				

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

Date 12/26/53 Operator McRAE TUNGSTEN CORP

Per Robert J McRae Title Pres

REMARKS:

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

(Instructions on reverse)

(For Government use only)

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

NARRATIVE REPORT FOR NOVEMBER 1953

Red Bluff Group DMEA 2654

The Red Bluff crosscut was driven 42 feet during November. Five sets of timbers and lagging were required to get into solid ground. In addition 38 feet of snowshed was completed to allow for a fully covered slusher set up and dump as well as for a covered dump track later.

The crosscut started in the hanging wall of a sulfide quartz vein striking N 50 W and dipping 66 E. The vein is approximately 8 feet wide. One piece of rock from this vein assayed 0.10 oz Au and 12 oz Ag. The sample was taken to see if there was any value in the sulfides. In view of this assay two samples were cut across the vein and have been sent in for assay but the returns are not yet available. The sulfides are predominately pyrite, galena, sphalerite, and chalcopyrite. No tungsten minerals were observed. From the 15 foot mark where the footwall of the vein was cut to the face at 42 feet the formation is an aplite with bands and masses of quartz and the entire mass contains pyrite, flourite, and minor galena.

The ground was very hard and abrasive, a carbide bit returning only 150 feet of hole. It breks large and blocky. The slusher arrangement for mucking is quite satisfactory but considerable trouble was experienced with the hoist freezing up during operation on the outside.

At the end of November there was 3½ feet of snow at the mine. Mail is delivered at Big Creek once a week weather permitting by a ski plane. Trips are made to Big Creek via Sno-cat about every 10 days for mail.

NARRATIVE (cont)

Records of the supplies consumed during November are at the mine and unfortunately during my last visit Dec. 14 to 20 I failed to bring them out. Records for both November and December will accompany the December Progress Report.

During December a regular 2 man crew will work underground with occasional help when needed from the construction crew.

Robert J. McRae
Robert J. McRae
Dec. 24, 1953

1201 N. Division St.
Spokane 2, Washington
December 22, 1953

Mr. Jay L. Chambers, Chief
Contract Admin. and Audit Division
Defense Minerals Exploration Administration
Department of the Interior
Washington 25, D. C.

Re: Idm-E344, DMEA-2143
Northfield Mines, Inc.

Dear Mr. Chambers:

Reference is made to your letter of December 14, 1953.

With respect to the second paragraph of your letter, I am forwarding for your information a memorandum from the Acting Executive Officer, DMEA Field Team, Region II, concerning an audit to be made on Contract Idm-E406, McRae Tungsten Corp.

The revised report of the Northfield Mines will be submitted as soon as it is retyped.

Sincerely yours,

Robert M. Hull
DMEA Auditor

Enclosure

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

1201 N. Division St.
Spokane 2, Washington
November 10, 1953

MEMORANDUM

To: DMEA Auditors, Region II

From: Acting Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMEA 2654 (tungsten), Contract No. Idm-E406, McRae Tungsten Corporation, Red Bluff Claims, Valley County, Idaho

Mr. R. J. Hindman, Certifying Officer, Region II, has deleted from the June 1953 voucher of the subject contract $300.00 for supervision and $24.00 for taxes and insurance (see Hindman's memorandum to the Field Team dated September 30, 1953).

Mr. Hindman has also questioned the validity of previous payments on this contract, particularly for contract bulldozing and supervision which he believes were performed prior to the effective date of the contract - September 25, 1952.

A Mr. R. G. Nissula of Cascade, Idaho, was the bulldozer contractor who did the work at the project.

The above deletions have been the cause of considerable correspondence between the Operator, Mr. Hindman, and the Field Team. The matter has now reached an impasse between the Operator and Mr. Hindman which can be resolved only by an audit of the Operator's accounts. If the Operator can show that the bulldozing was done after September 25, 1952, this will establish the validity of payment for the bulldozing and supervision and the deletions on the June 1953 voucher can be reinstated.

Please make a spot audit of the Operator's books on Contract No. Idm-E406 and while in the area you can also audit the same Operator's books on the Snowbird Project, Contract No. Idm-E133, which was completed on September 30, 1952.

M. E. Volin

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
OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of OCTOBER, 1953 Docket No. DMEA 2654 Contract No. IDM-E406
Operator's Name McRAE TUNGSTEN Co Minerals TUNGSTEN
Address STIBNITE IDAHO
Contract Amount, $ 53,800.00 Government Participation: 75 % Amount, $ 40,350.00

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		2200.77	2200.77		2200.77	2200.77
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor	61.28	462.25	523.53	128.36	462.25	590.61
Supervision	290.00	600.00	890.00	570.00	600.00	1170.00
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber				281.66		281.66
Explosives				639.57		639.57
Pipe				126.97		126.97
Track						
Lubricating Oils			2399.80	764.36		764.36
Steel & Bits	2399.80			290.20		290.20
Misc.				135.37		135.37
(4) Operating Equipment:						
Rental	127.28		127.28	-0-		-0-
Purchase		2360.00	2360.00		2360.00	2360.00
Depreciation						
(5) Initial Rehabilitation and Repairs		200.00	200.00		200.00	200.00
(6) New Bldgs., Improvements, etc.	913.13		913.13	913.13		913.13
(7) Miscellaneous:						
Repairs to Equipment	95.86		95.86	95.86		95.86
Sampling and Analysis		118.00	118.00		118.00	118.00
Payroll Taxes	12.18	47.80	59.98	29.33	47.80	77.13
Liability Insurance	10.15	37.18	47.33	24.44	37.18	61.62
(8) Contingencies (specify):						
REPAIR TO RED BLUFF ROAD DUE TO RAINS	190.00		190.00	-0-		-0-
TOTALS	4099.68	6026.00	10,125.68	3999.25	6026.00	10,025.25

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

Date 11/11/53 *Payee McRAE TUNGSTEN Co

Per Robert J. McRae Title PRESIDENT

*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:

$2,999.44

Signature [signature]
(Authorized Certifying Officer)

Date 12/14/53 Vou. No. 1006
(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. E406 in accordance with the terms of the contract.

Signature /s/ John Bowsher Title Mining Engr. Date Nov 23/53

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /s/ Thomas E Howard Title Mining Engr. Date 11/25/53

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

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of OCTOBER 1953 Docket No. DMEA 2654 Contract No. IDM E 406

Operator's Name McRAE TUNGSTEN CORP Minerals TUNGSTEN

Address STIBNITE 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		2684.22	15	2684.22	15			
Raising								
Shafts								
Winzes								
Drilling: Core				118.00				
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails		190.00		2690.00				
D. DRILL. SITES				200.00				
TOTAL DISTRIBUTED COSTS		2874.22	15	5692.22				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased				2360.00				
Initial Rehabilitation and Repairs				200.00				
New Buildings, Improvements, etc.		918.13		913.13				
SUPERVISION		312.33		960.33				
TOTAL COSTS		4099.68		10125.68				

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 11/10/53 Operator McRAE TUNGSTEN CORP

Per Robert J McRae Title PRESIDENT

REMARKS:

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

(Instructions on reverse)

(For Government use only)

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

Red Bluff IDM E 403
DMEA 2654

Progress Report for Sept. and Oct. 1953

Work was carried on during Sept. and Oct. to prepare the Red Bluff for underground work during the early winter months. All operating supplies had to be on hand before the roads close early in November.

Early in October most supplies had been purchased and moved to the site. Timber had been cut and delivered. During Sept. a compressor and shop building had been built by Martin Construction Co. Carpenters.

The heavy runoff of last spring had caused large slides and washing on the Red Bluff road. These had to be cleared before work could be started. Again in late October a heavy rain caused more slides and sluffing and the road had to be cleared again before being passable.

On October 27, one man started steady work on the cross cut. On Oct. 31 about 15 ft. had been run but had yet to be timbered and 30 feet of snow shed needed to be built. The snow averaged about 15 inches deep.

It was found during the few days of drilling that the Tungsten 120 Cu Ft compressor was not sufficient for slushing and drilling so the DMEA K105 compressor which had just been overhauled was brought up and both compressors were necessary at this elevation to do a satisfactory job. A small addition to the shop was necessary to house both machines.

A regular two man crew started on the crosscut on Nov. 1. Maps of the crosscut will be submitted with the November progress report.

Robert J. McRae

Cost Distribution Sheet DMEA

Operating Materials and Supplies

Red Bluff (IDM E 406) Invoices for Aug., Sept. and Oct., 1953.

The following invoices are charged under

OPERATING MATERIAL and SUPPLIES

Timber

1000 lineal ft. round lagging
300 " " stull timber

Labor M.C. Begole 41 hrs. @ $1.876 Sept. 26 to 31 inc.(see time sheet)	=	$76.67
Hauling McRae Tungsten's DR-60 4 ton truck 9 hours 9/29/53 8 hours 9/30/53 17 hours @ 5.00 hr.	=	85.00
		$161.67

Powder

Invoice No. 07662 9/25/53

Browns Tie and Lbr. Co. McCall Idaho to Tungsten Co.

2500 lbs 45% Gelex dynamite @ 20¢	=	500.00
Freight on above powder Payette Lakes Lbr. Co's invoice No. 07133 9/24/53	=	25.00
		$525.00

Invoice No. 07133 9/24/53

Payette Lakes Lbr. Co. McCall, Ida. to Tungsten Co.

300 lbs Blacksmith Coal	-	10.48
1000 Wedges	-	60.00
1000 Caps		26.13
6000 Ft. Fuse	-	88.44
		$185.03

Invoice No. 06387 9/24/53

Payette Lakes Lbr. Co. McCall, Ida. to Tungsten Co.

1016 bd ft 2 x 12 @ $82.00 M	=	83.35
1017 " " 2 x 10 @ " "	=	83.35
		$166.70
Less 5%		8.34
		158.36
Freight McCall to Fawn Meadows		50.00
		$208.36

Invoice No. 04546 7/31/53

Payette Lakes Lbr. Co. McCall, Ida. to Tungsten Co.

100 lbs 60 D Nails	-	14.00
Less 5%		0.70
		$13.30

Invoice No. B 00169 9/26/53

Brown's Tie and Lumber Co. McCall, Idaho to Tungsten Co.

12 Gal Zerex antifreeze @ $3.00 $36.00

Invoice No. 3872 9/18/53

Phillips Petroleum Co. Cascade, Ida. to Tungsten Co.

2035 Gal gasoline @ 27.9¢ $567.77

Invoice No. 40411 9/23/53

Morris and Crutcher Cascade, Ida. to Tungsten Co.
Freight Cascade to Stibnite 2035 Gal gas
@ 3¢ $61.05

Invoice No. 1 9/20/53

Tungsten Co. Stibnite, Ida.
Freight on 2035 Gal Gas @ 3¢
Stibnite to Red Bluff Mine $61.05

Invoice No. 8867 9/15/53

Phillips Petroleum Co. Cascade, Ida. to Tungsten Co.

54 Gal Motor Oil @ 84¢	-	45.36
38 lbs Grease @	-	8.10
		$53.46

Invoice No 14289 10/30/53

Stibnite Service Sta. Stibnite, Ida to Tungsten Co.

4 quarts Risoil @ $1.05 $4.20

Invoice No 10-834 10/23/53

Western Bearings Boise, Ida to Tungsten Co.

12 only 1 5/8 " Carbide bits @ 15.00 each $180.00

Invoice No 9-1293 9/23/53

Intermountain Equip.Co. Boise, Ida. to Tungsten Co.

10 pieces 1 inch x 2 ft shanked @ 4.63	-	$46.30
10 " 1 inch x 4 " " @ 6.39	-	63.90
		$110.20

Invoice No 10-433 10/9/53

Intermountain equipment Co. Boise, Ida. to Tungsten Co.

2 Eyebolts and expanders	$5.29	
Postage	.45	
	$5.74	$5.74

Invoice No 55733 9/23/53

Salt Lake Hdw. Co. Boise, Ida. to Tungsten Co.

200 lbs ½ inch lamp carbide - $17.50

Invoice Nos 85658 10/24/53
83218 9/15/53

Norco, Boise, Ida. to Tungsten Co.

1 cylinder oxygen	$5.50
1 " acetylene	13.05
	$18.55

Invoice No 40615 10/1/53

Morris and Crutcher Cascade, Ida. to Tungsten Co.

55 Gal White Gasoline	$16.83

Invoice No 9-354 9/9/53

Intermountain Equip C. Boise, Ida. to Tungsten Co.

300 feet cable 5/16 inch	$47.10

Invoice 2856 9/4/53

Horlan's Boise, Idaho to Tungsten Co.

210 ft. black 1 inch pipe @ 18.65	-	39.17
210 " " 1½ " " @ 29.17	-	61.26
		$100.43

Freight on above pipe from Boise to Fawn Meadows charged on Payette Lakes Lbr Co Invoice No 06310 9/5/53 $10.83

Invoice 3336 10/1/53

Horlan's Boise, Ida. to Tungsten Co.

2	¾ inch valves	4.59	
1	1 inch stopwaste	3.37	
4	1½ " 90 Degree ells	3.41	
2	1½ " 45 " "	1.84	
2	1½ " Ts	2.50	
		15.71	$15.71

Cost Distibution Sheet DMEA Copy

New Buildings

Red Bluff DMEA 2654 Invoices for Aug., Sept. and Oct., 1953

The following invoices were charged under New Buildings on MF-104. They comprise the labor and material used for the construction of a compressor and shop building as authorized under Stage III of Contract IDM-E 406 9/25/53.

MATERIALS

Invoice No. A 2974 9/14/53

Boise Payette Lumber Co., Cascade Idaho to Tungsten Co.

10 rolls 65 lb Roofing @ 4.20	=	$42.00

Invoice No. A 1384 9/9/53

Boise Payette Lbr. Co., Cascade, Ida. to Tungsten Co.

100 lbs 8D nails @ $16.00	=	16.00
100 lbs 30D " " 15.50	=	15.50
2 Barn Sash windows @ 4.20	=	8.40
		$39.90

Invoice No. 05613 9/6/53

Payette Lakes Lbr. Co., McCall, Idaho to Tungsten Co.

160 bd ft 1 x 4 rough @ $75.00 M	=	12.00
320 " " 1 x 6 " " " "	=	24.00
		$36.00

Invoice No. 06386 9/6/53

Payette Lakes Lbr. Co. McCall, Idaho to Tungsten Co.

160 bd ft 2 x 6 @ $82.00 M	=	13.12
2004 " " 1 x 12@ 97.00 M	=	194.39
		207.51
Less 5%		10.33
		197.18
# Freight McCall to Fawn Meadows		50.00
		$247.18

Trucking arranged and invoiced by Payette L.L. Co.

MATERIALS

Invoice No 04546 7/31/53

Payette Lakes Lbr. Co., McCall, Idaho to Tungsten Co.

450 bd ft 2 x 4 @ $91.00 M	=	$40.95
Less 5%		2.05
		$38.90

LABOR ON SHOP AND COMPRESSOR HOUSE

Martin Const. Co. Boise, Idaho (See attached invoice)

120 hrs. @ $3.99	$478.80

M.C. Begole (See Sept. time sheet)

6 hrs. @ $1.875	11.25

M.C. Begole (See Oct. time sheet)

10 hrs. @ $ 1. 915	19.15
	$509.20

Material	=	$403.93
Labor	=	509.20
	Total	$913.13

COST DISTRIBUTION SHEET DMEA
OPERATING EQUIPMENT
RENTAL

Red Bluff (IDM E 406) Invoices for Aug. Sept. Oct. 1953

The following invoice is charged under Operating Equipment (rental) (10/14/53 to 11/14/53)

Invoice 10-1545 10/29/53

Intermountain Equip. Co. Boise, Ida. to McRae Tung. Co.

Ingersol Rand Slusher Hoist ASNN-OH #686197	$1080.00
Esco Slusher Bucket	192.89
	$1272.89

Rental @ 10% $127.28

(See attached rental Contract and Invoice)

COST DISTRIBUTION DMEA

REPAIR TO EQUIPMENT

Red Bluff (IDM- E 406) Invoices for Aug. Sept. and Oct. 1953

The following invoices are charged under Repair to Equipment and are authorized under Stage III of subject contract. The parts are for DMEA Jack leg and J 40 Jack hammer. The labor is on repair of DMEA Compressor.

Invoice No 9404 9/9/53

Intermountain Equip. Co. Boise, Idaho to McRae Tungsten Co.

6 only feed leathers for jack leg @ 95¢	5.70
Postage	.18
	$5.88

Invoice No 10-1422 10/27/53

Intermountain Equip. Co. Boise, Idaho to McRae Tung. Co.

Jackhammer parts as listed (See accompanying invoice)	$14.38

LABOR (see Oct. time sheet)

Earl McHargue (mechanic) 36 hrs @ 2.10 Labor on K 105 DMEA Compressor	$75.60

Total charged to Equipment Repairs $95.86

COST DISTRIBUTION SHEET DMEA

CONTINGENCIES

Red Bluff (IDM E406) Invoices for Aug. Sept. Oct., 1953

The following invoice is charged under Contingencies on MF 104. The spring runoff caused the Red Bluff road to slide and wash badly. In October a heavy rain caused similar damage. This damage was repaired by the Tungsten Co. TD-14 Bulldozer.

Invoice No. 2 10/31/53

Tungsten Co. Stibnite, Ida. to DMEA Red Bluff

Sept 7	-	4 hours		
Sept 14	-	3 "		
Oct. 27	-	8 hours		
Oct. 28	-	4 hours		
		19 hours @ $10.00 hr.	=	$190.00

Form MF-104 (Rev. [illegible]52)

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 June, 1953 Docket No. DMEA 2654 Contract No. Idm-E 406
Operator's Name McRae Tungsten Co. Minerals Tungsten
Address Stibnite, Idaho
Contract Amount, $ 53,800.00 Government Participation: 75 % Amount, $ 40,350.00

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					2200.77	2200.77
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor		462.25	462.25	-0-	462.25	462.25
Supervision		300.00	300.00	-0-	600.00	600.00
Technical Services	300.00	300.00	600.00	-0-	-0-	-0-
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental		2212.50	2212.50	-0-	-0-	-0-
Purchase		2360.00		-0-	2360.00	2360.00
Depreciation						
(5) Initial Rehabilitation and Repairs				-0-	200.00	200.00
(6) New Bldgs., Improvements, etc.		200.00				
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis	118.00		118.00	118.00	-0-	118.00
Payroll Taxes	13.50	47.80	61.30	-0-	47.80	47.80
Liability Insurance	10.50	37.18	47.68	-0-	37.18	37.18
(8) Contingencies (specify):						
			6361.73			
TOTALS	442.00	5919.73	3801.73	118.00	5908.00	6026.00

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

Date July 25 *Payee McRae Tungsten Corp

Per R. J. McRae Title Pres

*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:

$ 88.50

Signature [signature]
(Authorized Certifying Officer)

Date 9/29/53 Vou. No. 927
(See other side)

* Operators totals forward are incorrect.

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

Signature S/ Verle Johnson Title M. Eng. Date 8/4/53

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature S/ P. E. Howard Title M. Eng. Date 8/4/53

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

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of June 1953 Docket No. DMEA 2654 Contract No. Idm-E406
Operator's Name McRae Tungsten Corp. Minerals Tungsten
Address Stibnite, 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								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails	mile			2474.75	one			2500.00
D. Drill Sites	site			200.00	6	33.33		33.33
TOTAL DISTRIBUTED COSTS								TOTAL COSTS AUTHORIZED BY CONTRACT
P/R Taxes and Comp.		24.00		108.98				
~~Operating Equipment Purchased~~								
Initial Rehabilitation and Repairs								
Assaying		118.00		118.00				
~~New Buildings, Improvements, etc.~~								
Engineer Supervisor		300.00		900.00				
TOTAL COSTS		442.00		3801.73				

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

Date July 17 Operator McRae Tungsten Corp.

Per P. J. McRae Title President

REMARKS:

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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GPO 83-38475

PROGRESS REPORT FOR JUNE 1953

DMEA 2654

During the winter no work has been done on this project as such. The drill cores were logged and split and samples prepared. The sludge samples were panned and sections cut out for assay. In addition notes were worked up into plan and section maps.

Five copies of the logs and assays on the 5 holes drilled were sent to Mr. Tom Howard last week.

A revision of this contract is now being worked out with DMEA.

C
O
P
Y

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
1201 N. Division St.
Spokane 2, Washington
March 26, 1953

MEMORANDUM

To: DMEA Field Team, Region II

From: Stephen W. Zoldok, Mining Engineer, Bureau of Mines

Subject: Docket No. DMEA 2654 (tungsten)
McRae Tungsten Corporation
Contract No. Idm-E406

Prorating the supervisor's salary on the above contract was the subject of R. J. Hindman's memorandum written to the Field Team on January 12, 1953. The matter was held in abeyance pending Mr. McRae's return from a consulting trip to Korea.

This matter was discussed with Mr. R. J. McRae at Stibnite, Idaho, on March 18, 1953. Mr. McRae stated that the $600.00 charge for supervision and technical services in his October MF-104 actually covered these items for the months of September, October and part of November 1952. Inasmuch as the effective date of the contract is September 25, 1952, there are only 5 days when supervision could properly be charged during the month of September. He also stated that no record was kept of the time he spent on project work although according to the contract this would be necessary in order to properly prorate his supervision cost since he is in the employ of the Bradley Mining Co. and the exploration project is just a side line. It was suggested to Mr. McRae that he keep a diary on the project to enable him to properly prorate his supervision costs in the future.

It is recommended that the Field Team write Mr. McRae a letter, requesting him to keep a record of actual hours spent on project work. On the basis of a 200 hour month at $600.00 per month the supervision would then be paid for at the rate of $3.00 per hour. It is further recommended that if Mr. McRae is unable to substantiate the $600.00 supervision charge for October 1952, this item be cut to conform to the average monthly supervision cost as determined from the succeeding MF-104's.

The Operator plans to reactivate the exploration work about June 1, 1953, weather permitting.

/s/ Stephen W. Zoldok

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

So. 157 Howard Street
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 1 7 1953

January 7, 1953

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

Re: Docket No. DMEA-2654 (Tungsten)
McRae Tungsten Corporation
Red Bluff Claims
Valley County, Idaho
Contract No. Idm-E406

Dear Mr. Johnson:

This will acknowledge your letter of January 2 concerning the prorational salaries for part-time service has been noted and referred to the Project Engineer and the Certifying Officer for their consideration and an appropriate reply.

We are glad to get your comments on this situation in general, for as you point out, some of the older contracts are ambiguous as to the amount that is intended to be allowed for supervision. We are glad to note that your comments agree with our thinking in this matter for we have been somewhat unsure as to whether we could enforce our ideas should we get into a dispute with some Operator.

Sincerely yours,

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

cc: USBM (2)

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

January 2, 1953

Mr. A. E. Weissenborn
Executive Officer
DMEA Field Team, Region II
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMEA-2654-Tungsten
McRae Tungsten Corporation
Contract No. Idm-E406

Dear Mr. Weissenborn:

In a review of the MF-104 for October on the subject contract, it was noted that the full amount of $600.00, estimated in the contract as the amount necessary for an engineer-supervisor, was claimed. As the voucher was submitted, $300.00 was shown for supervision and $300.00 for technical services.

It so happens that this particular contract contains a footnote concerning the engineer-supervisor which includes the following language:

> "If his time is divided between the exploration project and another activity, then his salary is to be divided in the same proportion between the former and the latter."

This footnote was added in view of the Field Team's recommendation that $300.00 be allowed for a part-time supervisor-engineer-bookkeeper. It appears, therefore, that the $600.00 estimated for this item was intended as a full-time monthly salary, to be prorated for services less than full time.

Under these circumstances, it is believed that any claims for salaries for supervisor-engineer-bookkeeper in the amount of $600.00 per month, should be substantiated by a record showing full-time services in this capacity. If only part-time services were rendered, the allowance for the supervisor-engineer should be suitably prorated.

The situation is different where the exploration contract does not specifically indicate that the estimate for supervision is for full-time services. For instance, if the

estimate is simply: "Supervision, per month, $600.00" the contract is ambiguous as to what is intended. If the sum of $600.00 would be a reasonable full-time salary for the supervision provided for the project, then such an estimate should be construed as requiring full-time services, or suitable prorating for less than full-time services. This points to the desirability of making the estimates for supervision and technical services specific in future contracts. With respect to existing contracts, where the estimate may not be specific, the officer approving claims for payment will simply have to exercise a reasonable discretion. If the project does not require full-time services, claims for salary for full-time supervision should be disallowed. Even if full-time supervision would be proper, suitable evidence of full-time performance should be required.

Sincerely yours,

/s/ Frank E. Johnson

Chairman, Operating Committee

APPROVED:

/s/ J. H. Hedges
Member, Bureau of Mines

/s/ A. R. Kinkel, Jr.
Member, Geological Survey

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

Wash

Budget Bureau No. 42-R1036.3.
Approval Expires

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Defense Minerals Administration
RECEIVED
DEC 8 1952

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of OCTOBER, 1952 Docket No. DMEA 2654 Contract No. E 406
Operator's Name McRAE TUNGSTEN CORP Minerals TUNGSTEN
Address STIBNITE IDAHO
Contract Amount, $ 53,800.00 Government Participation: 75 % Amount, $ 40,350.00

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	462.25		462.25			7,360.00
Supervision	300.00		300.00			200.00
Technical Services	300.00		300.00			
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental	2212.50		2212.50			
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes	47.80		47.80			
Liability Insurance	37.18		37.18			
(8) Contingencies (specify):						
TOTALS	3359.73		3359.73	3248.00		

Add as costs (not disb.) Equip. Purchased New Bldgs transferred from Stockpile E-138

(see June MF-104)

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

Date 11-17-52 *Payee McRAE TUNGSTEN CORP.

Per Robert J McRae Title PRESIDENT

*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:

$ 2511.00

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.

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
DEC 8 1952

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of OCTOBER 1952 Docket No. DMEA 2654 Contract No. E 406
Operator's Name McRAE TUNGSTEN CORP. Minerals TUNGSTEN
Address STIBNITE 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								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails	MILE	2474.75		2474.75	ONE	ONE	ONE	2500.00
D. DRILL SITES	SITE	200.00	6	200.00	6	33.33	6	33.33
TOTAL DISTRIBUTED COSTS		2674.75		2674.75				TOTAL COSTS AUTHORIZED BY CONTRACT
COMP AND P/R TAXES ~~Operating Equipment Purchased~~		84.98		84.98				90.00
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
ENG. AND SUPERVISION		600.00		600.00				600.00
TOTAL COSTS		3359.73		3359.73				

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 11-17-52 Operator McRAE TUNGSTEN CORP

Per Robert J. McRae Title PRESIDENT

REMARKS:

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

(Instructions on reverse)

(For Government use only)

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

PROGRESS REPORT FOR OCTOBER, 1952

DMEA 2654

During the month the road to the Red Bluff was completed. This road worked out quite well or better than expected. More solid rock was encountered than was estimated. The road costs were considerably above the $2500.00 allowed. Only the bulldozer and labor were listed against the road as these two items consumed the authorization. The Compressor rental, powder, gasoline, etc. were not listed against the project.

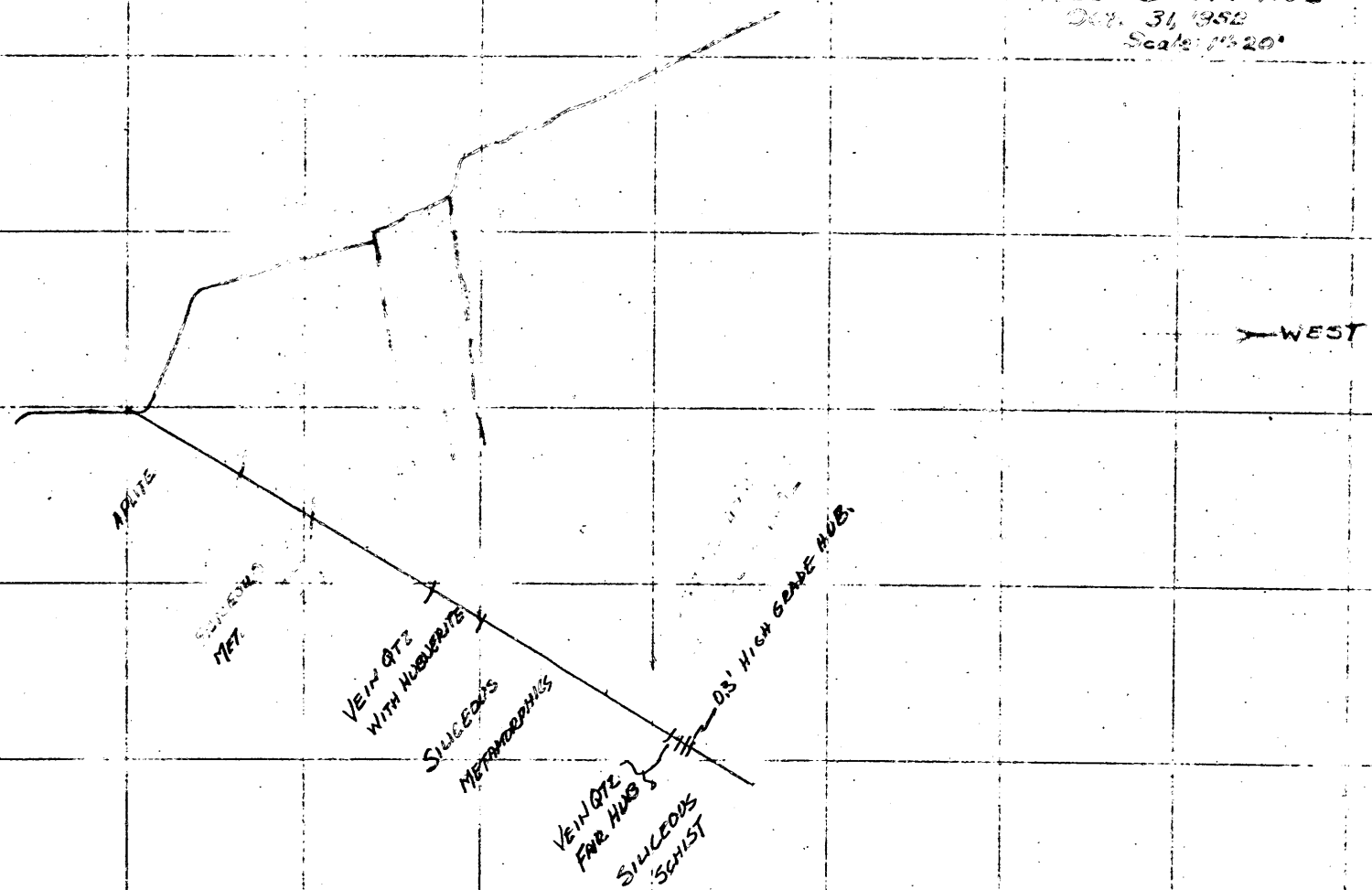
All forseeable diamond drill sites were excavated and connected to the road. During the month all of the drill holes yet to be drilled were tied in to the outcrop and sections and logs provided on the #1 and #2 holes. The map of drill sites and sections and logs with some assays of the #3, #4, and #5 holes will be submitted when the data and assays have been completed. To date all of the drilling under Stage I has been completed and ¼ of the drilling on Stage II. Only sludge on the first two holes have been assayed. We plan on submitting split core on the same sections for assay. It is believed that the core will show a higher assay than the sludges.

No detailed description of the drill results will be attempted until all of the data are available.

Stage II drilling will be completed as soon as possible next spring. Probably this will be during July.

Robert J. McRae

McRAE TUNGSTEN CORP.
RED BLUFF MINE
Section of D.D. Hole
RED BLUFF No 1
Oct. 31, 1952
Scale: 1" = 20'



"ALBANENE" NO. 1 COM REG. OFF.

MCRAE TUNGSTEN CORP
RED BLUFF MINE
DRILL HOLE NO. L

Bearing West
Inclination Minus 30
Elevation 8081

Collar from Sta. 42
Bearing N 70 W
Hor. Dist. 41.01

FOOTAGE	DESCRIPTION	SLUDGE HUBNERITE % WO_3	CORE SIZE	%RECOVERY
0-2	Aplite with pyrite	None	BX	90
2-7	Aplite with pyrite	"	AX	80
7-9.5	Siliceous aplite, brecciated and re-cemented, schistose inclusions.	"	"	85
9.5-12	Siliceous aplite	"	"	85
12-15	Siliceous aplite, weathering extends to 13', then metamorphosed, schistose sediments with flourite and pyrite.	"	"	65
15-19	Schistose sediments, much silicification. First Hub. crystal at 17', 1% at 17.0-17.3.	0.40	"	50
19-24	Metamorphics, almost completely silicified. Hub. crystal at 21.8'.	0.37	"	90
24-28	Highly silicified metamorphics; flourite and pyrite.	0.05	"	35
28-29	Complete silicification; traces of metamorphic structure; much flourite.	0.05	"	10
29-34	Highly siliceous metamorphics, much flourite.		"	35
34-36	Silicified metamorphics to 34.3 then moderately basic dike to 35.5, then siliceous metamorphics	0.06	"	35
36-39	Schistose sediments, poor silicification.			40

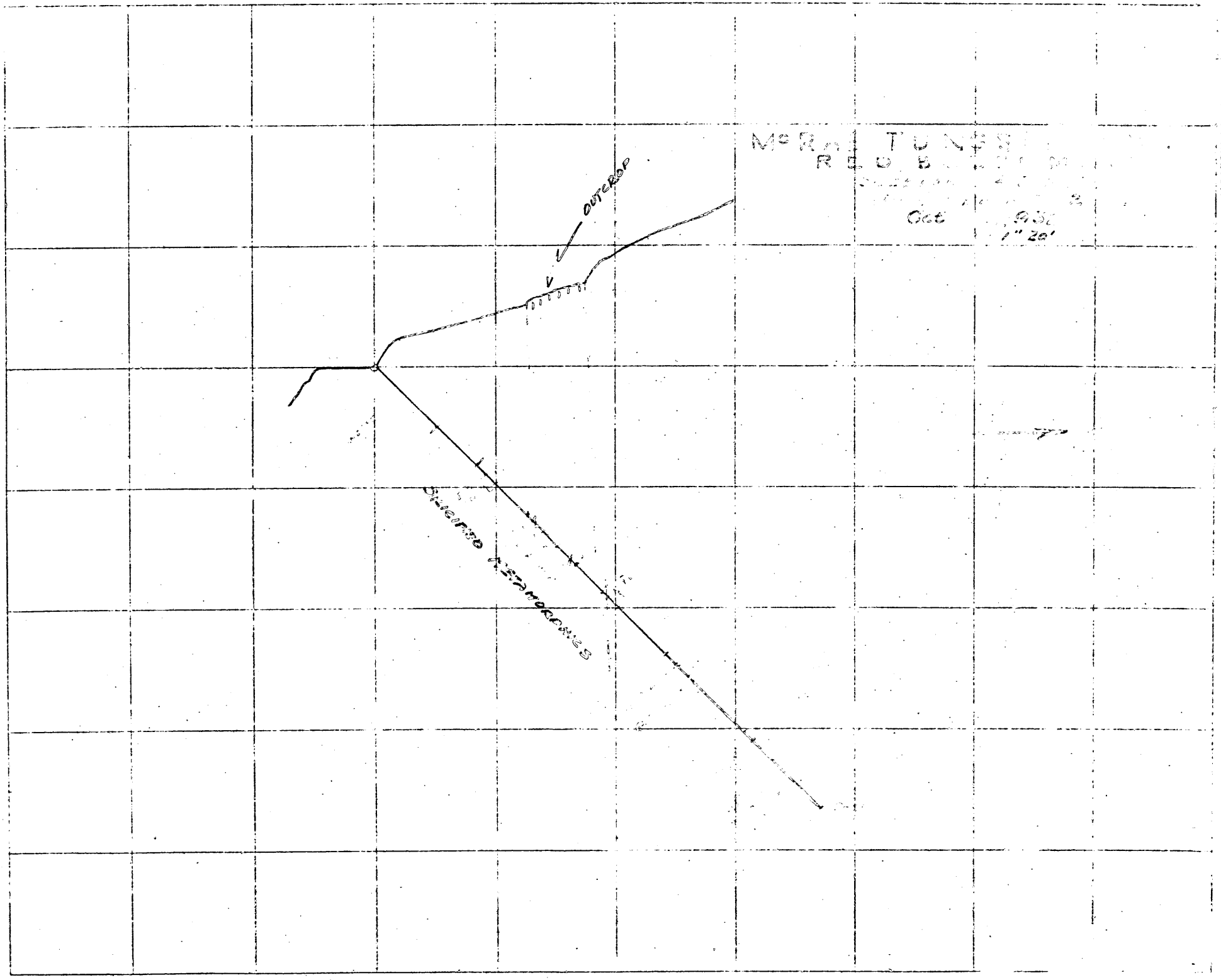
MCRAE TUNGSTEN CORP
RED BLUFF MINE
DRILL HOLE NO. 1
(cont)

Bearing West
Inclination Minus 30
Elevation 8081

Collar from Sta. 42
Bearing N 70 W
Hor. Dist. 41.01

FOOTAGE	DESCRIPTION	SLUDGE HUBNERITE % WO_3	CORE SIZE	% RECOVERY
39-42.5	Siliceous metamorphics to 40.5, then harder, denser quartz. Looks like vein quartz as contrasted to replacement quartz. Good hubnerite-fine grained but considerable.	0.06	AX	90
42.5-47	Vein quartz and siliceous metamorphics. Good ore to 43, then poor. Less silicification, more remnants of metamorphics.	0.07	"	30
47-52.5	Siliceous metamorphics. No hubnerite, some flourite.	none	"	90
52.5-58	Siliceous metamorphics, no hubnerite.	none	"	80
58-63	Siliceous metamorphics. No hubnerite.	none	"	
63-68	End of mineralized section appears to be at 63.5, then chloratized and sericitized aplite with some flourite.	none	"	75
68-73	Same to 72, then vein quartz with good mineralization, fair hubnerite.	0.06	"	80
73-78	Chloratized metamorphics, then 0.4' quartz vein, then schist, then high grade quartz vein 74.3-74.6. Est. 15% WO_3, then silicified schist.	1.24	"	100
78-83	Silicified schist, no hubnerite, some flourite.	trace		95

End of hole at 83'.


OUTCROP
Oct
1" 20'

MCRAE TUNGSTEN CORP
RED BLUFF MINE
DRILL HOLE NO. 2

Bearing N 70 W
Inclination Minus 45
Elevation 8080

From Sta. 42
Bearing N 27 W
Hor. Dist. 102'

FOOTAGE	DESCRIPTION	SLUDGE HUBNERITE %WO_3	CORE SIZE	%RECOVERY
0-5	Aplite, traces of galena		BX	30
5-7.5	Aplite		AX	85
7.5-13.5	Aplite		"	35
13.5-18.5	Aplite, siliceous metamorphics, from 14'.		"	35
18.5-23	Same to 20, then less siliceous, more schistose.		"	30
23-25	Siliceous metamorphics, some hubnerite.	(x)	"	30
25-27.5	Siliceous metamorphics, good hubnerite.	0.16	"	40
27.5-29.5	Siliceous metamorphics, no hubnerite.	(x)	"	10
29.5-33	Siliceous metamorphics, no hubnerite.	(x)	"	8
33-36	Siliceous metamorphics no hubnerite.	(x)	"	30
36-38.5	Siliceous metamorphics, then stronger Sil. with hubnerite.	0.85	"	75
38.5-39.5	Same but lower in grade.		"	80
39.5-42	Same but lower grade	0.55	"	100
42-46	Same, grade is better; hubnerite 0.7% to 43 then drops off, considerable galena.		"	75
46-48	Sil. meta. and aplite.	(x)	"	50
48-52.5	Completely sil. meta.; pyrite and galena.	(x)	"	80

(x) Sludge yet to be assayed.

EXTRA COPY O. M. E RECEIVED MAR 20 1961		
DATE	INI	CODE
		800

No. 157 Second Street
Spokane 4, Washington
March 17, 1961

Mr. Winston H. Ashburn
Geologist
Pacific Development Company
Box 277, Mitchell Star Route
Prineville, Oregon

Dear Mr. Ashburn:

The only claim group mentioned in your letter of March 14, 1961, that was subject to a Bureau Minerals Exploration Administration project is the Red Bluff group. The operator under this contract was Idaho Tungsten Corporation, Salmon, Idaho. The claims included in the contract grant were Red Bluff 1, 2, 3, and 4. Certification of Discovery or Development was issued June 29, 1956, as a result of which the Government is entitled to royalty on any production from these claims until September 25, 1964, or until the sum of $17,[illegible].00 has been repaid, whichever occurs first. For any information regarding the program or its results you may write to:

Robert J. Milne, Trustee
Idaho Tungsten Corporation
1702 Stanley Street
Boise, Idaho

or to:

Wilbur Wilson

Big Creek, Idaho

Red Bluff claims 6, 7, 8, and 9 and the White Bluff claims were included in a BMEX application, Docket No. BMEX-[illegible], which was received from Westshaff Mining Company February 9, 1955, but was subsequently withdrawn by the applicant.

Detailed information pertaining to a project is considered confidential and is only for the use of the Government. We regret that we cannot open our files to you, however, should you or your representative wish to call at the office and bring written

E406
EMA-2654

authorization from Mahne Tungsten Corporation, we would be glad to go over the maps and discuss the geologic features with you, but we could not furnish you with copies of the maps. I believe you could get as much and probably more information than we could give you from Mr. Mahne or Mr. Wilson.

Sincerely yours,

D. R. MacLaren
Acting Field Officer, OME
Region I

cc: OME(2) w/cys incoming
Director
Econ. Geol.
BLM
Alphabetical File
DMEA-2654, Mahne Tungsten Corp.
DMEA-2902 (Withdrawn), Wardenhoff Mining Co.

(Re: DMEA-2654 (Tungsten), Mahne Tungsten Corp., Red Bluff Group, Valley County, Idaho, Contract Ida-2406, and DMEA-2902 (Tungsten), Wardenhoff Mining Company, Valley County, Idaho, withdrawn)

Box 227, Mitchell Star Rt.
Prineville, Oregon
March 14, 1961

EXTRA COPY
O. M. E
RECEIVED MAR 20 1961
DATE | CODE

Department of Interior
Bureau of Mines
S. 154 Howard
Spokane, Washington

Gentlemen:

My employers have assumed control of several groups of mining properties in the Big Creek mining district in Valley and Idaho counties, Idaho. I am writing you in the hope that you will be able to furnish me with some historical and geological information. Evidently the properties have changed hands several times in the past few years, and whatever records or reports there might have been were lost.

The properties are all unpatented, and consist of groups of both lode and placer claims. They all lie in the Big Creek district, and are said to be within a few miles of each other. The general area is believed to be encompassed by T. 20-21 N., R. 9 E.

There is said to have been extensive development performed at different times for gold, lead and zinc, tungsten, and garnet. The dates and extent of this development are not known, nor are the results. It is probable that some of the former owners have requested Federal aid through the Defense Minerals Procurement or Exploration Programs, so your engineers have probably examined the properties in the past.

Former operators of the properties are the following: Big Creek Tungsten Co., Big Creek Minerals Corp., Big Creek Development Co., Golden Cup Mining Corporation, and Wordenhoff Mining Co. Ownership of the various properties was consolidated in Wordenhoff Mining Company in 1958.

The names of the individual groups of claims are as follows: Belvedere Placers, Big Creek, Golden Cup, Homestake, Idaho, Johnnie, Lady Garnet, Lucky Bug, Quincy Ann Placer, Rainbow, Red Bluff, and White Bluff. These names are believed to be the same ones that the various groups have been known by in the past, so would probably appear in your records of investigations in the area.

Our tentative plans for the area begin with a preliminary geological examination, after which detailed geological work and sampling will be done. If you have any publications available for distribution describing the area in general, or have any Reports of Investigations or similar reports on the individual prospects, they would be most valuable in making the preliminary plans. We could also use any bibliographies that your staff has compiled on the area.

If you require written permission by the present owner of the properties, Werdenhoff Mining Company, before you can release any of the desired information, please let me know, and I will obtain it at once.

Yours very truly,

PACIFIC DEVELOPMENT COMPANY

Winston M. Sahinen,
Geologist

RECEIVED
MAR 16 1961

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

To: McKee Tungsten Corporation
1704 Gourley Street
Boise, Idaho

Pursuant to the provisions of Exploration Project Contract No. Idm-[illegible], as amended, dated September 25, 1952, (Docket No. DMEA-[illegible]), hereinafter called the "Contract," between the McKee Tungsten Corporation and the United States of America, hereinafter called the "Government"; to establish and fix the Government's percentage royalty on production and its lien therefor and on the land described in the contract, the Government considers and hereby certifies that a discovery or development from which production may be made has resulted from the exploration.

The nature of said discovery or development is described broadly or indicated as follows:

Tungsten in the form of huebnerite and scheelite occurs in lenses in a wide, strong, northerly-trending shear zone cutting silicified schists, granitic rocks, and pegmatite. The ore-bearing lenses have been proved to depth by diamond drilling, drifting, and crosscutting. The work supplied sufficient data for calculating a substantial reserve of tungsten ore.

THE UNITED STATES OF AMERICA

Dated: JUN 29 1956

By O. Mitteudorf
Administrator, Defense Minerals Exploration Administration

cc: Docket
Code 400-Mr. Martin
Code 800-Mr. Chambers
Code 110-Mr. Johnson
Oper. Committee
Adm. Read. File
R. W. Geehan, USBM
R. W. Holliday, USBM
Thor Hillsgaard, USGS

cc: FT, Region I-NW Dist.
KFA, GSA
Finance Officer
Wilbur Wiles

SPHolt/ls 3/27/56

JUN 29 1956

McRae Tungsten Corporation
1704 Gourley Street
Boise, Idaho

Re: Docket No. DMEA-2654, Tungsten
Red Bluff Group
Valley County, Idaho
Contract No. Idm-X406

Gentlemen:

Transmitted herewith is a certificate of discovery or development issued under the subject contract, which was executed September 25, 1952.

By the terms of the Exploration Project Contract, as amended, and of the certification, all production from the lands described in the referenced contract from the date of the Exploration Project Contract is subject to the Government's percentage royalty as set forth in the contract until the sum of $17,474.40 is paid, or until September 25, 1964, whichever occurs first.

Payments should be made to Mr. A. R. Weissenborn, Executive Officer, DMEA Field Team, Region I, Northwest District, South 157 Howard Street, Spokane 4, Washington, in the same manner as you are now doing in the case of Contract No. Idm-X133, Docket No. DMEA-864, Snowbird mine.

Also, as requested in the case of Contract No. Idm-X133, please advise Mr. Weissenborn of any changes in ownership and production rights, or if production ceases for any extended period.

Sincerely yours,

G. O. Mittendorf

Administrator

Enclosure

cc: Docket
Code 400
Code 110-Mr. Johnson
Code 800-Mr. Chambers
FT, Region I--NW Dist.

cc: R. W. Geehan, USBM
R. W. Holliday, USBM
T. Kiilsgaard, USGS
Operating Committee
Adm. Reading File
Wilbur V. Wiles, Big Creek, Idaho

SPHolt/ls 6/15/56

JUN 2 9 1956

Mr. Clarence A. Fredell, Acting Director
Materials Division
Emergency Procurement Service
General Services Administration
Washington 25, D. C.

Re: Docket No. DMEA 265 - Tungsten
Idaho Tungsten Corporation
Red Bluff Group
Valley County, Idaho
Contract No. Ida-1606

Dear Mr. Fredell:

Enclosed is a copy of a certification of discovery or development for the above-subject contract.

Contract No. Ida-1606 for the exploration of the Red Bluff Group tungsten deposits was executed September 25, 1952. Expenditures up to $53,000.00 were authorized by the contract, of which the Government's share at 75 percent was $40,250.00. The cost of the work completed was $23,299.24, of which the Government's share at 75 percent was $17,474.40.

The object of the exploration program was to test the possible tungsten occurrences along a contact metamorphic zone between granite and metasediments. The program employed drifting, crosscutting and diamond drilling to explore the contact zone.

The contract allowed $53,000.00 to construct one mile of access road, prepare six diamond drill sites, drill 1,520 feet of diamond drill holes, drive 250 feet of crosscut, 250 feet of drift, and 200 feet of raise.

Work completed comprised one mile of access road, six diamond drill sites, 176 feet of crosscut, 115 feet of drift, and 1,004 feet of diamond drill holes.

Tungsten ore discovered by project work was estimated by the Field Team as approximately 19,000 tons of ore, containing 16,300 units of tungsten trioxide, (WO_3).

Sincerely yours,

G. O. Mittendorf

Administrator

Enclosure

SPMELT:Cmc 6/29/56
cc to: Docket,
Code 400
Code 110
Code 800
Admr. Read. File

cc to: Oper. Comm.
Ft. Rel. I - MMDLrt.
R. M. Gaskins, USBM
R. W. Holliday, USBM
T. H. Killingsord, USGS

[illegible]

JUN 29 1956

Mr. A. E. Weissenborn, Executive Officer
DMEA Field Team, Region I - Northwest District
South 157 Howard Street
Spokane 8, Washington

Re: Docket No. DMEA 268 - Tungsten
Hilbo Tungsten Corporation
Red Ridge Group
Valley County, Idaho
Contract No. [illegible]

Dear Mr. Weissenborn:

Enclosed are copies of a certification of discovery or development for the above-referenced property, and of related correspondence.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Enclosure

APPROVED:

P. F. Yopes

Director, Bureau of Mines

Thor H. Kiilsgaard

Director, Geological Survey

cc to: Docket
Code 100
Code 300 - Mr. Chambers
Code 110 - Mr. Johnson
Admr. Read File
Operating Comm.
FT. REG. I - DMD
Messrs. Graham, USBM
Halliday, USGS
Kiilsgaard, USGS
[illegible]
1/30/56
[illegible]

E 406 Mc-Rae Langston. DMEA 2654

Long form 9/25/52 $53,800./40,350. Start by 10/25/52 Complete by 9/25/54

Allowable Maximums

	Stage I	Stage II	Stage III	Stage IV
(1) Access Road (approx 1 mi.)	$2,500.00	—	—	—
(1) Diam. Drill Setup (6)	200.00	—	—	—
Diam. Drilling @ $8.00/ft. (2)	1,920.00	6,240.00	—	4,000.00
(3) Engineer - Supervisor @ $600./mo	600.00	1,200.00	1,500.00	600.00
Cook	—	—	300.00/mo.	—
Operating Equip. Rental @ $93.25/mo	—	—	233.13	—
(4) " " Purchased	—	—	2,760.00	—
" " Rtfr. Compressor @ 35.83/mo.	—	—	89.58	—
" " " Tractor/dozer @ .56/hr	—	—	336.00	—
Rehab. & Rfrs., Compressor	—	—	150.00	—
(5) New Bldgs, Impr., etc, Bunkhouse	200.00	—	—	—
Cookhouse	3,000.00	—	—	—
Facilities for Cookhouse	600.00	—	—	—
Compr. & Shop Bldg.	—	—	1,250.00	—

Notes

(1) If Caterpillar D-6 w/dozer, or equiv., is rented the mnf. charge is $15/hr incl. operator & all costs.

(2) Incl. all costs of drilling, moving in & out, reaming, casing, lost time, etc.

(3) To dev't operation, perform sampling, mapping, accounting & reporting; and, if time is divided with other activity, salary is to be prorated.

(4) Incl. compressor & gas burner w/jacking transf. from E 133 at valuation of $2,360.00

(5) Prefab. bunkhouse transf. from E 133

Also: (a) Rfrs. & maintenance (under Misc.) to be charged only as incurred while equip. is working on project.

(b) Bulldozer may be used and charged at deprec. rate of $.56/hr. for snow removal & transf. miners (under Misc.)

(over)

"Technically", Amend. No. 1 which authorizes the Stage III Rehab. & Rpirs ~~and New Bldg, Impr., etc.~~ is improper since:

(a) This item is specifically an "allowable maximum" under the contract and was shown as "none" in Exhibit "A";

(b) The Cont. Officer does not have authority to increase "allowable maximums"; and

(c) Amend. No. 1 specifies that amendment shall not be construed to increase any item of cost expressly designated as "allowable maximum".

Monthly Reports of Op.

Oct. 1952 Narrative states road & drill sites completed, all of Stage I drilling + 1/4 Stage II drilling completed but MF-104 claims only cost of road, drill sites, & supv.

Jun. 1953 Narrative indicates preparation & assay of drill samples, and MF 104 claims supv. & assay costs.

Oct. 1953 Narrative indicates acquisition of supply inventories, construction of compressor + shop bldg (Stage III), road supv, & start of crosscut

Nov. 1953 Narrative indicates continuation of crosscut

Dec. 1953 " " " " "

Jan. 1954 " " " " " (total to date 125')

and 30' of drifting.

Correspondence

Ltr. dated 8/21/52 to Senator Welker from Ofr states "we have been forced to build a road to the property and let the diamond drill contract at our own expense

Ltr. dated 8/13/53 to Eq. Off. fr. Ofr. indicates lumbhouse troyle fr. E 133 no longer in use

Memo dated 9/22/53 to Field Team fr. Engr. (Bowles) confirms all drilling done prior to date of contract.

Memo dated 3/23/54 to Field Team fr. Engr. (Zoldok) questions high costs of drilling + crosscutting ($77.51/ft for 155' completed thru Jan '53) compared to original estimates ($55.76/ft for 265').

Notes

Examination of files indicates costs are "in line" except for probability road work + site preparation was performed prior to date of contract.

Zoldok's memo 3/23/54 does not take into account the allowable mat. and use of inventories (making est. projected cost $56.18/ft.)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
So. 157 Howard Street
Spokane 4, Washington

RECEIVED
JUL 13 1955

July 12, 1955

Mr. George C. Selfridge, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA-2654 (tungsten)
Red Bluff Claims
Valley County, Idaho
Contract No. Idm-406

Dear Mr. Selfridge:

Attached are the Government, Docket, and Division copies of Amendment No. 4 to the above-captioned contract with attached justification and map showing proposed diamond drill holes.

Distribution of this amendment has been made.

Sincerely yours,

Verne C. Frykluni, Jr.
For: A. S. Weissenborn
Executive Officer, DMEA
Field Team, Region I
Northwest District

Attachments

cc: Finance Office
USBM(2)
Kellum

GOVERNMENT COPY

AMENDMENT NO. 4

RECEIVED
JUL 13 1955

It is agreed this 30th day of June 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and

McRae Tungsten Corporation

(Docket No. DMEA 2654 - tungsten)

each acting in consideration of the agreement of the other to the terms hereinafter set forth, that the Exploration Project Contract Idm-E 406 of September 25 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 June 1 1955.

This amendment is made by authority granted the Executive Officer, DMEA Field Team, Region ~~II~~ I, NW Dist., 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.

McRAE TUNGSTEN CORPORATION
(Operator)

By Robert J. McRae
President

THE UNITED STATES OF AMERICA

By Wing G. Agnew
~~Acting Exec. Officer~~
DMEA Field Team, Region ~~II~~ I, NW Dist.
Wing G. Agnew, Acting Exec. Officer

RECEIVED
JUL 1 3 1956

McRAE TUNGSTEN CORPORATION
Exploration Project Contract No. Idm-E406
Docket No. DMEA 2654 (tungsten)

AMENDMENT NO. 4

Exhibit "F"

Changes and modifications:

1. In Exhibit "A" of the contract under Description of the Work, Stage I, delete paragraph 3; delete Stage II in its entirety, and under Stage IV, add

3. Diamond drill 1020 feet of AX size hole to further explore the extensions of the ore zone. This drilling is to be undertaken only if the results of paragraph 1. above are favorable and the additional drilling is deemed warranted by the Government. Locations, bearings, and indications of the holes to be determined by the Operator with the approval of the Government.

2. In Exhibit "A" of the contract under Estimated Cost of Project, (1) Independent Contracts, Stage I,

delete

240 feet of diamond drilling, AX size hole, @ $8.00* per foot 2/	$ 1,920.00

and under Stage II, delete

780 feet of diamond drilling, AX size hole, @ $8.00* per foot 2/	$ 6,240.00

and under Stage IV, add

1020 feet of diamond drilling, AX size hole, @ $8.00* per foot 2/	$ 8,160.00

*Indicates allowable maximum.

2/ Including all costs of drilling, moving in and out, moving between holes, reaming, cementing, casing and time lost while surveying.

RECEIVED
JUL 1 3 1955

McRAE TUNGSTEN CORPORATION
Exploration Project Contract No. Idm-E406
Docket No. DMEA 2654 (tungsten)

Justification of Amendment No. 4

Operator completed the diamond drilling provided under Stages I and II at company expense prior to the effective date of the contract because of the short working season at the isolated site of the mine. Stage III, consisting of underground work, was completed under the contract.

The results of the diamond drilling and underground exploration are encouraging enough to justify the transfer of unused diamond drilling footages from Stages I and II to Stage IV to further delineate the tungsten-bearing ore zone.

J. D. Bardill

Government's Copy

EXPLORATION PROJECT CONTRACT
MCRAE TUNGSTEN CORPORATION
DOCKET NO. DMEA-2654

AMENDMENT NO. 3

It is agreed this 11th day of January, 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and the McRae Tungsten Corporation, hereinafter called the "Operator," parties to that certain Exploration Project Contract Idm-E406 (Docket No. DMEA-2654), dated September 25, 1952, as amended, hereinafter called the "Contract," that:

1. (a) Work under the Contract shall be suspended during the period beginning May 1, 1954, and ending not later than July 15, 1955.

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

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

2. The time fixed for the completion of the work is extended to September 25, 1955.

3. Annex II, attached hereto and made a part hereof, is substituted for the provisions of Article 9 of the Contract.

4. It is of the essence of this Contract that the work be resumed before the termination of the period here fixed for suspension; and if it is not so resumed in the manner required by the Contract, the following provisions shall thereupon become effective:

(a) Effective May 1, 1954, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

(b) Any work or operations prosecuted or costs incurred by the Operator beginning with May 1, 1954, shall be for the sole account of the Operator without contribution by the Government, except for allowable costs incurred in performing winding-up and settlement actions provided for in the Contract, including (1) the preservation and disposal of property to the cost of which the Government has contributed, and (2) the making and rendering of reports and accounts.

(c) The Operator shall promptly perform all winding-up and settlement actions provided for in the contract, including (1) the disposal of any facilities, building, fixtures, equipment, or other items to the cost of which the Government has contributed; and (2) the rendering of the final report and final account.

(d) All rights of the Government provided for in the Contract, as amended herein, with respect to a certification of discovery or development and a percentage royalty and lien for its payment are preserved.

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

THE UNITED STATES OF AMERICA

By O. Mitchendon
Administrator, Defense Minerals
Exploration Administration

MCRAE TUNGSTEN CORPORATION

By Robert J. McRae, Pres.

EXPLORATION PROJECT CONTRACT
MCRAE TUNGSTEN CORPORATION
DOCKET NO. DMEA-2654

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 period "twelve years" is substituted for the period "ten years."

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

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.

MF-203
(Revised July 1, 1954)

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 Valley, described as follows:1/

	Book	Page	Date
Red Bluff No. 1 (Amended)	13	234	6/15/51
Red Bluff No. 2	11	587	6/15/51
Red Bluff No. 3	11	588	6/15/51
Red Bluff No. 4	11	589	6/15/51

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

2/ McRae Tungsten Corporation

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

NOW THEREFORE, the undersigned, in consideration of Amendment No. 3 to said contract and as an inducement to the Government to enter into same, undertakes and agrees as follows:

1. The Government's equity in and right to dismantle, sever, take possession of, and remove and dispose of facilities, buildings, fixtures, equipment, or other items as provided in the contract or any amendment thereof shall prevail over and be prior and superior to any conflicting or adverse rights of the undersigned, and the Government is authorized to enter upon the land for such purposes.

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract or any amendment thereof there is hereby granted to the Government a lien upon the land above referred to and upon any production of minerals therefrom until said royalty is fully paid or ten years have elapsed from the date of the contract, whichever occurs first.

1/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in book _____ page _____ official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

2/ Insert the name of the Operator as it will appear in the exploration project contract.

3/ Mining or production from the land is not required, and in the absence of production there is no obligation to repay the Government.

(OVER)

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 said contract. This agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of the undersigned.

4. Changes and added provisions In paragraph 2, the words "the term fixed in the contract has elapsed" are substituted for the words "ten years have elapsed from the date of the contract."

Dated this 18 day of MARCH, 1956.

× Wilfur Wilder [Seal]

[Seal]

[Seal]

Government Copy
DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 9 1954

AMENDMENT NO. 2

It is agreed this 17th day of March 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and McRae Tungsten Corporation, a corporation organized and existing under and by virtue of the laws of the State of Idaho, Stibnite, Idaho each acting in consideration of the agreement of the other to the terms hereinafter set forth, that the Exploration Project Contract Idm-E 406 of September 25, 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 September 25, 1953.

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.

McRAE TUNGSTEN CORPORATION
(Operator)

By Robert J. McRae, Pres.

THE UNITED STATES OF AMERICA

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

McRae Tungsten Corporation
Exploration Project Contract No. Idm-E406
Docket No. DMEA-2654 (tungsten)

Amendment No. 2

Exhibit "F"

Changes and Modifications

I. In Exhibit "A" of the contract, under Description of the Work, Stage III, delete all work described in paragraphs 1, 2, and 3. Also, in Amendment No. 1 to the contract, under Changes and Modifications, delete paragraph 1. In lieu of these deletions insert the following:

(1) Drive a 125-foot adit southwestward to crosscut the ore zone at an altitude of approximately 8,030 feet. Adit not to exceed 6' x 7½' in the clear.

(2) Drive 150 feet of drift to the south from the crosscut to explore the ore zone. Drift not to exceed 6' x 7½' in the clear.

(3) Drive a total of 40 feet of crosscutting from the South drift to explore the ore zone. Crosscuts not to exceed 6' x 7½' in the clear.

(4) Crosscut west from the South drift to explore the western parallel vein exposed by diamond drilling. Total length of crosscut not to exceed 40 feet. Crosscut not to exceed 6' x 7½' in the clear.

(5) Drift on the western parallel vein from the western crosscut. Aggregate length of drifting not to exceed 60 feet. Drifts not to exceed 6' x 7½' in the clear.

II. In Amendment No. 1, Changes and Modifications, Stage III, under items (2) and (7), the following changes are to be made:

(2) Labor, Supervision, Consultants

Delete all items under this section and insert the following:

1 Engineer-supervisor 3/ @ $600.00* per month for 2½ months	$1,500.00
1 Cook @ $300.00* per month for 4½ months	1,350.00
3 Miners @ $16.20 per shift, including overtime - 115 shifts each	5,589.00
	$8,439.00

3/ Retain the original footnote. See page 4, Exhibit "A", original schedule.

(7) Miscellaneous

delete:

Workmen's Compensation, employers liability insurance, payroll taxes	$540.90

add:

Workmen's Compensation, employers liability insurance, payroll taxes	$843.90

III. The time limit of the contract is hereby amended from a period of 18 months to a period of 24 months, and the expiration date is thereby advanced until September 25, 1954.

McRae Tungsten Corporation
Exploration Project Contract No. Idm-E406
Docket No. DMEA-2654 (tungsten)

Justification for Amendment No. 2

Drifting from the DMEA adit has disclosed a shear zone 16 feet or more in thickness, which contains a series of en echelon lenses of tungsten ore. The operator believes that these lenses will continue on to the south although the outcrop of the ore in this southern area is obscured by overburden. He has therefore requested an additional 50 feet of drifting to better test this southern area.

Crosscutting previously allotted the contract under Amendment No. 1 has been expended in testing the width of the shear zone to determine the continuity of the en echelon lenses of ore. As no footage has remained to test a parallel vein, about 30 feet to the west of the shear zone being tested by drifting, an additional 40 feet of crosscutting has been allocated to reach this target. Sixty feet of drifting has also been allocated to explore this parallel vein.

Prior to drafting this amendment, the operator was contacted and told that if he wanted rental allowances and depreciation rates for this additional work, the amendment would have to be approved in Washington as such items were maximum allowables. The operator stated that he was in a hurry to complete the work and that rather than wait for such an amendment he would prefer to do the work outlined herein with the Government participating only in labor and supply costs, and with no help for those items marked as allowable maximums in Amendment No. 1. As only a comparatively small amount of work is to be done, and as exploration to date has yielded highly encouraging results, this amendment has been drafted according to the operator's preference.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 18 1954

Docket No. DMEA 2654
(tungsten)

AMENDMENT NO. 1

GOVERNMENT COPY

It is agreed this 30th day of November 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration, and McRae Tungsten Corp., Stibnite, Idaho

each acting in consideration of the agreement of the other to the terms hereinafter set forth, that the Exploration Project Contract Idm-E 406 of September 25, 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 September 25 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.

McRAE TUNGSTEN CORPORATION
(Operator)

By Robert J. McRae, Pres.

THE UNITED STATES OF AMERICA

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

RECEIVED
BUREAU OF MINES
JAN 8 - 1954
SPOKANE, WASH.

DEPT OF THE INTERIOR
Minerals Administration
RECEIVED
JUN 18 1954

MCRAE TUNGSTEN CORPORATION
Exploration Project Contract No. Idm-E406
Docket No. DMEA 2654 (tungsten)

AMENDMENT NO. 1

Exhibit "F"

Changes and Modifications

1. In Exhibit "A" of the contract, under Description of Work, Stage III, paragraph 1, delete the words "250-foot adit" and in paragraph 2 delete the words "250 feet". Substitute under paragraph 1 "125-foot adit" and under paragraph 2 "100 feet".

2. In Exhibit "A" of the contract under Estimated Cost of Project (*Indicates allowable maximum) delete everything listed under Stage III and substitute the following:

Stage III

(1) Independent Contracts

None

(2) Labor, Supervision, Consultants

1 Engineer-supervisor 3/ @ $600.00* per month for 2-1/2 months	$1,500.00
1 Cook @ $300.00* per month for 2-1/2 months	750.00
3 Miners @ $16.20 per shift, including overtime - 65 shifts each	3,159.00
	$5,409.00

(3) Operating Materials and Supplies

See pages 5 and 6 of Exhibit "A" of original schedule. Retain this list under Stage III.

(4) Operating Equipment
To be rented

1 Ingersoll-Rand A5NN-DH Slusher hoist, double drum, Serial No. 6460.	Value	$1080.00	
1 Esco slusher bucket	Value	192.89	
		$1272.89	
2-1/2 months* rental rate @ $93.25*			$ 233.13*

Note: Rental rate from Compilation of Rental Rates for Construction Equipment, Fifth Edition, 1950. Associated Equipment Distributors.

3/ Retain the original footnote. See page 4, Exhibit "A", original schedule.

Operating Equipment
To be purchased

1 Ingersoll Rand portable compressor (used), Model GK-105, Serial No. 406-31445 4/	2,000.00
1 Ingersoll Rand J-40 jackhammer and jackleg (used), Serial Nos. 673946 and LI3081 4/	360.00
1 20 cu. ft. mine car	200.00
1 Acetylene welding outfit (complete)	200.00
	$2,760.00*

To be furnished by Operator

1 125-cu. ft. portable air compressor (used approx. 2200 hours, valued at $2150 after reconditioning by Operator)	
2-1/2 months* depreciation @ $35.83	89.58*
1 T-D International crawler tractor with cable dozer (valued at $8000 after reconditioning by Operator) 7/	
600* hours @ $0.56/hr.	336.00*
	$425.58

(5) Rehabilitation and Repairs

Rehabilitate 125 cu. ft. compressor		
Labor	$100.00	
Parts	50.00	150.00*

(6) New Buildings, Improvements, Installations

1 - 16'x24' frame compressor and shop building	$1,250.00*

(7) Miscellaneous

Workmen's Compensation, employer's liability insurance, payroll taxes	$540.90
Analytical work	200.00
Mail delivery and snow removal 7/	664.00
Repairs to equipment 6/	800.00
	$2,204.90

(8) Contingencies - Stage III $ 672.20

4/ Retain the original footnote, see page 6 of Exhibit "A" of original schedule.

6/ Repair and maintenance items are to be charged against the project only as incurred and spent while the equipment is working on the project.

7/ When necessary, the Operator will use the bulldozer for snow removal at the depreciation rate of $0.56 per hour when actually in operation. Bulldozer can be used to transport miners to and from work for which one bulldozer hour will be allowed for each work day at the same depreciation rate of $0.56 per hour.

McRAE TUNGSTEN CORPORATION
Exploration Project Contract Idm-E406
Docket No. DMEA 2654 (tungsten)

Justification for Amendment No. 1

It has been mutually agreed by the Field Team and the Operator that the reduction of the drifting and crosscutting under Stage III, authorized in this amendment, will adequately explore the ore found by the diamond drilling. The Estimated Cost of the Project is redrafted with more concise information now available, and the new total cost will be much less to the Government.

J. A. Bowsher

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UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
1201 N. Division St.
Spokane 2, Washington
November 30, 1953

Mr. Robert J. McRae
McRae Tungsten Corporation
Stibnite, Idaho

Subject: Docket No. DMEA 2654 (tungsten)
Red Bluff Claims
Valley County, Idaho
Contract No. Idm-E406

Dear Mr. McRae:

Reference is made to your letter of November 10, 1953, giving your suggestions for amendments to the subject contract. The Field Team already had mutually agreed (letter of August 5, 1953) to your counterproposal for a reduction in crosscutting and drifting, and in consideration of your letter of November 10, 1953 we have drafted an amendment which will be sent to you for your approval and signature.

Your suggestions are answered as follows according to the enumeration in your letter:

I. We believe it unnecessary at this time to extend the date of termination from March 25, 1954 to September 1, 1954. The reduction in the amount of crosscutting and drifting from a total of 500 feet to 225 feet would materially lessen the time schedule for Stage III from 5 months to 3 months and allow you sufficient time to complete Stage III by the termination date, March 25, 1954. Our engineer will inspect your work under Stage III when it is feasible to visit the project, considering adverse weather conditions. At the completion of Stage III an approval for Stage IV and an amendment to extend the termination date will be considered.

II. The Government does not enter into rental-purchase agreements on equipment, and in lieu of that we suggest a straight rental basis on the slusher hoist and bucket for the length of time in use on the project. The allowable rental rate may be obtained from a Compilation of Rental Rates for Construction Equipment, Fifth Edition, 1950, Associated Equipment Distributors.

III. We have permitted monthly depreciation on the 125-cu. ft. compressor at 1/60 of your valuation of $2150. In addition, we have allowed you an amount for labor and parts in the rehabilitation of this compressor.

IV. We believe that the sum of $1000 allotted for "mail and snow removal" in Stage III is ample for all expenses in this category; however, to enable us to establish a basis for payments under this item it will be necessary for you to inform us of the type of bulldozer you own, whether hydraulic or cable blade, and your valuation of the machine, together with the meter reading if available. We would also like to know if mining is to be carried on concurrently with DMEA work on the Red Bluff claims. We can write a retroactive amendment to the contract as soon as you furnish us this information, which will set up a basis for your claims for payment under this category.

Due to the fact that you will be operating your own project in conjunction with the DMEA project, we request that you submit a detailed breakdown each month in support of your monthly progress report and vouchers. For your DMEA operations, we suggest you keep a daily record of footage drilled underground, number of holes drilled, primers used, sticks of dynamite per round, sets of timber, sides of lagging, cars of muck (ore and/or waste), fuel for compressor and hours run, hours of labor and equipment with fuel on road clearing (when used), supplies, etc. and forward such information with the monthly reports.

By Field Team, Region II

_____

A. E. Weissenborn, Executive Officer

_____

M. E. Volin, Member
U. S. Bureau of Mines

Contract No. Idm-E 406

Docket No. 2654

DEPARTMENT OF THE INTERIOR

Terminated contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

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

Date of Contract	Region	State	Commodity
September 25, 1952	I [illegible]	Idaho	Tungsten

Name and Address of Operator: McRae Tungsten Corporation
Stibnite, Idaho

	Reserve	Obligation
Prior Amount		$40,350.00
Increase		
Decrease		$22,875.60
Revised Amount	-0-	$17,474.40

Remarks:

(Name)
Robert E. Adams, Chief
Operations Control and
Statistics Division
(Title)

Date Delivered to Bureau of Mines, Washington 5/15/56

98963

Docket No. 2654

Commodity Tungsten

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

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

Contract No. Idm-E 406

Date of Contract or Amendment: Sept. 25, 1952

Name and Address of Operator:

McRee Tungsten Corp.
Stibnite, Idaho

Amount of Government participation $ 40,350.00

Percent of Government participation 75 %

Region: II State: Idaho

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

(Title)

Date Delivered to Bureau of Mines, Washington. Sept. 25, 1952 13908

(June 1951)
(Revised Feb. 19[illegible])

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 12 1952

DOCKET NO. EA 2654

COMMODITY Tungsten

Government's Copy
Idm-E406

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

EXPLORATION PROJECT CONTRACT [1]

IT IS AGREED this 25th day of September, 1952, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] McRae Tungsten Corporation, a corporation organized and existing under and by virtue of the laws of the State of Idaho, Stibnite, 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 Valley, described as follows: [3] The Red Bluff group of claims in the Big Creek Mining District as recorded at the Courthouse, Cascade, Idaho. (See Annex I, attached to and made a part of this contract)

the Operator represents and undertakes: [4]

(*a*) ~~That the Operator is the owner, in possession and entitled to possession, and the Owner's Consent to Lien is attached, or holds the following claims, lease, or other rights to explore and develop the land described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract.~~

(*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 30 days from the date of this contract shall commence work on a project of exploration for [5] Tungsten

in or upon the described land; and shall bring the project to completion within a period of 18 months from the date of this contract. The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(*b*) The Government's payment[illegible] all cases will be based on actual, necessa[illegible]osts (including contract [illegible]es) incurred not in excess of any "allowa[illegible] maximum," and not in excess of the fixed perce[illegible]ge of the total aggregate estima[illegible] cost. Costs will be considered to be incurred only as they are or become due and payable.

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

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

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

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

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

ARTICLE 8. *Payments by the Government.*—(*a*) The Government will pay 75 percent of the allowable costs incurred, as they accrue, in an aggregate total amount not in excess of $40,350.00, which is 75 percent of $53,800.00, the agreed, estimated total cost of the project in which the Government will participate; *Provided,* that until the Operator's final report and final accounting have been rendered to the Government, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract.

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 13. *Changes and added provisions.* The Operator's obligation to bring the project to completion continues only so 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 Frank E. Johnson
ACTING Administrator -
Defense Minerals Exploration
Administration

McRae Tungsten Corporation
(Operator)

By Robert J. McRae President

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

Harry M. Sargent

[CORPORATE SEAL]

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

MCRAE TUNGSTEN CORPORATION
EXPLORATION PROJECT CONTRACT
DOCKET NO. DMEA-2654

ANNEX I

The Red Bluff group of claims is recorded at Cascade, Idaho, in the office of the County Recorder, Valley County, Idaho, as follows:

CLAIM	BOOK	PAGE	DATE
Red Bluff No. 1, amended	13	234	June 15, 1951
Red Bluff No. 2	11	587	June 15, 1951
Red Bluff No. 3	11	588	June 15, 1951
Red Bluff No. 4	11	589	June 15, 1951

MCRAE TUNGSTEN CORPORATION
EXPLORATION PROJECT CONTRACT
DOCKET NO. DMEA-2654

EXHIBIT "A"

Description of the Work

The work is to be done in four stages and is indicated on the map attached hereto and made a part hereof entitled "Proposed exploration - McRae Tungsten - Red Bluff No. 1."

Stage I

Time Schedule: 0 - 1 month

1. Construct approximately one (1) mile of access road to the location of the proposed exploration on the Red Bluff No. 1 claim.

2. Prepare six (6) diamond drill sites.

3. Diamond drill two (2), AX size, drill holes, numbers 1 and 2 at the indicated locations, bearings, and inclinations to test the ore zone at the 8050-foot altitude. Aggregate length of the two holes to be approximately 240 feet.

Stage II

Time Schedule: 2- 3 months

Stage II is to be undertaken only after the completion of Stage I, if in the opinion of the Government, the results of Stage I warrant it.

1. Diamond drill four (4) AX size, drill holes, numbers 3, 4, 5 and 6 at the indicated locations, bearings and inclinations to explore the ore zone at the 8,000-foot altitude. The aggregate length of the four holes to be approximately 780 feet.

Stage III

Time Schedule: 4 - 9 months

Stage III is to be undertaken only after the completion of Stage II, if in the opinion of the Government, the results of Stage II warrant it.

1. Drive a 250-foot adit southwestward to crosscut the ore zone at an altitude of approximately 8,000 feet. Adit to be of sufficient size for mucking machine operation but not to exceed 6' x 7-1/2' in the clear.

2. Drive 250 feet of drift from the crosscut adit to explore the ore zone. Size of drift to be of sufficient size for mucking machine operation but not to exceed 6' x 7-1/2' in the clear.

3. Drive two additional crosscuts from the drift to explore the ore zone. Aggregate length of the two crosscuts not to exceed 40 feet. Crosscuts to be of sufficient size for mucking machine operation but not to exceed 6' x 7-1/2' in the clear.

Stage IV

Time Schedule: 10 - 11 months

Stage IV is to be undertaken only after the completion of Stages II and III, if in the opinion of the Government, the results of Stages II and III warrant it. The carrying out of either phase of Stage IV will be subject to the conditions applying to that phase with the exception that if physically feasible the diamond drilling shall follow Stage II.

1. Diamond drill 500 feet of AX size hole to further explore the extensions of the ore zone. This drilling to be undertaken only if the results of the preceding work is favorable and the additional drilling is deemed warranted by the Government. Locations, bearings, and inclinations of the holes to be determined by the Operator with the approval of the Government.

2. Drive 100 feet of raise. The raises to be driven only if the assay grades on the surface do not extend uniformly to the level of the drift and the raises are deemed necessary by the Government to explore the ore zone. Size of raises not to exceed 4 x 7 feet in the clear.

Estimated Cost of Project
(*Indicates allowable maximum)

(1) Independent Contracts

Stage I		
Construct one mile of access road 1/	$2,500.00*	
Prepare six diamond drill sites 1/	200.00*	
240 feet of diamond drilling, AX size hole, @ $8.00* per foot 2/	1,920.00	$4,620.00
Stage II		
780 feet of diamond drilling, AX size hole, @ $8.00* per foot 2/		6,240.00
Stage III		
None		
Stage IV		
500 feet of diamond drilling, AX size hole, @ $8.00* per foot 2/		4,000.00

1/ If a caterpillar D-6 tractor equipped with dozer, or equivalent, is rented for road and drill site construction, the charge for same shall not exceed $15.00 per working hour, including wages of an Operator, fuel, lubrication, transportation, repairs, and all other costs.

2/ Including all costs of drilling, moving in and out, moving between holes, reaming, cementing, casing and time lost while surveying.

(2) Labor, Supervision, Consultants

Stage I		
1 - Engineer-supervisor 3/ @ $600.00* per month, 1 month	$ 600.00	
1 - Cook @ $300.00 per month, 1 month	300.00	$ 900.00
Stage II		
1 - Engineer-supervisor 3/ @ $600.00* per month, 2 months	1,200.00	
1 - Cook @ $300.00 per month, 2 months	600.00	1,800.00
Stage III		
1 - Engineer-supervisor 3/ @ $600.00* per month, 5 months	3,000.00	
3 - Miners @ $16.20 per shift including overtime, 130 shifts	6,318.00	
1 - Cook @ $300.00 per month, 5 months	1,500.00	10,818.00
Stage IV		
1 - Engineer-supervisor 3/ @ $600.00* per month, 1 month	600.00	

3/ The engineer-supervisor shall direct the operation and shall be responsible for securing representative samples of the deposit, where warranted, and their subsequent handling. He shall also prepare and keep up to date the mine and geologic maps ordinarily necessary for an exploration operation. He will determine the location, direction, attitude, and length of each diamond drill hole and will be responsible for the cutting or splitting of representative samples from the ore-bearing sludges or drill cores. In addition, he is to keep the necessary accounts and prepare the monthly reports required by this contract. If his time is divided between the exploration project and another activity, then his salary is to be divided in the same proportion between the former and the latter.

3 - Miners @ $16.20 per shift including overtime, 25 shifts	$1,215.00	
1 - Cook @ $300.00 per month, 1 month	300.00	$2,115.00

(3) Operating Materials and Supplies

Stage I		
Core boxes and sample supplies		30.00
Stage II		
Core boxes and sample supplies		100.00
Stage III		
4,200 lbs. powder @ $0.21	882.00	
3,000 caps @ $35.00 per 1000	105.00	
15,000 ft. fuse @ $15.00 per 1000	225.00	
1,300 ft. mine rail, 16#, 6,930# @ $0.10	693.00	
800 ft. 1-1/2" pipe @ $0.30	240.00	
200 lb. track spikes @ $0.35	70.00	
500 lb. drill steel @ $0.30	150.00	
50 tungsten carbide bits @ $13.00	650.00	
500 lb. carbide @ $0.15	75.00	
3,000 gal. gasoline @ $0.33	990.00	
2,000 bd. ft. 2" lumber @ $75.00 per M	150.00	
1,000 wedges @ $0.06	60.00	
60 gal. lube oil @ $1.30	78.00	
Picks, hammers, and small tools	250.00	

Mine timber and lagging	$ 700.00	
Nails, spikes, and miscellaneous supplies	400.00	
Fuel	300.00	$6,018.00

Stage IV

Core boxes and sample supplies	75.00	
1,000 lb. powder @ $0.21	210.00	285.00

(4) Operating Equipment

To be rented

Stages I, II, III, and IV

None

To be purchased

Stage I & II

None

Stage III

1 - Ingersoll Rand portable compressor (used) Model GK-105, Serial No. 406-31445 4/	2,000.00
1 - Ingersoll Rand J-40 jackhammer and jackleg (used) Serial Nos. 673946 and L13081 4/	360.00
1 - Ingersoll Rand J-40 jackhammer (new)	400.00
1 - 125 cu. ft. portable air compressor (used)	1,000.00

4/ These items are being transferred at the valuation indicated from the Operating Equipment acquired pursuant to the terms of Exploration Project Contract Idm-E133, dated September 5, 1951, between the same parties who are also parties to this contract.

1 - Mucking machine (used)	$2,000.00	
1 - 20 cu. ft. mine car	200.00	
1 - Acetylene welding outfit (complete)	200.00	$ 6,160.00*

Stage IV

1 - Ingersoll rand R-38 stoper (new)	550.00

To be furnished by the Operator

Stages I, II, III & IV

None

(5) Rehabilitation and Repairs

Stages I, II, III & IV

None

(6) New Buildings, Improvements, Installations

Stage I

1 - 14' x 16' prefabricated house for bunkhouse 5/, including cost of moving	200.00*	
1 - 16' x 32' celotex-lined frame cook house	3,000.00*	
Facilities and installations for cook house	600.00*	3,800.00

Stage II

None

Stage III

1 - 16' x 24' frame compressor and shop building	1,250.00*

5/ See footnote 4.

Stage IV

None

(7) Miscellaneous

Stage I

Workmen's Compensation, Employer's Liability Insurance and payroll taxes	$ 90.00	
Analytical work	50.00	$ 140.00

Stage II

Workmen's Compensation, Employer's Liability Insurance and payroll taxes	180.00	
Analytical work	150.00	330.00

Stage III

Workmen's Compensation, Employer's Liability Insurance and payroll taxes	1,081.80	
Analytical work	200.00	
Mail delivery and snow removal	1,000.00	
Repairs to equipment 6/	800.00	3,081.80

Stage IV

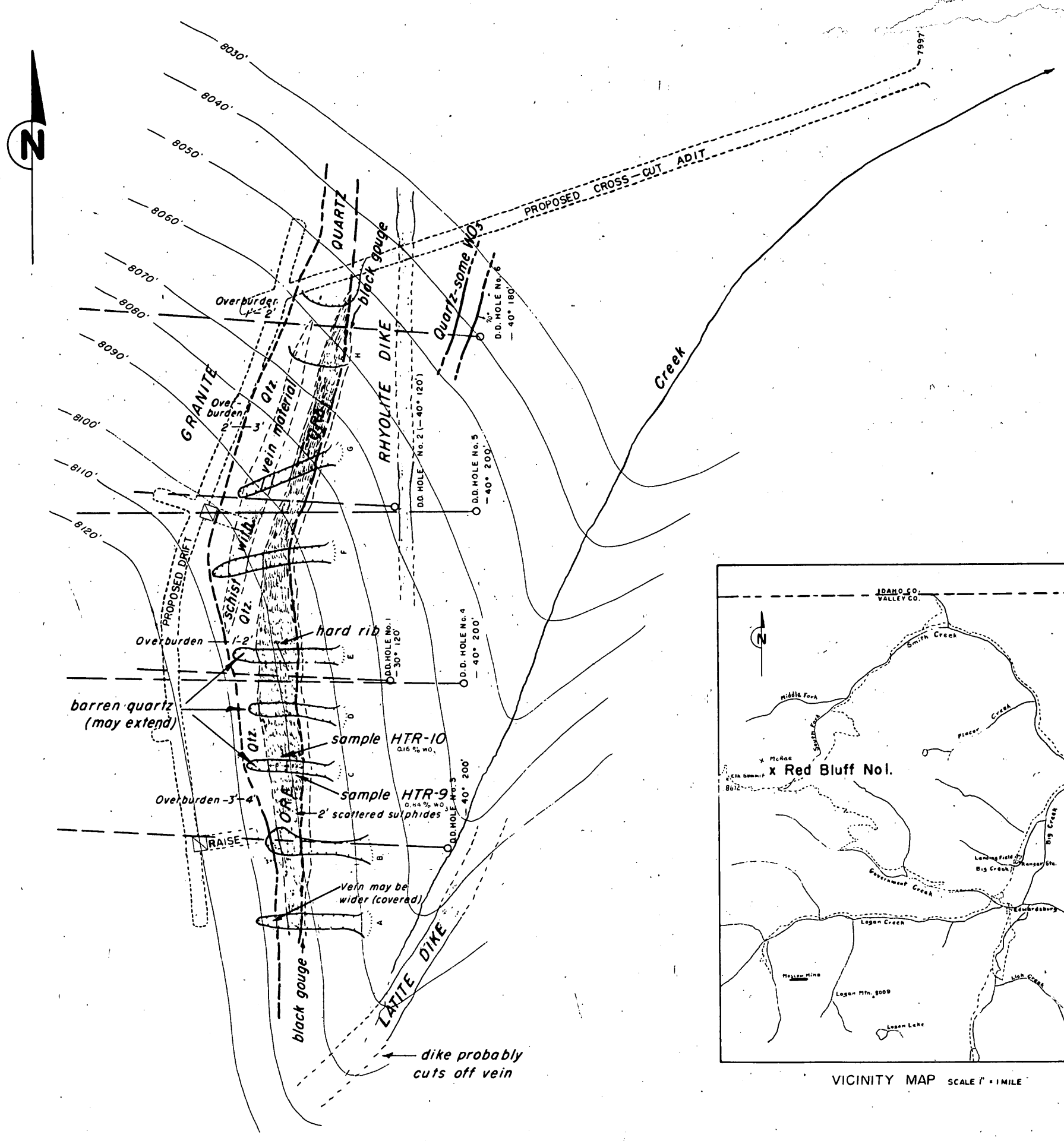
Workmen's Compensation, Employer's Liability Insurance and payroll taxes	211.50	
Analytical work	75.00	286.50

(8) Contingencies

Stage I		110.00

6/ Repair and maintenance items are to be charged against the project only as incurred and spent while the equipment is working on the project.

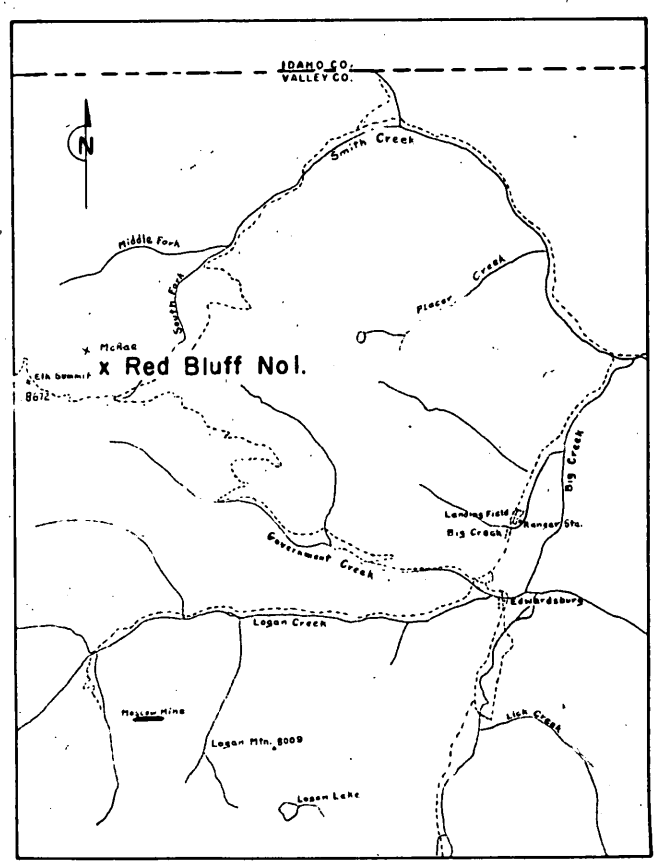
Stage II		$ 330.00
Stage III		672.20
Stage IV		163.50
Estimated Cost, Stage I	$ 9,600.00	
Estimated Cost, Stage II	8,800.00	
Estimated Cost, Stage III	28,000.00	
Estimated Cost, Stage IV	7,400.00	
Total Estimated Cost of Project		$53,800.00*
Government Participation at 75%		$40,350.00*



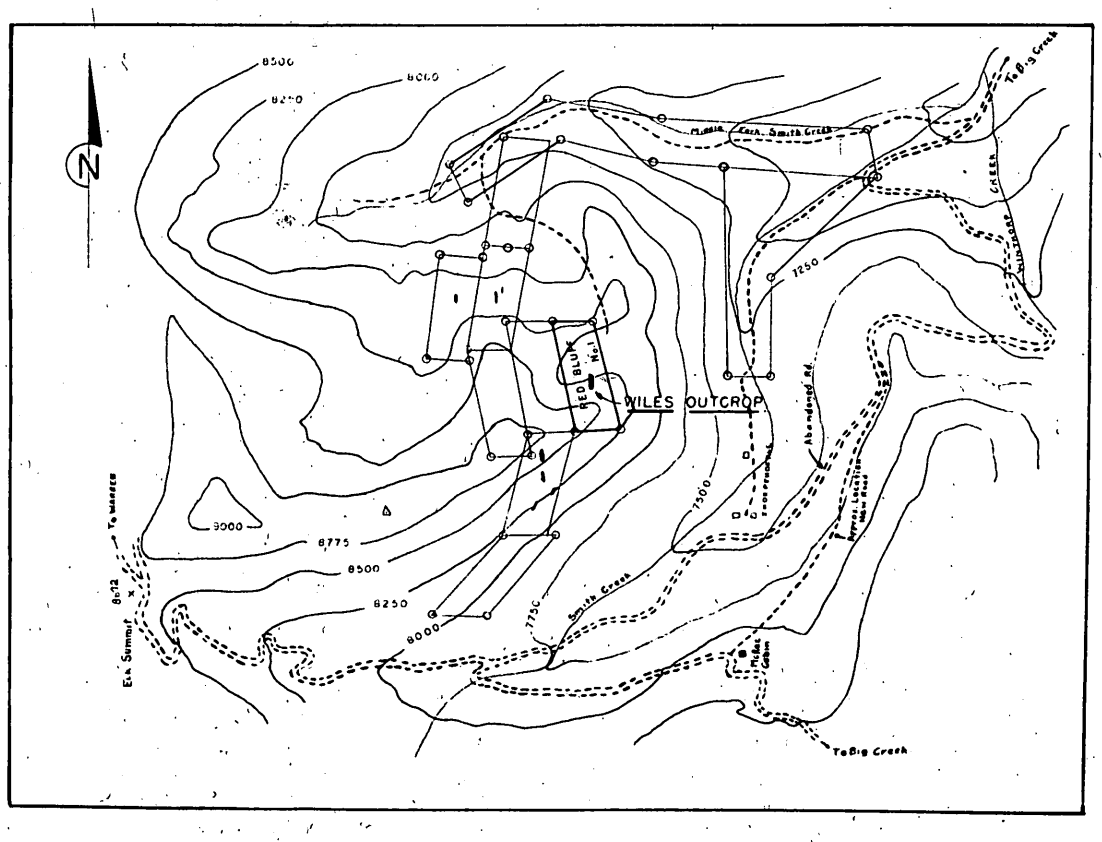
DETAILS OF WILES OUTCROP

Scale 1" = ~~20'~~ 40'

0 20 40 80 120



VICINITY MAP SCALE 1" = 1 MILE



PLAT OF CLAIMS

MC RAE TUNGSTEN CORP

SCALE 1" = 1320'

U.S. DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Proposed exploration

MC RAE TUNGSTEN
RED BLUFF NO. I.

VALLEY COUNTY, IDAHO

H.T. Reno — Engr
Drawn by Web Anderson

August 1952

MF-203

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 Valley, described as follows: 1/ Quartz Claims

Red Bluff No 1 (Amended)

Red Bluff No 2

Red Bluff No 3

Red Bluff No 4 # See Annex Attached

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

2/ McRAE TUNGSTEN CORP

hereinafter called the "Operator"; and

WHEREAS, under certain provisions of said contract which are set forth on the reverse side hereof, the Government is entitled to a percentage royalty on production and to certain other 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 to enter into same, undertakes and agrees as follows:

1. The Government's equity in and right to dismantle, sever, take possession of, and remove and dispose of facilities, buildings, fixtures, equipment, or other items as provided in the contract, or any amendment thereof, shall prevail over and be prior and superior to any conflicting or adverse rights of the undersigned, and the Government is authorized to enter upon the land for such purposes.

2. To secure the payment to the Government of the percentage royalty on production 3/ provided for under the terms of said exploration project contract, or any amendment thereof which does not increase the maximum amount of the Government's claim here stated or alter the provisions for repayment, there is hereby granted to the Government a lien upon the land herein described and

Interior--Duplicating Section, Washington, D. C. 18264

RELEVANT CONTRACT PROVISIONS

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 six 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 ($1\frac{1}{2}$) per cent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(2) One and one-half ($1\frac{1}{2}$) per cent of any such net amounts, plus one-half ($\frac{1}{2}$) per cent 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) per cent 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 ($1\frac{1}{2}$) per cent; on a net amount of ten dollars ($10.00) per ton, three and one-half ($3\frac{1}{2}$) per cent.)

(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, 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.

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.

RED BLUFF GROUP

These quartz claims are recorded at the Valley County Court House as follows:

NAME OF CLAIM	BOOK	PAGE	DATE
Red Bluff No 1(Amended)	13	234	6/15/51
Red Bluff No 2	11	587	6/15/51
Red Bluff No 3	11	588	6/15/51
Red Bluff No 4	11	589	6/15/51

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

So. 157 Howard Street
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 12 1952

October 14, 1952

MEMORANDUM

To: Chairman, Operating Committee, DMEA, Washington, D. C.

From: DMEA Field Team, Region II

Subject: Docket No. DMEA 2654 (tungsten)
McRae Tungsten Corp., Red Bluff claims
Contract Idm-E406

Enclosed are the original and two signed copies of the subject exploration contract. One copy has been given to the Operator, one retained here, and by copy of this letter, the Regional Fiscal Officer's copy is transmitted.

The Field Team is of the opinion that the contract will be difficult to administer in its present form. However, as we believe that the deficiencies can be corrected by amendment within the authority of the Executive Officer it was forwarded to the Operator for signature rather than returned to your office for revision.

We would like to point out two of these deficiencies in the hope that they may be eliminated from future contracts. The most important, from the standpoint of administration, is the detailed itemization of operating materials and supplies for Stages III and IV of the contract. We question that this is necessary. In similar contracts it has served only to confuse engineering and fiscal personnel. It is noted that the amounts and estimated costs are not allowable maximums and therefore can be exceeded. We have been informed that this detail is intended only to be a guide and should be considered as such. However, if it is to be used as a guide, a maximum somewhere near the amount specified is implied. Also, the fact that some supply items are specified implies that all items are listed.

Obviously, this is not the case as the only supply items specified for Stage IV of the project are core boxes, sample supplies and 1,000 pounds of powder. It will no doubt confuse our fiscal personnel who are not technically trained to learn that other supplies such as caps, fuse, pipe, bits, timber, etc. are required to drive a raise.

cse
11-12

We believe that an estimated unit cost for each item of work would be a far better guide for administering a contract. Not only would the contract itself be more flexible but any important deviation from the amount specified for an item of work would be immediately apparent to engineers and fiscal personnel. Trouble could be spotted without the necessity for the extensive bookkeeping required to keep records showing cumulative totals spent for each supply item specified.

Though none are shown in this contract, a unit cost for each item of work can be calculated by combining the various cost items and dividing by the amount of work specified for each phase. However, this has not been possible in other contracts (e.i., American Alloys Contract Idm-E247) prepared in a similar manner, because a number of work items were specified in each phase and funds allotted for the phase were not distributed.

Corrected Consent to Lien forms covering the full amount of the contract were obtained, and a copy attached to each copy of the contract prior to signature by the Operator.

By Field Team, Region II

A. E. Weissenborn

A. E. Weissenborn, Executive Officer
(Geological Survey)

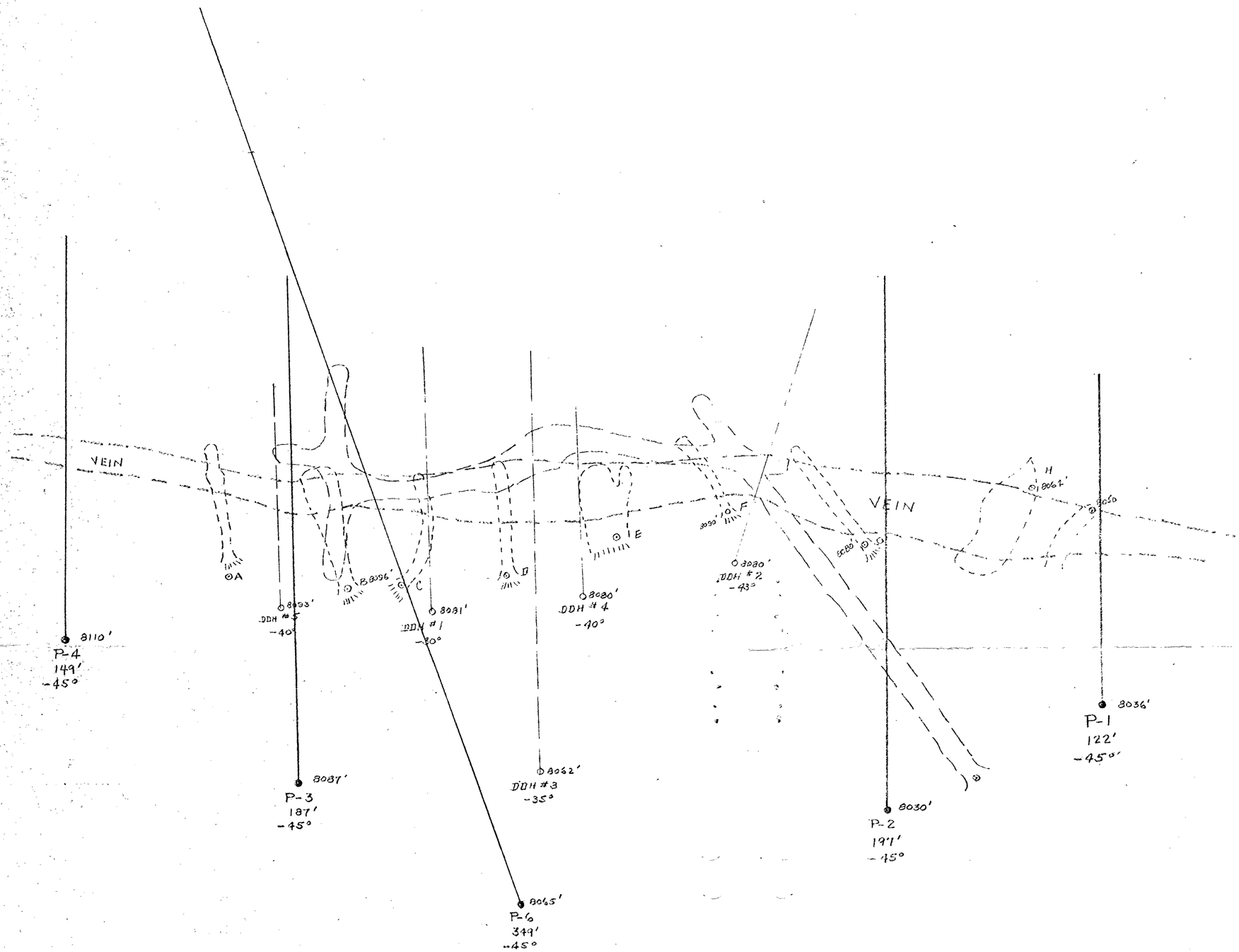
M. E. Volin

M. E. Volin, Member
(Bureau of Mines)

cc: USBM (2)
Reg. Fiscal Officer, Albany

P.S. 11/10/52
The reason for the delay in returning the signed contract to you was that it was discovered the corporate seal was inadvertantly not affixed and had to be returned to the Operator. It was just received back in this office today.

A. E. W.



RED BLUFF PROPERTY

DIAMOND DRILL PLAN

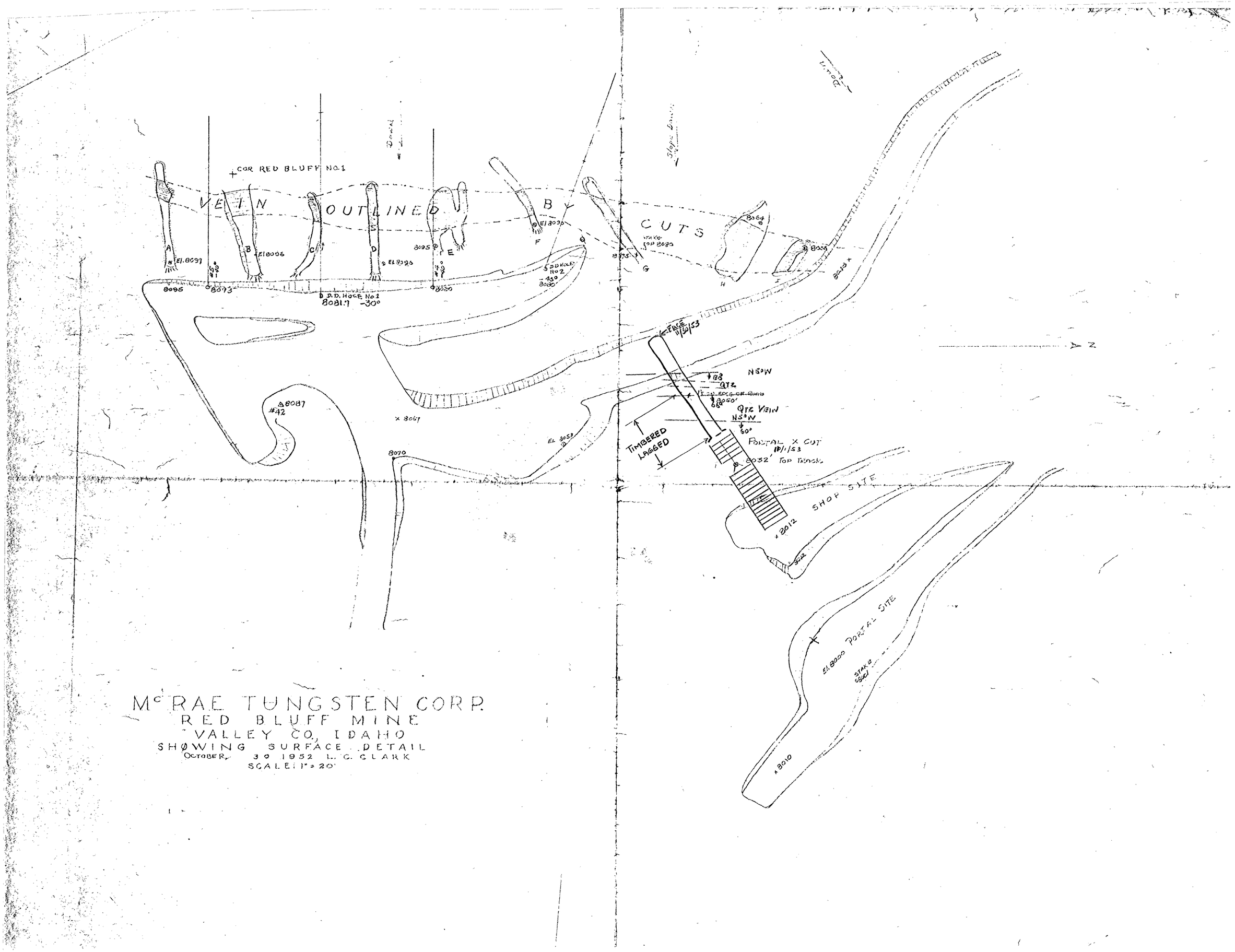
McRAE TUNGSTEN CORP. — VALLEY CO., IDA.

CONTRACT IDM E 406

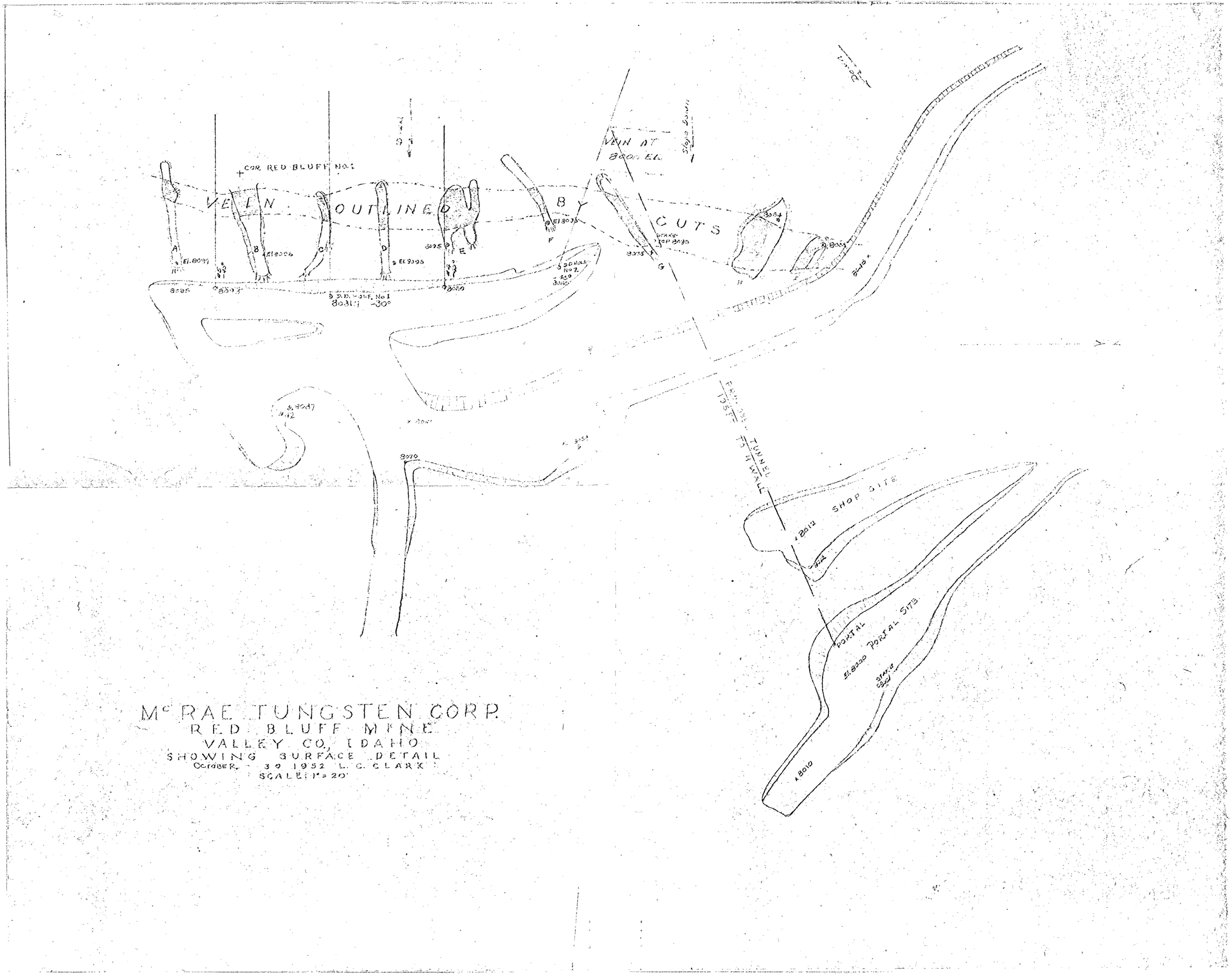
P-1 = DIAMOND DRILL HOLES
COMPLETED DURING AUGUST 1955

Scale 1" = 20'

Pgw.



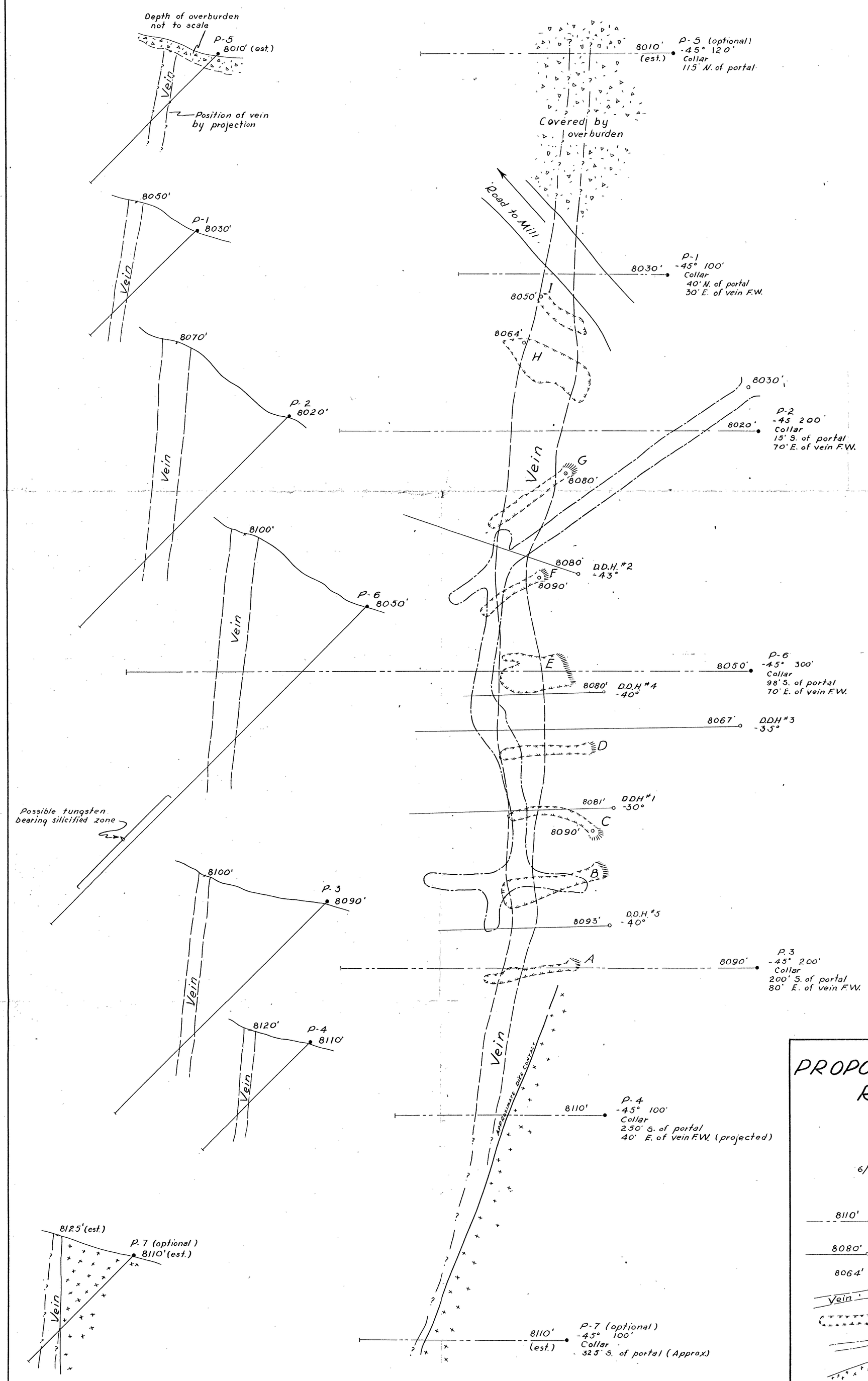
McRAE TUNGSTEN CORP.
RED BLUFF MINE
VALLEY CO., IDAHO
SHOWING SURFACE DETAIL
OCTOBER 30 1952 L. C. CLARK
SCALE: 1" = 20'


CAR RED BLUFF No. 1
VEIN OUTLINED BY CUTS
VEIN AT 8000 EL.
A
B
C
D
E
F
G
D.D. HOLE No. 1
8031.7 -30°
D.D. HOLE No. 2
TUNNEL TO HEADWALL
SHOP SITE
PORTAL
PORTAL SITE
Mc RAE TUNGSTEN CORP.
RED BLUFF MINE
VALLEY CO., IDAHO
SHOWING SURFACE DETAIL
October 30 1952 L. C. CLARK
SCALE: 1" = 20'

SECTIONS OF PROPOSED DIAMOND DRILL HOLES

SCALE 1" = 40'

Looking North



PROPOSED DIAMOND DRILLING RED BLUFF PROPERTY

Valley County, Idaho

Contract No. Idm. E 406

Scale Map 1" = 20'

Sections 1" = 40'

6/28/54 To accompany proposed amendment No. 4.

EXPLANATION

8110' P-4	Proposed diamond drill hole, showing approximate elev. at collar, Approximate location as indicated. (est.) estimated elevation at optional holes Collar
8080' D.D.H. #4	Diamond drilling already done by operator.
8064' °	Elevation.
Vein	Surface trace of tungsten-bearing silicified zone; average dip 85° W.
A	Trenching done on tungsten-bearing silicified zone.
	Underground workings, portal indicated.
	Approximate surface trace of thick dacite dike at southern end of property, dip vertical.
	Area obscured by overburden.

Map & Sections after Operator.