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-8884, Docket DMEA-3739 (cobalt-copper), dated August 26, 1955, with

Idaho Metallurgical Industries, Inc.
Room 602, 88 Metcalfe Street
Ottawa, Canada

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 Tinker's Pride, et al., claims located in Lemhi County, Idaho, during the period September 9, 1959, through August 24, 1962.

In accordance with Article 8 and Amendment No. 2 of the contract, royalty is payable on all minerals produced from the land described in Article 2 of the contract for a period of 11 years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A Report of Review dated September 16, 1957, indicated accepted costs under the exploration contract amounting to $66,741.87 with the Government's contribution on a 62½ percent basis being $41,715.67.

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

This review established no sales subject to the Government's royalty subsequent to the period covered by a prior Report of Royalty Review which also found no sales subject to the Government's royalty through September 8, 1959. Accordingly, as of August 24, 1962, the royalty account of this project was found to be:

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

E. D. Talbert
S. D. Talbert, OME Auditor

September 7, 1962

Idm-8884 Idaho Metallurgical Industries, Inc. DMEA-3739

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

This contract provides that the Operator, as principal if the producer or as surety if not the producer, shall pay to the Government a percentage royalty on all minerals produced from the land thereunder. The land consists of 82 unpatented claims in secs. 2, 3, 4, 9, and 10, T. 21 N., R. 18 E., Boise Meridian, Big Deer Creek area of the Blackbird Mining District. At the time the contract was executed the Operator owned 50 of the claims and was in possession of the other 32 claims by assignment of option agreements. In consideration of the contract Owner's Consents to Lien were executed on June 21 and 22, 1955, by William Henry and Emma Infanger, Salmon, Idaho, Oscar and Edna Westfall, North Fork, Idaho, Charles W. Harmon, Falt, Idaho, Hugo A. Simi, Cobalt, Idaho, Elmer R. and Elsie Hazel, Ronan, Montana, and Robert F. and Leah Hazel, Gibbonsville, Idaho.

Exploration work under the contract was terminated effective December 1, 1955, under provisions of Amendment No. 2. No minerals were produced during the exploration period. An examination of the property on December 6, 1957, disclosed no production and no further activity except additional exploratory drilling as assessment work. In a February 11, 1960, letter the Operator advised that (1) nothing of any value had been discovered, (2) all options were being allowed to lapse, and (3) further assessment work was being suspended.

In an August 24, 1962, reply to a MME Form 63 inquiry, Quebec Metallurgical Industries Ltd., 2200-25 King Street West, Toronto 1, Canada, the Operator's parent company, stated that (1) there had been no production since February 11, 1960, (2) options were not exercised and claims reverted to owners, and (3) the Operator's charter had been allowed to lapse.

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 contain no evidence of production from the property under the contract during the period covered by this review; and
(2) The administrative cost to the Government of an on-site royalty audit at this time would be excessive in relation to the amount of possible royalty which might be disclosed.

SEP 7 1962

Memorandum

To: Acting Field Officer, Region I

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

Subject: EMRA-3739 (Cobalt-Copper)
Idaho Metallurgical Industries, Inc.
Tinker's Pride, et al., Claims
Lemhi County, Idaho
Contract Idm-8884

The original and one copy of a Report of Royalty Review covering the subject contract are enclosed. If you concur in the facts stated therein, please make the following distribution:

(a) Original to the Fiscal Section, Division of Administrative Services, Office of the Secretary, Department of the Interior, Washington 25, D. C.; and

(b) One copy for your files.

This Report of Royalty Review is made for record purposes only; therefore, no copy for the Operator is provided.

As evidence of your concurrence, a copy of your memorandum transmitting the original report to the Fiscal Section should be furnished this Division. If for any reason you do not concur, both copies of the report should be returned to this Division with your comments.

Enclosures

EDTalbert/ama 9-7-62

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

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Office of Minerals Exploration, Washington, D. C., pertaining to Contract No. Idm-8884, Docket No. DMEA-3739 (Cobalt-Copper), dated August 26, 1955, with

Idaho Metallurgical Industries, Inc.
230 Park Avenue
New York 17, New York

for the purpose of determining the amount of royalty due the U. S. Government on sales of minerals from property referred to as Tinker's Pride located in Lemhi County, Idaho, during the period August 26, 1955, through September 8, 1959.

In accordance with Amendment No. 2 of the contract royalty is payable on all minerals mined or produced from the land described in Article 2 of the contract for a period of 11 years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A Report of Review in lieu of final cost audit dated September 15, 1957, indicated accepted costs under the exploration contract amounting to $66,741.86 with the Government's contribution, on a 62½ percent basis, being $41,713.67.

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

(1) The Operator did not resume exploration work under the contract during the recess period provided in Amendment No. 2 so the contract was terminated as of December 1, 1955, with "pseudo" certification as provided by said amendment;
(2) Semi-annual reports by representatives of the Field Team, Region I, and other documents in the files indicate that there has never been any production of minerals from the land during the exploration period or subsequent thereto; and
(3) The administrative cost to the Government of an on-site royalty audit at this time would be excessive in relation to the amount of possible royalty which might be disclosed.

The review has indicated that there has not been and production since August 26, 1955, from the land described in Article 2 of the contract and no royalty is due the Government.

C. E. Fisher

C. E. Fisher, OME Auditor

September 17, 1959

MME Form 22
April 59

DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration

CHECK SHEET OF EXAMINING ENGINEER

Operator's Name Idaho Metallurgical Industries, Inc.

Address 230 Park Avenue

New York 17, New York

Exploration Contract No. Idm-E884 Docket No. DMEA-3739

		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

JAN 22 1958

Clarkson, Gordon & Company
15 Wellington Street West
Toronto 1, Canada

Re: Docket No. DMEA-2436
Contract No. Idm-E334
Northfield Mines, Inc.
and
Docket No. DMEA-3739
Contract No. Idm-E884
Idaho Metallurgical Industries, Inc.

Gentlemen:

In reply to the request made in your letter of January 15, 1958, payments to Northfield Mines, Inc., Docket No. DMEA-2436, Contract No. Idm-E334, as of November 1, 1955, were $67,803.83. No payments by the Government have been made since that time. Payments to the Idaho Metallurgical Industries, Inc., Docket No. DMEA-3739, Contract No. Idm-E884, as of November 1, 1957, were $41,713.67. No payments by the Government have been made since that time. Therefore, your letter stated the accounts correctly.

According to our records the Government holds no equity in the buildings and equipment under either of the above contracts as at December 31, 1957.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Director
Contract Administration
and Audit Division

JLChambers/wb
January 21, 1958

Copy to: Docket (2)
Admr. Reading File
Mr. Chambers (2)

See E334 for incoming letter dated 1-15-58.

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

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REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Idaho Metallurgical Industries, Inc.
230 Park Avenue
New York 17, New York

pertaining to Exploration Project Contract No. Idm-E884, Docket No. DMEA-3739, dated August 26, 1955, including Amendments Nos. 1 and 2, for the period of August 26, 1955 to May 1, 1956, inclusive, covering a project for the exploration of cobalt and copper on property known as Tinker's Pride, located in Lemhi County, State of Idaho.

My review included an examination of the Monthly Report (Form MF-104) and supporting documents attached thereto, comparison of the costs claimed with the contract and pertinent schedules, consultation with the Executive Officer of the DMEA Field Team, Region I, and a determination of the reasonableness and propriety of the costs.

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

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

(b) The Monthly Reports were supported by a documentary proof of the costs incurred under the contract; and

(c) A major portion ($64,347.87) of the costs incurred covered work performed under independent contract.

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

Total cost as billed by Contractor		$87,026.56
Exceptions (see schedule attached)		
By DMEA Finance Officer	$20,152.69	
Herewith - By audit	132.00	20,284.69
Total accepted costs		$66,741.87

The contract calls for a 62½ percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Forty one thousand seven hundred thirteen and 67/100 Dollars

--$41,713.67--

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

C. A. Turner, Auditor

September 16, 1957

Schedule - Audit Summary

Idaho Metallurgical Industries, Inc. DMEA-3739 Idm-E884

	Totals Summary of Forms MF-104	Corrected Distribution	Disallowed By Audit	Accepted Costs Stage I
Item No. 1	$ 6,459.00	$ 6,459.00	$ 740.00	$ 5,719.00
Item No. 2	-	-	-	-
Item No. 3	9,115.02	9,115.02	2,115.02	7,000.00
Item No. 4	2,197.74	2,197.74	637.74	1,560.00
Item No. 5	3,536.22	3,536.22	836.22	2,700.00
Item No. 6	820.80	20,358.18	4,358.18	16,000.00
	14,366.00			
	1,042.04			
	204.29			
	1,169.14			
	2,640.95			
	114.96			
Item No. 7	-	534.00	126.00	408.00
Item No. 7 and 9	3,132.00	-		
Item No. 8	42,228.40	42,228.40	10,859.53	31,368.87
Item No. 9	-	2,598.00	612.00	1,986.00
Item No. 10	-	-		
Item No. 11	-	-		
Item No. 12	-	-		
Item No. 13	-	-		
Item No. 14	-	-		
Item No. 15	-	-		
Item No. 16	-	-		
Totals	$87,026.56	$87,026.56	$20,284.69	$66,741.87

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C. A. Turner, Auditor

September 16, 1957

SCHEDULE - SUMMARY FORMS MF - 104

Idaho Metallurgical Industries, Inc. DMEA 3739 Idm E384

	Operator's Forms MF-104				Disallowances Prior to Audit			Balance
	8-26-55 to 11-30-55	8-26-55 to 5- 1-56	8-26-55 to 11-30-55 Supplemental	Total	8-26-55 to 11-30-55	8-26-55 to 5- 1-56	Total	Approved by the Certifying Officer
Item No. 1	$ 6,459.00	$ —	$ —	$ 6,459.00	$ 740.00	$ —	$ 740.00	$ 5,719.00
Item No. 2	—	—	—	—	—	—	—	—
Item No. 3	9,115.02	—	—	9,115.02	2,115.02	—	2,115.02	7,000.00
Item No. 4	2,197.74	—	—	2,197.74	637.74	—	637.74	1,560.00
Item No. 5	3,536.22	—	—	3,536.22	836.22	—	836.22	2,700.00
Item No. 6	—	820.80	—	820.80	—			
		14,366.00	—	14,366.00	—			
		1,042.04	—	1,042.04	—	4,358.18	4,358.18	16,000.00
		14,366.00	—	14,366.00	—			
		1,042.04	—	1,042.04	—	4,358.18	4,358.18	16,000.00
		204.29	—	204.29	—			
		1,169.14	—	1,169.14	—			
		2,640.95	—	2,640.95	—			
		114.96	—	114.96	—			
Item No. 7	—	—	—	—	—	—	—	—
Item No. 7 and No. 9	3,132.00	—	—	3,132.00	606.00	—	606.00	2,526.00
Item No. 8	36,497.98	—	5,730.42	42,228.40	10,859.53	—	10,859.53	31,368.87
Items No. 9 to No. 14 incl.	—	—	—	—	—	—	—	—
Totals	$ 60,937.96	$ 20,358.18	$ 5,730.42	$ 87,026.56	$ 15,794.51	$ 4,358.18	$ 20,152.69	$ 66,873.87

September 16, 1957

C. A. Turner, Auditor

SCHEDULE OF EXCEPTIONS

Idaho Metallurgical Industries, Inc. DMEA 3739 Idm E884

Item				Claimed by Operator	Disallowed Prior to Audit	Disallowed During Audit	Accepted Costs, Stage I
No. 1	Bulldozing		$ 6,459.00	$ 6,459.00	$	$	$
	Allowable Costs Per Contract	409 Hours @ $13.98	5,719.00				5,719.00
	Disallowed - D4 Cat Not Authorized by Contract		740.00		740.00		
No. 3	Self Potential Survey	101.664 Lin. Feet @ $.0896	$ 9,115.02	9,115.02			
	Maximum Per Contract	80.000 Lin. Feet @ .0875	7,000.00				7,000.00
	Disallowed Excess of Maximum		2,115.02		2,115.02		
No. 4	Collection of Soil Samples	2253 Samples @ $.975	$ 2,197.74	2,197.74			
	Maximum Per Contract	1600 Samples @ .975	1,560.00				1,560.00
	Disallowed Excess of Maximum		637.74		637.74		
No. 5	Geochemical Analysis Soil Samples		$ 3,536.22	3,536.22			
	Maximum Per Contract		2,700.00				2,700.00
	Disallowed Excess of Maximum		836.22		836.22		
No. 6	Geological Study	689 A @ $29.55	$20,358.18	20,358.18			
	Maximum Per Contract	640 A @ 25.00	16,000.00				16,000.00
	Disallowed Excess of Maximum		4,358.18		4,358.18		
No. 7	Analysis of Soil Samples Item No. 6	89 @ $6.00	$ 534.00	534.00			
	Accepted Costs	68 @ 6.00	408.00				408.00
		21	126.00				
	Deleted by Certifying Officer		95.00		95.00		
	Disallowed During Audit		31.00			31.00	
No. 8	Diamond Drilling - Reaming and Cementing		$42,228.40	42,228.40			
	Allowable Costs Per Contract						
	Drilling NX Hole	2969.3' @ $8.12 $24,110.71					
	BX Hole	852.0' @ 7.58 6,458.16					
	Reaming and Cementing	320.0' @ 2.50 800.00	31,368.87				31,368.87
	Disallowed Excess of Maximum		10,859.53		10,859.53		
No. 9	Analysis Sludge and Core Samples	433 @ $6.00	$ 2,598.00	2,598.00			
	Accepted Costs	331 @ 6.00	1,986.00				1,986.00
		102	612.00				
	Disallowed by Certifying Officer		511.00		511.00		
	Disallowed by Audit		101.00			101.00	
	Totals			$ 87,026.56	$ 20,152.69	$ 132.00	$ 66,741.87

September 16, 1957

C. A. Turner, Auditor

Schedule - Work Completed

Idaho Metallurgical Industries, Inc. DMEA-3739 Idm-E884

Stage I

Item No. 1			
Bulldozing	409 Hours @	$13.98	$ 5,719.00
Item No. 3			
Self Potential Survey	80,000 Linear Ft. @	.0875	7,000.00
Item No. 4			
Collection Soil Samples	1600 Samples @	.975	1,560.00
Item No. 5			
Analysis of Soil Samples			2,700.00
Item No. 6			
Geological Study	640 Acres @	25.00	16,000.00
Item No. 7			
Analysis of samples Item No. 6	68 Samples @	6.00	408.00
Item No. 8			
Drilling NX Holes	2969.3 feet @	8.12	24,110.71
BX Holes	852.0 feet @	7.58	6,458.16
Cementing and Reaming	320.0 feet @	2.50	800.00
Item No. 9			
Analysis Sludge & Core Samples	331 Samples @	6.00	1,986.00
Accepted Costs			$66,741.87

No work done on Stages II and III

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September 16, 1957

C. A. Turner, Auditor

6

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

Re: Report of Review
Idm-F884, DMA-3739
Idaho Metallurgical
Industries, Inc.

Dear Mr. Turner:

Your revised Report of Review covering the above-cited project is accepted and normal distribution is authorized.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Director
Contract Administration
and Audit Division

EETalbert/wb
October 16, 1957

Copy to: Docket
Admr. Reading File
Mr. Chambers

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
1201 N. Division St.
Spokane 2, Washington

October 14, 1957

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10/16	B	220
		800

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

Re: Report of Review
Idaho Metallurgical Industries, Inc.
Contract No. Idm-E884
Docket No. DMEA-3739

Dear Mr. Chambers:

Enclosed are three copies of the Report of Review covering the Idaho Metallurgical Industries, Inc. project, Contract No. Idm-E884, Docket No. DMEA-3739, which have been revised per your letter of September 25, 1957.

During my original examination of the Forms MF-104, I decided to make a Report of Review of this case instead of an audit because the Operator's claims were all supported by invoices from the Independent Contractors and the firms who made the assays. There being such a few invoices made it appear at the time very simple. However, I really stubed my toe on the assays. Assays were as follows:

Invoices from Assayers

12/28/55	Quebec Metallurgical Industries	348 @ $6.00	$2,088.00
11/30/55	Union Assay Office	101 @ 6.00	606.00
11/1/55	Union Assay Office	73 @ 6.00	438.00
Total		522 @ 6.00	$3,132.00

Assays allowed by Certifying Officer

Item No. 7	66		
Item No. 9	355	421 @ 6.00	2,526.00
Deleted by Certifying Officer		101 @ 6.00	$ 606.00

Assays allowed by Certifying Officer		421 @ $6.00	$2,526.00
Assays allowed by Report of Review			
Item No. 7	68		
Item No. 9	331	399 @ 6.00	2,394.00
Additional disallowance by Audit		22 @ 6.00	$ 132.00

The number of assays allowed by the audit were taken from the Field Team letter dated September 16, 1957, and were verified by the maps which are a part of the Operator's final geological report.

Sincerely yours,

C. A. Turner, Auditor

Enclosure

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DATE	INITIALS	CODE

1201 N. Division St.
Spokane 2, Washington

October 8, 1957

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

Re: Docket No. DMEA-3739 (cobalt-copper)
Idaho Metallurgical Industries, Inc.
Tinkers Pride Claim, et al
Lemhi County, Idaho
Contract No. Ida-5884

Dear Mr. Turner:

My final inspection report of August 28, 1957, and the Field Team letter to you of September 16, 1957 state that under Items 7 and 9 of the contract 66 and 331 samples, respectively, were completed (assayed for cobalt and copper). No arsenic assays were submitted under Items 7 and 9. References to these two items is also made in Mrs. Purdy's memorandum of May 4, 1956 to the Field Team and in Mr. Chambers' letter of September 25, 1957 to you.

At the time the Operator submitted invoices for 511 assays with his Operator's Monthly Report and Voucher, I was able to count only 331 assays for cobalt and copper. All the submitted assays were from diamond drill holes 1 to 7 inclusive. I brought this to the attention of Mrs. Myrtle Purdy, who was Certifying Officer at the time, and requested her to delete those assays not supported by assay results showing cobalt, copper or arsenic. I have no way of knowing how Mrs. Purdy arrived at 66 assays for Work Item 7 of the contract.

When the Operator's final report and maps for Stage I work were submitted the assays were again checked as follows:

Work Item 7:	Lower Bonanza adit	-	3	assays
	Upper " "	-	1	"
	Tinker's Pride No. 4 adit	-	47	"
	East Tinker's Pride No. 4 adit	-	17	"
	Total		68	"

Work Item 9:	Diamond Drill Hole	No. 1	-	59 assays
		No. 2	-	16 "
		No. 3	-	60 "
		No. 4	-	38 "
		No. 5	-	52 "
		No. 6	-	64 "
		No. 7	-	42 "
	Total			331 "

The number of assays submitted can be verified by referral to the Operator's final engineering report and maps.

S. W. Zoldok, Mining Engineer

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

800

So. 157 Howard Street
Spokane 4, Washington

November 8, 1957

Mr. John H. Baker, President
Idaho Metallurgical Industries, Inc.
230 Park Avenue
New York 17, New York

Re: Docket No. DMEA-5739 (Cobalt-Copper)
Tinker's Pride et al. claims
Lemhi County, Idaho
Contract No. Idm-E884

Dear Mr. Baker:

Enclosed is a copy of Report of Review dated September 16, 1957, for the period of August 26, 1955, to May 1, 1956, inclusive, by C. A. Turner, DMEA Auditor, on this contract.

This is for your information and files.

Sincerely yours,

D. R. Maclaren
For: Wing G. Agnew
Acting Executive Officer, DMEA
Field Team, Region I

Enclosure

cc: DMEA(3)
DMEA(2)
DMEA(A.)
Turner

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1201 N. Division St.
Spokane 2, Washington

October 22, 1957

Mrs. Dorothy F. Long, Certifying Officer
DMEA Field Team, Region I
1201 N. Division Street
Spokane 2, Washington

Re: Docket No. DMEA-3739 (cobalt-copper)
Idaho Metallurgical Industries, Inc.
Lemhi County, Idaho
Contract No. Idm-E884

Dear Mrs. Long:

The work completed under the contract was done to the satisfaction of the Government. A final report evaluating the results of the exploration program has been presented by the Operator and accepted by the Executive Officer.

The Government has no equity in equipment, supplies and materials used on the project.

A pseudo-certification is provided for by Article 7(e) of Amendment No. 2, dated June 25, 1956.

A final Report of Review dated September 16, 1957 by DMEA Auditor C. A. Turner has been received.

As all contract requirements have been met, it is requested that final settlement of our account with the Operator be made.

Sincerely yours,

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

cc: DMEA (2)
USGS (2)

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1201 N. Division St.
Spokane 2, Washington

October 8, 1957

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

Re: Docket No. DMEA-3739 (cobalt-copper)
Idaho Metallurgical Industries, Inc.
Tinkers Pride Claim, et al
Lemhi County, Idaho
Contract No. Idm-2884

Dear Mr. Turner:

My final inspection report of August 28, 1957, and the Field Team letter to you of September 16, 1957 state that under Items 7 and 9 of the contract 68 and 331 samples, respectively, were completed (assayed for cobalt and copper). No arsenic assays were submitted under Items 7 and 9. Reference to these two items is also made in Mrs. Purdy's memorandum of May 4, 1956 to the Field Team and in Mr. Chambers' letter of September 25, 1957 to you.

At the time the Operator submitted invoices for 511 assays with his Operator's Monthly Report and Voucher, I was able to count only 331 assays for cobalt and copper. All the submitted assays were from diamond drill holes 1 to 7 inclusive. I brought this to the attention of Mrs. Myrtle Purdy, who was Certifying Officer at the time, and requested her to delete those assays not supported by assay results showing cobalt, copper or arsenic. I have no way of knowing how Mrs. Purdy arrived at 66 assays for Work Item 7 of the contract.

When the Operator's final report and maps for Stage I work were submitted the assays were again checked as follows:

Work Item 7:	Lower Bonanza adit	-	3	assays
	Upper " "	-	1	"
	Tinker's Pride No. 4 adit	-	47	"
	East Tinker's Pride No. 4 adit	-	17	"
	Total		68	"

Work Item 9:	Diamond Drill Hole	No. 1	-	59 assays
		No. 2	-	16 "
		No. 3	-	60 "
		No. 4	-	38 "
		No. 5	-	52 "
		No. 6	-	64 "
		No. 7	-	42 "
	Total			331 "

The number of assays submitted can be verified by referral to the Operator's final engineering report and maps.

S. W. Zoldok, Mining Engineer

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

Goldoak memo 8/28/57 to Fld Team, Rg E, confirms:

Item	Completed	Auth
(1) D8	409. hrs.	RD-7. 850 hrs
(2) Camp	none	$2,000.00
(3) Survey	101,664'	80,000'
(4) Samples	2,253	1,600
(5) Analyses	$2,700.00	$2,700.00
(6) Study	689 acres	640 acres
(7) Samples	68	500
(8) NX	2,969.3'	2,969.3'
BX	852.'	852'
Cement & Ream	320.'	1000'
(9) Samples	331	1200

800

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

Re: Report of Review
Idaho Metallurgical Industries, Inc.
Contract Idm-F884, Docket DMEA-3739

Dear Mr. Turner:

Enclosed for your further consideration and revision, or explanation, are the Washington copies of your Report of Review covering the referenced project.

The first paragraph states that the monthly reports cover "the months of August 1955 to December 1955 inclusive." The copies of forms MF-104 submitted to this office, as well as your Schedule - Summary Forms MF-104, indicate that "the period of August 26, 1955, to May 1, 1956" is covered by this review. It is my understanding that, although the project's field work was terminated December 1955, the geological reporting work (Work Item 6) was subsequently performed and claimed on the later MF-104.

In cases involving contracts, where the Government's contribution is solely on the basis of "actual" costs incurred, the short reason (b), as indicated on page 68 of the audit manual, is preferable to the wording used in this Report of Review. Also, it is my understanding that most, if not all, of the work was performed by Shannon & Full under an independent contract (though not at unit rates). Accordingly, it appears that the addition of a modified form of reason (e), as shown on page 68 of the manual, is appropriate, viz.:

> "a major portion ($) of the costs incurred covered work performed under independent contract" or
>
> "all of the costs covered work performed under independent contract."

In the Schedule - Summary Forms MF-104 the heading of the third column should be changed from "8/26/55 to 11/30/56" to "8/26/55 to 11/30/55 Supl." The latter is the date indicated on our copy of the supplemental form MF-104.

In the Schedule of Exceptions, Item No. 3, the units are improperly shown as "101,664 A" and "80,000 A". According to Exhibit "A" of the contract these items should be "101,664 lin. ft." and 80,000 lin. ft.", respectively.

In the Schedule of Exceptions, Items Nos. 7 and 9, disallowance has been made for expenses over $6.00 indicated as the "Maximum per Contract per sample." Exhibit "A" of the contract, as amended by Amendment No. 1, specifies maximums of $3,000.00 (for not to exceed 500 samples) under Work Item 7 and $7,200.00 (for not to exceed 1200 samples) under Work Item 8. No maximum unit costs are indicated. Therefore, the Operator's claim of $7.849 per unit appears to be allowable, if reasonable and necessary and otherwise acceptable.

In connection with these Items Nos. 7 and 9 it is noted that your review accepts 68 and 331 assays, respectively. However, in a memorandum dated May 4, 1956, from the Certifying Officer to the Field Team, acceptance of 66 assays under Item 7 and 355 assays under Item 9 is indicated. Furthermore, in a letter dated May 9, 1956, addressed to the Operator by the Field Team it is stated that "Payment for the disallowed assays can be made as soon as the assay returns are available." Therefore, the further disallowance rather than a reinstatement of costs appears to require an explanation.

The total amount of the Operator's claim and the nature of the exploration work is such as to ordinarily require an audit. I presume, however, in your decision that a review is sufficient, the adequacy of invoices from Shannon & Full, and other contractors and/or vendors if any, has been given careful consideration. I raise this question only because of our difficulty in obtaining documentation and our complete failure to obtain properly executed forms NF-104 from the Operator even after several conferences both in the region and in Washington.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Director
Contract Administration
and Audit Division

Enclosure

EDTalbert/wb
September 25, 1957

Copy to: Docket
Admr. Reading File
Mr. Chambers

EXTRA COPY
DMEA
RECEIVED SEP 30 1957
FILE | CODE
800

1201 N. Division St.
Spokane 2, Washington

September 16, 1957

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

Re: Docket No. DMEA-3739 (cobalt-copper)
Idaho Metallurgical Industries, Inc.
Tinkers Pride Claim, et al
Lemhi County, Idaho
Contract No. Ida-[illegible]

Dear Mr. Turner:

The subject contract was terminated on December 1, 1955 under the provisions of Article 7 of Amendment No. 2. The project work under Stage I was completed to the satisfaction of the Government; Stage II was not authorized.

A final inspection report on the completed work was submitted by S. W. Zoldak on August 28, 1957.

The Operator's final engineering and geological report was received on April 27, 1956. It fulfills the requirements of Article 7(e) of the contract.

The Government has no equity in equipment, supplies and materials used on the project.

A pseudo-certification is provided for by Article 7(e) of Amendment No. 2, dated June 25, 1956.

Work units completed within the terms of the contract are as follows:

Item	Authorized	Completed
1	850 hours	409 hours
2	$2000	none
3	80,000 linear feet	101,664 linear feet
4	1600 samples - $1600	2253 samples
5	$2700.00	$2700.00
6	640 acres	689 (approx.)
7	500 samples - $3000	68 samples
8	2969.3' - NX size	2969.3'
	852.0' - BX "	852.0'
	1000.0' - cement-room	320.0'
9	1200 samples	331 samples

It is now in order for you to issue your Report of Review.

By Field Team, Region I

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

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

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

APR 2 1957

Clarkson, Gordon & Co.
Chartered Accountants
15 Wellington Street West
Toronto 1, Canada

Re: DMA-2436, Idm-2334
Northfield Mines, Inc.
and
DMA-3739, Idm-2884
Idaho Metallurgical Industries, Inc.

Gentlemen:

In connection with your audit of the Idaho Metallurgical Industries, Inc., by letter dated March 22, 1957, you have requested confirmation of payments by the Government to December 31, 1956, under the referenced exploration project contracts.

According to our records advances by the Government under the Northfield Mines, Inc., contract aggregated $67,910.14, but $106.31 was refunded by company check No. C-1970 dated October 17, 1955, to bring the net payments by the Government to $67,803.83, the amount determined by our auditors to be allowable under the terms of the contract.

Under the Idaho Metallurgical Industries, Inc., contract our records disclose that the Government has advanced an aggregate of $40,796.17, and that payment of a balance due of $1,000.00 has been withheld pending resumption of work under the contract after a recess which started December 1, 1955. Both the payment and balance due are subject to adjustment after audit by the Government.

Sincerely yours,

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

EDTalbert/wb
April 2, 1957

Copy to: Docket (2)
Admr. Reading File
Mr. Chambers

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

PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL

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

Bu. Vou. No. 2064

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

Voucher prepared at Spokane, Washington 11/1/57
(Give place and date)

THE UNITED STATES, Dr., Payee's Account No. Idm-E884

To Idaho Metallurgical Industries, Inc.
(Payee)

230 Park Avenue New York, New York
(Address) (City) (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.
	Supplemental Aug. 20-55 to Nov. 30-55	Balance withheld under Voucher #1825, dated July 20, 1956, adjusted to audit				917	50
PAYMENT: Complete ☐ Partial ☐ Final ☐		FINAL PAYMENT					
		Use continuation sheet(s) if necessary					
Shipped from	to	Weight	Government B/L No.		Total	917	50

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

(Sign original only)

Date ..... *Payee .....
(This certificate not required when a like certificate is made by payee on attached bill or bills)

Per ..... Title .....

(Payee must NOT use this space)

Differences .....

Account verified; correct for 917 50

(Signature or initials) .....

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

Pursuant to authority vested in me, I certify that this account is correct and proper for payment.

† Approved for $ .....

By .....

Title .....

SIGN ORIGINAL ONLY

† .....
(Authorized Certifying Officer)

Title .....

Date .....

THE REVERSE OF THIS FORM MUST BE EXECUTED WHEN PURCHASES ARE MADE OR SERVICES SECURED WITHOUT WRITTEN AGREEMENT IN ANY FORM

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 $..... } on Treasurer of the United States in favor of payee named above.
{ Cash, $....., on ....., 19..... Payee .....
(Sign original only)

* 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.
† If the ability to certify and authority to approve are combined in one person, one signature only is necessary; otherwise the approving officer will sign on the line below "Approved for $.....", and over his official title.

Per .....

Title .....

16—22900-3

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.)

16—22900-2 ☆ U. S. GOVERNMENT PRINTING OFFICE : 1950—O-75806

1201 N. Division St.
Spokane 2, Washington

October 22, 1957

Mrs. Dorothy F. Long, Certifying Officer
DMEA Field Team, Region I
1201 N. Division Street
Spokane 2, Washington

Re: Docket No. DMEA-3739 (cobalt-copper)
Idaho Metallurgical Industries, Inc.
Lemhi County, Idaho
Contract No. Idm-E884

Dear Mrs. Long:

The work completed under the contract was done to the satisfaction of the Government. A final report evaluating the results of the exploration program has been presented by the Operator and accepted by the Executive Officer.

The Government has no equity in equipment, supplies and materials used on the project.

A pseudo-certification is provided for by Article 7(e) of Amendment No. 2, dated June 25, 1956.

A final Report of Review dated September 16, 1957 by DMEA Auditor C. A. Turner has been received.

As all contract requirements have been met, it is requested that final settlement of our account with the Operator be made.

Sincerely yours,

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

cc: DMEA (2)
USGS (2)
Contract Admin. & Audit Div.

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

Budget Bureau No. 42-R1036.5

RECEIVED
JUL 23 1956

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER (SUPPLEMENTAL)

Month of Aug. 26, 1955 to Nov. 30, 1955, 195 Docket No. DMEA 3739 Contract No. Idm-E884

Operator's Name IDAHO METALLURGICAL INDUSTRIES, INC. Minerals Co-Cu

Address 230 Park Avenue, New York, N.Y.

Contract Amount, $ 345,558.00 Government Participation: 62½ % Amount, $ 215,973.75

ITEMS OF COSTS	FOR OPERATOR'S USE: ~~Monthly~~ Total Spent	Totals Previously ~~Reported~~ Allowed	~~Totals To Date~~ Authorized by Amendment No. 2	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent ~~Short Form~~ Contracts:						
Drilling Item 8	$33,124.99	$24,838.45	$30,568.87	5730.42	24838.45	30568.87
~~Bulldozing~~ Item 1,					5719.00	5719.00
~~Crosscutting~~ Reaming + Casing					642.50	642.50
~~Drifting~~ Cementing + Reaming					157.50	157.50
Work Item 6					16000.00	16000.00
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
~~Timber~~ Work Item 3					7000.00	7000.00
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis Item 4					1560.00	1560.00
Payroll Taxes						
Liability Insurance						
Analyses - Item 5					2700.00	2700.00
(8) Contingencies (specify):						
assaying - Items 7 + 9					2526.00	2526.00
TOTALS	$33,124.99	$24,838.45	$30,568.87	5730.42	61143.45	66873.87

MF-104 1st claimed $60,937.96
2nd 20,358.78
3rd (this) 5,730.42
Total $67,026.56 Submit 9/19/56

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

Date July 10, 1956 *Payee IDAHO METALLURGICAL INDUSTRIES, INC.

Per John H. Baker 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)

approved 3581.51
withheld 1000.00
2581.51

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

$ 2581.51

Signature M&P
(Authorized Certifying Officer)

Date 7-20-56 Vou. No. 1825
(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 8 8 4 in accordance with the terms of the contract.

Signature 1st Stephen W Zoldok Title Mining Engr Date 7-20-56

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature 1st Wing G Agnew Title Acting Exec Date 7-20-56

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 MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

RECEIVED
JUL 23 1956

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT (SUPPLEMENTAL)

Month of Aug. 26, 1955 to Nov. 30, 1955 195.....
Operator's Name IDAHO METALLURGICAL INDUSTRIES, INC.
Address 230 Park Avenue, New York, N.Y.

Docket No. DMEA 3739

Contract No. Idm-8604
Minerals Co-Cu

OPERATION	UNIT	Total Costs This Month	Total Units This Month	Allowed Costs to Date	Allowed Units to Date	Allowed Unit Costs to Date	Authorized by Contract Amount Units	Authorized by Contract Amend. No. 2 Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core	FT.	$33,124.9	321.3	$24,838.45	3821.3	$6.50	2969.3	$8.12
Churn	FT.						652.0	7.58
Auger								
Stripping		$8.12 x	2969.3 =	$24,110.71				
Trenching		7.58 x	652.0 =	4,938.16				
Test Pits				$30,568.37	Total authorized by Amend. #2			
Roads and Trails			Less	24,838.45	Previously allowed			
				$5,730.12	Additional amount now allowable			
Total Distributed Costs								Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
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 July 10, 1956 Operator IDAHO METALLURGICAL INDUSTRIES, INC.
Per John H. Baker 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)

/S/ Stephen W Zoldok

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

JUL 26 1956

DMEA Field Team, Region I, NW

July 23, 1956

Certifying Officer, Region I

Docket No. DMEA 3739, Contract No. Idm-E884, Idaho Metallurgical Industries, Inc. Supplemental operating report for the period Aug. 26, 1955 to Nov. 30, 1955.

The subject operating report has been received and processed for payment.

As the project has been recessed an amount of $1,000.00 is being withheld until work is resumed.

Myrtle Purdy

cc: DMEA (2)
USGS (2)
Wash. 2
Engr.
AD

Sorry to be late with these. Mrs. Erickson is on vacation now and I am unusually busy. Will try to do better.

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

Budget Bureau No. 42-R1036.5

RECEIVED
JUN - 7 1956

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of Aug.26,1955 to May 1,1956 195 Docket No. DMEA 3739 Contract No. Idm.E-884

Operator's Name Idaho Metallurgical Industries, Inc. Minerals Cobalt-Copper

Address 230 Park Avenue, New York 17, N.Y.

Contract Amount, $ 347,490.00 Government Participation: 62½% Amount, $ 217,181.25

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~~ Work Item 8					24838.45	24838.45
Bulldozing Work Item 1					5719.00	5719.00
~~Crosscutting~~ Reaming + Casing					642.50	642.50
~~Drifting~~ Cementing + Reaming					157.50	157.50
Work Item 6				16000.00	—0—	16000.00
(2) Labor and Supervision:						
Labor (Cook)-Item 6			$ 820.80	—0—	—0—	—0—
Supervision						
Technical Services-Item 6			14,366.00	—0—	—0—	—0—
(3) ~~Operating Mat'ls. and Supplies~~:						
~~Timber~~ Work Item 3					7000.00	7000.00
Explosives						
Pipe						
Track						
Office Supplies-Item 6			1,042.04	—0—	—0—	—0—
Fuel - Item 6			204.29	—0—	—0—	—0—
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis Work Item 4					1560.00	1560.00
Payroll Taxes						
Liability Insurance						
Groceries-Item 6			1,169.14	—0—	—0—	—0—
Transportation-Item 6			2,640.95	—0—	—0—	—0—
(8) Contingencies (specify): Analysis -						
~~Telephone, Postage~~ Work Item 5					2700.00	2700.00
and Express-Item 6			114.96	—0—	—0—	—0—
Assaying - Items 7+9					2526.00	2526.00
TOTALS			$20,358.18	16000.00	45143.45	61143.45

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

Date 5/23/56 *Payee Idaho Metallurgical Industries, Inc.

Per John H. Baker 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:

$10,000.00

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

Date 6/1/56 Vou. No. 1789
(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. E884 in accordance with the terms of the contract.

Signature 151 Alfred R. Service Title Mining Engr. Date 5/28/56

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature 151 A. E. Weissenborn Title Exec Officer Date 5/31/56

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 MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
JUN - 7 1956

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of Aug. 26, 1955 to May 1, 1956 195 Docket No. DMEA Contract No. 3739

Operator's Name Idaho Metallurgical Industries, Inc. Minerals Cobalt-Copper

Address 230 Park Avenue, New York 17, N.Y.

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~~ Work Item 3				7000.00				
~~Drilling: Core~~ Item 8				24 838.45				
Churn								
Auger								
~~Stripping~~ Reaming + Casing				642.50				
~~Trenching~~ Bulldozing - Item 1				5719.00				
~~Test Pits~~ Cementing + Reaming				157.50				
Roads and Trails				16000.00				
Geologic Study - Item 6	Acre		6.89	~~$20,358.18~~	689	$29.55	640	$25.00
TOTAL DISTRIBUTED COSTS				~~$20,358.18~~				TOTAL COSTS AUTHORIZED BY CONTRACT
Sampling + analysis - Item 4				1560.00				
~~Operating Equipment Purchased~~ Analysis - Item 5				8700.00				
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Assaying - Items 7 + 9				2526.00				
TOTAL COSTS				~~$20,358.18~~ 61143.45				34749.00

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

REMARKS:

Date 5/23/56 Operator Idaho Metallurgical Industries, Inc.

Per John H. Baker 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)

(For Government use only)

/s/ Alfred R Service

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

230 PARK AVENUE
NEW YORK 17, N. Y.

RECEIVED
JUN - 7 1956

May 23, 1956

Mr. A. E. Weissenborn, Executive Officer
Defense Minerals Exploration Administration
So. 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMEA-3739 (Co-Cu)
Tinkers Pride et al Claims
Lemhi County, Idaho
Contract No. Idm-E884

Dear Mr. Weissenborn:

This will acknowledge receipt of a U.S. Government check for $28,214.66, the amount approved for payment under the subject contract in your letter of May 9, 1956. It is understood that if an amendment to Item 8 is issued, we will be given an additional reimbursement by DMEA.

It was not possible to report on our costs under Item 6 of the subject contract in our letter of April 10, 1956 because work on the final report and maps had not been completed at that time. Now that this work has been accomplished, the MF104 and MF 104A forms (5 copies) and the related Shenon & Full invoice covering Item 6 are submitted herewith.

Yours very truly,

John H. Baker

John H. Baker, President
IDAHO METALLURGICAL INDUSTRIES, INC.

JHB:b
cc: L.J.L.(Encls.)
W.M.Z.(")
S.& F.(")

HENON AND FULL
MINING GEOLOGISTS
~~1339 THIRD AVENUE~~
SALT LAKE CITY, UTAH
700 Newhouse Building

RECEIVED
JUN - 7 1956

ACCOUNT WITH Idaho Metallurgical Industries, Inc.
230 Park Avenue
New York 17, New York

Big Deer Creek Project

Statement covering Services and Expenses for Work Item 6, including Geologic Study of an area (approximately 12,000 feet by 2,500 feet) of 689 acres, Sampling, Surveying and Mapping of trenches, cuts, roads and outcrops, and including all other Geological and Engineering work not covered by other Work Items:

Professional Services and Labor	$ 14,366.00
Transportation and Travel (including Jeep Rental and Service)	2,640.95
Camp Cook	820.80
Groceries	1,169.14
White gas, butane, stove oil	204.29
Printing and Photostats	449.47
Chartex (cloth map backing)	290.45
Miscellaneous supplies	74.56
Express, postage, and crating	74.38
Telephone	40.58
Binding report and maps	84.00
Tracing paper, linen, etc.	66.00
Multilithing and stencils	77.56
	$ 20,358.18

OK J.H. Baker

Payment in the amount of $20,358.18 received by Henon and Full

Ray P. Full

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JUN - 7 1956

DMEA Field Team, Region I, NW

June 4, 1956

DMEA Certifying Officer, Region I, NW

Docket No. DMEA 3739, Contract No. Idm-E884, Idaho Metallurgical Industries, Inc. Operating report for the period August 26, 1955 to May 1, 1956.

The subject operating report has been processed and forwarded to the Disbursing Officer for payment.

Under Work Item 6 the Operator has claimed costs covering 689.5 acres at an actual cost of $29.526 per acre, or $20,358.18. The contract allows a maximum of 640 acres at $25.00 per acre, or a total of $16,000.00 for this work item. A disallowance of $4,358.18 has been made to bring the cost for this work item into conformance with the contract.

Myrtle Purdy

cc: Operator
DMEA (2)
USGS (2)
Wash. (2)
AD
Engr.

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.5

RECEIVED
MAY 8 - 1956

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of Aug. 26 to Nov.30 195 5 Docket No. DMEA 3739 Contract No. Idm-E884
Operator's Name Idaho Metallurgical Industries, Inc. Minerals Cobalt-Copper
Address 230 Park Ave., New York 17, N.Y.
Contract Amount, $ 347,490. Government Participation: 62½ % Amount, $ 217,181.25

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 Item 8			$36,497.98	24838.45	—0—	24838.45
Bulldozing Item 1			6,459.00	5719.00	—0—	5719.00
~~Crosscutting~~ Reaming + Casing				642.50	—0—	642.50
~~Drifting~~						
Cementing + Reaming				157.50	—0—	157.50
(2) Labor and Supervision:						
Labor						
Supervision Item 3						
Technical Services			9,115.02	7000.00	—0—	7000.00
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment Item 4						
Sampling and Analysis			2,197.74	1560.00	—0—	1560.00
Payroll Taxes						
Liability Insurance						
Analysis Item 5			3,536.22	2700.00	—0—	2700.00
Assaying Items 7&9			3,132.00	2526.00	—0—	2526.00
(8) Contingencies (specify):						
Totals			$60,937.96	45143.45	—0—	45143.45

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

Date 4/30/56 *Payee Idaho Metallurgical Industries, Inc.

Per John H. Baker 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:

$ 28214 66

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

Date 5/3/56 Vou. No. 1766
(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. E884 in accordance with the terms of the contract.

Signature /s/ Alfred R. Service Title Mining Eng. Date 4/25/56

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /s/ 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 MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
MAY 8 - 1956

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of Aug. 26 to Nov. 30, 1955 Docket No. DMEA 3739 Contract No. Idm-E884
Operator's Name Idaho Metallurgical Industries, Inc. Minerals Cobalt-Copper
Address 230 Park Ave., New York 17, N.Y.

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
~~Boring~~	Item 1	hour			$ 5,719.00	409	$14.00	850	$14.00
~~Construction~~	Item 1	hour			740.00	81.0*	9.14*		
~~Dozer~~	Item 3	foot			9,115.02	101,664	.0897	80,000	.0875
~~Assay~~	Item 4	sample			2,197.74	2,253	.975	1,600	1.00
~~Assay~~	Item 5	analysis			3,536.22	1,117	3.17	1,600	1.69
Drilling: Core	Items 7&9	assay			3,132.00	522	6.00	1,700	6.00
	Item 8	ft.BX			5,964.00	852.0	7.00	5,000	6.50
C&R, R&C ~~Drill~~	Item 8	ft.NX			27,160.99	2969.3	9.15		
~~Drilling~~	Item 8	foot			3,372.99	320.0	10.54	1,000	2.50
Trenching									
Test Pits									
Roads and Trails									
Total Distributed Costs					$60,937.96				Total Costs Authorized by Contract
Operating Equipment Purchased									
Initial Rehabilitation and Repairs									
New Buildings, Improvements, etc.									
Total Costs					$60,937.96				

* Assuming 3 hrs/day usage for 27 days (D-4 Bulldozer)

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

Remarks:

Date 4/10/56 Operator Idaho Metallurgical Industries, Inc.

Per John H. Baker 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)

(For Government use only)

/s/ Alfred P. Service

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
8 - 1956

Progress Report
Idaho Metallurgical Industries, Inc.
Lemhi County, Idaho

November 1955

Docket No. DMEA 3739
Contract No. Idm.-E884

Bulldozing

Bulldozing with the D-8 tractor was terminated on November 9, 1955 as snow and sub-zero weather made it impractical to trench for geologic information. Approximately 30 hours were spent in trenching and 29 hours in drill site preparation and maintenance.

A D-4 tractor with dozer was rented to maintain roads and drill sites until the drilling could be completed. A mobilization charge of $200, plus $20 for each day on the job, was agreed upon. No additional charge was made for operating time, even though the equipment was used at frequent intervals.

Geologic Mapping

Geologic mapping of trenches and the critical mineralized zone was completed during November.

Geophysical-Geochemical Survey

Work was completed on the area to the south of Big Deer Creek early in the month. Several weak self-potential anomalies were recorded, but no correlation can yet be made. Soil analysis indicates very low cobalt values with only irregular copper mineralization. The area does not indicate the encouragement of the zone to the north of Big Deer Creek.

Diamond Drilling

Diamond drilling was terminated on December 1, 1955 after completion of seven holes.

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MAY 8 - 1956

Hole No. 4 was drilled to 588 feet on the Tinkers Pride No. 3 zone south of the No. 2 hole. A wide zone of mineralization was intersected, most of which was very low-grade (see attached assay sheet).

Hole No. 5 was drilled about 300 feet north of Hole No. 3 on the Bonanza Copper zone in an attempt to establish a continuation of the mineralization which was intersected in Holes Nos. 1 and 3. Several sections of low-grade copper mineralization were cut, but the cobalt values were very low.

Holes Nos. 6 and 7 were drilled to depths of 487.4 and 500 feet, respectively, to intersect the mineralized zone exposed on the surface and in the Tinkers Pride No. 4 tunnel. Hole No. 6 intersected several well mineralized zones, but core recovery was exceptionally poor in the hole. Sludge samples have been assayed, but considerable doubt exists regarding the grade of several of the runs. Core assays in all instances run much higher than the sludge assays, and the volume of sludge recovered indicates that the hole was caving. Copper values from the cores are quite high for several intervals, but these are not representative. The cobalt values are low, even in the better grade copper mineralization. Hole No. 7, which was drilled under the Tinkers Pride No. 4 tunnel, also cut a wide zone of mineralization, but the values are much lower than those in Hole No. 6.

Respectfully submitted,

Roy P. Full

January 10, 1955

Roy P. Full

Summary of Diamond Drilling Completed
from
August 26 to December 1, 1955

Docket No. D.M.E.A. 3739
Contract No. Idm.-E884

Hole	Depth Feet	Size NX	Size BX	Casing NX(Reamed)	Casing BX	Cemented and Reamed
No. 1	709.0	395.0	314.0	35.0	395.0	
No. 2	552.2	552.2		50.0		15
No. 3	438.7	438.7		57.0		
No. 4	588.0	588.0		55.0		
No. 5	546.0	173.0	373.0	15.0	165.0	48
No. 6	487.4	487.4		25.0		
No. 7	500.0	335.0	165.0	20.0	335.0	
Total	3821.3	2969.3	852.0	257.0	895.0	63

Drilling Costs

298-1/2 shifts @ $125.00		$ 37,312.49
Equipment unavoidably lost		
27 pcs. 5' BX Casing @ $15.75	$ 425.25	
2 pcs. 5' NX Casing @ $18.75	37.50	
1 NX Reaming shoe	97.74	560.49
Mobilization		500.00
Total Direct Drilling Cost		$ 38,372.98

[redacted]
So. 157 Howard Street
Spokane 4, Washington

May 9, 1956

Mr. John H. Baker, President
Idaho Metallurgical Industries, Inc.
230 Park Avenue, Room 1841
New York 17, New York

Re: Docket No. DMEA-3739 (Cobalt-Copper)
Tinkers Pride Claims, et al.
Lemhi County, Idaho
Contract No. Idm-8884

Dear Mr. Baker:

Certain disallowances were made in the payment of your voucher for the period August 26, 1955 to November 30, 1955. These disallowances are explained in the enclosed memorandum.

We are sorry that Mr. Full did not submit a formal request to substitute a D-4 bulldozer for the D-8 bulldozer when the change was contemplated as he was urged to do at a conference in Spokane on March 23, 1956. We could then have requested a suitable amendment before the work was done.

Payment for the disallowed assays can be made as soon as the assay returns are made available.

By Field Team, Region I, NW Dist.

A. R. Weissenborn, Exec. Officer
U. S. Geological Survey

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

Enclosures

dd: DMEA (2)
USGM (2)
USBM (AD)
Nickelson

DMEA Field Team, Region I, NW

May 4, 1956

DMEA Certifying Officer, Region I

Contract 2834. Docket No. DMEA 3739, Idaho Metallurgical Industries, Inc.
Monthly operating report for the period August 26, 1955 to Nov. 30, 1955.

The subject voucher has been received and processed for payment. Costs approved total $43,143.45. The differences in the amounts claimed and those approved for payment on the various items are shown below.

	Claimed	Disallowed	Approved
Drilling (approved 3821.3 ft. @ $6.50)	$36,497.98	$10,859.53	$24,638.45
Reaming & Casing- 257 ft. @ $2.50			642.50
Cementing & Reaming- 63 ft. @ $2.50			157.50
An amendment allowing an increased cost for the larger size drilling done by the operator will be requested from Washington. If this amendment is made the operator may reclaim all or part of this deletion in accordance with the amendment.			
Bulldozing	6,459.00	740.00	5,719.00
An invoice from Nichols & Thompson, claimed by the operator under bulldozing, showed a cost of $200.00 for moving a D-4 Caterpillar to and from the Big Bear Creek property, and $540.00 rental on the Cat. This was disallowed. The Cat rented was smaller than that specified in the contract and no provision was made in the contract for the moving costs.			
Work Item 3- Self-potential Survey	9,115.02	2,115.02	7,000.00
The $7,000.00 allowed by the contract for this item is a maximum. Therefore, the amount claimed in excess of this figure has been disallowed.			
Work Item 4- Soil Samples	2,197.74	637.74	1,560.00
The operator collected 2253 samples at an actual cost of $0.975 each. The amount approved is for 1600 samples at $0.975 each.			

	Claimed	Disallowed	Approved
Work Item 5- Geochemical Analysis	$3,536.22	$836.22	$2,700.00

The approved amount under this item is a maximum. The disallowance covers costs claimed in excess of this amount.

Work Items 7 and 9- Assaying	3,132.00	606.00	2,526.00
			$ 45,143.45

We have invoices from Quebec Metallurgical Industries, Inc. and Union Assay Co. covering 511 assays. However, from the data submitted, we were able to count only 355 from diamond drill holes Nos. 1 through 7, and 66 from the underground workings, totaling 421 assays. Should other assays be submitted they can be paid for up to 511, the number covered by the invoices we now have. If other assays have been made they may be claimed up to the amount allowed by the contract, is properly supported. The amount approved covers:

Work Item 7 - 66 assays at $6.00 $ 396.00

Work Item 9 -

Hole No. 1	58		
2	15		
3	60		
4	45		
5	74		
6	63		
7	40		
	355	@ $6.00	2,130.00
			$2,526.00

Myrtle Purdy

cc: Operator
DMEA (2)
USGS (2)
Wash. 2 ✓
Engineer
AD

Mr. Chambers

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

JAN 26 1956

Mr. Charles A. Tunney
DMEA Auditor
[illegible] North Division Street
Spokane 2, Washington

Re: Docket No. DMEA-[illegible] (Tungsten)
Minerals Engineering Company
East Creek Mine
Beaverhead County, Montana
Contract No. [illegible]

and

Docket No. DMEA-[illegible] (Cobalt-Copper)
Idaho Metallurgical Industries, Inc.
Tinkham Fields Claims, et al
Lemhi County, Idaho
Contract No. [illegible]

Dear Charlie:

The referenced contracts were the subject, in part, of a telephone conversation between Mr. Hitchcock, Mr. Weissenborn, and the undersigned on January 25, 1956. This letter is written, at Mr. Weissenborn's request, in order to advise you in the matters discussed.

Under contract [illegible] questions have arisen as to the manner by which the Operator's claim for costs incurred may be acceptably documented as well as to the propriety of allowing costs for work performed by an independent contractor. It appears that the firm of Shamon and Pell is acting in the capacity of both an independent contractor and an agent for the Operator in the prosecution of the project work.

Article II (b) (1), as included in Annex II of the contract, specifically waives the requirement of Article 6 (a) of the contract for estimating the costs by categories. It is the opinion of this Division, therefore, that the costs incurred under category (1) Independent Contracts are properly acceptable, provided that such costs (a) exceed neither the maximum unit costs nor the maximum total costs for the pertinent item of work, as listed under Stages I and II of the Estimated Costs of the Project in Exhibit "A", and (b) conform to the requirements of the last two sentences of Article 4 (b) of the contract.

Article 23 (c) (2), as included in Annex II of the contract, provides that the Operator's claim by categories on Form 10-224 shall be supplemented by a statement showing the distribution of the extraneous costs by each of the work items set forth in Exhibit "A". Accordingly, any costs claimed for work performed by Shearer and Full as an independent contractor should be shown on the Form 10-224 under category (1) and distributed on the supplemental statement to the applicable work items. Any work performed by other independent contractors should be reported in the same manner. Any other costs incurred, either directly by the Operator or through Shearer and Full as agents, should be reported on the Form 10-224 in the proper category, (2) to (7), and likewise distributed on the supplemental statement to the applicable work items.

All costs claimed for independent contract work should be documented by copies of the invoices for work performed by Shearer and Full or other independent contractors. The amounts claimed for costs incurred other than under independent contracts should be documented by invoices, payrolls, or other documentary evidence of such costs.

Under contract 14-08-[illegible] royalty is not being paid by the Operator and Mr. Weisenborn indicated a desire for a royalty audit of the project. Since the Operator's records are maintained in Grand Junction, Colorado, he suggested that it would be more feasible to have the audit performed by one of this Division's Denver auditors. I understood him to say that no royalties had been paid to date, no monthly returns had been submitted, royalties due amounted to only about $800.00, and, therefore, no preparatory audit work in the Spokane office would be required. Since the Operator's production is continuing I demurred at making an audit at this time for such a relatively small amount and suggested that, for the time being, the audit be held in abeyance and another request be made on the Operator to pay the past due royalties.

Upon looking over the docket file, however, I find a copy of a letter dated November 18, 1955, addressed to the Operator by the Field Team, in which the amount of royalty due is indicated as being $4,[illegible].00. Furthermore, our records indicate royalties amounting to $175.94 were received by the Government through April 14, 1954. This puts a different complexion on the matter.

Accordingly, it is suggested that you discuss this case with Mr. Weisenborn. If it is determined that an audit is required (as would seem to be indicated by the Field Team's letter of November 18, 1955), it is requested that you obtain from the regional files and forward to Mr. Bruding in Denver the contract, all amendments thereto, all available settlement sheets, copies of all correspondence relative to the royalties due, and a transcript of the Operator's account as shown in the Finance Officer's ledger.

By copy of this letter Mr. Reading is being requested to perform this royalty audit if you so advise him. Please furnish this Division a copy of any letter which you may send to Mr. Reading in regard to this audit.

Copies of this letter also are being sent to Mr. Weinsenhorn and Mrs. Pauly.

Sincerely yours,

(Signed) E. D. Talbert

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

EDTalbert/ah
January 25, 1956

Copy to: Docket (2)
Admr. Reading File
Mrs. Pauly
Mr. Weinsenhorn
Mr. Reading
Mr. Martin
Mr. Chambers

DEC 12 1955

Mr. A. E. Weissenborn, Executive Officer
DMEA Field Team, Region I - N.W. District
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMEA-3739, Cobalt-Copper
Idaho Metallurgical Industries, Inc.
Tinkers Pride Claims, et al.
Lemhi County, Idaho
Contract No. Idm-E884

Dear Mr. Weissenborn:

Reference is made to your letter of November 30, 1955, with attached copies of MF-104 and 104A, narrative, work sheet, summary of geophysical-geochemical survey, map, and copies of Morrison-Knudsen Company invoices.

Please explain to the Operations Supervisor, Mr. Full, the necessity for maintaining and submitting operating cost records covering items outlined in Categories 1 through 7 of the long form contract. The cost of supervision, labor, supplies, operating equipment (rentals, purchases and depreciation), rehabilitation and repairs, new buildings, fixtures and installations, and miscellaneous should be charged or apportioned to each class of work as far as possible. Excepting the drifting and crosscutting, all the work on this contract is on an actual cost basis.

Before settlements on the monthly MF-104's can be made, it will, as usual, be necessary to have all actual cost items substantiated. Mr. Schmidt and Mr. O'Donnell have already been advised in our meetings here in Washington of the necessity of keeping such detailed costs.

We are returning the MF-104's and 104A's which should be returned to the Operator who should submit new forms with a complete breakdown.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Enclosures

cc: Docket
Code 400
Oper. Committee
Adm. Reading File
T. Kiilsgaard, USGS
H. W. Davis, USBM
Code 800--Mr. Chambers
FT, Reg. I-Spokane

APPROVED:

P. F. Yopes

Member, Bureau of Mines

Thor H. Kiilsgaard

Member, Geological Survey

TLChapman/ls 12/9/55

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

DEC - 7 1955

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

Re: Docket No. DMEA-3739 (cobalt-copper)
Idaho Metallurgical Industries, Inc.
Timbers Pride Claims
Lemhi County, Idaho
Contract No. Ida-2864

Dear Mr. Weissenborn:

Reference is made to Mr. Agnew's letter of November 30, 1955, in regard to the submission of MF-104 and MF-104A, along with the narrative reports and work sheets of the Idaho Metallurgical Industries, Inc., Docket DMEA-3739, Contract Ida-2864. It appears that a misunderstanding of our telephone conversation is due an explanation.

I did not intend to request the MF-104's and MF-104A's along with narratives and work sheets of all DMEA projects. I had in mind the above-cited project which appeared to be giving you some difficulty in regard to its billing. It was my understanding that you were to send in the MF-104 and related papers so I would have material on which to offer advice to you. The present practice of submitting a MF-104A on these projects whose payment will be delayed will continue.

I trust this explanation clarifies the situation.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

APPROVED:

/s/ Robert W. Geehan

Member, Bureau of Mines

Thor H. Kiilsgaard

Member, Geological Survey

JLChambers/wb
December 6, 1955

cc to: Docket
Admr. Reading File
Operating Committee
Mr. Davis, USBM
Mr. Kiilsgaard, USGS
Mr. Selfridge
Mr. Martin
Mr. Chambers

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

DEC - 6 1955

Mrs. Myrtle I. Purdy
Authorized Certifying Officer
Bureau of Mines
1201 North Division Street
Spokane 2, Washington

Dear Mrs. Purdy:

In reply to your letter of December 2, 1955, addressed to E. D. Talbert, in regard to the submission of Forms MF-104 and MF-104A and narratives on projects, Mr. Weissenborn misunderstood Mr. Selfridge's telephone request.

Mr. Selfridge requested that the Form MF-104 and MF-104A of the particular case on which Mr. Weissenborn had some questions, be sent to the Washington office so that it could answer the questions which he asked. Mr. Selfridge does not wish to have all MF-104's and MF-104A's on all projects sent to Washington. The past procedure whereby a copy of MF-104A is submitted in case of delayed payment is still the procedure.

I am asking Mr. Selfridge to write a letter to Mr. Weissenborn in explanation. If there are any other questions concerning this procedure please do not hesitate to ask them.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

JLChambers/wb
December 6, 1955

Copy to: Docket
Admr. Reading File
Mr. Chambers

An afterthought:

As a matter of fact, I think Special Notice No. 192 mentions only sending in the MF-104A and narrative on those contracts completed, or nearing completion. We have been sending this information in on recessed contracts and on anything else where we expect to hold up payment for even a comparatively short time. I can't locate any instructions on this matter later than this Special Notice No. 192.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
1201 N. Division Street
Spokane 2, Washington
December 2, 1955

RECEIVED
DEC - 8 1955

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

Dear Mr. Talbert:

The attached letter will explain what happened to one each of Washingtons' copies of the MF-104, Idaho Metallurgical Industries, Inc., Contract Idm-E884, for the periods referred to. We have had a little difficulty in getting reports from these people we could approve and Mr. Weissenborn has asked the Operating Committee to do something about it.

Mr. Weissenborn also understood Mr. Selfridge to say he wanted one copy each of the MF-104, MF-104A, narrative, etc., to be sent to Washington just as soon as they are received by us. This was to apply to all contracts. I hesitated to do this with the MF-104 as it conflicts with my present instructions and is as yet without your approval. Mr. Weissenborn is writing Mr. Selfridge to make sure this is actually what he wants done. They will probably contact you if this procedure is to be put into effect.

I will write you further when I have anything to report on this matter.

Yours very truly,

Myrtle Purdy

Myrtle Purdy, DMEA
Certifying Officer, Region I

XXXXXXXXXXXXXXXXXX
1201 N. Division Street
Spokane 2, Washington
November 30, 1955

RECEIVED
DEC - 5 1955

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

Re: Docket No. DMEA 3739 (cobalt-copper)
Idaho Metallurgical Industries, Inc.
Tinkers Pride Claims, et. al.
Lemhi County, Idaho
Contract No. Idm-E884

Dear Mr. Selfridge:

Attached is one copy each of the MF-104, MF-104A, narrative, work sheet, summary of geophysical-geochemical survey, map, and copies of Morrison-Knudsen Co. invoices covering bulldozing, submitted by the subject operator for the period of August 26-September 30, 1955. This is as requested in your telephone conversation of today with Mr. Weissenborn.

The operating report for October 1955 came in today. One complete copy is enclosed.

Our instructions have been to send one copy only of the MF-104A, narrative, and map to Washington promptly on those contracts where it is expected payment will be held up for some time. In most cases, it is necessary for the engineer to see these monthly operating reports before this can be determined. When payment is expected to be made as soon as the MF-104s have been approved by the engineers, then we have not been separating Washington's copies but have sent them all in together as they have been paid. In the case of the Idaho Metallurgical Industries, Inc., August-September voucher, we had telephoned the operator after checking the report and had expected to receive the supporting data needed at an early date. This is why the MF-104A and narrative were not sent in more promptly.

Sincerely,

cc: USGS (2)

Wing G. Agnew, Member
DMEA Field Team, Region I
Northwest District

EXTRA COPY
D. M. E
RECEIVED AUG 15 1960

DATE	INITIALS	CODE
		800

No. 157 Howard Street
Spokane 4, Washington
August 11, 1960

Mr. Robert F. Hagel

Gibbonsville, Idaho

Re: DMEA-3739 (Cobalt-Copper)
Idaho Metallurgical Industries, Inc.
Tinkers Pride, et al., Claims
Lemhi County, Idaho
Contract Idm-1334

Dear Mr. Hagel:

I regret to advise you that this office is not authorized to give out any information concerning the results of DMEA or OME projects. We must consider the information in our files as confidential between this office and the Operator.

The only suggestion I can make is that you request copies of the maps, drill logs, and assay reports from Idaho Metallurgical Industries, Inc., 88 Metcalfe Street, Ottawa, Canada.

Sincerely yours,

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

cc: OME(2) w/cys incoming
DRF

Gibbonsville, Idaho
August 7, 1960

EXTRA COPY
O. M. E
RECEIVED AUG 15 1960

DATE	INITIALS	CODE

Field Officer
Office Mineral Exploration, Reg. 1,
South 157 Howard St.,
Spokane 4, Wash.

Dear Sir:

This is in reference to an O.M.E. loan contracted by Idaho Metalergical Industries on what was known as the Tinkers Pride operation, Blackbird mining district, Lemhi county, Idaho.

We have several claims, Bonanza Copper & Blackrock groups, that were optioned to I.M.I. which came under this loan.

Inasmuch as we contemplate either working these claim or leasing them, and that in either case the claims will assume the loan, it has occured to me that your office might have certain information that would be of great help in the successful operation of the claims.

We failed to have it specified in our cont act with I.M.I. that we receive maps and a copy of the drill logs and assay reports.

It is quite possibe that the O.M.E. has a copy of these report that wou be quite vital in future development and operation of this property. It would seem that if this is the case, it would be to the advantage of both the O.M.E. and ourselves if we had a copy of these maps and report to further the successful operation of the property.

We will greatly appreciate any information you can give us concerning this matter.

Thanks very much.

Sincerely yours,

Robert P. Hagel

RECEIVED
AUG 9 1960

CA&A Div.

JUN 28 1960

Idaho Metallurgical Industries, Inc.
88 Metcalfe Street
Ottawa, Canada

Re: DMEA 3739 (Cobalt-Copper)
Idaho Metallurgical Industries, Inc.
Tinkers Pride, et al., Claims
Lemhi County, Idaho
Contract Idm-E884

Gentlemen:

In further reference to your letter of February 11, 1960, and our reply of February 29, 1960, under the terms of the cited Exploration Project Contract, executed August 26, 1955, and its Amendment No. 2, dated June 25, 1956, all minerals mined or produced from August 26, 1955, to August 26, 1966, are subject to the Government's percentage royalty as set forth in the contract until the sum of $41,713.67 is repaid to the Government.

Royalty payments should be made to the Field Officer, OME Region I, South 157 Howard Street, Spokane 4, Washington, by the purchaser, with checks drawn payable to the Office of Minerals Exploration. The purchaser should be advised to deduct royalties from the amount due on each shipment and send the check directly to the Field Officer. Each check should be accompanied by suitable sales evidence, such as copies of settlement sheets, showing the name of the purchaser, the quantity and grade of the products sold, and the price and charges certified to be correct by the purchaser.

You are requested to notify the Field Officer of any changes in ownership or production rights that may have any effect on the Government's right to its percentage royalty. Your attention is called particularly to Article 2(d) of the contract relating to the preservation of the Government's right to a percentage royalty on production. Also when production starts, please notify the Field Officer. Thereafter, if production ceases for any extended period, please notify him accordingly at six month intervals.

Sincerely yours,

Frank E. Johnson

Acting Director

SPHolt;kb - 6/21/60
cc: Docket
Dir. reading file
Mr. Johnson
Review Committee
CA&A Div. ✓
Region I (2)
500
Chron.
Mr. Kirkemo, USGS

cc to: Oscar Westfall and Edna Westfall
North Fork, Idaho
William H. and Emma Infanger
Star Route, Salmon, Idaho

cc to: Charles W. Harmon, Felt, Idaho
Hugo A. Simi, Yellow Jacket Mine, Via Cobalt, Idaho
Elmer R. and Elsie Hagel, Ronan, Montana
Robert and Leah Hagel, Gibbonsville, Idaho

OFFICIAL FILE COPY

Date	Sitters	Size
[illegible]	[illegible]	140
	[illegible]	140
2/28	Eaffridge	120
2/28	[illegible]	500
	[illegible]	500
	[illegible]	[illegible]
2/28	[illegible]	[illegible]

[illegible] relieve

[illegible]

[illegible] Information

[illegible] Letr. from Herman B. Davis

63603

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
6-17		[illegible]
6-17		400
		140
		120
		110
		100
		220
		400
-19	Change	800

6/20/57

Mr. John H. Bohre, President
Idaho Metallurgical Industries, Inc.
250 Park Avenue
New York 17, N. Y.

Re: Docket No. IDMA 3739 - Cobalt and Copper
Tinker's Bride, et al. claims
Lemhi County, Idaho
Contract No. [illegible]

Dear Mr. Bohre:

Consideration has been given to the request in your letter of May 27, 1957, confirming the oral request made here on May 23, 1957, by Mr. H. H. Silberstein, that the suspension of work, authorized by Amendment No. 2 of the subject contract, be continued for one more year.

We regret that the request cannot be granted. Paragraph numbered 7 of Amendment No. 2 will become operative if work is not resumed by June 30, 1957. We note from a carbon copy of a letter to you of June 6, 1957, that this matter has already been brought to your attention.

Please note that paragraph 7(c) governs payment of royalty on any production made within the period noted in the contract.

Your reasons for delaying resumption of work are easily to appreciated, and whatever subsequent application you may wish to make for another exploration program on the land of this same contract will have our attention.

Sincerely yours,

C. O. M. (for)

Administrator

WSMartin:foc
6-17-57
cc to: Docket
Code 400
Admr. R. File
FT. REG. I NW Dist.
Messrs. H. W. Davis, USBM
T. H. Kiilsgaard, USGS

8623

Government's Copy

RECEIVED
JUL 20 1956

EXPLORATION PROJECT CONTRACT
IDAHO METALLURGICAL INDUSTRIES, INC.
DOCKET NO. DMEA-3739

Amendment No. 2

It is agreed this 25th day of June, 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Idaho Metallurgical Industries, Inc., that Exploration Project Contract Idm-E884 (Docket No. DMEA-3739), dated August 26, 1955, as amended, is further amended as follows:

1. In Exhibit "A", under the heading Description of the Work, the following changes are made:

(a) Work Item 8 in Stage I on page 3 is amended by deleting "...5,000 feet of AX size core drilling..." and substituting "...2,969.3 feet of NX size core drilling and 852 feet of BX size core drilling..."

(b) Work Item 10 of Stage II on page 3 is amended (i) by deleting "...20,000 feet of AX size core drilling..." and substituting "...approximately 8,300 feet of NX size core drilling and 8,250 feet of BX size core drilling...", and (ii) by deleting "...4,000 feet of hole may be cemented and reamed or reamed and cased,..." and substituting "...3,200 feet of hole may be cemented and redrilled or reamed and cased..."

2. In Exhibit "A", under the heading Estimated Costs of the Project, the following changes are made:

(a) The first sentence of the first paragraph of Work Item 8 of Stage I on page 5, and the figure "$32,500.00*" in said Work Item 8 on page 6, are deleted and the following substituted in lieu thereof:

"2,969.3 feet of core drilling @ $8.12/ft* NX size	$24,110.71	
852 feet of core drilling @ $7.58/ft* BX size	6,458.16	$30,568.87*"

(b) The Estimated Total Cost for Stage I, as amended by Article 2A(3) of Amendment No. 1 of March 20, 1956, is changed from "$86,400.00*" to "$84,468.87*."

(c) Work Item 10 of Stage II on page 6 is deleted and the following is substituted:

Work Item 10

NX core diamond drilling, 8,300 feet @ $7.50*/ft.	$62,250.00	
BX core diamond drilling, 8,250 feet @ $7.00*/ft.	57,750.00	
Estimated Total of diamond drilling (Includes all costs whatsoever, except those costs provided for in Items 11 through 14 below).		$120,000.00*
Cementing and re-drilling or reaming and casing, 3,200* feet @ $2.50*/ft.		8,000.00*

(d) The Summary, as amended by Article 2(d) of Amendment No. 1 of March 20, 1956, is hereby further amended to read as follows:

Estimated Total Cost of Stage I	$84,468.87*	
Estimated Total Cost of Stage II	179,240.00*	
Estimated Total Cost of Stage III	81,850.00	
Estimated Total Cost of the Project (rounded)		$345,558.00
Government Participation @ 62.5%		$215,973.75

(*Indicates maximum)

3. In Article 5 of the Contract, as amended by Article I of Amendment No. 1 of March 20, 1956, the figures of "$347,490.00" and "$217,181.25" are deleted and the following figures are substituted, respectively: "$345,558.00" and "$215,973.75."

4. (a) Work pursuant to the Contract shall be suspended during the period beginning December 1, 1955, and ending not later than June 30, 1957.

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

5. In Article 3 the period for completion of the work is extended from June 30, 1957, to June 30, 1958.

6. The maximum period for royalty payments and lien for the payment thereof is extended to eleven (11) years from the date of the Contract.

7. It is of the essence of this Contract that the work be resumed before the termination of the period fixed for suspension, and completed before the termination of the period here fixed for completion; and if the work is not so resumed and completed in the manner required by the Contract, then the following provisions shall thereupon become effective:

(a) The Contract and all obligations of the parties hereunder, except as otherwise herein expressly provided, shall be and are hereby terminated, as follows:

(i) effective December 1, 1955 if the work has not been resumed on or before June 30, 1957

(ii) effective June 30, 1958 if the work is resumed on or before June 30, 1957, but is not completed on or before June 30, 1958.

(b) The Government shall contribute to allowable costs incurred prior to said effective date; and shall contribute to allowable costs incurred or to be incurred beginning with said effective date in performing winding-up and settlement actions provided for in the Contract, including (i) the preservation and disposal of property to the cost of which the Government has contributed, and (ii) the making and rendering of reports and accounts.

(c) Any work or operations prosecuted or costs incurred by the Operator beginning with said effective date, except as otherwise provided in this termination agreement, shall be for the sole account of the Operator without contribution by the Government.

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

(e) 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 the royalty on production provided for in the Contract, in the same manner and amount, for the same period, and subject to the same conditions provided in the Contract as if a certification of discovery or development had been made, such certification being waived by the Operator.

(f) The Operator hereby releases and agrees to save the Government harmless from all claims or demands under or arising out of the Contract, except as otherwise provided for in this Amendment No. 2.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. D. Mitchenor
Administrator, Defense Minerals
Exploration Administration

IDAHO METALLURGICAL INDUSTRIES, INC.

By John H. Baker

Title President

RECEIVED
JUL 30 1956

EXPLORATION PROJECT CONTRACT
IDAHO METALLURGICAL INDUSTRIES, INC.
DOCKET NO. DMEA-3739

Justification for Amendment No. 2

Diamond drilling in adjacent areas of the Calera Mining Company, and the Northfield Mines, Inc., indicated that coring results were poor with AX or smaller bits. After numerous tests the Calera Mining Company has found that the coring results have been greatly improved with NX and BX bits and are now doing their drilling with the larger bits.

The Idaho Metallurgical Industries, Inc., found that in Stage I they were able to get high core recoveries by using the larger bits. For good sampling it is necessary to make a good core recovery.

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APR 27 1956

Government's copy

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APR 9 - 1956

EXPLORATION PROJECT CONTRACT
IDAHO METALLURGICAL INDUSTRIES, INC.
DOCKET NO. DMEA-3739

AMENDMENT NO. 1

It is agreed this 20th day of March, 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Idaho Metallurgical Industries, Inc., that Exploration Project Contract No. Idm-E884 (Docket No. DMEA-3739), dated August 26, 1955, is amended, effective August 26, 1955, as follows:

1. In Article 5 of the Contract, change the estimated total allowable cost from "$328,290.00" to "$347,490.00," and change the maximum amount of the Government participation from "$205,180.00" to "$217,181.25." GM SAB

2. Amend Exhibit "A" of the Contract as follows:

Under the heading "Estimated Costs of the Project" (*Indicates Maximum):

A. In Stage I:

(1) On page 5, Work Item 7, change cost of analyzing samples from "$1,500.00*" to "$3,000.00*."

(2) On page 6, Work Item 9, change cost of analyzing samples from "$3,600.00*" to "$7,200.00*."

(3) On page 6, change Estimated Total Cost of Stage I from "$81,300.00*" to "$86,400.00*."

B. In Stage II:

(1) On page 6, Work Item 11, change cost of analyzing samples from "$13,500.00*" to "$27,000.00*."

(2) On page 7, change Estimated Total Cost of Stage II from "$165,740.00*" to "$179,240.00*."

C. In Stage III:

(1) On page 7, Work Item 16, change unit cost of analyzing samples from "$3.00" per sample to "$6.00" per sample and the total cost thereof from "$600.00" to "$1,200.00."

(2) On page 7, change Estimated Total Cost for Stage III from "$81,250.00" to "$81,850.00."

D. The Summary on page 8 is deleted, and the following is substituted:

S U M M A R Y

Estimated Total Cost of Stage I	$ 86,400.00*
Estimated Total Cost of Stage II	179,240.00*
Estimated Total Cost of Stage III	81,850.00
Estimated Total Cost of the Project	$347,490.00*
Government Participation @ 62.5%	$217,181.25*

3. The increase in unit price from $3.00 to $6.00 per combined analysis of cobalt and copper shall be in effect only so long as the samples are sent from the property for analyzing by outside chemists.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. P. Mittendorf
Administrator, Defense Minerals
Exploration Administration

IDAHO METALLURGICAL INDUSTRIES, INC.

By John H. Baker
President

DMEA Form 14

Contra[illegible] No. Idm-E884

Docket No. 3739

DEPARTMENT OF THE INTERIOR

Terminated contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

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

Please make the following entry on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program.

Date of Contract	Region	State	Commodity
August 26, 1958	I	Idaho	Cobalt-Copper

Name and Address of Operator: Idaho Metallurgical Industries, Inc.
c/o W. C. Schmidt
230 Park Avenue
New York 17, New York

	Reserve	Obligation
Prior Amount	0	215,937.75
Increase	0	0
Decrease	0	174,260.08
Revised Amount	0	41,713.67

Remarks:

ALLEN S. DAKAN
(Name)

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

Date delivered to Bureau of Mines, Washington 10/29/57

22845

Contract No. Idm-E 884

Docket No. DMEA-3739

DEPARTMENT OF THE INTERIOR

Executed amendment

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
August 26, 1955	**I NW**	**Idaho**	**Cobalt-Copper**

Name and Address of Operator: **Idaho Metallurgical Industires, Inc.**
c/o W. C. Schmidt
230 Park Avenue
New York 17, New York

	Reserve	Obligation
Prior Amount	0	$217,181.25
Increase	0	0
Decrease	0	1,207.50
Revised Amount	0	$215,973.75

Remarks:

(Name)

Robert E. Adams, Chief
Operations Control and
Statistics Div.
(Title)

Date Delivered to Bureau of Mines, Washington 7/23/56

98963

Docket No. 3739

Commodity Cobalt-Copper

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 881

Date of ~~Contract~~ or Amendment: March 20, 1956

Name and Address of Operator:

Idaho Metallurgical Industries, Inc.
c/o W. C. Schmidt
230 Park Avenue
New York 17, New York

Amount of Government participation _____ $217,181.25

Percent of Government participation 62½ %

Region: I NW State: Idaho

Note: This document cancels the previous obligation of $205,180.00 and establishes the amount shown above.

E. A. Talbot
(Name)

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

Date Delivered to Bureau of Mines, Washington. 3/20/56

54458

Docket No. 3739

Commodity Cobalt-Copper

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 884

Date of ~~xxxxxxxxxxxx~~Amendment: November 23, 1955

Name and Address of Operator:

Idaho Metallurgical Industries, Inc.
c/o W. C. Schmidt
230 Park Avenue
New York 17, New York

Amount of Government participation _____ $ 205,180.00

Percent of Government participation 62½ %

Region: I NW State: Idaho

Note: Please release $15,907.50. Amendment withdrawn.

E H Talbot
(Name)

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

Date Delivered to Bureau of Mines, Washington. 2/27/56

54458

Docket No. 3739

Commodity Cobalt-Copper

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 884

Date of Contract ~~amendment~~: August 26, 1955

Name and Address of Operator:

Idaho Metallurgical Industries, Inc.
c/o W. C. Schmidt
230 Park Avenue
New York 17, New York

Amount of Government participation $ 221,087.50

Percent of Government participation 62½ %

Region: X NW State: Idaho

Note: This document cancels the previous obligation of $205,180.00 and establishes the amount shown above.

E. A. Talbert
(Name)

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

Date Delivered to Bureau of Mines, Washington. 11/25/55

54458

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

November 7, 1955

Mr. Roy P. Full
3945 South 11th East
Salt Lake City 7, Utah

Re: Docket No. DMEA-3739 (cobalt-copper)
Idaho Metallurgical Industries, Inc.
Tinkers Pride Claims, et. al.
Lemhi County, Idaho
Contract No. Idm-2884

Dear Mr. Full:

As requested in your telephone conversation with Verne C. Fryklund on November 4, 1955, approval is hereby given to drill a third diamond drill hole in the Bonanza Copper area north of the No. 3 diamond drill hole. Because material of ore grade has been cut in the first hole and mineralized material in the second hole it seems desirable to trace this zone northward.

By Field Team, Region I, NW Dist.

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

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

[illegible] (4)
USGS (2)
USBM ([illegible])
[illegible]

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NOV 14 1955

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

November 7, 1955

MEMORANDUM

To: DMEA Field Team, Region I, Northwest District

From: Verne C. Fryklund, Jr., Geologist, U. S. Geological Survey

Subject: Approval for Diamond Drill Hole, Docket No. DMEA-3735 (cobalt-copper), Idaho Metallurgical Industries, Inc., Tinkers Pride Claims, et. al., Lemhi County, Idaho, Contract No. Idm-2884.

On November 4, 1955, Roy P. Full called me from Salt Lake City and requested permission to drill a third hole in the Bonanza Copper area between 300 and 400 feet north of the No. 3 diamond drill hole. As ore-grade material has been cut in the first hole and mineralized but unassayed material in the second hole it seems desirable to drill an additional hole to trace this zone northward.

Distribution:
DMEA (orig. & 3)
USBM (2)
USBM (AD)
Docket
Nickelson

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NOV 14 1955

Extra Copy

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

RECEIVED
OCT 24 1955

No. 157 Howard Street
Spokane 4, Washington

October 20, 1955

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

Re: Docket No. DMEA-3739 (cobalt-copper)
Idaho Metallurgical Industries, Inc.
Kidmore Pride Claims, et al.
Lemhi County, Idaho
Contract No. Idm-[illegible]

Dear Mr. Selfridge:

Work done under the Idaho Metallurgical Industries contract after October 1, 1955, under Stage I, must have the prior approval of the Government. For this reason Mr. Fryklund visited the property on October 1 and, in conference with Mr. Ray Full, decided upon the amount of work to be done on the "initial" part of the Stage I work.

We have approved Mr. Fryklund's decisions and a copy of his memorandum of October 20 is enclosed for your information. Also enclosed are copies of a letter from Mr. Full dated October 17, 1955, requesting approval and copies of our letter to Full of October 20, 1955, approving certain work.

By Field Team, Region I, NW Dist.

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

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

Enclosures

cc: DMEA (2)
DMEA (AD)
Nicholson

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

No. 157 Howard Street
Spokane 8, Washington

RECEIVED
OCT 24 1955

October 20, 1955

Mr. Ray P. Full
3945 S. 11th E.
Salt Lake City 7, Utah

Re: Docket No. DMEA-3739 (cobalt-copper)
Idaho Metallurgical Industries, Inc.
Timbers Pride Claims, et al.
Lemhi County, Idaho
Contract No. Idm-[illegible]

Dear Mr. Full:

This will confirm in writing, as required by the contract, the Field Team's approval of the work to be done after October 1, 1955, on the "initial" 6,000-foot strike length in the Timbers Pride and Ramsum Copper areas.

This work is to consist of:

1. Geologic, geochemical and geophysical surveys along a strike length of 2,500 feet.

2. Diamond drilling of all Stage I footage, an estimated eight diamond drill holes for a total footage of 5,000 feet.

3. Approximately 416 hours of bulldozing for trenches, drill site preparation, and access roads to drill sites.

By Field Team, Region I, NW Dist.

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

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

CC: DMEA (3)
[illegible] (4)
[illegible] (10)

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

No. 157 Howard Street
Spokane 4, Washington

RECEIVED
OCT 24 1955

October 20, 1955

MEMORANDUM

To: Field Team, Region I, Northwest District

From: Verne C. Fryklund, Jr., Geologist, U. S. Geological Survey

Subject: Interim Inspection Report, Docket No. DMEA-3739, Idaho Metallurgical Industries, Inc., Timber Pride Claim, et al., Lemhi County, Idaho, Contract No. Idm-2804.

I visited the property on September 14, 1955, with Thor H. Kiilsgaard and again on October 1, 1955. On September 14 we examined the property with H. L. Baker and Dave Snyder, Geologists for Shenon and Full. On October 1 I examined the work done with Ray Full.

According to the teletype of September 29, 1955, from the Operating Committee, work done between August 26 and October 1, 1955, had prior approval. According to the contract, future work, after October 1, 1955, must have the prior approval of the Government.

Work done to October 1, 1955, included geologic, geophysical and geochemical surveying of the south 3,500 feet of the 6,000-foot strike length of the zone specified by the contract. In addition, extensive road bulldozing had been done on the Timber Pride slope in order to prepare diamond drill sites. Drilling will be done from 5 sites on the Timber Pride area, the highest just below the crest of the cliff, the lowest midway down the slope. Locations of two sites were changed October 1, 1955, because it appeared impossible, without extensive blasting, to reach the sites with a bulldozer. The alternate sites are quite adequate.

In addition, there are 2 drill sites on the Bonanza copper end of the 6,000 foot or "initial" strip. The first location had been approved September 14, 1955, but it was necessary to move the drill site further north because of large boulders in terrace or glacial gravels.

The drill was at this site and had penetrated to 430 feet. A second hole will be drilled about 400 feet north.

I approved, for the Field Team, geologic, geophysical and geochemical surveying of the remaining 2,500 feet of the "initial" work. This will bring the work up to the north end of the initial unit of the zone. This work should consist of:

1. Surveying 2,500 feet of base line; 25,000 feet of cross lines; the occupation of stations for geophysical readings; taking geochemical samples at the points occupied, and the geochemical assaying of samples.

2. Necessary geologic mapping for an area (map dimensions) of approximately 2,500 feet by 2,300 feet.

3. All remaining diamond drill footage of Stage I to a total of 5,000 feet. Eight drill holes are contemplated.

4. Full time bulldozer work for two months. Work will include drill site preparation and roads to them, approximately 150 hours; new trenching, and deepening of old cuts for a total of approximately 266 hours.

The geologic picture is very encouraging. Cobalt bloom and copper stain is common on outcrops and in bulldozer cuts. Particularly interesting is the amount of fresh sulfides, including cobaltite, that can be found near the surface in deeper cuts. The geochemical work on the first 2,300 feet of the "initial" zone is quite striking. The big question, of course, is what will the core assay.

Distribution:
- DMEA (orig. & 3)
- WMMR (2)
- WMMR (AD)
- Duchet
- Frykland

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

No. 157 Howard Street
Spokane 4, Washington

RECEIVED
OCT 24 1955

October 20, 1955

Mr. Roy F. Full
3945 S. 11th E.
Salt Lake City 7, Utah

Re: Docket No. DMEA-3739 (cobalt-copper)
Idaho Metallurgical Industries, Inc.
Timberz Pride Claims, et al.
Lemhi County, Idaho
Contract No. Ida-[illegible]

Dear Mr. Full:

The data contained on the pencil tracings you sent and discuss in your letter of October 17, 1955, seem more than sufficient to justify completing the geologic, geophysical and geochemical mapping to be done under Stage I.

The areas to be mapped lie south of the Timberz Pride area and north of the Bonanza Copper area. This mapping is to be done along the general strike extensions of the known mineralized areas. The total strike length of this new mapping is not to exceed 6,000 feet; the width of the zone is not to exceed 2,300 feet.

Also authorized at this time is bulldozing for access roads and trenches to the extent of that bulldozing authorized under Stage I that will not be expended on the "initial" unit of work.

By Field Team, Region I, NW Dist.

A. E. Weissenberz, Exec. Officer
U. S. Geological Survey

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

cc: DMEA (3) w/incoming
[illegible] (2)
[illegible] (AD)

SHENON AND FULL
MINING GEOLOGISTS
SALT LAKE CITY, UTAH
700 Newhouse Building

PHILIP J. SHENON
1339 THIRD AVENUE
PHONE 5-5627

ROY P. FULL
3945 SOUTH 11TH EAST
PHONE 87-1840

October 17, 1955

Mr. A. E. Weissenborn, Executive Officer
Defense Minerals Exploration Administration
S. 157 Howard Street
Spokane 4, Washington

RECEIVED
OCT 24 1955

Re: Docket No. DMEA - 3739
Idaho Metallurgical Industries, Inc.
Tinkers Pride, et. al. Claims
Lemhi County, Idaho

Dear Mr. Weissenborn:

The work on the Big Deer Creek area has progressed to the point where a decision must be reached regarding the completion of the work outlined under Stage 1 of the D.M.E.A. contract.

Geophysical work has been completed over the 6000-foot area outlined as Unit 1 of the first stage of exploration. A few samples remain to be assayed on the soil samples, but weather conditions require that any additional surface work must be completed within the next few weeks.

Geophysical and geochemical surveys (see maps) indicate that both copper and cobalt mineralization are quite strong in the area immediately north of Big Deer Creek. Extension of this area would require geophysical and geochemical surveys to the south of Big Deer Creek.

Work at the north end of the area has been limited to a few hundred feet beyond the known Bonanza Copper mineralization. One drill hole has intersected the Bonanza Copper vein, and a mineralized zone 40 feet wide was cut. This may be below ore grade, but samples have been sent for assay. A short tunnel to the north of the 6000-foot area shows cobalt mineralization.

The work in the Big Deer Creek area to date indicates to us that exploration work should be extended beyond the 6000-foot limits of the first unit of Stage 1 (D.M.E.A. contract). We feel that the following work should be done this season:

1. Extend geophysical-geochemical survey to the north and south of the present 6000-foot area. The work not to exceed 12,000 feet along strike of structure, or to exceed 80,000 feet total of survey line.

2. Bulldozing of roads and cuts in the extended area not to exceed 100 hours of operating time.

3. Geologic mapping of extended area not to exceed a total of 640 acres.

We are sending under separate cover a set of maps for the Tinkers Pride and Bonanza Copper areas on which geologic, geophysical and geochemical (copper and cobalt) results have been recorded. These are not completed maps, but only copies of our work sheets which we hope will give you an idea of the extent of mineralization within the area.

An early decision regarding the extended work will be appreciated as weather conditions could terminate the work on rather short notice.

Sincerely yours,

Roy F. Hull

RFF/s

cc Mr. Neil O'Donnell

SHENON AND FULL
MINING GEOLOGISTS
SALT LAKE CITY, UTAH

PHILIP J. SHENON
1339 THIRD AVENUE
PHONE 5-5627

ROY P. FULL
3945 SOUTH 11TH EAST
PHONE 87-1946

700 Newhouse Building
October 17, 1955

Mr. A. E. Weissenborn, Executive Officer
Defense Minerals Exploration Administration
S. 157 Howard Street
Spokane 4, Washington

RECEIVED
OCT 24 1955

Re: Docket No. DMEA - 3739
Idaho Metallurgical Industries, Inc.
Tinkers-Pride, et.al. Claims
Lemhi County, Idaho

Dear Mr. Weissenborn:

This letter will confirm the discussion and decisions that were reached on October 1 when Mr. Vern Fryklund from your office visited the exploration project on Big Deer Creek. Work completed from August 26 to September 30 has been outlined and discussed in the Progress Report for that period.

The work included in Stage 1 to be done under the DMEA contract, as we understand, is to be divided into two units; that is: Unit 1 to explore an area not in excess of 6000 feet in length along the Tinkers Pride-Bonanza Copper structural zone, and extending from Big Deer Creek to the north. The area is to be explored by geologic mapping, trenching, geophysical surveys, geochemical surveys, and diamond drilling. Unit 2, contingent upon the results of the work done in Unit 1, to explore an additional 6000 feet along the Tinkers Pride-Bonanza Copper structural zone, by extending the surveys to the north and south.

The work which was discussed on October 1 with Mr. Fryklund was to complete Unit 1 of Stage 1 and the following amounts of work appear to be necessary.

Bulldozing

October - 26 days @ 8 hours/day	208 hours
November - 26 days @ 8 hours/day	208 hours
	416 hours

It is estimated that approximately 150 hours of 'dozing time will be required in preparation of drill sites and roads to give access to them. The additional 266 hours will be required for trenching and deepening of existing cuts for geologic information.

RECEIVED
OCT 19 1955

Geologic Mapping

Geologic mapping has been extended over an area of approximately 200 acres. An additional 440 acres should be mapped to obtain a satisfactory geologic interpretation for the area.

Geophysical-geochemical Surveys

Approximately 3500 feet of the 6000-foot area included in Unit 1 has been completed. An additional 2500 feet of base line remains unsurveyed. Cross-lines at intervals of 200 and 400 feet will require an additional 25000 feet of line.

Diamond Drilling

Eight diamond drill holes were located to give a total footage of approximately 5000 feet. The exact positions of these holes are dependent on access conditions on the steep slopes to the north of Big Deer Creek, but their approximate positions are recorded below.

Coordinate North	Coordinate East	Direction	Angle	Depth
1. 121,790 N	92,680 E	S 50° W	-45°	700'
2. 118,100 N	93,820 E	S 80°E	-45°	700'
3. 121,900 N	92,510 E	S 70° W	-45°	600'
4. 117,830 N	94,900 E	N 75° W	-45°	600'
5. 117,690 N	94,950 E	West	-45°	500'
6. 117,730 N	94,700 E	N 85° W	-40°	800'
7. 117,390 N	94,030 E	N 50° E	-40°	600'
8. 117,220 N	94,140 E	N 65° E	-45°	500'
				5000'

We will keep you informed of any new developments as the work progresses.

Sincerely yours,

Roy P. Full

Roy P. Full

RPF/s
cc Mr. Neil O'Donnell

COPY COPY

WESTERN
UNION

PR CDU053 PD"FAX CD NEW YORK NY 20 953A- 1955 OCT AM 7 22

A E WEISSENBORN, EXEC OFFICER, DMEA FIELD TEAM

SOUTH 157 HOWARD ST SPOKANE WASH

PLEASE BE ADVISED THAT SHENON AND FULL ARE ACTING AS AGENT FOR IDAHO METALLURGICAL INDUSTRIES INC IN CONNECTION WITH WORK DONE UNDER CONTRACT IDM-E884 DOCKET NO DMEA 3739 AND ARE AUTHORIZED TO SIGN MF104 FORMS AND ANY OTHERS THAT MAY BE REQUIRED.

WILLIAM C SCHMIDT VP

RECEIVED
OCT 20 1955
U.S.G.S.
SPOKANE, WASH.

Distribution:
Incoming
USBM
USBM(AD)
Nickelson
DMEA (2)

Docket No. 3739

Commodity Cobalt-Copper

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 884

Date of Contract ~~[illegible]~~ August 26, 1955

Name and Address of Operator:

Idaho Metallurgical Industries, Inc.
c/o W. C. Schmidt
230 Park Avenue
New York 17, New York

Amount of Government participation $205,180.00

Percent of Government participation 62½ %

Region: I NW State: Idaho

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

Date Delivered to Bureau of Mines, Washington.

9/30/55

54458

Government's copy

RECEIVED

SEP 26 1955

MF-200
(Revised June 1954)

Docket No. DMEA - 3739

Commodity Cobalt-copper

Contract No. Idm-E 804

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this 26th day of August, 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Idaho Metallurgical Industries, Inc., an Idaho corporation,

whose mailing address is c/o William C. Schmidt
230 Park Avenue, New York 17, New York,
hereinafter called the "Operator," as follows:

ARTICLE 1. *This contract* is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200), the attached Exhibit "A," Annex I, ~~and~~ Annex II, ~~and~~ 2 maps, Figs. 1 and 2, and Exhibit "B".

The Operator shall not transfer or assign this contract or any right thereunder without the written consent of the Government.

ARTICLE 2. *Operator's property rights.*—(a) The land which is the subject of this contract (hereinafter called "the land") is in the State of Idaho, County of Lemhi, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] See Annex I of [5] See Annex I in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] See Annex I, [7] - recorded in Book --, page --, official records of said County; and

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: None

(c) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above, and (if the Operator does not hold the legal title) the Consent to Lien of any holder of the legal title

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] Insert name, and if an organization, its nature (corporation and place of incorporation, partnership with names of partners, etc.).
[3] State on a separate sheet marked "Annex I" the legal description or enough to identify the property, particularly excluding any areas from which the production is not to be subject to the Government's percentage royalty.
[4] Insert "owner," "lessee," "contract purchaser," "locator," etc.
[5] Insert "the entire interest," "the mineral rights," "an undivided one-third," etc.
[6] Insert "deed," "lease," "contract," "location notice," "patent," etc.
[7] If not recorded, so indicate by inserting "un."

of the land (lessor, seller, optionor, etc.), are attached, as follows: Consents to Lien of optionors of all claims identified in Annex I as held under option to purchase.

(d) The Operator shall preserve and maintain his right, title, and interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. Until the lapse of the time within which the Government may make a certification of discovery or development without any such certification having been made, and after any such certification has been made, the Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof. If the Government makes no certification of discovery or development within the time limited in Article 8, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 8(b)(1).

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of cobalt and copper. The work to be performed is described in Exhibit "A." The Operator on or before August 26, 1955 shall commence the work, and on or before June 30, 1957 (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall ~~either~~ have completed the work, ~~or shall have expended allowable costs (see Article 6) in a sum not less than the total allowable costs set forth in Exhibit "A"~~ except as otherwise provided in Exhibit "A" with respect to stages of work.

ARTICLE 4. *Performance of the work.*—(a) *Operator's responsibility.*—The work shall be performed with reasonable diligence, efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for liability insurance covering employment; and with suitable and adequate equipment, facilities, materials, supplies, and labor, to bring it to completion within the time fixed.

(b) *Independent contracts.*—To the extent that the allowable costs are estimated in Exhibit "A" with express reference to performance by independent contractors on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations), the work may be so performed; but if the reference in Exhibit "A" to any such independent contract requires the Government's approval thereof, payments under such contract will not be allowable costs unless the Government gives its written approval of the contract. Any such independent contract shall refer to some specific and identifiable part of the work, and shall be subject to all of the pertinent terms and conditions of this exploration contract; but the Government shall not be considered a party thereto, and its rights under this contract, including the right to terminate its contributions, shall not be affected thereby. Regardless of the provisions of any such independent contract and regardless of the Government's approval thereof, the Government will participate in payments to the independent contractor only on account of work performed in accordance with the provisions of this exploration project contract, and only to the extent that the Government deems the unit prices for the work under the independent contract to be reasonable.

(c) *Government may inspect.*—The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract, and also after a certification of discovery or development to inspect production operations and underground workings. The operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 5. *Contribution by the Government.*—The estimated total allowable cost of the project, set forth in Exhibit "A," is the sum of $ 328,290.00 The Government shall contribute 62½ percent of the allowable costs as they are incurred in a total sum not in excess of $ 205,180.00 : *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last

voucher or vouchers such sums as it sees fit not in excess of 10 percent of the estimated total cost of the work or not in excess of the amount of the Government's contribution to the cost of property which is or may become subject to disposal as provided in Article 9(c), whichever is greater. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 7(b), but all payments by the Government are provisional only, subject to audit, until the account between the Operator and the Government is finally audited and settled. "Costs incurred" mean costs that have been paid or have become due and payable, or that in the opinion of the Government have become an obligation. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

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

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

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

CATEGORY (2)—PERSONAL SERVICES.

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

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

Subcategory (c)—Labor.

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

CATEGORY (4)—OPERATING EQUIPMENT.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 7. *Reports, accounts, audits.*—(a) *Operator's records.*—The Operator shall keep suitable records and accounts of the work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. If the Government elects to audit said records and accounts relating to the exploration work by certified public accountant, it may do so as a cost of the work to which the Operator shall contribute. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine any pertinent books, documents, papers, and records of the Operator. All of the Operator's vouchers and records and accounts relating thereto and the Government's payments thereof remain subject to adjustment until final audit by the Government. If work under this contract is carried on in conjunction with any other operations, or if labor, supervision, services, materials, supplies, equipment, facilities, or other requirements for carrying on the work are also used in connection with other operations, the costs shall be segregated and accounted for on a basis and by methods and accounts that are satisfactory to and approved by the Government.

(b) *Progress reports and vouchers.*—The Operator shall provide the Government with five copies of monthly progress reports in three sections as follows: (1) Operator's Monthly Report and Voucher showing detailed costs incurred during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and costs incurred for each type of work; and (3) a Narrative Report of the work performed during the reporting period including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground. (Forms for reporting under (1) and (2) above will be provided by the Government.)

(c) *Final report.*—Upon completion of the work or termination of the Government's obligation to contribute to costs, the Operator shall furnish the Government with five copies of a final report (in addition to the final progress report and voucher). This final report shall include a geological and engineering evaluation of the results of the work performed under the contract with an estimate of the ore reserves resulting from such work, complete assay data, adequate geological and engineering maps or sketches, and a summary of the work performed and related costs incurred.

(d) *Report of sales.*—The Operator shall provide the Government with suitable accounting and documentary evidence covering all production to which the Government's percentage royalty relates, such as copies of smelter or concentrator settlement sheets, and certified accounts of production and sale or other disposition of production.

(e) *Compliance with requirements.*—If in the opinion of the Government any of the Operator's reports, records, or accounts are insufficient or incomplete, or if the Operator fails to make them, the Government may procure the making or completion of such with suitable attachments as an expense of the work to which the Operator shall contribute. The Government may withhold approval and payment of any vouchers relating to insufficient or incomplete reports, records, or accounts.

ARTICLE 8. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after a sufficient final report and final account (see Article 7) has been rendered, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

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

(c) *Basis for computation.*—The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f. o. b. point); *except,* that charges of *the buyer* arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by *the buyer,* sampling and assaying to determine the value of the production sold, and freight paid by *the buyer* to a carrier (not the Operator), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. Any costs of treatment processes, sampling or assaying, or transportation, performed or paid by the Operator or by anyone other than the buyer, are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent) applied to the crude ore or other production after it is extracted from the ground, to put it into a commercially marketable form; excluding fabricating or manufacturing.

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

(e) *Percentages of royalty.*—The percentages of the Government's royalty shall be as follows:

One and one-half (1½) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half (½)

percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.

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

(f) *Time for computation and payment.*—The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be, as above provided in this article.

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

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

(i) *No obligation to produce.*—Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

(j) *Government not obligated to buy.*—Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals mined or produced from the land.

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

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

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

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

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

ARTICLE 10. *Termination of the Government's obligations.*—(a) If in the opinion of the Government operations at any time have failed to achieve anticipated results that indicate the probability of making a worthwhile discovery, and in the opinion of the Government further operations are not justified, the Government may give the Operator written notice thereof, and thereupon: (1) the Government shall be free of all obligation to contribute to costs not then incurred other than such as may be allowable under the provisions of the contract as necessary and incidental to winding up, reporting, and accounting; and (2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting.

(b) If in the opinion of the Government the Operator is in any manner in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon: (1) the Government shall be relieved of all obligation to contribute to costs not incurred when the notice was given, other than such as may be allowable by the provisions of the contract as necessary and incidental to winding up, reporting, and accounting; and (2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting. The remedy provided for the Government in this paragraph "(b)" is in addition to any other remedy provided in this contract, and in addition to any other remedy the law may provide for breach of contract.

(c) The giving of any notice by the Government under the provisions of this Article 10 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and such rights shall be fully preserved.

ARTICLE 11. *Notices to be given by the Government* may be delivered to the Operator, or may be sent by registered mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 12. *Officials not to benefit.*—No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 13. *Changes and added provisions.*—See Annex II.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By O P Mittendorf
Administrator, Defense Minerals
Exploration Administration

IDAHO METALLURGICAL INDUSTRIES, INC.
(Operator)

By T. Lindsley
President

I, Bertram Rheem McCarron, certify that I am the secretary of the corporation named as Operator herein; that T. Lindsley 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.

B R McCarron

[CORPORATE SEAL]

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

EXPLORATION PROJECT CONTRACT
IDAHO METALLURGICAL INDUSTRIES, INC.
DOCKET NO. DMEA-3739

ANNEX I

The land referred to in Article 2 of the contract consists of the claims listed in Exhibit "B" attached to and made a part of this ANNEX I.

The attached maps, Fig. 1, Index Map, and Fig. 2, map of the Big Deer Creek Area, show locations of the claims regionally and locally.

The claims listed in Exhibit "B" as located by "Hagel," "Simi and Harmon," and "Westfall" are held by the Operator under option agreements, and the Consents to Lien of the optionor-owners are attached to the contract.

The claims listed in Exhibit "B" as located by "Stranahan" are owned by the Operator.

EXHIBIT "B"

MINING CLAIMS

QUEBEC METALLURGICAL INDUSTRIES, LTD.

BIG DEER CREEK AREA

LEMHI COUNTY, IDAHO

Name of Claim		Book of Mining Claims	Page	Date of Location	Location
Black Rock		2	60	Mar. 15, 1943	Hagel
"	No. 1	3	279	Nov. 6, 1947	"
"	No. 2	3	279	Nov. 6, 1947	"
"	No. 3	3	280	Nov. 6, 1947	"
"	No. 4	3	280	Nov. 6, 1947	"
"	No. 5	3	281	Nov. 6, 1947	"
"	No. 6	3	281	Nov. 7, 1947	"
"	No. 7	3	282	Nov. 7, 1947	"
"	No. 8	3	282	Nov. 7, 1947	"
"	No. 9	6	159	Oct. 14, 1954	Stranahan
"	No. 10	6	159	Oct. 16, 1954	"
"	No. 11	6	160	Oct. 16, 1954	"
"	No. 12	6	160	Oct. 14, 1954	"
"	No. 13	6	161	Oct. 14, 1954	"
"	No. 14	6	161	Oct. 14, 1954	"
"	No. 15	6	162	Oct. 15, 1954	"
"	No. 16	6	162	Oct. 15, 1954	"
"	No. 17	6	163	Oct. 15, 1954	"
"	No. 18	6	163	Oct. 15, 1954	"
Bonanza Copper		2	56		Hagel
"	No. 1	2	57		"
"	No. 2	3	277	Nov. 6, 1947	"
"	No. 3	3	277-278	Nov. 6, 1947	"
"	No. 4	3	278	Nov. 6, 1947	"
"	No. 5	3	278	Nov. 6, 1947	"
"	No. 6	4	212	Sept. 1, 1951	"
"	No. 7	4	213	Sept. 1, 1951	"
Fraction	No. 1	4	210	Aug. 29, 1951	"
"	No. 2	4	211	Aug. 29, 1951	
Bonanza Extension	No. 1	4	214	Sept. 1, 1951	"
Bonanza Copper Millsite		3	600	Apr. 10, 1951	"
Bonanza Copper	No. 8	6	164	Nov. 12, 1954	Stranahan
"	No. 9	6	164	Nov. 12, 1954	"
"	No. 10	6	165	Nov. 29, 1954	"
"	No. 11	6	165	Nov. 29, 1954	"
"	No. 12	6	166	Nov. 29, 1954	"
"	No. 13	6	166	Nov. 17, 1954	"
"	No. 14	6	167	Nov. 17, 1954	"
"	No. 15	6	167	Nov. 17, 1954	"

OWNER

OPTIONED

OWNER

Name of Claim		Book of Mining Claims	Page	Date of Location	Location
Bonanza Copper	No. 16	6	168	Nov. 16, 1954	Stranahan
"	No. 17	6	168	Nov. 16, 1954	"
"	No. 18	6	169	Nov. 16, 1954	"
"	No. 19	6	169	Nov. 16, 1954	"
"	No. 20	6	170	Nov. 16, 1954	"
"	No. 21	6	170	Nov. 15, 1954	"
"	No. 22	6	171	Nov. 15, 1954	"
"	No. 23	6	171	Nov. 15, 1954	"
"	No. 24	6	172	Nov. 13, 1954	"
"	No. 25	6	172	Nov. 13, 1954	"
"	No. 26	6	173	Nov. 13, 1954	"
"	No. 27	6	173	Nov. 13, 1954	"
"	No. 28	6	174	Nov. 13, 1954	"
"	No. 29	6	174	Nov. 29, 1954	"
"	No. 30	6	175	Nov. 29, 1954	"
"	No. 31	6	175	Nov. 29, 1954	"
"	No. 32	6	176	Nov. 30, 1954	"
"	No. 33	6	176	Nov. 30, 1954	"
"	No. 34	6	177	Nov. 30, 1954	"
"	No. 35	6	177	Nov. 27, 1954	"
Camp Bird		6	178	Oct. 12, 1954	"
"	No. 1	6	178	Oct. 12, 1954	"
"	No. 2	6	179	Oct. 12, 1954	"
"	No. 3	6	179	Oct. 12, 1954	"
"	No. 4	6	180	Oct. 12, 1954	"
"	No. 5	6	180	Oct. 12, 1954	"
"	No. 6	6	181	Oct. 20, 1954	"
"	No. 7	6	181	Dec. 2, 1954	"
"	No. 8	6	182	Dec. 2, 1954	"
"	No. 9	6	182	Dec. 2, 1954	"
"	No. 10	6	183	Dec. 2, 1954	"
"	No. 11	6	183	Dec. 2, 1954	"
✓ Tinkers Pride	No. 1	1	151	May 1, 1939	Simi and Harmon
"	No. 2	1	152	May 2, 1939	" " "
"	No. 3	1	153	May 3, 1939	" " "
"	No. 4	1	154	May 3, 1939	" " "
Grey Copper		3	541	Oct. 1, 1950	Westfall
"	No. 1	3	542	Oct. 1, 1950	"
"	No. 2	3	574	Jan. 5, 1951	"
"	No. 3	3	575	Jan. 5, 1951	"
"	No. 4	3	634	May 23, 1951	"
"	No. 5	3	635	May 23, 1951	"
"	No. 6	3	636	May 24, 1951	"

OWNER

OPTIONED

82

EXPLORATION PROJECT CONTRACT
IDAHO METALLURGICAL INDUSTRIES, INC.
DOCKET NO. DMEA-3739

ANNEX II

ARTICLE 13. Changes and added provisions.--(a) In Article 3, that part of the third sentence that begins on line five with the word "or" is deleted.

(b) (1) In Article 6(a) the requirement for estimating costs in Exhibit "A" by the categories specified in said article, is waived. The Government will contribute to allowable actual costs of Stages I and II falling within Article 6(a) that do not aggregate more than the maximum total cost fixed for an item of work. To the extent that costs in excess of the maximum total cost of any item are necessary to complete that item, the Operator shall incur and pay such excess costs for his own account without contribution by the Government.

(2) In lieu of the allowable costs set forth under Article 6(a), the Government will contribute to costs of work under Stage III of Exhibit "A" on the basis of the fixed unit costs set forth thereunder, as they accrue, for units of work actually performed. These fixed unit costs include all costs of the work whatsoever necessary to complete the work.

(c) (1) In addition to the requirements of Article 7(a), the Operator shall maintain separate cost accounts for each of the work items set forth under Stages I and II of Exhibit "A."

(2) In addition to the requirements of Article 7(b), the Operator's Monthly Report and Voucher showing the aggregate of the categorical costs (described in Article 6) shall be supplemented by statements showing the distribution of such costs to each of the work items set forth under Stages I and II of Exhibit "A."

EXPLORATION PROJECT CONTRACT
IDAHO METALLURGICAL INDUSTRIES, INC.
DOCKET NO. DMEA-3739

EXHIBIT "A"

Description of the Work

The purpose of the work is to explore along the Tinkers Pride-Bonanza Copper shear zone for cobalt and copper by trenching, self-potential surveying, soil sampling, diamond drilling, surface and underground mapping, drifting and/or crosscutting.

The work is divided into three stages. The Operator shall perform so much of Stages II and III as the Government approves in writing in advance, based upon the results of the prior stages. The sequence of work under a stage does not depend upon the order in which the work is listed thereunder.

Stage I

The first exploration work (other than access road and camp work) done under Stage I shall be concentrated in the vicinity of the known cobalt showings described in Full's Preliminary Report on the Big Deer Creek Area, dated March 17, 1955. This initial exploration work consists of the minimum amount of mapping, trenching, self-potential surveying, and soil sampling necessary as a preliminary to testing by diamond drilling, where favorable, the known cobalt showings and the presently indicated self-potential anomalies mentioned in the Full report. This procedure should disclose something of the depth of oxidation, and the nature of the mineralization and indicated anomalies. This initial exploration work shall be agreed to by the Operator and the Government in advance, and shall include only that amount of mapping, self-potential surveying, and soil sampling, necessary to test not to exceed a 6,000-foot section along the strike of the shear zone.

After the initial exploration work under Stage I is performed the Operator shall perform so much of the remaining work outlined under Stage I as the Government approves in writing in advance.

Work Items

1. Extend the Calera access road northward (see Fig. 2) by bulldozing to give access to the known cobalt showings and the indicated anomalous areas, building such side roads as may be necessary to carry out the exploration project. The trenching, which shall start in the vicinity of the known cobalt showings, shall be done by an RD-7 bulldozer or equivalent and shall aggregate not more than 8,000 linear feet. The bulldozing time for access roads, trenches, and drill sites shall not exceed 850 hours.

2. Purchase four tents, each approximately 14 feet by 14 feet, with floor and side walls; purchase necessary camp equipment and furnishings; and construct a temporary camp.

3. Subject to the limitations concerning the initial exploration work, specified in the second and third paragraphs (unnumbered) under the Description of the Work, self-potential surveying shall be done along the Tinkers Pride-Bonanza Copper shear zone. It is expected that, if completed, the survey will cover an area approximately 12,000 feet long and up to 2,300 feet wide, extending from the granite contact at the north end of the property southward to and beyond Big Deer Creek. Lines for potential profiles normal to the base line shall be spaced at intervals of approximately 400 feet, except in cases where the survey indicates that a medial profile should be run. Self-potential readings shall be taken at 50-foot intervals along the profile lines. The aggregate length of the 30 to 40 lines that may be ultimately needed to cover the area shall not exceed 80,000 linear feet.

4. A soil sample for geochemical analysis shall be taken at each pot location simultaneously with the self-potential survey. Not to exceed 1600 samples shall be taken.

5. Initially, only alternate soil samples shall be assayed for cobalt and copper and, where advisable, for arsenic. The intervening samples may be assayed in areas where the assay results indicate such assaying is justified.

6. A geologic study, including sampling, surveying, and mapping of all trenches, cuts, roads, and outcrops, and including all other geological and engineering features not

covered by any other work item, shall be made concurrently as the exploration work progresses. Not to exceed 640 acres of the land may ultimately be mapped on a scale of not less than 1 inch equals 200 feet. Maps of underground workings, trenches, drill holes, and drill core shall be made on a scale suitable to clearly show the necessary detail. Sufficient copies of all maps shall be submitted to the Government to comply with the requirements set forth in the contract form.

7. Each sample collected under Item 6 shall be assayed for cobalt and copper and, where deemed advisable, for arsenic. Not to exceed 500 samples may be assayed.

8. As soon as the first exploration work done under Stage I indicates that diamond drilling is feasible, at approximately 10 drill sites approved by the Government, not to exceed an aggregate of 5000 feet of AX size core drilling shall be done. The holes shall be inclined at minimum angles of 45° to obtain vertical depths of not less than 300 feet. The depths shall be determined mainly by the depth to the sulphide zone. Not to exceed an aggregate of 1000 feet of hole drilled under this item may be cemented and reamed or reamed and cased. Access roads and drill sites suitable to do the drilling shall be bulldozed, as provided under Item 1.

9. Core and sludge samples suitable for existing conditions shall be taken at not more than 5-foot intervals in the better mineralized zones. Not to exceed 1200 samples may be assayed for cobalt and copper and where advisable, for arsenic in the oxidized zones.

Stage II

10. At not to exceed 40 drill sites approved by the Government, not to exceed an aggregate of 20,000 feet of AX size core drilling shall be done. The holes shall be inclined at minimum angles of 45° to obtain vertical depths of not less than 300 feet. The depth shall be determined mainly by the depth to the sulphide zone. Not to exceed an aggregate of 4000 feet of hole may be cemented and reamed or reamed and cased.

11. Core and sludge samples suitable for existing conditions shall be taken at not more than 5-foot intervals in the better mineralized zones. Not to exceed 4,500 samples may be assayed for cobalt and copper and where advisable, for arsenic in the oxidized zones.

12. Bulldoze the roads and drill sites necessary to drill the holes described under Item 10, with RD-7 bulldozer or equivalent.

13. In order to prepare for an all-year operation, it will be necessary to build an access road down Big Deer Creek to Panther Creek (see Fig. 2). This road, involving a substantial footage of rock work in the lower mile, will be at an elevation lower than the Calera access road and shall be approximately 3 miles in length, 10 feet wide, and dirt surfaced. The bulldozing phase of this work shall be with an RD-7 or equivalent.

14. Construct an all-weather camp suitable for all-year operation, including: a cookhouse approximately 14 feet by 30 feet, and furnished; two bunkhouses, each 14 feet by 20 feet, and furnished; a combination staff and office building; an electric plant; and a warehouse, approximately 12 feet by 16 feet.

Stage III

15. At portal sites approved by the Government adits shall be driven to intersect the sulphide zone or zones indicated by the diamond drill holes. The adit or adits shall be timbered and spiled as necessary, shall have a minimum cross section of 5 feet by 7 feet in the clear of timber, and shall not exceed 1,500 feet in aggregate length. It is estimated that the 1,500 feet of advance will require 700 feet of standard drift timbering only, an additional 300 feet of both standard and heavy drift timbering, and an additional 150 feet of spiling.

16. All sulphide areas penetrated shall be sampled at 5-foot intervals. Not to exceed 200 samples shall be assayed for cobalt and copper.

Estimated Costs of the Project

Actual Costs
(* Indicates maximum)

Stage I

Work Item 1

RD-7 or equiv. Bulldoze access roads, trenches, and drill sites @ $14.00*/hr., 850* hrs. $11,900.00*

Work Item 2

Purchase four tents, and camp equipment and furnishings for camp; and construct temporary camp. 2,000.00*

Work Item 3

Self-potential surveying aggregating 80,000* linear feet of profile, at $0.0875*/ft. The costs of laying out and brushing out the lines, supplies, materials, and supervision are included in the estimated maximum cost per foot 7,000.00*

Work Item 4

Max. 1600 samples Collection of soil samples for geochemical analysis 1,600.00*

Work Item 5

Geochemical analysis of soil samples for cobalt and copper and arsenic 2,700.00*

Work Item 6

Geological study for 640* acres @ $25.00*/acre. 16,000.00*

Work Item 7

Max. 500 samples Analyze samples of Item 6 for cobalt, copper, and arsenic 1,500.00* $3,000.00 per Amend 1

Work Item 8

Approx. 3 holes Diamond drill 5,000* feet of AX core hole @ $6.50*/ft. The estimated maximum cost per foot includes all

2969.3' AX @ $8.12* 24,109.58*
852' BX 97.58* per Amend 2

costs whatsoever, except surveying of the hole locations, building of access roads to and preparation of drill sites $32,500.00*

1,000* feet of hole either cemented and reamed or reamed and cased @ $2.50*/ft. 2,500.00*

Work Item 9

Max. 1200 samples

Analyze sludge and core samples for cobalt, copper, and arsenic 3,600.00*

$7,200.00 for Area 1

Estimated Total Cost for Stage I $81,300.00*

Stage II

Work Item 10

AX core diamond drilling, 20,000* feet @ $6.00*/ft. The estimated cost includes all costs whatsoever, except those costs provided for in this item and in items 11 through 14 below. 120,000.00*

Cementing and reaming or reaming and casing, 4,000* feet @ $2.00*/ft. 8,000.00*

Work Item 11

Analyze core and sludge samples for cobalt, copper, and arsenic 13,500.00*

Work Item 12

Bulldoze access roads and drill sites (Item 10), 160* hours @ $14.00*/hr. 2,240.00*

Work Item 13

Construct approximately 3 miles of access road down Big Deer Creek to Panther Creek. Bulldozing costs shall not exceed $14.00*/hr. Payment

shall be made for the costs of this item in three parts:

After completion of 1st mile	$3,000.00*		
After completion of 2nd mile	3,000.00*		
After completion of road	6,000.00*	$ 12,000.00*	

Work Item 14

Cookhouse with furnishings	3,500.00		
Two bunkhouses with furnishings	3,000.00		
Staff and office building	2,500.00		
Electric plant	500.00		
Warehouse	500.00	10,000.00*	$165,740.00*

Fixed Unit Costs

Stage III

Work Item 15

Drifting and/or crosscutting, 1,500 feet @ $45.00/ft.	67,500.00	
Standard drift timbering, 1,000 feet @ $7.00/ft.	7,000.00	
Heavy drift timbering, 300 feet @ $7.00/ft. additional	2,100.00	
Spiling, 150 feet @ $27.00/ft., which includes all timbering costs	4,050.00	

Work Item 16

Analyze 200 samples for cobalt and copper @ $3.00/sample	600.00	
Estimated Total Cost for Stage III		$ 81,250.00

S U M M A R Y

Estimated Total Cost of Stage I	$ 81,300.00*	
Estimated Total Costs of Stage II	165,740.00*	
Estimated Total Cost of Stage III	81,250.00	
Estimated Total Cost of the Project		$328,290.00*
Government Participation @ 62.5% (rounded to)		$205,180.00*

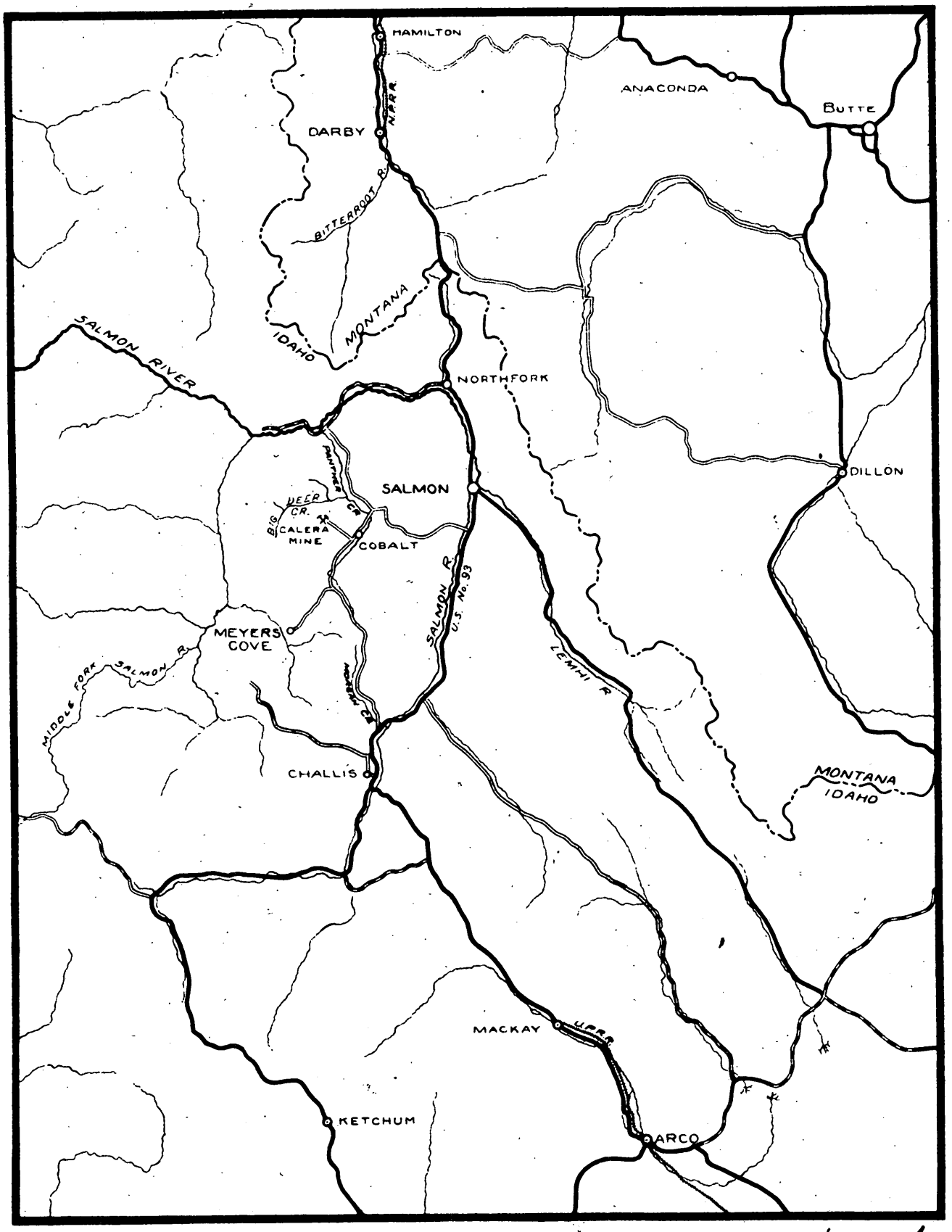
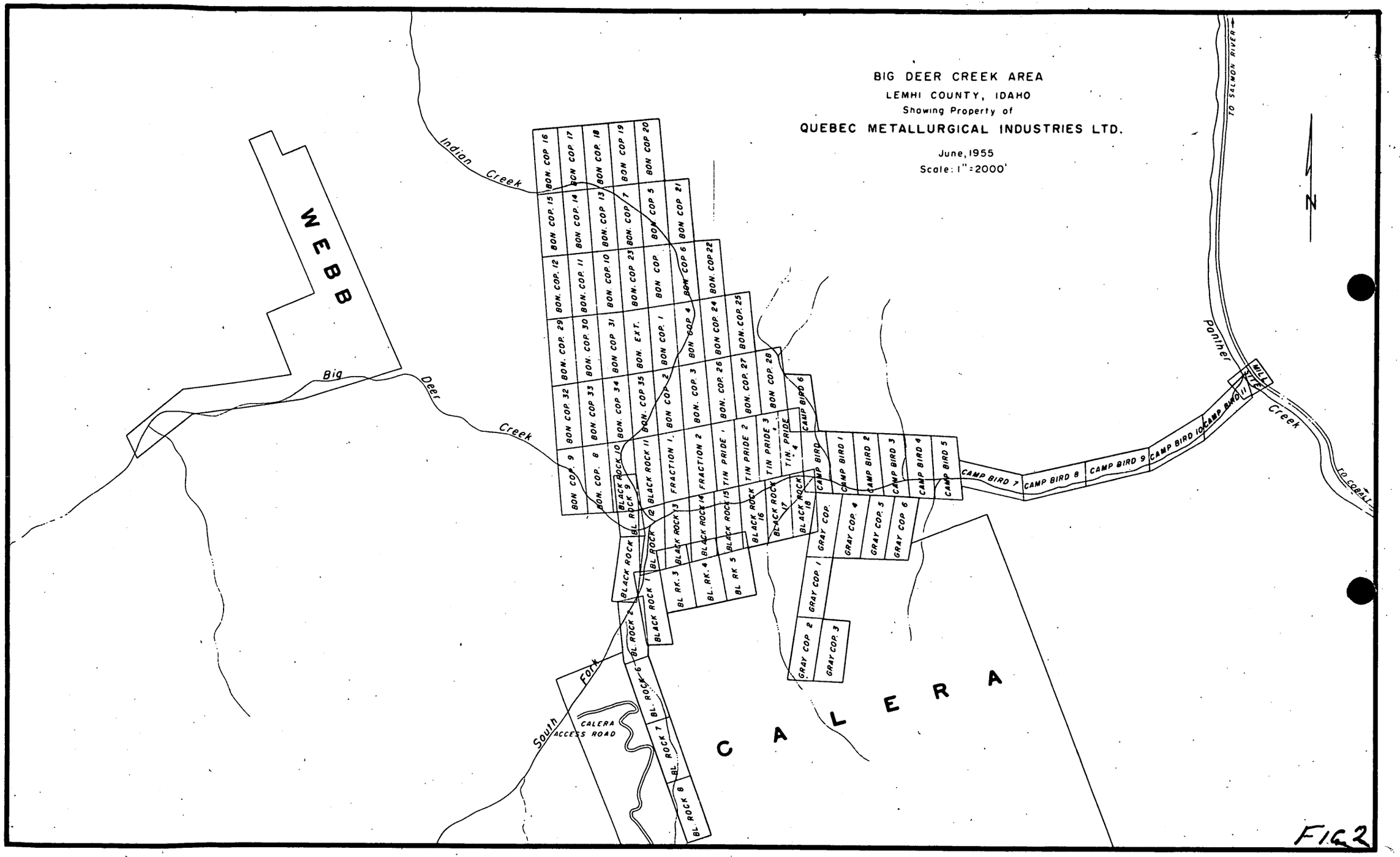


FIG. 1

INDEX MAP

Showing Location and Access to Cobalt Area


BIG DEER CREEK AREA
LEMHI COUNTY, IDAHO
Showing Property of
QUEBEC METALLURGICAL INDUSTRIES LTD.
June, 1955
Scale: 1" = 2000'
N
WEBB
CALERA
Indian Creek
Big Deer Creek
South Fork
Panther Creek
TO SALMON RIVER
TO COBALT
CALERA ACCESS ROAD
BON. COP. 16
BON. COP. 17
BON. COP. 18
BON. COP. 19
BON. COP. 20
BON. COP. 15
BON. COP. 14
BON. COP. 13
BON. COP. 7
BON. COP. 5
BON. COP. 21
BON. COP. 12
BON. COP. 11
BON. COP. 10
BON. COP. 23
BON. COP.
BON. COP. 6
BON. COP. 22
BON. COP. 29
BON. COP. 30
BON. COP. 31
BON. EXT.
BON. COP. 1
BON. COP. 4
BON. COP. 24
BON. COP. 25
BON. COP. 32
BON. COP. 33
BON. COP. 34
BON. COP. 35
BON. COP. 2
BON. COP. 3
BON. COP. 26
BON. COP. 27
BON. COP. 28
BON. COP. 9
BON. COP. 8
BLACK ROCK 10
BLACK ROCK 11
FRACTION 1
FRACTION 2
TIN PRIDE 1
TIN PRIDE 2
TIN PRIDE 3
TIN PRIDE 4
CAMP BIRD 6
BLACK ROCK 9
BLACK ROCK 12
BLACK ROCK 13
BLACK ROCK 14
BLACK ROCK 15
BLACK ROCK 16
BLACK ROCK 17
BLACK ROCK 18
CAMP BIRD
CAMP BIRD 1
CAMP BIRD 2
CAMP BIRD 3
CAMP BIRD 4
CAMP BIRD 5
CAMP BIRD 7
CAMP BIRD 8
CAMP BIRD 9
CAMP BIRD 10
CAMP BIRD 11
MILL SITE
BLACK ROCK
BL. ROCK 1
BL. RK. 3
BL. RK. 4
BL. RK. 5
BL. ROCK 2
BL. ROCK 6
BL. ROCK 7
BL. ROCK 8
GRAY COP.
GRAY COP. 1
GRAY COP. 2
GRAY COP. 3
GRAY COP. 4
GRAY COP. 5
GRAY COP. 6
FIG 2

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 Lemhi, described as follows: 1/ All those certain Lode Mining Claims known as the GRAY COPPER Lode Mining claims, the GRAY COPPER Nos. 1 to 6, inclusive, described in Location Notices recorded in Book "3" of Mining Claims, at pages 541 and 542, 574 and 575, and 634 and 636, inclusive, respectively, and that certain Option Agreement recorded in Book "D" of Agreements, pages 472 and 473, and as supplemented by Agreement dated June 21st, 1955, all as recorded in the records of the County Recorder of Lemhi County, State of Idaho.

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/ IDAHO METALLURGICAL INDUSTRIES, INC.

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 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 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 period fixed in the contract or any amendment thereof has" are substituted for the words "ten years have."

Dated this 21st day of June, 1955.

William Henry Infanger (SEAL)

Emma Infanger (SEAL)

(SEAL)

MF-203
(Revised July 1,1954)

OWNER'S CONSENT TO LIEN

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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.

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4. Changes and added provisions

In paragraph 2 the words "the period fixed in the contract or any amendment thereof has" are substituted for the words "ten years have."

Dated this 21st day of June, 1955.

Oscar Westfall [Seal]

Edna Westfall [Seal]

[Seal]

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 Lemhi, described as

follows:1/ **All those certain Lode Mining Claims known as the TINKERS PRIDE NOS. 1 to 4, inclusive, described in Location Notices recorded in Book "1" of Mining Claims, at pages 151 to 154, inclusive, and that certain Option Agreement recorded in Book "D" of Agreements, pages 474 and 475, and as supplemented by Agreement dated June 22, 1955, all as recorded in the records of the County Recorder of Lemhi County, State of Idaho.**

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/ **IDAHO METALLURGICAL INDUSTRIES, INC.**

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 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.

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4. Changes and added provisions

In paragraph 2 the words "the period fixed in the contract or any amendment thereof has" are substituted for the words "ten years have."

Dated this 22nd day of June, 1955.

Charles W. Harman [Seal]

[Seal]

[Seal]

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 Lemhi, described as

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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 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.

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4. Changes and added provisions

In paragraph 2 the words "the period fixed in the contract or any amendment thereof has" are substituted for the words "ten years have."

Dated this 22nd day of June, 1955.

[Seal]

Hugo A. Sinni [Seal]

[Seal]

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 Lemhi, described as

follows: 1/ All those certain Lode Mining Claims known as the BONANZA COPPER LODE, and BONANZA COPPER NOS. 1 to 7, inclusive, FRACTION NOS. 1 to 2, inclusive, BONANAZA EXTENSION NO. 1, BONANZA COPPER MILL SITE, BLACK ROCK LODE and BLACK ROCK NOS. 1 to 8, inclusive, all as more particularly described in that certain Option Agreement recorded ----- in Book "D" of Agreements, at pages 470,471,472, and as supplemented by an Agreement dated June 17, 1955, all as recorded in the records of the County Recorder of Lemhi County, State of Idaho.

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/ IDAHO METALLURGICAL INDUSTRIES, INC.

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:

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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 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.

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4. Changes and added provisions

In paragraph 2 the words "the period fixed in the contract or any amendment thereof has" are substituted for the words "ten years have."

Dated this 17th day of June, 1955.

Elmer R Hagel [Seal]

Elsie Hagel [Seal]

Robert Franklin Hagel [Seal]

Leah Hagel