OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

APR 15 1959
O.M.E.

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Mac D Mining Corporation
Route 1
Eagle, Idaho

pertaining to Exploration Project Contract No. Idm-E1201, Docket No. DMEA-4892, dated June 6, 1958, including Amendment No. 1, for the Months of October and November 1958, covering a project for the exploration of mercury, on property known as the Lucky Boy No. 1 et al. Claims, located in Owyhee County, Idaho.

My review included an examination of the Monthly Reports (Forms MF-104) and supporting documents attached thereto, comparison of the costs claimed with the contract and pertinent schedules, verification of work performed by reference to Field Team Reports and correspondence, 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 reasons given on the attachment to this report.

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

Total cost as billed by the Contractor		$3,200.00
Exceptions (Schedule attached):		
by Finance Officer	$323.54	
Herewith	(20.00)	
Total	$303.54	
Less: Reinstatement by OME Auditor	300.00	3.54
Total Accepted Cost		$3,196.46

The contract calls for a 50 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of One Thousand Five Hundred Ninety Eight and 23/100 Dollars is valid and proper, provided that the Regional Executive Officer, The Director, or other competent official has accepted or will accept the project as having otherwise met the terms of the contract.

Amount payable to Operator	$1,598.23
Amount paid to date	1,218.23
Balance due Operator	$ 380.00

April 13, 1959

George Mayor
George Mayor, OME Auditor

Reasons for a Report of Review in lieu of a final audit

Idm-E1201 Mac D Mining Corporation IMEA-4892

(a) the monthly Reports were supported by documentary proof of the costs incurred under the terms of the contract, and of the total accepted costs, a major portion ($2,080.00) covered bulldozing at a unit rate and transportation of equipment under independent contracts and the balance ($1,116.46) represents other reimbursable costs, which included allowable depreciation of $40.00 for pick-up truck; and

(b) the administrative cost to the Government of an audit would be excessive in relation to the estimated amount of possible disallowance thereunder.

Schedule of Exceptions

Idm-E1201 | Mac D Mining Corporation | DMEA-4892

October 1958 MF-104

		Amount
Operator claimed Supervision for October 1959	$600.00	
Less: Amount disallowed by Finance Officer pending completion of surveying, sampling and mapping.	300.00	$300.00
Operator claimed contract estimate for Gas and Oil during October 1958	$ 40.00	
Less: Amount disallowed by Finance Officer due to lack of supporting invoices. (Invoices attached to MF-104 totaled $16.46)	16.46	23.54
Total Disallowance by Finance Officer		$323.54

Less: Additional Cost Allowed November 1958 MF-104

Rare Metals Corporation of America, Weiser, Idaho, invoice dated Dec. 17, 1958, charges for assays performed Nov. 24, 1958.		
40 assays (mercury) at $3.00 each	$120.00	
Operator claimed contract estimate of 40 Assays (mercury) at $2.50 each	100.00	20.00
Total		$303.54

Less: Reinstatement by OME Auditor

Finance Officer disallowed $300.00 for Supervision on October 1958 MF-104, pending completion of surveying, sampling and mapping. This work is now complete.	$300.00
Net Disallowance	$ 3.54

So. 157 Howard Street
Spokane 4, Washington

April 24, 1959

EXTRA COPY O. M. E. RECEIVED APR 27 1959		
DATE	INITIALS	CODE
		800

Mac D Mining Corporation
Route 1
Eagle, Idaho

Re: Docket No. DMEA-4092 (Mercury)
Mac D Mining Corporation
Lucky Boy No. 1 et al. claims
Owyhee County, Idaho
Contract No. Ida-01201

Gentlemen:

Enclosed for your information and files is a copy of Report of Review for the months of October and November 1958, covering a project for the exploration of mercury at the Lucky Boy claims.

The audit discloses that there is a balance of $300.00 due you. This amount has been scheduled for payment and you should receive a check in a few days.

Sincerely yours,

Donald K. Maclaren
For: A. E. Weissenborn
Executive Officer, OME
Field Team Region 1

Enclosure

cc: OME (2)
USBM (2)
USBM(AD)

APR 15 1959

Via Air Mail

Memorandum

To: Mr. George Mavor, OME Auditor

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

Subject: Docket No. DMEA-4392 (Mercury)
Mac D Mining Corporation
Lucky Boy No. 1 et al. Claims
Owyhee County, Idaho
Contract No. Idm-81201

Your Report of Review in lieu of a final audit of the referenced project is acceptable and normal distribution is authorized.

It is noted, however, that the reasons for the review rather than an audit properly should have been stated as follows:

(a) the Monthly Reports were supported by documentary proof of the costs incurred under the contract;
(b) a major portion ($2,000.00) of the costs incurred covered work performed at unit rates under independent contracts; and
(c) the administrative cost to the Government of an audit would be excessive in relation to the estimated amount of further disallowances thereunder.

In the future please follow the format suggested on pages 68 to 70 of the audit manual unless there are extenuating circumstances requiring variation.

EDTalbert/ama
April 15, 1959

Copy to: Docket
Director's Reading File
CA and A Division

extra

1201 N. Division St.
Spokane 2, Washington
April 6, 1959

FILE COPY
O. M. E.
APR 9 1959

800

CERTIFIED MAIL

Mr. George Mayer, OME Auditor
Room 440, Custom House
555 Battery Street
San Francisco, California

Re: Docket No. [illegible]-4092 (mercury)
Mac D Mining Company
Lucky Boy No. 1 et al Claims
Cayuse County, Idaho
Contract No. Ida-[illegible]01

Dear Mr. Mayer:

Enclosed herewith is a memorandum from the Field Team, Region I, requesting a Report of Review in lieu of final audit of the subject contract. In addition, we are transmitting the following material needed to complete your audit:

1. Contract and Correspondence File
   (Includes original contract, Annex I, Exhibit "A", and Amendment No. 1)

2. Voucher File
   (MF-104's and 104a's, with attachments)

We have withheld payment on the November MF-104 pending receipt of Operator's final report and final audit.

Sincerely yours,

Dorothy F. Long
Authorized Certifying Officer

Enclosures
cc: Mr. Talbert
OME (2)
USGS (2)
USBM (AD)

EXTRA COPY
O. M. E.
RECEIVED APR 9

1201 N. Division St.
Spokane 2, Washington

April 6, 1959

EXTRA COPY
O. M. E.
RECEIVED APR 9 1959
DATE | INITIALS | CODE

Mr. George Maver, OME Auditor
Room 420, Custom House
555 Battery Street
San Francisco 11, Calif.

Re: Docket No. DMEA-4892 (mercury)
Mae D. Mining Company
Lucky Boy No. 1 et al Claims
Owyhee County, Idaho
Contract No. Idm-E1201

Dear Mr. Maver:

The work authorized under Stage I of the contract was completed on November 18, 1958. Work under Stage II was not authorized.

The number of units of work satisfactorily completed by the Operator and accepted by the Field Team are:

Stage I	Authorized	Completed
Bulldozer trenching with D-8 caterpillar and ripper	100 hrs.	100 hrs.
Transportation of equipment	$280.00	$280.00
Engineer-geologist @ $75/day	4 days	4 days
Supervision	$600.00	$600.00
Supplies	40.00	16.46
Depreciation - pickup truck	40.00	40.00
Samples, transportation and assaying for mercury	40	40
Travel - engineer-geologist	40.00	40.00
Payroll taxes, insurance	90.00	none

The Operator's final statement of work completed was received April 2, 1959. It has been accepted as meeting the requirements of Article 7(c) of the contract.

A Certification of Discovery will not be recommended.

RECEIVED APR 3 1959
CODE

The total amount paid to date to the Operator is $1,218.23.

A Report of Review in lieu of a final audit is in order and requested.

By Field Team, Region I

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

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

cc: Mr. Chambers
OME (2)
USGS (2)
USBM (AD)

W

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

Budget Bureau No. 42-R1036.5

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

O.M.E. 1958 1959

Month of November, 1958 Docket No. DMEA 6292 Contract No. IDE-E1201

Operator's Name Mac D Mining Corporation

Address (C. W. McDowell) Route 1, Eagle, Idaho

Mineral Hill City

Contract Amount, $ 6748.00 Government Participation: ____% Amount, $ 3240.00 1874.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing	~~[illegible]~~		~~[illegible]~~		1800.00	1800.00
Crosscutting						
Drifting						
Transp. & Equip.					280.00	280.00
(2) Labor and Supervision:						
Labor						
Supervision	$600.00		$300.00	300.00	300.00	600.00
Technical Services				300.00		300.00
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
~~Travel Expenses~~ Gas, oil, etc.	~~$40.00~~		~~$40.00~~		16.46	16.46
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation - Pick Up					40.00	40.00
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis	$100.00		$100.00			
~~Payroll Taxes~~				120.00		120.00
Liability Insurance						
Travel Expense	40.00		40.00	40.00		40.00
(8) Contingencies (specify):						
TOTALS	$440.00		440.00	760.00	2436.46	3196.46

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

Date Dec. 10th. *Payee Mac D Mining Corporation C. W. McDowell

Per _____ Title Vice 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:

$ 380.00

Signature Dorothy F. Lang (Authorized Certifying Officer)

Date 4/21/59 Vou. No. 6292

(See other side)

Corrected to conform to final audit report of OME auditor George Morden.

(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 1201 in accordance with the terms of the contract.

Signature /S/ William M. Ronnecker Title Mining Engr. Date 4/20/59

APPROVAL BY ~~DMEA~~ ONE EXECUTIVE OFFICER OR ALTERNATE:

Signature /S/ A. E. Weissenborn Title Exec. Officer Date 4/21/59

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1962)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of Nov. 1958 Docket No. DMEA4892 Contract No. Idm-EI20I

Operator's Name (C.W.McDowell) Mac D Mining Corporation Minerals Mercury

Address Route #I Eagle, Idaho.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Tech.Service		$300.00		$300.00				
Crosscutting								
Analysis		$100.00		$100.00				
Travel-Expenses		$ 40.00		$ 40.00				
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS								TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		$440.00		$440.00				

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.

Mac D Mining Corporation
C.W. McDowell

Date Dec.10th. Operator C.W.McDowell

Per Title Vice 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/ William M. Romeicke, 4/20/59

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

[illegible]

[illegible] regarding [illegible]

Drilling work started October [illegible]

completed November [illegible]

[illegible]

[illegible] by your office [illegible]

[illegible]

RARE METALS CORPORATION OF AMERICA

TEXAS [illegible] • POST OFFICE BOX 1492 • EL PASO, TEXAS

XXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXX

P.O. Box 627
Weiser, Idaho
November 28, 1958

Results of Charles McDowell Samples assayed for mercury content.

Samples no. 1-LB thru 40-LB all assayed 0.1 pounds of mercury per ton of ore.

Harold W. Horst
Plant Superintendent
Rare Metals Corp. of Am.

[illegible] samples of [illegible] Mercury Claims
for Mercury Content.
RARE METALS DIVISION OF [illegible]
Weiser, Idaho

Sample No.	Lbs. Hg. per ton	Sample No.	Lbs. Hg. Per Ton
1-LB	0.1	20-LB	0.1
2-LB	0.1	21-LB	0.1
3-LB	0.1	22-LB	0.1
4-LB	0.1	23-LB	0.1
5-LB	0.1	24-LB	0.1
6-LB	0.1	25-LB	0.1
7-LB	0.1	26-LB	0.1
8-LB	0.1	27-LB	0.1
9-LB	0.1	28-LB	0.1
10-LB	0.1	29-LB	0.1
11-LB	0.1	30-LB	[illegible]
12-LB	0.1	31-LB	0.1
13-LB	0.1	32-LB	0.1
14-LB	0.1	33-LB	0.1
15-LB	0.1	34-LB	0.1
16-LB	0.1	35-LB	[illegible]
17-LB	0.1	36-LB	[illegible]
18-LB	0.1	37-LB	[illegible]
19-LB	0.1	38-LB	[illegible]
		39-LB	[illegible]
		40-LB	[illegible]

Harold W. Moore
Harold W. Moore
Plant Superintendent

1201 N. Division St.
Spokane 2, Washington

April 20, 1959

EXTRA COPY
O. M. E.
RECEIVED APR 27 1959
DATE | INITIALS | CODE
800

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

Re: Docket No. DMEA-4892 (mercury)
Mac D Mining Company
Lucky Boy No. 1 et al Claims
Owyhee County, Idaho
Contract No. Idm-X1201

Dear Mrs. Long:

The work completed under the contract was done to the satisfaction of the Government. The work authorized under Stage I of the contract was completed on November 18, 1958. Work under Stage II was not authorized. 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 interest in supplies or equipment purchased for use on the project.

A Certification of Discovery will not be recommended by the Field Team.

A final Report of Review dated April 13, 1959 by OME Auditor George Mavor 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
OME Field Team, Region I

cc: OME (2)
USGS (2)

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

Budget Bureau No. 42-R1036.5

RECEIVED DEC 22 1958 O.M.E.

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

Month of October, 1958 Docket No. DMEA 4892 Contract No. Idm - E1201
Operator's Name (C. W. McDowell) Mac D Mining Corporation Minerals Mercury
Address Route #1, Eagle, Idaho Stage # 1
Contract Amount, $ 6748.00 Government Participation: 50 % Amount, $ ~~2760.00~~ 2,374.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
Stage #1	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing	$1800.00		$1800.00	1800.00		1800.00
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision	$600.00		$600.00	300.00		300.00
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
Gas & Oil	40.00		40.00	16.46		16.46
Transportation	$280.00		$280.00	280.00		280.00
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation Pickup Truck	40.00		40.00	40.00		40.00
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	2760.00		2760.00	2436.46		2436.46

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

Date 11/10/58 *Payee Mac D Mining Corporation C.W. McDowell

Per Title Vice 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:

$ 1218.22

Signature Dorothy F. Long
(Authorized Certifying Officer)

Date 12/17/58 Vou. No. 2264

(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. E1201 in accordance with the terms of the contract.

Signature /s/ William M. Ponischer Title Mining Engr. Date 11/14/58

APPROVAL BY ~~DMEA~~ ONE EXECUTIVE OFFICER OR ALTERNATE:

Signature /s/ A. E. Weissenborn Title Exec. Officer Date Dec. 15, 1958

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
(Aug. 1962)

Budget Bureau No. 42-R1151.2

RECEIVED DEC 22 1958 O.M.E.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of October 1958 Docket No. DMEA 4892 Contract No. DM-E1201

Operator's Name (C.W. McDowell) Mac D Mining Corporation Minerals Mercury

Address Route #1, Eagle, Idaho

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting	$							
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching With D-8	1	1800.00		1800.00			100	$18.00/hr
Test Pits								
Roads and Trails								
Transportation	1	280.00		280.00				
TOTAL DISTRIBUTED COSTS		2080.00		2080.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating ~~Equipment Purchased~~ Materials & Supplies		40.00		40.00				
Initial Rehabilitation and Repairs								
~~New Buildings, Improvements, etc~~ Depreciation		40.00		40.00				
Supervision		600.00		600.00				
TOTAL COSTS		~~2680.00~~ 2760.00		~~2680.00~~ 2760.00				

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.

Mac D Mining Corporation

Date 11/10/58 Operator C.W. McDowell

Per Title Vice President

REMARKS:

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

(Instructions on reverse)

(For Government use only)

/s/ William M. Roniecler, 11/14/58

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

Mac L. Mining Co.
Route#1, Eagle , Idaho
Nov. 10,1958

Re: Docket # DMEA 4892 - Mercury
Lucky Boy # 1 et al, claims
Owyhee County, Idaho
Contract # IDM - E1201

Defense Mineral Administration
So. 157 Howard Street
Spokane, Washington

Dear Sir:

Reporting progress to November 5th, as trenching with D-8 Cat and ripper is finished.

Mr. Bill Harris has completed a survey of cuts and is about half done with sampling, which has stopped due to rain. We expect to start Monday Nov. 17th if weather permits. One day will complete the sampling.

I will send you the maps when they are completed.

Yours Truly,

GMS Field Team, Region I

December 15, 1958

GMS Certifying Officer, Region I

Mae D Mining Corporation, Contract No. Idm-21801
Monthly operating report for October 1958

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

One-half month's supervision at $300.00 has been approved for payment. The remaining one-half month, or $300.00, may be claimed upon completion of the surveying, sampling and mapping.

A deletion of $83.54 has been made from the costs claimed for gas and oil. There were no supporting documents for the full amount claimed.

Dorothy F. Lang

cc: GMS (2)
USGS (2)
Contract Admin. & Audit Div. (2)
WMR
USBM (AD)

1201 N. Division St.
Spokane 2, Washington

December 2, 1958

Mr. C. W. McDowell
Mac D Mining Corporation
Route #1
Eagle, Idaho

Re: Docket No. [illegible] (mercury)
Mac D Mining Corporation
Contract No. Idm-[illegible]

Dear Mr. McDowell:

We received the invoices from MacGregor Triangle Company and Robert Newcomb. However, it is necessary that we return the invoice from Robert Newcomb for additional information. Will you please ask Mr. Newcomb to insert the rate charged per hour for this work. Also, if Mr. Newcomb transported the ripper, he will have to claim this charge. This can be included in the one invoice.

In addition to the above, we will need the gas tickets covering purchases of gas and oil to support your claim for these items.

A statement giving the period for which supervision was claimed and certified a true copy will be sufficient to support your claim for Supervision.

By Field Team, Region I

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

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

Enclosure
cc: OME (3)
USGS (2)
USBM (AB)

EXTRA COPY
RECEIVED NOV 24 1958
DATE
800

1201 N. Division St.
Spokane 2, Washington

November 19, 1958

Mr. C. W. McDowell
Mac D Mining Corporation
Route #1
Eagle, Idaho

Re: Docket No. [illegible]-4892 (mercury)
Mac D Mining Corporation
Contract No. Idm-21801

Dear Mr. McDowell:

We cannot process your October 1958 voucher for payment until we receive the following:

(1) An invoice from Robert Newcomb for 100 hours of bulldozing @ $18.00 per hour. This invoice should give the dates work was done, make and serial number identification of the bulldozer and ripper used, and must be signed by Mr. Newcomb.

(2) An invoice for transportation of equipment from and to Boise, Idaho from MacGregor Triangle Co. This invoice should be signed by the owner or an authorized official of MacGregor Triangle Co.

(3) Gas tickets covering gas and oil purchases.

(4) Certified true copy of your payroll, giving dates worked, etc. Also, giving a breakdown of payroll taxes and insurance.

Upon receipt of satisfactory supporting documents, your voucher will be processed for payment.

By Field Team, Region I

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

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

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

COPY COPY

Mac D. Mining Co.
Boise, Idaho
October 13, 1958

EXTRA COPY
OCT 1958
CODE
800

Exploration Project Contract
Docket No. DMEA-489 (Mercury)
Contract No. Idm-E1201
Spokane, Wash.

Dear Sir:

This is to advise you that we have commenced work on the mercury property under DMEA contract in Owyhee County, Idaho, near Homedale. I will keep you informed of progress.

/s/ C. W. McDowell

Vice-President

Distribution:
OME (2)
USBM (2)
USBM(AD)
Sample

Rec'd USGS
Oct. 15, 1958

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

OCT 12 1959

Mr. C. W. McDowell, President
Mac D. Mining Corporation
Route 1
Eagle, Idaho

Re: Docket No. DMEA-4892 (Mercury)
Mac D. Mining Corporation
Lucky Boy No. 1, et al., claims
Owyhee County, Idaho
Contract No. Idm-E1201

Dear Mr. McDowell:

Reference is made to your completed exploration contract with the Government.

We sincerely regret that the work performed did not result in a certification of discovery or development under the provisions of the contract. In the absence of such certification, the Government retains no claim or lien against the property subject to the contract or any future production therefrom. We, therefore, are closing our books and records on this project. Your attention, however, is called to the provisions of the contract which require the operator to keep and preserve certain records for the period indicated.

We appreciate your interest and participation in the DMEA exploration program.

Sincerely yours,

(signed) FRANK E. JOHNSON

Acting Director

Rewritten 10/9/59
FMMurphy/GMcC

cc: Docket
Director's Reading File
Div. of Contract Adm. & Audit
OME Field Team, Region I (2)
Chron.

cc: Mr. W. R. McDowell and
Mrs. Ruby McDowell
Mr. Elijah Elmer Pierce and
Mrs. Ida Alice Pierce
Mr. Ernest Booth and
Mrs. Ellen Booth
Mr. Thomas J. Booth and
Mrs. Hannah Booth

Audit's copy

800

EXPLORATION PROJECT CONTRACT
MAC D. MINING CORPORATION
DOCKET NO. DMEA-4892

AMENDMENT NO. 1

It is agreed this 23d day of September, 1958, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, and Mac D. Mining Corporation, that Exploration Project Contract No. Idm-E1201 (Docket No. DMEA-4892) dated June 6, 1958, is amended as of the date of the Contract as follows:

1. In Article 3 the date on or before which work is to be commenced is extended from August 1, 1958, to October 15, 1958, and the date on or before which the work is to be completed is extended from September 1, 1958, to December 1, 1958.

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

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. J. Mitterdorf
Director, Office of Minerals Exploration

MAC D. MINING CORPORATION

By C. W. McDowell

Title Vice President

JUSTIFICATION

For extension of starting time and completion time, Contract No. Idm-E1201 (Docket No. DMEA-4892) Mac D. Mining Corporation

Due to the inability to obtain a tractor on or before the designated starting period the Operator was unable to start the work. A tractor has now been obtained and work will be started at once.

MME Form 14
Sept. 1958

Contract No. Idm-E) 14-23) ~~1201~~

Docket No. DMEA) MME) ~~4892~~

Date of Action ~~4/27/59~~ Terminated Contract

DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OBLIGATION DOCUMENT

To: Chief, Accounts Section, Finance Branch, Bureau of Mines

From: Director, Division of Operations Control and Statistics

Please enter the amounts shown below on the accounts of the Office of Minerals Exploration.

Name and Address of Contractor:

Mac D Mining Corp.
2414 Woodlawn Street
Boise, Idaho

Date of Contract	Region	State	Commodity
June 6, 1958	I	Idaho	Mercury

	Reserve	Obligation
Prior Amount	0	3,374.00
Increase	0	0
Decrease	0	1,775.77
Revised Amount	0	1,598.23

Remarks:

cc: 800
210

43244

DMEA Form 14

Contract No. Idm-E 1201

Docket No. 4892

Executed contract

DEPARTMENT OF THE INTERIOR

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
June 6, 1958	I	Idaho	Mercury

Name and Address of Operator: Mac D. Mining Corporation
2414 Woodlawn Street
Boise, Idaho

	Reserve	Obligation
Prior Amount	3,374.00	0
Increase	0	3,374.00
Decrease	3,374.00	0
Revised Amount	0	3,374.00

Remarks:

ALLEN S. DAKAN
(Name)

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

Date delivered to Bureau of Mines, Washington 6/30/58

22845

Audit copy

ORIGINAL FILE COPY
DMEA
RECEIVED JUN 30 1958

DATE	INITIALS	CODE

MF-200
(Revised June 1954)

Docket No. DMEA 4892

Commodity Mercury

Contract No. Idm-E 1201

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this 6 JUN 1958 day of ....., 195...., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Mac D. Mining Corporation, an Idaho Corporation,

whose mailing address is 2414 Woodlawn Street Boise, Idaho,

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 3 maps

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 Owyhee, 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 [6] assignments of 2 leases, 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: Interests of lessors

(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 and Subordination Agreements by Thomas P. Booth and Hannah Booth and Earnest Booth and Hilon Booth, and Elijah Elmer Pierce and Ida Alice Pierce

(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 Mercury. The work to be performed is described in Exhibit "A." The Operator on or before AUG 1 1958 shall commence the work, and on or before September 1, 1958 (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall ~~either~~ have completed the work, ~~or shall have incurred allowable costs (see Article 6) in a sum not less than the estimated total allowable cost set forth in Exhibit "A"~~ except as otherwise provided in Exhibit "A" with respect to Stages of Work. See Article 13

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 $6,740.00. The Government shall contribute 50 percent of the allowable costs as they are incurred in a total sum not in excess of $3,374.00: *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 [illegible].

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.*—
(a) That part of the last sentence of Article 3 beginning with the word "either" is deleted and replaced by the words "have completed the work, except as otherwise provided in Exhibit 'A' with respect to stages of work."
(b) In the last sentence of Article 6(e) the words "Article 8" are substituted for the words "Article 9."

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C Mitteudorf
Administrator, Defense Minerals
Exploration Administration

MAC D. MINING CORPORATION
(Operator)

By W R McDowell

Title President

I, C. W. McDowell, certify that I am the Acting secretary of the corporation named as Operator herein; that W. R. McDowell 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.

C. W. McDowell

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—70017-1

EXPLORATION PROJECT CONTRACT
MAC D. MINING CORPORATION
DOCKET NO. DMEA-4892

ANNEX I

The land referred to in Article 2 of the contract consists of 8 unpatented lode mining claims, outlined in heavy lines on the attached Figure 2, all of which are situated in sections 1 and 12, T. 2 N., R. 5 W., Boise Meridian, Owyhee County, Idaho. The notices of location of the claims, to which reference is hereby made for a more complete description, are recorded in the official records of Owyhee County, Idaho, as follows:

Claim Name	Book No.	Page No.
Lucky Boy No. 1	25	41
Lucky Boy No. 2	25	43
Lucky Boy No. 3	25	45
Lucky Boy No. 4	25	47
Lucky Boy No. 5	25	81
Lucky Boy No. 6	25	113
Red Streak No. 1	25	65
Red Streak No. 2	25	67

The Operator is in possession of the claims pursuant to the terms of an Assignment, executed by W. R. McDowell, of two leases: one dated September 13, 1957, from Mr. and Mrs. Thomas P. Booth, and Mr. and Mrs. Earnest Booth, and another dated January 15, 1958, from Elijah Elmer Pierce and Ida Alice Pierce. Copies of the leases and Assignment are contained in DMEA Docket No. 4892.

Consent to Lien and Subordination Agreements executed by the above-mentioned lessors are attached and made a part hereof.

MF-205
(Combines and supercedes MF-201 and MF-203)
June 1956

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator Mac D. Mining Co.
Docket No. DMEA-4892
Contract No. Idm-E 1201
Contract Date June 6, 1958

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

Referring to that certain land in the County of Owyhee, State of Idaho, described as follows: 2/

Sunset Nos. 1, 2, 3, 4, 5, 6, 7, and 8; Red Stred, Nos. 1 and 2; Lucky Boy Nos. 1, 2, 3, 4, 5, 6.

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom, to secure the payment to the Government of a percentage royalty on production as may be provided for by the Contract;

3. Subordinates the undersigned's right, title, claim, or interest in or against the land and in any production therefrom to the rights of the Government under the contract with respect to royalty on production and liens to secure same;

4. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none." Do not leave lines blank.)

None

1/ Mining or production from the land is not required, and in the absence of production there is no obligation to pay royalty to the Government.

2/ 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.

5. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Agreement; and (b) to give advance notice of the Government's rights under this Agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land, or any production therefrom furnishing the Government with two copies of such notice; and

6. Consents to all amendments (including an agreement of termination) and assignments of the contract without notice thereof, and undertakes and agrees that this Agreement shall extend and apply thereto.

7. Added provision: None (State "None" or "See Annex No.____")

Dated this 13 day of June, 1958.

Ernest Booth	[Seal]	Meridian Idaho	[Address]
Ellen Booth	[Seal]	"	[Address]
Thomas J Booth	[Seal]	Caldwell Route 2	[Address]
Hannah Booth	[Seal]	Caldwell Route 2	[Address]
	[Seal]		[Address]
	[Seal]		[Address]

I, _____ certify that I am the _____ (Secretary, etc.) of the corporation named herein; that _____ who signed this agreement was then _____ (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

_____

[Corporate Seal]

FOR ERNEST BOOTH AND ELLEN BOOTH

SUBSCRIBED AND SWORN TO BEFORE ME THIS 13 DAY OF JUNE 1958

IN WITNESS WHEREOF, 1961.

W. F. Magee

State of Idaho
County of Ada On this 13th day of June 1958 before me, James R. Hall, a Notary Public in and for said State, personally appeared Thomas J. Booth and Hannah Booth, known to me to be the persons whose signatures appear above and signed the within document in my presence.

James R. Hall

James R. Hall, Notary Public
Residing at Boise, Idaho

My Commission expires March 5, 1961

INT.-DUP. SEC., WASH., D.C.

5172

MF-205
(Combines and supercedes MF-201 and MF-203)
June 1956

r Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator Mac D. Mining Co.
Docket No. DMEA- 4892
Contract No. Idm-E 1201
Contract Date June 6, 1958

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

Referring to that certain land in the County of Owyhee, State of Idaho, described as follows: 2/

~~Sunset Nos. 1, 2, 3, 4, 5, 6, 7, and 8; Red Streak Nos. 1 and 2;~~

~~Lucky Boy Nos. 1, 2, 3, 4, 5, 6.~~

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom, to secure the payment to the Government of a percentage royalty on production as may be provided for by the Contract;

3. Subordinates the undersigned's right, title, claim, or interest in or against the land and in any production therefrom to the rights of the Government under the contract with respect to royalty on production and liens to secure same;

4. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none." Do not leave lines blank.)

None

1/ Mining or production from the land is not required, and in the absence of production there is no obligation to pay royalty to the Government.

2/ 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.

5. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Agreement; and (b) to give advance notice of the Government's rights under this Agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land, or any production therefrom furnishing the Government with two copies of such notice; and

6. Consents to all amendments (including an agreement of termination) and assignments of the contract without notice thereof, and undertakes and agrees that this Agreement shall extend and apply thereto.

7. Added provision: None (State "None" or "See Annex No.____")

Dated this 14 day of June, 1958.

Elijah Elmer Pierce	[Seal]	211-No 14th Street	[Address]
	[Seal]	Boise Idaho	[Address]
Ida Alice Pierce	[Seal]	211 No 14th Street	[Address]
	[Seal]	Boise Idaho	[Address]
	[Seal]		[Address]
	[Seal]		[Address]

I, _____ certify that I am the _____ _____ (Secretary, etc.) of the corporation named herein; that _____ _____ who signed this agreement was then _____ (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

STATE OF IDAHO,

_____

[Corporate Seal]

STATE OF IDAHO,)
) ss.
County of Ada.)

On this 14 day of June, 1958, before me M. H. Greene, a Notary Public in and for said State, personally appeared Elijah Elmer Pierce and Ida Alice Pierce, known to me to be the persons whose names are subscribed to the within and foregoing instrument and acknowledged to me that they executed the same.

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

M. H. Greene

Notary Public for Idaho
Residence: Boise, Idaho

My Commission Expires:
Febraury 19, 1959

MF-205
(Combines and supercedes MF-201 and MF-203)
June 1956

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator Mac D. Mining Co.
Docket No. DMEA- 4892
Contract No. Idm-E 1201
Contract Date June 6, 1958

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

Referring to that certain land in the County of Owyhee, State of Idaho, described as follows: 2/

~~Sunset No. 1, 2, 3, 4, 5, 6, 7, 8; Red Streak No. 1 and 2; Lucky Boy No. 1, 2, 3, 4, 5, 6.~~

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom, to secure the payment to the Government of a percentage royalty on production as may be provided for by the Contract;

3. Subordinates the undersigned's right, title, claim, or interest in or against the land and in any production therefrom to the rights of the Government under the contract with respect to royalty on production and liens to secure same;

4. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none." Do not leave lines blank.)

None

1/ Mining or production from the land is not required, and in the absence of production there is no obligation to pay royalty to the Government.

2/ 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.

5. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Agreement; and (b) to give advance notice of the Government's rights under this Agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land, or any production therefrom furnishing the Government with two copies of such notice; and

6. Consents to all amendments (including an agreement of termination) and assignments of the contract without notice thereof, and undertakes and agrees that this Agreement shall extend and apply thereto.

7. Added provision: None (State "None" or "See Annex No.____")

Dated this 16th day of June, 195_0

W R McDowell [Seal] [illegible] [Address]

Ruby McDowell [Seal] [illegible] [Address]

[Seal] [Address]

[Seal] [Address]

[Seal] [Address]

[Seal] [Address]

I, W R McDowell certify that I am the Secretary (Secretary, etc.) of the corporation named herein; that W.R. McDowell who signed this agreement was then President (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

[Corporate Seal]

State of Iowa
County of [illegible]

On this 16th day of June 1950 before me, James R. Hall, a Notary Public in and for said State, personally appeared W.R. McDowell and Ruby McDowell, known to me to be the persons whose signatures are affixed to the within instrument, and signed the within instrument in my presence, certifying that such signatures were affixed of their free act and deed.

James R. Hall
[illegible] Notary Public
Residing at [illegible], Iowa

My Commission expires March 6, 1951

EXPLORATION PROJECT CONTRACT
MAC D. MINING CORPORATION
DOCKET NO. DMEA-4892

EXHIBIT "A"

Description of the Work

The work is divided into two stages. The Operator shall perform the Stage I work and as much of the Stage II work as is approved in advance by the Government.

Attached are the following maps:

Figure 1. Location Map Mac D. Mining Company, Lucky Boy and Sunset groups of claims, Owyhee County, Idaho.

Figure 2. Sketch map of Lucky Boy and Sunset groups showing the area of proposed exploration.

Figure 3. Plan Map Showing Mineralized Exposures and Part of the Proposed Work on the Lucky Boy Nos. 2 and 3 Claims, Mac D. Mining Company, Owyhee County, Idaho.

Stage I

With a D-8 Caterpillar, or equivalent unit of another make, equipped with a ripper, bulldoze 6 or 7 trenches, aggregating an estimated 1000 feet of trenching, along and across shear zones, at the approximate locations shown on Figure 3. The trenching shall reach bed rock and shall average about 8 feet in depth. At points where mineralization is encountered in the cross trenches, the area shall be opened with longitudinal trenches.

Mineralized zones shall be sampled and assayed for mercury.

An engineer-geologist shall survey, sample and prepare maps of trenched area, and a supervisor shall be in direct charge of the work.

It is estimated that approximately 100 hours of bulldozer time, the services of the engineer-geologist for 4 days and the services of a supervisor for 1 month will be required to complete this stage.

Stage II

The mineralized zones shall be explored at depth by wagon drilling 17 holes at intervals of not less than 25 feet, to a maximum depth of 60 feet per hole. Holes shall be not less than 2½ inches in diameter, and the total drilling shall not exceed 1,000 feet. Drill sites shall be prepared with a TD-9 bulldozer or equivalent unit of another make. With the approval of the Government the operator may do this bulldozing on an actual cost basis at a price not higher than the price specified for independent contracts.

Holes shall be sampled at 5-foot intervals and assayed for mercury.

An engineer-geologist shall survey and map location points of drill holes and check the sampling. It is estimated that his work in this stage will require 4 days. A supervisor for this stage is estimated to require one month.

ESTIMATED COST OF THE PROJECT

Actual Costs

Stage I

Category (1) Independent Contracts		
Bulldozer trenching, 100 hours at $18.00/hr.	$1,800.00	
Transportation of equipment from and to Boise, Idaho	280.00	$2,080.00
Category (2) Personal Services		
Engineer-geologist, 4 days at $75.00/day	300.00	
Supervisor, 1 month	600.00	900.00

Category (3) Operating Materials and Supplies		
Gas, oil, etc.	$ 40.00	$ 40.00
Category (4) Operating Equipment-None except:		
Depreciation - 1 pick-up truck ($2,400.00) 1/60th	40.00	40.00
Category (5) Initial Rehabilitation and Repairs None	--	
Category (6) New Buildings, Fixtures and Installations None	--	
Category (7) Miscellaneous		
Transportation samples, assaying for mercury, 40 samples at $2.50/each sample	100.00	
Payroll taxes, insurance - $600.00 at 15 percent	90.00	
Travel for engineer-geologist	40.00	230.00
Estimated Total Cost Stage I		$3,290.00

Stage II

Category (1) Independent Contracts		
With TD-9 bulldozer, prepare 17 drill hole sites at $8.00/each	136.00	136.00
Category (2) Personal Services		
Engineer-geologist, 4 days at $75.00/day	300.00	
Supervisor, 1 month	600.00	
1 driller, 20 days at $18.00/day	360.00	
1 helper and sampler, 20 days at $16.00/day	320.00	$1,580.00

Category (3) Operating Materials and Supplies		$ 820.00	$ 820.00
Category (4) Operating Equipment			
Rental - 1-500 gallon water tank, 1 month		35.00	
Purchases - None			
Depreciation	Value		
1 - 420 cubic foot compressor	$6,000.00		
D-14 Cleveland wagon drill	750.00		
2-inch gas driven water pump	125.00		
1½ ton truck	2,400.00		
1 month 1/60th	$9,275.00	155.00	190.00
Category (5) Initial Renabilitation and Repairs None		--	
Category (6) New Buildings, Fixtures, Installations None		--	
Category (7) Miscellaneous			
Transportation samples, assaying for mercury, 200 samples at $2.50/ each sample		500.00	
Payroll taxes, insurance, $1,280.00 at 15%		192.00	
Travel for engineer-geologist		40.00	732.00
Estimated Total Cost Stage II			$3,458.00

Estimated Total Cost of Stage I $3,290.00

Estimated Total Cost of Stage II $3,458.00

Estimated Total Cost of Project $6,748.00

Government participation at 50% $3,374.00

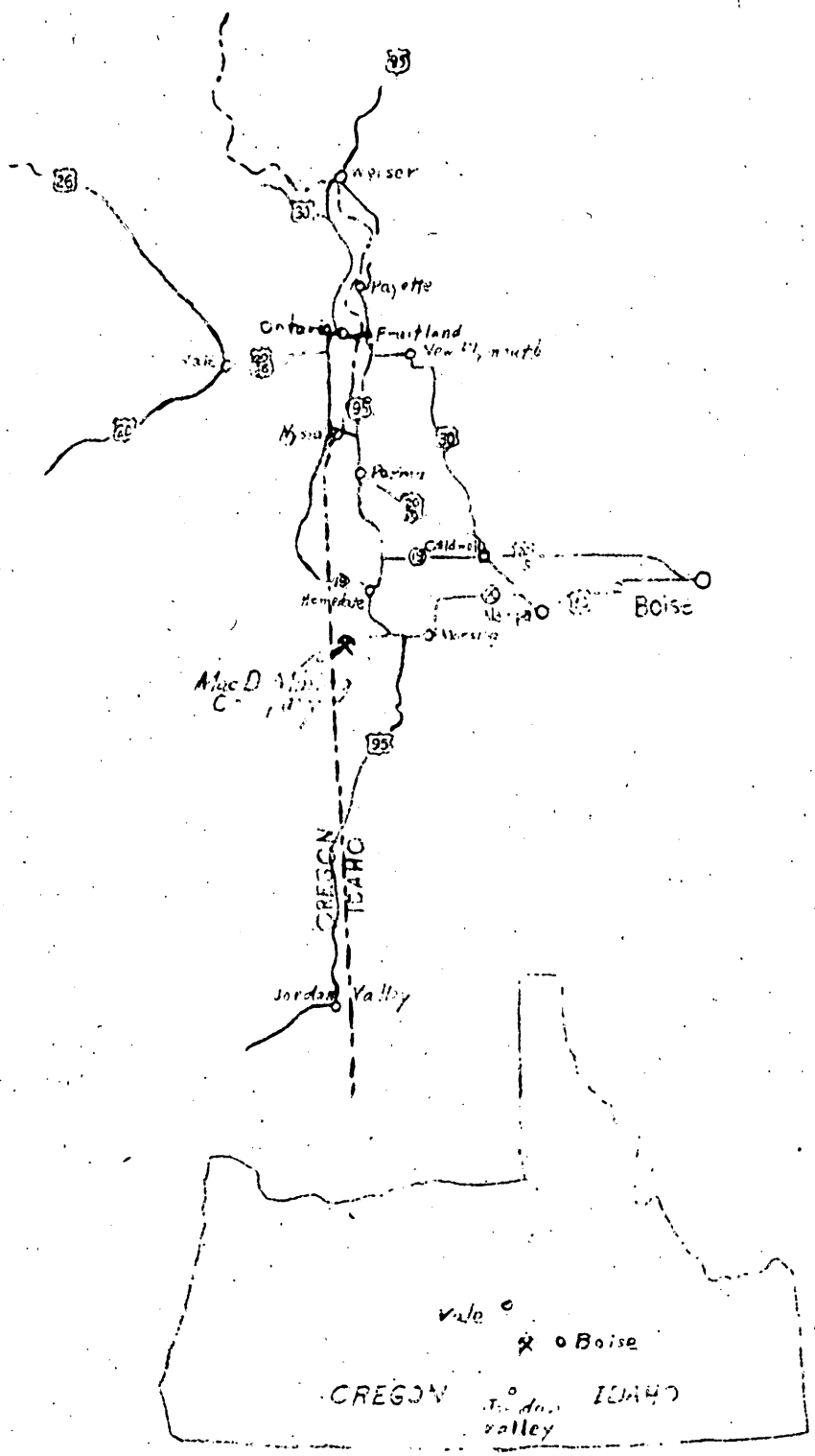

Figure 1 Location Map MacD Mining Company, Lucky Boy and Summit open pit mines Owyhee County, Idaho

RECEIVED

DATE

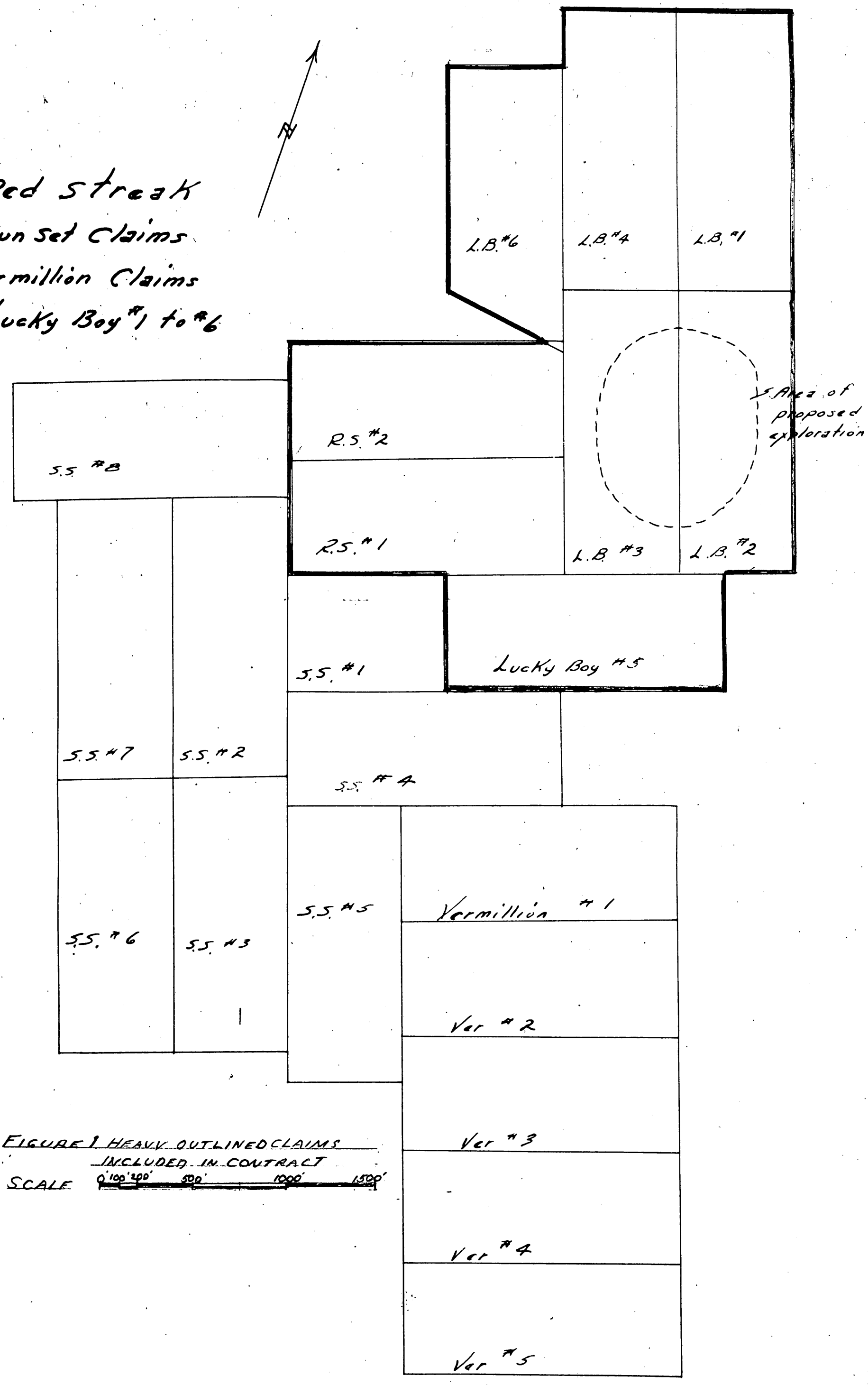

FIGURE 1 HEAVY OUTLINED CLAIMS INCLUDED IN CONTRACT

FIGURE 2

Docket No. DMEA 4892

COPY
RECEIVED 30
DATE | CODE

EXTRA COPY
DMEA
RECEIVED JUN 30 1958

DATE	INITIALS	CODE
		800

No. 157 Howard Street
Spokane 4, Washington
June 25, 1958

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

Re: Docket No. DMEA-4[illegible] (Mercury)
Mac D. Mining Corporation
Lucky Boy No. 1, et al., claims
Owyhee County, Idaho
Contract No. Idm-E1201

Dear Mr. Selfridge:

Enclosed are the Government and Audit copies of a long form contract to the above-referenced project. The required Consents to Lien have been attached to the contract. The Operator expects to commence work on or before August 1, 1958, and this date has been inserted in Article 3.

Other copies of the contract have already been distributed.

Sincerely yours,

Donald R. MacLaren
For: Wing G. Agnew
Acting Executive Officer
DMEA Field Team, Region 1

Enclosures
cc: USBM(2)
USBM(Ad)
Albee

DMEA Form 14

Contract No. Idm-E 1201

Docket No. 4892

Approved Contract

DEPARTMENT OF THE INTERIOR

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
June 6, 1958	I	Idaho	Mercury

Name and Address of Operator: Mac D. Mining Corporation
2414 Woodlawn Street
Boise, Idaho

	Reserve	Obligation
Prior Amount	0)	0
Increase	3,374.00	0
Decrease	0	0
Revised Amount	3,374.00	0

Remarks:

(Name)

Allen S. Dakan, Chief, Operations Control and Statistics Division

(Title)

Date delivered to Bureau of Mines, Washington 6/6/58

22845