OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Report of:

T. R. Baugh
3620 Sycamore Drive
Boise, Idaho

pertaining to Exploration Contract 14-23-090-2134, OME No. 6133, for July, August, and September 1962, covering a mercury project on the Fern Cinnabar Group of claims (Herrano Mercury Mine), Valley County, Idaho.

My review included an examination of the Monthly Voucher (MME Form 60) and supporting documents, comparison of the claimed costs with the contract and pertinent schedules, confirmation of work performed by reference to 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 in the attached schedule.

The findings of this review are stated in the following summary and the attached schedule:

Total cost billed by Operator		$16,703.27
Exceptions:		
Prior to this review	$ -0-	
Herewith	-0-	-0-
Acceptable cost		$16,703.27

The contract calls for a 50 percent contribution of the allowable costs by the Government. Therefore, if the project is otherwise accepted as having met the terms of the contract, payments as follows are valid and proper:

Payable on audited claim	$ 8,351.63
Paid to date	-0-
Balance due Operator	$ 8,351.63

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

May 17, 1963

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

(a) a major portion ($15,256.70) of the acceptable costs covered work performed at unit rates under independent contract;
(b) the Monthly Reports were supported by documentary evidence of the acceptable actual costs under the contract; and
(c) the administrative cost to the Government of an audit would be excessive in relation to the estimated amount of possible exceptions.

Acceptable cost:

Cat. (1)	Bulldozing, TD-18A	26 hrs.	@ $15.00	$ 390.00
	Diamond drilling - NC core	98 ft.	@ $ 8.75	857.50*
	NX core	1402 ft.	@ 8.75	12,267.50*
	Reaming and casing	241 ft.	@ 3.70	891.70*
	Transportation of drill and equipment			850.00*
Cat. (2)	Engineer-supervisor	53 days	@ $20.69	1,096.57
Cat. (3)	Core boxes	70 ea.	@ $ 5.00	350.00
	Total			$16,703.27

* Actual costs as invoiced by Nichols Drilling Company, Inc., 111 East 39th Street, Boise, Idaho, for drilling 5 holes with drill log footages as follows:

DDH-1	304'
" 2	359'
" 3	300'
" 4	300½'
" 5	240'
Total	1503½'

EXTRA COPY O. M. E RECEIVED MAY 28 1963		
DATE	[illegible]	CODE
		800

No. 157 Howard Street
Spokane 4, Washington
May 27, 1963

Memorandum

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

From: Acting Field Officer, Region I

Subject: CSR-6133 (Recovery)
T. E. Baugh
Farm Cimmaron Group
Valley County, Idaho
Contract 213A

Enclosed is the original of a Report of Review dated May 17, 1963, covering the subject contract, together with the Operator's final voucher, original and two copies.

One copy of the Report of Review has been mailed to the Operator, and one copy has been retained for the Spokane office files.

D. R. MacLaren

Enclosures

DRMacLaren:ny

cc: CSR(2)
CAAA
CFF

Sending copies to:
Helen
McNulty

No. 157 Howard Street
Spokane 4, Washington
May 27, 1963

Mr. T. R. Baugh
1318 West State Street
Boise, Idaho

Re: OEE-6135 (Harvery)
T. R. Baugh
Farm Cinnabar Group
Valley County, Idaho
Contract 8134

Dear Mr. Baugh:

We are enclosing one copy of a Report of Review dated May 17, 1963, covering your OEE contract.

Your final voucher has been submitted to our Washington, D. C., office, from which payment will be mailed to you.

Sincerely yours,

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

Enclosure

DRMacLaren:vmmy

cc: OEE(2)
OBA
CFF
Sending copies to:
Nelson
Halliday

MAY 17 1963

Memorandum

To: Acting Field Officer, Region I

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

Subject: OME-6133 (Mercury)
T. R. Baugh
Farn Cinnabar Group of Claims
Valley County, Idaho
Contract 2134

As requested by your May 14 memorandum, a Report of Review in lieu of a final audit has been prepared for the subject contract. If you concur in the facts stated therein, the enclosed original and two copies should be distributed in accordance with section 4 of OME Circular 2.

As evidence of your concurrence, a copy of your letter transmitting the Operator's copy should be furnished to this Division. If for any reason you do not concur, the original and both copies should be returned to this Division with your comments.

The original of the July, August, and September 1962 MME Form 60 with attachments is returned.

Enclosures

EDTalbert/ama 5-17-63

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
So. 157 Howard Street
Spokane 4, Washington
May 14, 1963

800

Memorandum

To: Chief, Contract Administration and Audit Division

From: Acting Field Officer, Region 1

Subject: OME-6133 (Mercury)
T. R. Baugh
Fern Cinnabar Group
Valley County, Idaho
Contract 2134

Work under the subject contract was completed September 30, 1962.

The number of units of work completed by the Operator and accepted by the Acting Field Officer as conforming to contract specifications were:

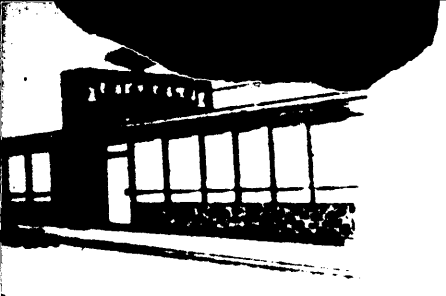
Bulldozing access roads and drill sites	26 hours
Diamond Drilling	1,500 feet

The requirement for an Operator's final report has been waived.

A Report of Review in lieu of a final audit is in order and requested. For this purpose, the original copies of a final (July-August-September, 1962) MME-60 and MME-61, together with supporting documentation, are attached.

D. R. MacLaren

Attachments



NICHOLS DRILLING COMPANY, Inc.

111 E. 39TH STREET P. O. BOX 2057 BOISE, IDAHO
PHONE 344-7946

May [illegible] 1967

Mr. T. N. Baum
3620 Sycamore [illegible]
Boise, Idaho

Dear Mr. Baum:

In connection with the diamond drilling performed by us on your Pe[illegible] group of [illegible] during August and Septe[illegible] 1967 we did not [illegible] any non-core drilling as yo[illegible] show. The core re[illegible] 4 ft.) from NX drilling definitely excludes any [illegible] concept.

As a matter of inform[illegible] the next larger size above NX [illegible] tions. Standard NX drills [illegible] with 2 1/8" core. Standard N[illegible] hole with 2 5/8" core. These [illegible] with different types of [illegible]

Very truly, [illegible]

F. [illegible]

FPF/cm

[illegible] State Street
[illegible] Idaho
[illegible]

[illegible]

[illegible] (Mercury
[illegible] Baugh
[illegible] Cinnabar Group
Valley County, Idaho
Contract 2134

Dear [illegible]:

[illegible] report 60 in connection with the above contract together with [illegible] lines from Nichols Drilling [illegible] contain the [illegible] you require. Also, in the event you would prefer to invoice charges, [illegible] a letter from Nichols [illegible] invoices in order that [illegible] Washington. Nichols [illegible] at the prices as set forth [illegible] their attention that they [illegible] charges [illegible] in their initial [illegible] changed accordingly [illegible] forwarded to you correctly [illegible]

[illegible] company which is self-[illegible] has been [illegible] progress report for [illegible] begin with an NC [illegible] every of 5' of [illegible] in the event you [illegible]

[illegible] bottomed at 359 feet. [illegible] actually bottomed at 359' [illegible]

[illegible] employed engineer-supervisor [illegible] 28 day month inasmuch as [illegible] July is claimed [illegible] September as 28/29 of $[illegible]

[illegible] I am now claiming no [illegible] any kind of taxes for self-[illegible] assaying.

[illegible] the earliest possible [illegible] reimbursed im-[illegible]

RECEIVED

MAY 9 1963

U. S. G. S.
SPOKANE, WASH.

MME FORM 60
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S MONTHLY VOUCHER

For Month of July, August and September, 1962

Docket No. 6133
Contract No. 14-23-090-2134
Contract Amount $ ~~18,510.00~~ 50 9255.00
Gov't. Participation % $
Mineral(s) Mercury

Operator's Name T. R. Baugh
Address 3620 Sycamore Drive, Boise, Idaho

COST CATEGORIES	FOR OPERATOR'S USE: MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE	FOR GOVERNMENT APPROVAL ONLY: MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE
Fixed Unit Costs and (1) Independent Contracts:						
Bulldozing		390.00	390.00			
Drifting						
Crosscutting		15216.70	15,216.70			
Drilling						
(2) Personal Services:						
Supervision & Technical			1,096.57			
Outside Consultants						
Labor						
(3) Operating Mat'l. & Supplies:						
Timber						
Explosives						
Pipe						
Rail						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehab. & Repairs:						
Buildings, Fixtures, etc.						
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Analytical Work						
Payroll Taxes						
Employee's Liability Ins.						
TOTALS		15,606.70	16,703.27	16,703.27		16,703.27

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

Date 5-7-63 *Payee T. R. Baugh

Per _____ Title Operator

* 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.

A willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction is a criminal offense. (U.S. Code, Title 18, Sec. 1001.)

(INSTRUCTIONS ON REVERSE)

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

$ 8,351.63

Signature BNB
(Authorized Certifying Officer)

Date 6/3/63 Vou. No. 6363

(SEE OTHER SIDE)

Certification by Government Representative:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating an exploration project in accordance with the terms of Contract No. 2134

Signature D R Macharen Title Acting Field Officer Date MAY 1 4 1963

Approved by OME Executive Officer or Alternate:

Signature D R Macharen Title Acting Field Officer Date MAY 1 4 1963

OPERATOR'S MONTHLY REPORT

The Operator, under an Office of Minerals Exploration contract, is required to report monthly to the Government. The report consists of three parts.

FIRST, the Operator's Monthly Voucher on MME Form 60 listing the project costs incurred and claimed by the Operator is the voucher basis for payment of the Government's share of the cost.

SECOND, the Operator's Progress Report on MME Form 61 is a statistical report of the units and cost of of work performed under the contract.

THIRD, the Operator's Narrative Report is a concise description of the work performed, results accomplished, and any unusual situations encountered, illustrated and supported by engineering-geological maps or sketches, drill hole logs, assay reports, etc., as pertinent.

The Operator submits the original and four copies of each of the three sections of this report to the OME regional Executive Officer at the end of each month during the life of the contract.

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, MME FORM 60

After all applicable spaces are filled in, the Operator or his agent must sign the certification in the lower left corner. Categories (2) through (7) apply to "Actual Cost" contracts only.

Under "Fixed Unit Costs" and Category (1) report, (a) the total fixed unit costs of work performed under contract provisions for contribution by the Government on a basis of "fixed unit costs"; and (b) the claimed costs of work performed on a unit-price basis by independent contractors.

Under Category (2) include the claimed costs of all payrolled and invoiced supervisory, technical, and labor personnel, except the costs for services applicable to Categories (5) and (6).

Under Category (3) include the claimed costs of all project materials and supplies other than those used for work under Categories (5) and (6).

Under Category (4) report claimed rentals on equipment belonging to a third party, claimed payments or obligations for payments on the Operator's purchase of equipment, and claimed depreciation for the use of Operator-owned equipment.

Under Categories (5) and (6) include all claimed costs of labor, supervision, technical services, operating materials and supplies, and all other items used in (5) the initial rehabilitation and repairs of existing buildings, fixtures, installations (exclusive of mine workings), and operating equipment; and (6) the installation or construction of new buildings, fixtures, and fixed improvements (exclusive of mine workings). Do not report these costs under Categories (2), (3), (4), and (7).

Under Category (7) include all miscellaneous claimed costs such as repairs (other than initial) and maintenance of equipment, sampling and analysis, travel, communication, accounting, office expenses, and the Operator's share of payroll taxes and insurance.

Except for amounts claimed under "fixed unit costs" provisions of the contract, all costs claimed in this voucher must be supported by documentary evidence consisting of: (a) certified copies or transcripts of payrolls which list each employee, wage rate, period of employment, gross earnings, itemized deductions, and net earnings; (b) original or certified copies of invoices, statements of accounts, or purchase orders which indicate items of materials or services, quantities, unit prices, total charges, and payment terms; and (c) certified memoranda of the Operator for such items as depreciation of Operator-owned equipment, unemployment taxes, and employee's liability insurance. The certification may be stated thus, "Certified True Copy (or Transcript)", followed by the signature of the Operator or his agent. One copy of each document should accompany the original of this voucher.

The requirement for submitting documentary evidence of claimed costs may be waived by the OME regional Executive Officer if he determines that it is impracticable for an Operator to submit this material. In any case of waiver of this requirement an "on-site" audit by an OME auditor is mandatory prior to payment of the final Operator's Monthly Voucher.

MME FORM 61
SEPT. 1959

RECEIVED
JUN 14 1963
MAY 9 1963
U S G. S.
SPOKANE, WASH.

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT

For Month of July, August and September, 1962

Docket No. 6133

Operator's Name T. R. Baugh

Contract No. 14-23-090-2134

OPERATION	UNITS	FOR OPERATOR'S USE: UNITS THIS MONTH	UNITS TO DATE	COSTS TO DATE	FOR GOVERNMENT USE: APPROVED UNITS THIS MONTH	APPROVED UNITS TO DATE	APPROVED COSTS TO DATE
Drifting							
Crosscutting							
Raising							
Shafts							
Winzes							
Other Underground	~~1500~~						
Drilling, Core-Diamond	1500		1500	13,125.00	1500	1500	13,125.00
Rotary							
Drilling, Non-core-Diamond							
Rotary							
Churn							
Percussion							
Bulldozing	26		26	390.00	26	26	390.00
Miscellaneous							
Mobilization	1		1	850.00	1 job	1	850.00
Reaming & Casing	241		241	891.70	241	241	891.70
Roads and Trails							
Core Boxes	70		70	350.00	70	70	350.00
Stripping							
Supervision	53		53	1096.57	53	53	1096.55
Trenching							
Test Pitting							
Other Surface Work							
Initial Rehabilitation and Repairs							
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
Analytical Work							
TOTAL TO DATE *(per MME Form 60)*				16703.27			

REMARKS

(Continue on back)

REMARKS
(1) By phone May 9, Operator stated that project work was on a 29-day month, that his certification "--To Sept. 30" should be "--To Sept 29" and that he did not work Aug. 21, Aug 30, or Sept. 29

Over

(Continue on back)

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

Date 5-7-63 Operator T. R. Baugh

Per _____ Title _____

A willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction is a criminal offense. (U.S. Code, Title 18, Sec. 1001.)

I certify that the information above is complete and accurate to the best of my knowledge and belief.

Signature D. R. Macbeth

Title Acting Field Officer
Government Representative

Date MAY 14 1963

(INSTRUCTIONS ON REVERSE)

REMARKS *(Cont.)*

REMARKS *(Cont.)*

thus:

July $\frac{7}{29} \times \$600 = \$82.76$

Aug $\frac{21}{29} \times \$600 = \$434.48$

Sept $\frac{28}{29} \times \$600 = \$579.31$

$\$1,096.55$

Operator used daily rate of $\frac{\$600}{29} =$

$\$20.69 \times 53 = \$1096.57$

INSTRUCTIONS FOR PREPARING OPERATOR'S PROGRESS REPORT, MME FORM 61

This report is the second of the three parts of the Operator's Monthly Report. Submit the original and four copies.

The cost for each operation should be the total of all claimed costs attributable to that type of work with two exceptions, namely—operating equipment purchased and analytical work which are stated separately. For example, drifting costs should be the total of all costs chargeable to drifting including supervision, technical services, timbering (if any), etc. Similarly, drilling costs should include the cost of cementing, reaming, core boxes, etc. This procedure of distribution holds whether the contract was written on an actual cost or a unit cost basis, or some combination of the two. Distribute the cost of such general items as supervision, equipment rented, etc. according to relative footages or on some other conventional basis. The item "Initial Rehabilitation and Repairs" covers all rehabilitation and/or repairs other than the rehabilitation of mine workings.

The item titled "Drilling, Non-core Percussion" includes all drilling performed with wagon, jack-hammer, stoper and mounted drills. The several items labelled "Other" are provided to take care of particular exploration operations not specified on this form.

DRILLING PROGRESS --July & August
1962

The writer, T. R. Baugh, met with Jack A. Walker of Yellow Pine on the property in the late afternoon of July 17th, Mr. Walker having walked the [illegible] from Logan creek to Fern Creek, a distance of from 18 to 20 miles, in lieu of transporting the TD18A tractor by truck. Initial dosing on the 19th prepared the access roads to the drill sites and preparation of the drill sites themselves was begun on July 20th. It was soon evident that the terrain made it impossible to locate the holes exactly where designated insofar as holes numbered DDH 1, DDH 2 and DDH 3 were concerned inasmuch as it was impossible to operate in the creek bottom. Therefore, the sites were made just above the creek level in line with the original designation. Drill sites were completed on July 21st.

Nichols Drilling Company crew arrived on the property on August 8th but because of setting up time, equipment break-down and repair, actual drilling was not started until August 14th at which time operations were begun at the site of DDH 3. Coring was begun with an NC bit in the overburden and of the 13' drilled, the first day a recovery of 5' of core was made. Through August 16th a total of 83' of depth had been obtained with a recovery of almost 100% except for the initial loss in overburden. Drilling was ina more or less barren lime with no particular trouble except that water return was lost at 33'. NX coring was begun at 38' depth and continued to a bottom of 300'. It should be noted that core recovery was excellent as the drill encountered very little of the faulted and broken-up zones as indicated on the surface. A very small amount of cinnabar was occasionally observed in the lime as "paint" but obviously no mineral of commercial value was recovered.

Drilling was begun on hole DDH 2 on August 25th on a two-shift basis as it was felt that one crew could not finish the program before bad weather set in.

After going through the overburden Hole DDH 2 began to show some promise of the surface indications as large sections of a highly altered, soft, talcy material were encountered. At 70½' to 75½' no core was obtained as the bit encountered iron-stained, honeycombed chert containing cinnabar. However, the sludges were so diluted it was felt they would have no assay value. In view of the core loss in this instance it was decided to redrill 70' at a 30° attitude after the intial hole was abbottomed. This was subsequently done at the writer's expense but nothing of particular importance was accomplished, the drill not penetrating a material similar to that contained in the sludges.

Signed _____

DRILLING PROGRESS
September, 1962

The drilling of hole DDH 2 was continued to a depth of 296' at which time the cores showed consistently the presence of cinnabar. Because of the presence of mercury drilling was continued to a depth of 359' before bottoming in barren lime. Ore of commercial value was found at a depth of 327', a 5' section subsequently assaying 23.3 lb. of mercury per ton.

Before starting Hole DDH 1, the writer called D. R. MacLaren at Spokane and requested permission to align this hole nearly parallel with DDH 2 in order that a somewhat larger area could be prospected. Permission was granted and drilling started on September 5th. Drilling was very similar to Hole DDH 2, with appreciable cinnabar disclosed at approximately 260' of depth. Again, cinnabar was visible in very small amounts wherever a chalcedonic material was encountered, but with the exception of the notation above, the hole was generally disappointing.

At this point, drilling was very rapid with good core recovery but as it was impossible for the writer to be on the site at the time DDH 4 was started, it was later learned that the alignment stake had been misplaced or lost and the hole drilled at an angle not wholly corresponding with the original intent. However, it is believed this deviation will have little bearing on the geological picture as a whole. Again, because of excellent drilling conditions, progress was rapid and the hole bottomed in good time. No appreciable cinnabar was noted in any of the core but the existence of a parallel structure, as predicted by Mr. MacLaren, was proven and contained appreciable amounts of chalcedony, iron staining, etc., but where the structure was cut it contained no cinnabar.

In order that the maximum footage not exceed 1500', Hole DDH 5 was cored to a depth of 240'. In nearly all respects it corresponded to hole DDH 4 with no appreciable cinnabar in evidence.

The drilling program was completed on September 30th.

SERRANO MERCURY MINE
1310 State Street
Boise, Idaho

DRILL LOG

HOLE NO: DDH 1 SHEET 1 OF 2

PROJECT NAME: OME-6133 (Mercury)

LOCATION:

PROJECT LOCATION: Valley County, Idaho

ELEVATION:

DATE STARTED: 7-16-62 FINISHED: 9-30-62

DIP:

SIZE:

REMARKS:

DEPTH		CORE			Sample No.	ASSAY		Classification	Remarks
From	To	Inch Drill	Inch Recov	% Recov		Core	Sludge		
0	15			35				Quartzitic lime--brittle	
15	19			33				Gray lime with schistose appearance	
19	20			60				Quartzitic lime	
20	21			95				Gray lime, schistose appearance	
21	24			55				Soft, brown clayey material, bits of quartzite	
24	27			100				Soft, cream colored gouge, schistose appearance	
27	41			100				Light gray talcy material with schistose appearance. Nothing like this in other holes.	
41	46			100				Same as above	
46	49			80				Similar to above but harder and coarser material with iron staining	
49	53½			100				Hard quartzitic material grading to soft gouge in last 12".	
53½	67			85				Soft yellowish lime with pink staining (Not [redacted] and pieces of cherty material	Mg
67	72			100				Same as above	
72	75			100				Pure white talc	
75	80			95				White talc with iron stain banding, staining beginning to predominate	
80	81			100				Same as above	
81	83			100				A band of hard white lime	
83	87			95				Soft gray material with spots of iron oxidation grading into blackish streaks indicating manganese	
87	91			60				Soft bands of white lime grading into bands of iron-stain and possible manganese stain	
91	94			100				Soft iron-stained material with mottled white	
94	102			100				Hard white lime	
102	102½			100				Heavily oxidized material with bits of chert--[redacted] visible in small amount with aid of glass	
102½	114			100				Hq Barren white lime	
114	124			100				Hard barren white lime except for 2" of soft, iron-stained material at 120'	
124	132			100				Hard white lime	

SERRANO MERCURY MINE
1310 State Street
Boise, Idaho

DRILL LOG

HOLE NO: DDH 1 SHEET 2 OF 2

PROJECT NAME: OME-6133 (Mercury)

LOCATION:

PROJECT LOCATION: Valley County, Idaho

ELEVATION:

DATE STARTED: 7-16-62 FINISHED: 9-30-62

DIP:

SIZE:

REMARKS:

DEPTH		CORE			Sample No.	ASSAY		Classification	Remarks
From	To	Inch Drill	Inch Recov	% Recov		Core	Sludge		
132	132½			100				Heavily iron-stained lime with dark crystals	
132½	134			100				Softer iron-stained lime	
134	140			100				Soft yellowish lime--good core	
140	153			100				Hard white lime with brown mottling	
153	174			100				Barren white lime	
174	204			100				Barren white lime	
204	205			100				White and iron-stained talcy material	
205	206			95				Gray and white gouge	
206	212			100				Iron-stained lime, generally hard but with bands of softer material	
212	214			100				Barren white lime	
214	218			50				Broken, honeycombed cherty material--No Hg vis.	
218	235			100				Barren white lime	
235	256			100				" " "	
256	257			80				Softer, iron-stained lime	
257	258			100				Hard, barren lime	
258	261			100				Honeycombed chert with crystalline Hg visible to naked eye	
261	264			100				Extremely dense, milky quartz or chert with small amount Hg visible with glass	
264	304			100				Barren white lime (marble?)	

SERRANO MERCURY MINE
1310 State Street
Boise, Idaho

DRILL LOG

HOLE NO: DDH 2 SHEET 1 OF ~~4~~ 3

PROJECT NAME: OME 6133 (Mercury)

LOCATION:

PROJECT LOCATION: Valley County, Idaho

ELEVATION:

DATE STARTED: 7-16-62 FINISHED: 9-30-62

DIP:

SIZE:

REMARKS:

DEPTH		CORE			Sample No.	ASSAY		Classification	Remarks
From	To	Inch Drill	Inch Recov	% Recov		Core	Sludge		
0	5			0				No core--overburden	
5	9			25				Overburden	
9	10			50				Brown & white talcy material	
10	15			25				Quartzitic material grading into brown mud	
15	20			25				Brown & white fault gouge with bits of chalcedonic material	
20	22			50				Cherty material with minute specks visible with glass	
22	24			90				Iron & manganese stained fault gouge	
24	25			100				Hard white lime	
25	28			100				Soft, brown gouge	
28	29			100				Hard white lime	
29	29½			100				Soft, iron-stained gouge	
29½	30½			100				Hard white lime	
30½	32½			100				Brown mottled gouge	
32½	34			100				Hard white lime	
34	35			100				Altered talcy material	
35	37			100				Hard white lime	
37	38			100				Soft, brown gouge	
38	39			100				White lime	
39	43			100				Fault gouge, smooth & shiny surface	
43	44			100				Same as above	
44	45½			80				Brown & orange colored gouge	
45½	49			100				Hard white lime	
49	52			100				Hard white lime	
52	54			100				Soft gray & brown talc	

SERRANO MERCURY MINE
1310 State Street
Boise, Idaho

DRILL LOG

HOLE NO: DDH 2 SHEET 2 OF 4

PROJECT NAME: OME-6133 (Mercury)

LOCATION:

PROJECT LOCATION: Valley County, Idaho

ELEVATION:

DATE STARTED: 7-16-62 FINISHED: 9-30-62

DIP:

SIZE:

REMARKS:

DEPTH		CORE			Sample No.	ASSAY		Classification	Remarks
From	To	Inch Drill	Inch Recov	% Recov		Core	Sludge		
54	64½			100				Hard white lime	
64½	70½			95				Hard white lime	
70½	75½			0				No core	
75½	77½			80				Brecciated, honeycombed & iron stained chert, Hg visible to naked eye	
77½	80			100				Soft gouge material with one 10" band of yellowish lime	
80	83			100				Iron-stained gouge with layers of sanded lime	
83	90			100				Hard white lime	
90	120			100				Predominantly white lime with streaks of iron stain, containing light green crystals	
120	120½			100				Brown gouge	
120½	132½			100				White lime mottled with iron stain	
132½	143			100				Yellowish lime, some of it sandy in character	
143	152			100				Yellowish lime	
152	154			90				Honeycombed chert—no Hg visible to naked eye	
154	160			100				Same as above with Hg visible as "paint"	
160	163½			100				Iron & manganese stained gouge with 4" to 6" bands harder material	
163½	170			80				Alternate bands chert with iron stained lime	
170	175			100				Barren white lime	
175	188½			100				Hard, barren lime	
188½	198½			100				Lime with some iron staining	
198½	203			100				Barren lime	
203	204			85				Heavily iron-stained lime with chert	
204	206			100				Sanded iron-stained lime	
206	209			100				Very hard lime with some iron coloration	
209	216			100				Barren lime	

SERRANO MERCURY MINE
1310 State Street
Boise, Idaho

DRILL LOG

HOLE NO: DDH 2 SHEET 3 OF 4

PROJECT NAME: OME-6133 (Mercury)

LOCATION:

PROJECT LOCATION: Valley County, Idaho

ELEVATION:

DATE STARTED: 7-16-62 FINISHED: 9-30-62

DIP:

SIZE:

REMARKS:

DEPTH From	DEPTH To	CORE Inch Drill	CORE Inch Recov	CORE % Recov	Sample No.	ASSAY Core	ASSAY Sludge	Classification	Remarks
16	216			100				Honeycombed lime, no [redacted] visible	
16	218			100				Barren white lime	
18	219			100				Yellow lime	
19	222			100				Hard limestone	
22	222½"			100				Chalcedony, some [redacted] visible	
22½"	227			100				Hard, barren lime	
27	228			85				Porous chalcedony with [redacted] visible with glass	
28	239			100				Iron-stained lime tending to sand in core box	
39	249			100				Mottled lime with purplish cast	
49	250			100				Same as above	
50	297			100				Barren white lime	
47	302	60	55	[redacted]	1	1.2		Chalcedonic material, [redacted] visible as "paint" particularly where honeycombed	
[redacted]	[redacted]			[redacted]				[redacted]	
02	307	60	60		2	4.1		Chalcedony, visible [redacted]	
[illegible]	312	60	52		3	1.0		" " "	
12	317	60	[redacted]		4	0.2		Chert	
17	322	60	48		5	1.0		Chert	
2	327	60	56		6	0.3		Chert	
27	332	60	55		7	23.3		Chert with one foot band milky quarts, crystalline cinnebar	
32	337	60	58		8	0.4		Chert	
37	341	48	46		9	0.4		Cherty lime	
41	344			100				Iron-stained lime with [redacted] visible as "paint"	
[illegible]	359			95				White marble with some iron-stained, sanded sections--No [redacted] visible	

DRILL LOG

NO. _____ SHEET 2 OF 3

LOCATION: _____

ELEVATION: _____

DIP _____

REMARKS: _____

PROJECT NAME: [illegible]

PROJECT LOCATION: Valley County, [illegible]

DATE STARTED: 7-15-62 FINISHED: _____

SIZE: _____

DEPTH From	DEPTH To	CORE Inch Drill	CORE Inch Recov	CORE % Recov	Sample No.	ASSAY Core	ASSAY Sludge	Classification	Remarks
	8			20				Sandy yellow lime	
[illegible]	10			90				Same as above	
[illegible]	14			12				Sanded lime	
[illegible]	16			60				Barren lime	
[illegible]	[illegible]			95				Yellowish lime	
[illegible]	23			80				Yellow lime, very sandy	
	26[illegible]			90				Soft yellow lime	
[illegible]	35			80				Lime with bands of cherty material	
	35			75				Narrow bands of chert; some [redacted] visible with glass	Mg
[illegible]	43			100				Soft, mottled iron-stained lime	
[illegible]	48			90				Barren lime	
[illegible]	53			95				Barren white lime	
53	54			30				Soft, yellow lime	
54	58			90				Sanded brown & yellow lime	
58	63			90				Iron-stained, sandy lime	
63	68			90				Iron stained lime with veinlets of chalcedony	
68	72[illegible]			95				Brown stained, sanded lime	
72[illegible]	73			98				Gray & white fault gouge, talcy	
73	78			100				Brown lime with spots of bright orange-red (N[illegible] [redacted]	Mg
78	91			100				White lime with inclusions of chert. Crystal[illegible] [redacted] visible on end of core at 91'.	Mg
91	96			90				Brown-stained lime with chert inclusions	
96	97			75				Heavily iron-stained cherty material. [redacted] visible	Mg
97	99			85				Cherty materiall—iron stained	
99	101			95				Yellow lime	

SEHRAN [illegible] MINE
1310 State Street
Boise, Idaho

DRILL LOG

NO. [illegible] SHEET 2 OF 3

PROJECT NAME: OME-6133 (Mercury)

LOCATION:

PROJECT LOCATION: Valley County, Idaho

ELEVATION:

DATE STARTED: 7-16-62 FINISHED: 9-30-[illegible]

TP

SIZE:

REMARKS:

DEPTH From	DEPTH To	CORE Inch Drill	CORE Inch Recov	CORE % Recov	Sample No.	ASSAY Core	ASSAY Sludge	Classification	Remarks
[illegible]	110			95				Yellowish lime with network of cherty inclusions	
[illegible]	112			100				Same as above	
[illegible]	120			95				Barren brown lime with cherty inclusions	
[illegible]	[illegible]			90				Hard, iron stained lime	
[illegible]	125			90				Soft yellow lime, sanded	
[illegible]	127			90				Soft yellow lime	
[illegible]	129			100				Hard yellowish lime with chert bands showing some [redacted] Hg	
[illegible]	133			95				Brown lime with cherty inclusions	
[illegible]	134			75				Iron stained, broken lime with bits of chert	
[illegible]	138			80				Broken chalcedonic material	
[illegible]	139			75				Clayey material with pieces of chert	
[illegible]	149			85				Iron stained lime with chert, manganese stain, small amounts [redacted] Hg	
[illegible]	153			80				Brown & yellowish lime	
153	154			100				Yellowish lime with bits of chert	
154	158			80				Barren white lime	
158	171			90				" " "	
[illegible]	174			95				Yellow lime, some sanding	
174	178			90				Barren white lime with spots of iron	
[illegible]	188			95				Yellow lime	
185	193			95				Yellow lime	
193	195			75				Highly altered brown gouge	
195	199½			70				Soft, sanded yellow lime	
199½	208			75				Same as above	
208	210			95				Hard white lime	

Boise, Idaho

DRILL LOG

HOLE NO. [illegible] 3 SHEET 3 OF 3

PROJECT NAME: OMF-6133 (Mercury [illegible]

LOCATION:

PROJECT LOCATION: Valley County, Ida[illegible]

ELEVATION:

DATE STARTED: 7-16-62 FINISHED: [illegible]

DIP

SIZE:

REMARKS.

DEPTH		CORE			Sample No.	ASSAY		Classification	Remarks
From	To	Inch Drill	Inch Recov	% Recov		Core	Sludge		
[illegible]	216			95				Barren white lime	
[illegible]	217			50				Soft bright yellow lime with iron oxides	
[illegible]	[illegible]			95				White marble	
[illegible]	230			98				" "	
[illegible]	235			80				Generally white lime with spots of yellow [illegible]	
[illegible]	236			98				Iron stained lime	
[illegible]	[illegible]			95				Sanded brownish lime with calcite bands	
[illegible]	[illegible]			100				White marble	
[illegible]	[illegible]			95				Soft yellow lime (definite change in formation)	
[illegible]	255			95				Brown & yellow lime	
[illegible]	263			90				Yellow lime, tendency to sand	
[illegible]	[illegible]			95				Hard, white lime	
[illegible]	[illegible]			94				Barren whitelime	
[illegible]	290			95				White lime with ribs of yellow lime	
[illegible]	300			98				Barren white lime	

SERVICE [illegible]
[illegible] Street
Boise, Idaho

DRILL LOG

NO. [illegible] SHEET 1 OF 2

PROJECT NAME: OME-6133 (Mercury)

LOCATION: [illegible]

PROJECT LOCATION: Valley County, Idaho

ELEVATION: [illegible]

DATE STARTED: 7-16-62 FINISHED: 9-[illegible]

DIP [illegible]

SIZE: [illegible]

REMARKS: [illegible]

DEPTH From	DEPTH To	CORE Inch Drill	CORE Inch Recov	CORE % Recov	Sample No.	ASSAY Core	ASSAY Sludge	Classification	Remarks
[illegible]	[illegible]			0				Overburden-no core	
[illegible]	[illegible]			100				Barren white lime	
[illegible]	[illegible]			100				Yellow lime with bright reddish orange staining--No [redacted] visible Hg	
[illegible]	[illegible]			100				Barren white lime	
[illegible]	135			95				" " "	
[illegible]	15[illegible]			80				Sanded yellow lime	
[illegible]	16[illegible]			100				Iron-stained lime	
[illegible]	168			100				" " "	
[illegible]	180			100				" " "	
[illegible]	171			100				Streaks of white fault gouge	
[illegible]	[illegible]			100				Barren white lime	
[illegible]	[illegible]			90				Sandy lime, yellow cast	
[illegible]	[illegible]			100				Yellowish lime with considerable orange-re staining--No [redacted] visible Hg	
[illegible]	[illegible]			100				Cherty conglomerate--No [redacted] visible Hg	
[illegible]	206			100				Cherty material--No [redacted] visible Hg	
[illegible]	[illegible]			95				Soft, talcy material	
[illegible]	[illegible]			100				Hard, barren lime	
[illegible]	212			100				Very hard, iron stained lime with cherty inclusions	
[illegible]	215			100				Same as above	
[illegible]	222			80				Hard lime with some calcite crystals	
[illegible]	232			85				Iron-stained lime with streaks of light material giving marbling effect	
[illegible]	237			50				Honeycombed chert-No visible [redacted] Hg	
[illegible]	242			60				Same as above	
[illegible]	[illegible]			90				Iron stained lime--crushed pieces of chert	

SERRANO MERCURY MINE
1310 State Street
Boise, Idaho

DRILL LOG

HOLE NO: DDH 4 SHEET 2 OF 2

PROJECT NAME: OME-6133 (Mercury)

LOCATION:

PROJECT LOCATION: Valley County.

ELEVATION:

DATE STARTED: 7-16-62 FINISHED:

DIP

SIZE:

REMARKS:

DEPTH		CORE			Sample No.	ASSAY		Classification	Remarks
From	To	Inch Drill	Inch Recov	% Recov		Core	Sludge		
253	257			100				Soft yellowish lime with a great deal of pink coloring—No Hg visible	
257	268			85				Same as above	
268	271			90				Soft gray & white gouge material	
271	276			100				Soft yellow lime	
276	284			90				Very soft lime with one foot section of [illegible] and gray fault material	
284	293			85				Iron-stained cherty material—No Hg [illegible]	
293	300½			100				Barren white lime	

SERRANO MERCURY MINE
1310 State Street
Boise, Idaho

DRILL LOG

HOLE NO: DDH 5 SHEET 1 OF (1)

PROJECT NAME: OME-6133 (mercury)

LOCATION:

PROJECT LOCATION: Valley County, Idaho

ELEVATION:

DATE STARTED: 7-16-62 FINISHED: 9-30-62

DIP:

SIZE:

REMARKS:

DEPTH From	DEPTH To	CORE Inch Drill	CORE Inch Recov	CORE % Recov	Sample No.	ASSAY Core	ASSAY Sludge	Classification	Remarks
[illegible]	10			60				Soft brown & yellow lime	No [redacted] Hg
[illegible]	20			95				Hard white lime with iron staining	
[illegible]	23			90				Hard white lime except for last one foot, [redacted] Hg stain in chert	
23	29			50				Marbled chert grading into heavily iron-stained lime with some [redacted] Hg visible with glass	
[illegible]	39			100				Hard, white lime—no [redacted] Hg	
[illegible]	49			100				White lime with some iron stain	
[illegible]	70			100				Same as above	
[illegible]	80			100				Barren white lime, iron staining	
[illegible]	90			100				Hard lime with considerable iron stain	
[illegible]	110			100				White lime, some iron stain	
[illegible]	120			100				Same as above	
120	124			100				Same as above	
124	124½			100				Chert stringers—no [redacted] Hg visible	
124½	155			100				Pure white marble	
155	172			100				White lime void of [redacted] Hg	
172	195			100				Same as above	
195	199½			90				Change in formation—Softer iron-stained core with occasional chert stringers	
199½	204½			100				Dark brown stained, soft material with [illegible] taining minute [redacted] Hg in chert	
204½	215			100				White lime grading into light brown--no [redacted] Hg visible	
215	240			100				Barren white lime	

So. 157 Howard Street
Spokane 4, Washington
March 20, 1963

EXTRA COPY
O. M. E
RECEIVED MAR 22 1963
DATE
800

Mr. T. R. Baugh
1310 West State Street
Boise, Idaho

Re: OME-6135 (Mercury)
T. R. Baugh
Fern Cinnabar Group
Valley County, Idaho
Contract 2134

Dear Mr. Baugh:

Your "July & Aug., 1962," and "September, 1962," vouchers have been returned by the Contract Administration and Audit Division. A review of attachments has disclosed that only the $390.00 claimed for Category (1) bulldozing costs has been properly documented.

The invoice covering the Category (1) drilling includes 98 feet of NC, whereas the contract provides that all drilling shall be done with coring bits. Also the invoice does not identify the holes involved. The "July & Aug., 1962," narrative states that DDH No. 3 bottomed at 300 feet and that DDH No. 2 also was drilled, but the depth is not specified. Your letter of September 10, 1962, indicates that DDH No. 2 bottomed at 355 feet, but the drill log indicates that it bottomed at 359 feet.

A question has been raised as to the authenticity of the drilling invoice. With my letter of September 25, 1962, I returned the "July & Aug., 1962," vouchers for certain corrections. I quote part of the third paragraph of that letter: "Some of the items will be disallowed, but it is better to claim them as invoiced. . . . For example, the driller's invoice indicates that hole A was drilled 98 feet with a noncoring bit. . . . The driller's invoice also shows unit costs for NX drilling of $9.25 and $10.00 per foot for holes C and D, respectively." Apparently, you misunderstood my letter, as the driller's invoice which accompanied the resubmitted "July & Aug., 1962," voucher no longer contains those items--a point which I missed at the time.

All invoices should be true, even if prices are in excess of those allowable; and, if not the originals, carbons, or true reproductions (such as photostat, Ozalid, or Thermo-Fax copies), must be certified as specified in the last portion of the next to last paragraph on the back of BMM Form 60.

The amounts claimed under Category (3) by you as a self-employed engineer-supervisor are supported by statements that you worked in connection with the contract for 4 days in July, 21 days in August, and 28 days in September. The dates on which you worked and the rate of self-employment remuneration must be specified. I had approved payment based on 4/31 x $600.00, 21/31 x $600.00 and 28/30 x $600.00 for July, August, and September, respectively, but these calculations should be on the basis of the actual number of working days in each month rather than on the number of days in each month. To clarify these points, you should certify as to:

1. The dates you actually worked on the project each month.
2. The actual rate of self-employment remuneration.
3. The total number of project work days in each month.

The amounts claimed under Category (4) for pickup truck rental would be calculated on the same basis unless it was used full time by the drillers and provided "rent" was actually paid at the rate shown on the invoice to a separate legal entity. However, it appears from the invoice that you own the pickup, in which case depreciation rather than rent would be appropriate. If you actually paid Baugh Insulation Company the rent shown on the invoice, a certification to that effect or a receipt on the invoice and a certification the pickup is owned by Baugh Insulation Company would document the claim.

Finally, the amounts claimed under Category (7) for self-employment tax are not acceptable costs under the contract. These are personal taxes based on personal income derived from sole proprietorships and partnerships and reportable on individual income tax returns. Although they are F.I.C.A. taxes, they are not the same as an "employer's" F.I.C.A. tax, which is allowable under the contract.

If you will justify the need to drill part of the holes NC and will clear up the question of actual ownership of the pickup, I will request a suitable amendment to the contract.

In the event that you may wish to combine the two vouchers into one, a set of forms is enclosed. This will require only one copy of each of the supporting documents above mentioned. I am holding the bulldozer invoice and the drill logs, which require no change, but am returning all other invoices. If you do not wish to combine the two vouchers, the claims on each must be supported as stated above before payment can be made.

Sincerely yours,

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

Enclosures
DRMaclaren:my
cc: OGE(2); CFT
Reading copies to:
Bolen, McKelvey

MAR 1 2 1963

Memorandum

To: Acting Field Officer, Region 1

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

Subject: OME-6133 (Mercury)
T. E. Baugh
Fern Cinnabar Group
Valley County, Idaho
Contract 2134

Enclosed are the original and two copies of the subject Operator's "July & Aug. 1962" MME Form 60, which you recently approved and submitted to the Department's Fiscal Section for payment. Because of doubts as to the adequacy of some of the documentary evidence of actual costs, the Fiscal Section in turn referred the enclosures to this Division.

A review of the attachments has disclosed that only the $390.00 claimed for Category (1) bulldozing costs has been adequately documented. The invoice covering the Category (1) drilling includes 98 feet of NC, whereas the contract provides that all drilling shall be done with coring bits. Furthermore, the holes involved are not identified and the total of 604 feet invoiced cannot be checked because drill logs were not submitted as required by Article 3(b) of the contract. The narrative states that DDH 3 bottomed at 300 feet and that DDH 2 also was drilled, but the depth is not specified. A September 10 letter from the Operator indicates DDH 2 bottomed at 355 feet.

Incidentally, some doubt as to the authenticity of this drilling invoice is caused by the last two sentences in the third paragraph of your September 25 letter to the Operator. All invoices should be true, even if prices are in excess of those allowable; and, if not originals, carbons, or true reproductions (such as photostat, ozalid, or thermofax copies), must be certified as specified in the last portion of the penultimate paragraph on the reverse of MME Form 60.

The $600.00 claimed by the Operator under Category (3) as a self-employed engineer-supervisor is supported by a statement that he worked in connection with the contract for 4 days in July and 21 days in August. It does not specify the dates on which he worked or his rate of self-employment remuneration. Your approval of $483.87 is calculated as 4/31 and 21/31 of $600.00; the calculation is acceptable if he actually drew $600.00 a month on a 31 day basis. Ordinarily such calculations are on the basis of actual working days in a month.

The $150.00 claimed under Category (4) for pick-up truck rental has been approved by you for $120.96 on a basis of calculations of 4/31 and 21/31 of $150.00, which is acceptable if "rent" was actually paid at that rate to a separate legal entity and the months consisted of 31 working days each. It appears from the invoice, however, that the Operator owns this pick-up and, therefore, depreciation rather than rent is appropriate.

The $27.00 claimed under Category (7) for self-employment taxes is not an acceptable cost under the contract. This is a personal tax based on personal income derived from sole proprietorships and partnerships and reportable on individual income tax returns. Although it is a F.I.C.A. tax, it is not the same as an "employer's" F.I.C.A. tax, which is allowable under the contract.

If this contract should be amended to provide for non-core drilling and depreciation of the truck, it is suggested that you make such recommendations.

Enclosures

EDTalbert/ama 3-12-63

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

MAR 1 4 1963

Memorandum

To: Acting Field Officer, Region I

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

Subject: OME-6133 (Mercury)
T. E. Baugh
Fern Cinnabar Group
Valley County, Idaho
Contract I134

By memorandum dated March 11 you recommended to the Chief, Division of Field Operations, that the requirement for a final report from the subject Operator be waived. You further requested that, if he concurred, the enclosed "September 1962" MME Forms 60 and 61 with attachments be referred to this Division for preparation of a Report of Review in lieu of a final audit.

Your recommendation has the concurrence of the Chief, Division of Field Operations. A Report of Review, however, is not in order at this time for the reasons set forth in my March 12 memorandum. That memorandum, which crossed in the mail with your March 11 memorandum, returned the "July & Aug. 1962" Forms 60 and 61 with the suggestion that a contract amendment may be in order.

The "September 1962" voucher and report also is returned because (1) none of the exceptions stated in my March 12 memorandum also apply to this claim, and (2) it seems desirable to keep both claims together. In fact, the Operator may desire to submit a consolidated revision.

Enclosures

EDTalbert/ama 3-14-63

cc:
Docket
Director's Reading File
CA & A Division
Mr. Talbert

800

So. 157 Howard Street
Spokane 4, Washington
March 11, 1963

Memorandum

To: Chief, Contract Administration and Audit Division

From: Acting Field Officer, Region I

Subject: CMR-6133 (Mercury)
T. R. Baugh
Fern Cinnabar Group
Valley County, Idaho
Contract 2134

Work under the subject contract was completed September 30, 1962.

The number of units of work completed by the Operator and accepted by the Acting Field Officer as conforming to contract specifications were:

Bulldozing access roads and drill sites	26 hours
Diamond drilling	1,500 feet

The requirement for an Operator's final report has been waived.

A Report of Review, in lieu of a final audit, is in order and requested. For this purpose, the original copies of a final (September, 1962) MMR-60 and MMR-61, together with supporting documentation, are attached.

D. R. MacLaren

Attachments

DRMacLaren:my

cc: CMR
CPF
Reading copies to:
Nelms
McKelvey

3/11/63

Mr. Talbert:

Would appreciate knowing if the attached certification covering supervision and taxes is acceptable under the terms of the contract and instruction on reverse of MME form 60.

Re: 2134f

B. H. Brown

So. 157 Howard Street
Spokane 4, Washington
March 11, 1963

O. M.
RECEIVED MAR 13 1963
DATE
800

Memorandum

To: Chief, Division of Field Operations

From: Acting Field Officer, Region I

Subject: OME-6133 (Mercury)
T. R. Baugh
Fern Cinnabar Group
Valley County, Idaho
Contract 2134

Enclosed is a copy of the subject Operator's narrative report for September; the one for July and August accompanies the voucher for those two months. As the entire project is described in these two narratives and it is doubtful that any additional information will be gained by having the Operator combine them into an Operator's final report, it is recommended that this requirement be waived.

If you concur, kindly pass on to the Contract Administration and Audit Division the accompanying memorandum requesting a Report of Review in Lieu of Final Audit. However, should you not concur, please return the accompanying memorandum and voucher, as the memorandum would therefore not be factual and a request to withhold certain funds pending receipt of a final report would be in order.

I shall not authorize the Operator to dispose of the cores until I can take some check samples during my next swing into the Boise area.

D. R. MacLaren

Enclosures

DRMacLaren:my

cc: OME
CPF
Sending copies to:
Nelson
McKelvey

So. 157 Howard Street
Spokane 4, Washington
February 18, 1963

RECEIVED Feb 20

Mr. T. R. Baugh
1310 West State Street
Boise, Idaho

Re: CMR-6135 (Mercury)
T. R. Baugh
Farm Cinnabar Group
Valley County, Idaho
Contract 8134

Dear Mr. Baugh:

In a telephone conversation about three weeks ago, you said you planned to mail on the following day the documentation in support of your voucher, which was requested in my letter of January 24, 1963. This is to advise you that the material has not yet been received.

Sincerely yours,

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

DRMacLaren:my

cc: CMR(2)
CFF
Sending copies to:
Salem
McMahon

So. 157 Howard Street
Spokane 4, Washington
January 25, 1963

RECEIVED JAN 28 1963
800

Memorandum

To: Chief, Division of Field Operations

From: Acting Field Officer, Region I

Subject: OME-6133 (Mercury)
T. R. Baugh
Fern Cinnabar Group
Valley County, Idaho
Contract 2134

During an inspection loop, I spent the night of November 12, 1962, in Boise. The subject property, which is now also known as the Sarrano Mercury Mine, was inaccessible because of heavy snow in the high country along the route. T. R. Baugh called at the motel late in the afternoon to discuss the drilling results--and vouchering problems. He showed me several assays of core samples from DDH No. 2, one of which showed 20 pounds and another 4 pounds mercury per ton. The other samples were one pound or less.

When Baugh told me the core was at his home, we went there so I could look at the more promising sections, but by that time daylight was fading rapidly and there was no satisfactory outside light. Also, Baugh was not then sure of the locations of the sample intercepts. He has since submitted a corrected voucher for July and August and a final voucher for September, with which he included an apparently excellent set of logs. I have returned the logs for the addition of the assays, which he had omitted.

Accompanying the vouchers as support of a claim for rental of a pickup truck are invoices from Baugh Insulation Company to T. R. Baugh. Although Baugh Insulation Company as an entity owns the pickup, T. R. Baugh is in fact most of Baugh Insulation Company. The matter of Baugh Insulation Company renting the pickup to T. R. Baugh was discussed in Boise. I expressed doubt that this could be approved as a valid cost of the contract, since he was claiming rental on a pickup which he in effect already owns. The pickup is a 1960 Chevrolet ½-T vehicle, which Baugh estimates as having a present market value of $1,800. Please advise me whether the rental can be allowed or, if not, whether the contract can be amended to allow depreciation for the use of the pickup.

D. R. MacLaren

DRMaclaren:my
cc: OME(1); CFF
Reading copies to:
Nelson, McHalvey

No. 157 Howard Street
Spokane 4, Washington
January 24, 1963

RECEIVED
O. M. E
JAN 28 1963
800

Mr. T. R. Baugh
1310 West State Street
Boise, Idaho

Re: OMS-6133 (Mercury)
T. R. Baugh
Pure Cinnabar Group
Valley County, Idaho
Contract 2134

Dear Mr. Baugh:

During our visit in Boise on November 12, 1962, you showed me several assays of samples taken from the core of DDH No. 2, one of which was 4 pounds mercury per ton, another 20 pounds. We later looked for these core sections at your home but because of the poor and fast-fading light were unable to find them.

I have only just had an opportunity to go over the drill hole logs which were included with your September voucher and am surprised to find no assay values whatsoever recorded therein. Where mercury is visible, it is often difficult to determine by eye whether or not it is present in significant amounts. With mercury worth about $2.66 per pound, four-pound rock is approaching significance and should be sampled. By comparing the frequency of visible cinnabar in other sections of core with that in the four-pound section, you would have a guide as to whether or not a sample should be taken in order to comply with the last sentence in the second paragraph of Exhibit A.

Returned herewith are the logs for the addition of your sample assays. Your narrative reports for July-August and for September, read in conjunction with remarks in the logs, suggest several core intervals that might warrant sampling. Where mercury is visible as "paint", it might be advisable to split the core for a look at a fresh surface--the "paint" could be the result of smearing of the core by the bit or core barrel. I only mention this as a suggestion, as of course it would depend somewhat on the amount and appearance of the paint, and I was able to see only a small part of the core because of the poor light when I looked at it.

It is stated in the September narrative that it was impossible for you to be on the site at the time DDH No. 4 was started. As this is

an actual-cost contract, will you submit two statements, one certifying as to the days during July and August that you were actually doing engineering or supervisory work, the other certifying as to the days during September that you were actually doing engineering or supervisory work.

As soon as you return the logs with the answers added and the certifications, I will continue to process your voucher. Would it be possible to include a second copy of the logs? I am referring the matter of the pickup rental to our Washington, D. C., office.

Sincerely yours,

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

Enclosures

DRMaclaren:mg

cc: CMK(2)
CFF
Mailing copies to:
Nolan
McKelvey

So. 157 Howard Street
Spokane 4, Washington
November 1, 1962

O. M. E
RECEIVED NOV 5 62
800

Mr. T. R. Baugh
1310 West State Street
Boise, Idaho

Re: OME-6133 (Mercury)
T. R. Baugh
Fern Cinnabar Group
Valley County, Idaho
Contract 2134

Dear Mr. Baugh:

With my letter of September 25, 1962, I returned your voucher for certain corrections. I expect to be in Boise at Bryson's Motel the night of Monday, November 12, estimated time of arrival about 5:30. I would be glad to meet with you that evening to discuss the results of the summer's drilling and clarify any points raised in my September 25th letter that have been unclear to you.

Sincerely yours,

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

DRMacLaren:ny

cc: OME(2)
CPF
Reading copies to:
Nolan
McKelvey

800

So. 157 Howard Street
Spokane 4, Washington
September 25, 1962

Mr. T. R. Baugh
1310 West State Street
Boise, Idaho

Re: GME-6133 (Mercury)
T. R. Baugh
Fern Cinnabar Group
Valley County, Idaho
Contract 2134

Dear Mr. Baugh:

Returned herewith are all copies of MME Forms 60 and 61 and driller's invoice for certain corrections. On the MME Form 60 you show $390.00 for bulldozing. This should be supported by a copy of an invoice from the bulldozer contractor, signed by him, showing the size dozer used, the hours worked, the price per hour charged, and the total amount. Similarly, you should support the $600.00 claimed for supervision and technical services by a signed statement of the time actually spent on the job. Otherwise, this form appears to be correctly made out.

Form MME-61 requires more than you have indicated. An attempt to describe the proper way to complete this form might leave you in some confusion. I have, therefore, indicated how the form should be made out. The voucher and the invoices must agree, as must the totals at the bottom of each form.

Some of the items claimed will be disallowed, but it is better to claim them as invoiced. For example, the driller's invoice indicates that hole A was drilled 98 feet with a noncoring bit. Without an amendment, this cannot be approved as complying with the contract. You have not requested such an amendment, and a request after the fact is sometimes difficult to approve. It would depend upon the reason for the amendment and the reason for delaying the request. The driller's invoice also shows unit costs for HX drilling of $9.25 and $10.00 per foot for holes C and D, respectively. This exceeds the contract price of $8.75.

Also missing is a narrative report describing the work completed, the results, and mention of difficulties encountered; the dates the bulldozing and the drilling started are of interest. A map showing

the locations of the holes as designated in the driller's invoice should accompany the voucher.

As soon as I receive the corrected voucher forms, invoices, statement, narrative, and map, I will proceed to process the voucher.

Sincerely yours,

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

Enclosures

DRMacLaren:my
cc: CMR(2)
CFF
Reading copies to:
Nolan
McKelvey

APR 1 3 1964

Mr. T. R. Baugh
3620 Sycamore Drive
Boise, Idaho

Re: OME-6133 (Mercury)
T. R. Baugh
Fern Cinnabar Group of Claims
Valley County, Idaho
Contract 2134

Dear Mr. Baugh:

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 possible production 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 contract. Your attention, however, is called to the provisions of the contract which require the operator to keep and preserve certain records for the periods indicated.

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

Sincerely yours,

George Fumich, Jr.

Acting Director

MMerrithew/mm
4/11/64

cc: Robert Warberg, 438 AlturasDrive, Twin Falls, Idaho
George Warberg, 604 Main Street, Twin Falls, Idaho
Director's Reading File
Region I
✓CA&A Division
Docket
Code 500

MME Form 14
March 1961

No. 208

Contract No. Idm-E) 14-23) 2134

Docket No. DMEA) MME) 6133

Date of Action May 20, 1963
Terminated contract

DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OBLIGATION DOCUMENT

To: Chief, Fiscal Section, Office of the Secretary

From: Chief, Division of Administrative Management

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

Name and Address of Contractor:

Baugh, T. R.
3620 Sycamore Drive
Boise, Idaho

Date of Contract	Region	State	Commodity
December 22, 1961	I	Idaho	Mercury

	Reserve	Obligation
Prior Amount	0	$9,255.00
Increase	0	0
Decrease	0	903.37
Revised Amount	0	$8,351.63

Remarks:

cc: 110
800
210

88995-61

MME Form 14
March 1961

No. 127

Contract No. Idm-E) 14-23) 2134

Docket No. DMEA) MME) 6133

Date of Action April 9, 1962
Executed Contract

DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OBLIGATION DOCUMENT

To: Chief, Fiscal Section, Office of the Secretary

From: Chief, Division of Administrative Management

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

Name and Address of Contractor:

Baugh, T. R.
3620 Sycamore Drive,
Boise, Idaho

Date of Contract	Region	State	Commodity
December 22, 1961	I	Idaho	Mercury
	Reserve		Obligation
Prior Amount	$9,255.00		0
Increase	0		$9,255.00
Decrease	~~9,255.00~~		~~0~~
Revised Amount	0		$9,255.00

Remarks:

6 1/4% interest

cc: 110
800
210

88995-61

MME Form 50
Feb. 1959

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Audit's Copy

APR 9 1962
O.M.E.

EXPLORATION CONTRACT
(Long Form)

Docket No.	Commodity	Contract No.	County	State
OME -6133	Mercury	14-23-090- 2134	Valley	Idaho

It is agreed DEC 2 2 1961 (Date), between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government," and

T. R. Baugh

whose mailing address is 3620 Sycamore Drive, Boise, Idaho, hereinafter called the "Operator, as follows:

ARTICLE 1. Authority and scope.--(a) This contract, entered into under the authority of Public Law 701, 85th Cong., 2d sess. (72 Stat. 700; 30 U.S.C. § 641 - 646), consists of this form, the attached Annex I (land description), Exhibit A (work and costs), and the maps and documents listed. The work is a search for new or unexplored deposits of the commodity designated above. The Operator shall begin the work on or before August 1, 1962 (Date), and, subject to the provisions of Article 9 and Exhibit A, shall either have completed the work within 10 months from the date of the contract or shall have incurred allowable costs (see Article 6) in a sum not less than the total cost set forth in Exhibit A.

(b) The total allowable cost of the work set forth in Exhibit A is $18,510.00. The Government will contribute 50 percent of the allowable costs as they are incurred, in a total sum not in excess of $9,255.00 in accordance with the provisions of Articles 3, 4, 5, and 6. "Costs incurred" means costs that have been paid or have become due and payable, or that the Government determines have become obligations.

(c) Interest computation.--Simple interest computed annually at the rate of 6 ¼ percent shall accrue from the dates Federal funds are made available until the period specified for payment of royalty expires, or until the amount of Federal funds contributed is fully repaid with interest.

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

ARTICLE 2. Operator's rights in land.--(a) The Operator represents and undertakes that Annex I correctly describes the land which is the subject of this contract and the nature of the Operator's right of property and possession therein (whether as owner, lessee, or otherwise), and that such right, title, or interest is subject only to the following claims, liens, or encumbrances:

Interest of Lessors

(b) 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 lien agreement of any holder of the legal title of the land (lessor, seller, optionor, etc.) are attached as follows:

Lien and Subordination Agreements of Lessors

(c) The Operator shall preserve and maintain his right, title, or 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. 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 royalty on production and liens for the payment thereof. Two true copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 7 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

ARTICLE 3. Performance of the work.--(a) Operator's responsibility.--The work shall be performed diligently, efficiently, in a workmanlike manner in accordance with good mining standards, and in compliance with State laws governing health, safety, and liability insurance covering employment. The Operator shall provide suitable and adequate equipment, facilities, materials, supplies, and labor to complete the work as specified in Article 1(a).

(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 (see Article 6(a), Category (1)). 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, the Government will participate in payments to the independent contractor only as to work performed in accordance with the provisions of this exploration 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 production operations during the period that royalty is payable to the Government. The Operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 4. Contribution by the Government.--(a) The Government will make its contribution on the basis of the monthly vouchers referred to in Article 5(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 and the Operator's final report has been received, the Government may withhold such sums as are necessary to protect its interests. The Government may make payments for the account of the Operator directly to independent contractors and suppliers rather than to the Operator.

ARTICLE 5. 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. 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 all pertinent books, documents, papers, and records of the Operator. 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) Monthly reports.--The Operator shall provide the Government with five copies of monthly reports in three sections as follows:

(1) Operator's Monthly Voucher claiming costs for work performed;

(2) Operator's Progress Report showing the number of units of the various types of work performed; 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 monthly report). 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 the related costs.

(d) Report of sales.--The Operator shall provide the Government with suitable accounting and documentary evidence covering all production to which the Government's 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 the Government determines that 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 preparation or completion of the same 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 6. Costs.--(a) Allowable costs.--The allowable costs of the work to which the Government will contribute are limited to:

(1) the necessary, reasonable, and direct actual costs that are estimated in Exhibit A by categories as specified in this article; and

(2) fixed costs for units of work to be performed (per foot, per hour, etc.) agreed upon in lieu of actual costs and set forth in Exhibit A.

The Government will not contribute to costs under any category or subcategory omitted from the estimate of costs in Exhibit A. Any excess over any estimate which is indicated as the maximum of any category, subcategory, or item, either as to requirement or related cost; any excess over a fixed unit cost; and any excess over the total allowable cost of the work are not allowable. The Operator shall incur such excesses for his own account without contribution by the Government, but the Operator is not obligated to incur more than his agreed percentage of the total allowable cost of the work.

Any category or subcategory or element thereof not designated as a maximum in this article or in Exhibit A may be exceeded, provided that the total allowable cost of the work, which is a maximum, is not exceeded.

CATEGORY (1)--INDEPENDENT CONTRACTS.--(See Article 3(b)). The total of this category and the average unit cost estimated for each type of work to be performed under an independent contract are maximums.

CATEGORY (2)--PERSONAL SERVICES.

Subcategory (a)--Supervision and Technical Services--All elements of this subcategory (number of supervisors, technicians, outside consultants, periods of employment, rates of pay, and total) are maximums.

Subcategory (b)--Labor.

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

CATEGORY (4)--OPERATING EQUIPMENT.

Subcategory (a)--Rental.--The number of each rented item [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 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.--Costs of items listed under this category include all requirements, 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 total of this category is a maximum.

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

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

CATEGORY (6)--NEW BUILDINGS, FIXTURES, AND INSTALLATIONS (EXCLUSIVE OF MINE WORKINGS).--Costs of items listed under this category include all requirements, 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 total of this category is a maximum.

CATEGORY (7)--MISCELLANEOUS.--Includes requirements and costs that do not fall within any of the first six categories, such as repairs other than initial and maintenance of operating equipment, analytical work, prints and other reproductions, accounting, Operator's share of payroll taxes, liability insurance covering employment, travel, and communications.

(b) Nonallowable costs.--The Government will not contribute to the following costs:

(1) Costs of the land, such as rental, depreciation, depletion, or other costs 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 total cost. This provision does not apply to receipts from production which are subject to the Government's royalty under the provisions of Article 7.

ARTICLE 7. Repayment by Operator.--(a) Certification.--If the Government considers that mineral or metal production from the land covered by the contract may be possible as a result of the exploration work, it shall so certify in writing to the Operator at any time not later than six months after a sufficient final report and final accounting (see Article 5) have been furnished.

(b) Royalty on production.--The Operator, whether or not the producer (for example, if the Operator either transfers or does not retain his interest in the land), shall pay to the Government a royalty on all minerals and metals mined or produced from the land as follows:

(1) irrespective of any certification of possible production--from the date of the contract until the lapse of the time within which the Government may issue such certification or until the total net amount contributed by the Government is fully repaid with interest, whichever occurs first; or

(2) if the Government issues a certification of possible production--for a period of ten years from the date of the contract, or until the total net amount contributed by the Government is fully repaid with interest, whichever occurs first.

(c) Payment of royalty.--(1) The Government's royalty shall be five percent of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrate, 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 (such as treatment processes performed by the buyer, sampling and assaying to determine the value of the production sold, and freight payable 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. No costs of the Operator are deductible in arriving at the "gross proceeds" as that term is here used.

The term "treatment processes" means those processes (such as milling, concentrating, smelting, refining, or equivalent, but excluding fabricating or manufacturing) applied to the crude ore or other production after it is extracted from the ground to put it into a commercially marketable form.

(2) 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.

(d) Unsold production.--If any production (ore, concentrate, 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, concentrate, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time 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) Lien for payment.--To secure the payment of royalty (see Article 7(b)), the Operator hereby grants to the Government a lien upon his interest in the land and upon any production of minerals and metals therefrom until the royalty claim is extinguished by lapse of time or is fully paid.

(f) 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 Government, and this estimate shall be final and binding upon the Operator.

(g) No obligation to produce.--Nothing in this contract shall be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

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

ARTICLE 8. 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, and any reasonable and necessary cost thereof will be treated as an allowable cost of the exploration. After the completion of the work, termination of the Government's obligation to contribute, or when such property is not being used for the work, the Operator shall not use it elsewhere without the written consent of the Government and without paying a reasonable rental to be fixed by the Government for its proportionate interest.

(c) Disposal of property.--Upon the completion of the work, 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, sale to others, purchase by the Operator, or sale or transfer to 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 that cost more than $500, and shall not sell at less than 25 percent of the purchase price any item of property that 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 offers. Property remaining upon any termination of the work shall be considered in groups or categories (such as drill steel, explosives, pipe, or rail), 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 exploration.

(d) Default of the Operator re disposal.--If within 90 days after the completion of the work, termination of the Government's obligation to contribute to costs, or after the property is no longer needed for the work, the Operator has failed to sell or otherwise liquidate or dispose of any property in which the Government has an interest, the Government, at any time prior to final settlement under the contract, may:

(1) in writing extend the time within which the Operator must dispose of or liquidate the property;

(2) by written notice to the Operator, place upon such property what it determines to be 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; and

(3) 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 9. Termination of the Government's obligations.--(a) If the Government determines that operations at any time have failed to achieve anticipated results and further work is 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 final accounting and reporting; and

(2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting.

(b) If the Government determines that the Operator is 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 final accounting and reporting; and

(2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting.

The Government may also avail itself of any other remedy the law may provide for breach of contract, including the right to rescind the contract and to demand repayment of all moneys contributed by the Government under the contract.

(c) The giving of any notice by the Government under the provisions of this Article 9 shall not affect the Government's rights as provided for in the contract with respect to royalty and liens to secure the payment thereof, and such rights shall be fully preserved.

(d) The determinations of the Government are subject to appeal under Article 13.

ARTICLE 10. Notices to be given by the Government may be delivered to the Operator, or may be sent by certified 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 11. 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.

See Article 16

~~ARTICLE 12. Nondiscrimination.--In connection with the performance of work under this contract, the Operator agrees not to discriminate against any employee or applicant for employment because of race, religion, color, or national origin. The aforesaid provision shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Operator agrees to post hereafter in conspicuous places, available for employees and applicants for employment, notices to be provided by the Government setting forth the provisions of the nondiscrimination clause.~~

~~The Operator further agrees to insert the foregoing provision in all subcontracts hereunder, except subcontracts for standard commercial supplies or raw materials.~~

ARTICLE 13. Disputes.--Any dispute arising under this contract which is not disposed of by agreement shall be decided by the Director, Office of Minerals Exploration, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Operator. The decision of the Director, Office of Minerals Exploration, shall be final and conclusive unless, within 30 days from the date of receipt of such copy, the Operator mails or otherwise furnishes to the Director, Office of Minerals Exploration, a written appeal addressed to the Secretary. The decision of the Secretary or his duly authorized representative for the determination of such appeals shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, or capricious, or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence.

The term "Director, Office of Minerals Exploration," as used herein includes his duly authorized representative.

ARTICLE 14. Eight-Hour Law of 1912--Overtime compensation.--This contract, to the extent that it is of a character specified in the Eight-Hour Law of 1912, as amended (40 U. S. Code 324—326) and is not covered by the Walsh-Healey Public Contracts Act (41 U. S. Code 35—45), is subject to the following provisions and exceptions of said Eight-Hour Law of 1912, as amended, and to all other provisions and exceptions of said Law:

No laborer or mechanic doing any part of the work contemplated by this contract, in the employ of the Operator or any independent contractor contracting for any part of said work contemplated, shall be required or permitted to work more than eight hours in any one calendar day upon such work, except upon the condition that compensation is paid to such laborer or mechanic in accordance with the provisions of this clause. The wages of every laborer and mechanic employed by the Operator or any independent contractor engaged in the performance of this contract shall be computed on a basic day rate of eight hours per day; and work in excess of eight hours per day is permitted only upon the condition that every such laborer and mechanic shall be compensated for all hours worked in excess of eight hours per day at not less than one and one-half times the basic rate of pay. For each violation of the requirements of this clause a penalty of five dollars shall be imposed for each laborer or mechanic for every calendar day in which such employee is required or permitted to labor more than eight hours upon said work without receiving compensation computed in accordance with this clause, and all penalties thus imposed shall be withheld for the use and benefit of the Government.

ARTICLE 15. Copeland (Anti-Kickback) Act--Nonrebate of wages.--The regulations of the Secretary of Labor applicable to contractors and subcontractors (29 CFR, Part 3), made pursuant to the Copeland Act, as amended (40 U. S. C. 276c) and to aid in the enforcement of the Anti-Kickback Act (18 U. S. C. 874) are made a part of this contract by reference. The Operator will comply with these regulations and any amendments or modifications thereof and will be responsible for the submission of affidavits required of independent contractors thereunder. The foregoing shall apply except as the Secretary of Labor may specifically provide for reasonable limitations, variations, tolerances, and exemptions.

ARTICLE 16. Changes and added provisions.--

The provisions of Section 301 of Executive Order No. 10925 of March 6, 1961, required to be included in every Government contract are by reference hereby and herein incorporated and made a part of this contract. A copy of said Executive Order is attached to this contract as Exhibit B.

Executed in quintuplicate the day and year first above written.

T. R. BAUGH
(Operator)

By

Title

THE UNITED STATES OF AMERICA

By
Director, Office of Minerals Exploration

I, _____, certify that I am the
(Name)
_____ secretary of the corporation named as Operator herein; that
_____, who signed this contract on behalf of the Operator, was then
(Name)
_____ of said corporation; that said contract was duly signed for
(Title)
and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

[CORPORATE SEAL]

INT.-DUP. SEC., WASH., D.C. 52379

EXPLORATION CONTRACT
T. R. RANCH
OME-6133

ANNEX I

The land referred to in Article 2 of the contract and shown in blue color on Figure 1, entitled "Map showing Claims and Geology, Fern Group, Valley County, Idaho," attached to and made part of the contract, comprises 6 patented lode mining claims, including all rights pertaining thereto, in sec. 12, T. 18 N., R. 9 E., and sec. 7 (unsurveyed) T. 18 N., R. 10 E., Boise Meridian, Yellow Pine Mining District, Valley County, Idaho, as follows:

Name of Claim	U. S. Survey No.
Fern	3020
Fern No. 2	"
Fern No. 4	"
Spruce Grove	"
Buck's Bed	"
Buck's Bed No. 1	"

The Operator controls the land under the terms of a "Mining Lease and Option" dated October 1, 1956, and signed by George Warberg, Mrs. George Warberg, Rob't Warberg, and Mrs. Zelma A. Warberg, and an "Amendment to Lease" dated June 1, 1961, signed by Rob't Warberg and Geo. Warberg.

Lien and Subordination Agreement, dated JUN 2 8 1961, _____, and signed by Rob't and Geo. Warberg is attached to and made part of the contract.

MME Form 52
Jan. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

FOR GOVERNMENT USE ONLY
Operator
Docket No. OME-
Contract No. 14-23-090-
Contract Date

LIEN AND SUBORDINATION AGREEMENTS[1]

To the United States of America:

That certain land in the County of **Valley**, State of **Idaho**;

described as follows:[2] **Fern; Fern No. 2; Fern No. 4; Spruce Grove; Buck's Bed and Buck's Bed No. 1, all of which are included in United States of America Patent Mineral Survey No. 3020 on file at the Public Land Office, Boise, Idaho, said Patent Mineral Survey No. 3020 being by reference incorporated herein.**

hereinafter called the "land", is the subject of a proposed exploration contract, hereinafter called the "Contract", between the United States of America, hereinafter called the "Government" and

T. R. Baugh[3]

hereinafter called the "Operator". In consideration for and as an inducement to the Government executing the Contract, the undersigned:

1. (a) Being the owner of an interest in the land, hereby grants to the Government a lien upon all of his right, title, and interest in the land and upon any production of minerals therefrom to secure the payment to the Government of the royalty on production provided for by the Contract, and agrees if the Operator's interest should be surrendered or terminated at any time prior to the expiration of the rights of the United States under said Contract to pay royalty to the Government according to the terms of said Contract; or

(b) Being the holder of a claim, lien, or encumbrance against the land, hereby subordinates his claim, lien, or encumbrance 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]

2. 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.

3. 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 blank.)

None

1/ 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 must be inserted above. If the space provided is insufficient, use an Annex and refer to the Annex in the space.

3/ Insert name exactly as it appears in the Application MME Form 40.

4/ Subparagraph 1(a) does not apply to the holder of a claim, lien, or encumbrance.

4. 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 true copies of such notice; and

5. 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.

6. Added provisions _____ (State "None" or "See Annex No._____".)

Dated this 28th day of June, 19 61.

Robert Harberg	(Seal)	438 Altura Drive Twin Falls, Idaho	(Street) (City &) (State)
Geb Harberg	(Seal)	604 Main So Twin Falls, Idaho	(Street) (City &) (State)
A. R. Bangl	(Seal)	3620 Lyanne Dr Boise, Ida.	(Street) (City &) (State)
	(Seal)		(Street) (City &) (State)
	(Seal)		(Street) (City &) (State)
	(Seal)		(Street) (City &) (State)

I, _____ (Name), certify that I am the _____ (Title—Secretary, etc.) of the corporation named herein; that _____ (Name), who signed this agreement was then _____ (Title—Pres., Vice-Pres., 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)

EXPLORATION CONTRACT
T. R. BAKER
CMK-6133

EXHIBIT A

The purpose of the project is to explore for ores of mercury occurring as cinnabar and meta-cinnabarite in replacement deposits and fracture fillings in strongly altered dolomitic limestone, by means of diamond drilling from the surface of the Fern group of claims.

Diamond drilling shall be done with AX or larger sizes of coring bits. Holes shall be reamed and cased or cemented and redrilled where necessary. All cores shall be properly boxed and stored and made available to the Government for examination. All core sections showing significant mineralization shall be properly sampled and the samples shall be assayed for mercury.

Sludge samples shall be taken during the diamond drilling. In significantly mineralized sections where the core recovery is less than 60 percent, the sludges shall be assayed as above in addition to assaying the corresponding core segments which have been recovered. No sample, either of core or sludge, shall represent a hole interval of more than 5 feet.

All samples to be assayed shall be split and one-half made available to the Government. The Government will contribute to the cost of not to exceed 58 determinations for mercury.

All drill holes shall be logged geologically and copies of the logs of completed holes, together with maps showing drill holes and sections, shall be furnished monthly to the Government.

No drilling shall be done at locations closer than 100 feet to property boundaries. The Government will not participate in the cost of incomplete holes. Casing left in drill holes at Operator's request will be for his sole account.

The locations, directions, inclinations, and depths of all diamond drill holes shall be subject to prior approval of the Government.

The bulldozer used for the preparation of access roads and drill sites shall be not less than TD-18 size or similar size of another make.

The Operator shall provide such supervisory and technical services as may be required to complete the project in a satisfactory manner.

Description of the Work

Prepare access roads and drill sites as necessary. Not to exceed 32 hours of bulldozing will be allowable for this work.

Diamond core drill not to exceed 1,500 feet in approximately five drill holes at locations and with bearings, inclinations, and depths approximately as shown in red color on Figure 2.

Estimated Cost of the Project

Actual Costs

Category (1) **Independent Contracts**		
Bulldozing, 32 hours @ $15.00/hr.	$ 480.00	
Transportation of bulldozer	800.00	
Diamond core drilling, Size EX, 1,500 feet @ $8.75/ft.	13,125.00	
Size BX @ $8.25/ft.		
Size AX @ $7.75/ft.		
Cementing and redrilling or reaming and casing, 300 feet @ $3.70/ft.	1,110.00	
Transportation of drill and equipment	850.00	$15,765.00
Category (2) **Personnel Services**		
Subcategory (a) **Supervision and Technical Services**		
Engineer-supervisor, 2½ months @ $600.00/mo.		1,500.00
Category (3) **Operating Materials and Supplies**		
None except:		
75 wooden core boxes @ $5.00/ea.		375.00

Category (4) Operating Equipment

Subcategory (a)

Rental - 1 pick-up truck or jeep, 2½ months @ $150.00/mo. (includes gas, oil, maintenance and repairs)		$ 375.00

Category (7) Miscellaneous

None except:

Assaying 58 samples for mercury @ $4.25/ea. (includes sample sacks and transportation of samples)	$246.50	
Social Security, payroll taxes, workmen's compensation insurance, etc. 16.5% of $1,500.00	$247.50	$ 494.00
Estimated Total Cost of the Project (rounded)		$18,510.00
Government Participation @ 50%		$ 9,255.00

Presidential Documents

Title 3—THE PRESIDENT

Executive Order 10925

ESTABLISHING THE PRESIDENT'S COMMITTEE ON EQUAL EMPLOYMENT OPPORTUNITY

WHEREAS discrimination because of race, creed, color, or national origin is contrary to the Constitutional principles and policies of the United States; and

WHEREAS it is the plain and positive obligation of the United States Government to promote and ensure equal opportunity for all qualified persons, without regard to race, creed, color, or national origin, employed or seeking employment with the Federal Government and on government contracts; and

WHEREAS it is the policy of the executive branch of the Government to encourage by positive measures equal opportunity for all qualified persons within the Government; and

WHEREAS it is in the general interest and welfare of the United States to promote its economy, security, and national defense through the most efficient and effective utilization of all available manpower; and

WHEREAS a review and analysis of existing Executive orders, practices, and government agency procedures relating to government employment and compliance with existing non-discrimination contract provisions reveal an urgent need for expansion and strengthening of efforts to promote full equality of employment opportunity; and

WHEREAS a single governmental committee should be charged with responsibility for accomplishing these objectives:

NOW, THEREFORE, by virtue of the authority vested in me as President of the United States by the Constitution and statutes of the United States, it is ordered as follows:

PART I—ESTABLISHMENT OF THE PRESIDENT'S COMMITTEE ON EQUAL EMPLOYMENT OPPORTUNITY

SECTION 101. There is hereby established the President's Committee on Equal Employment Opportunity.

SEC. 102. The Committee shall be composed as follows:

(a) The Vice President of the United States, who is hereby designated Chairman of the Committee and who shall preside at meetings of the Committee.

(b) The Secretary of Labor, who is hereby designated Vice Chairman of the Committee and who shall act as Chairman in the absence of the Chairman. The Vice Chairman shall have general supervision and direction of the work of the Committee and of the execution and implementation of the policies and purposes of this order.

(c) The Chairman of the Atomic Energy Commission, the Secretary of Commerce, the Attorney General, the Secretary of Defense, the Secretaries of the Army, Navy and Air Force, the Administrator of General Services, the Chairman of the Civil Service Commission, and the Administrator of the National Aeronautics and Space Administration. Each such member may designate an alternate to represent him in his absence.

(d) Such other members as the President may from time to time appoint.

(e) An Executive Vice Chairman, designated by the President, who shall be *ex officio* a member of the Committee. The Executive Vice Chairman shall assist the Chairman, the Vice Chairman and the Committee. Between meetings of the Committee he shall be primarily responsible for carrying out the functions of the Committee and may act for the Committee pursuant to its rules, delegations, and other directives. Final action in individual cases or classes of cases may be taken and final orders may be entered on behalf of the Committee by the Executive Vice Chairman when the Committee so authorizes.

SEC. 103. The Committee shall meet upon the call of the Chairman and at such other times as may be provided by its rules and regulations. It shall (a) consider and adopt rules and regulations to govern its proceedings; (b) provide generally for the procedures and policies to implement this order; (c) consider reports as to progress under this order; (d) consider and act, where necessary or appropriate, upon matters which may be presented to it by any of its members; and (e) make such reports to the President as he may require or the Committee shall deem appropriate. Such reports shall be made at least once annually and shall include specific references to the actions taken and results achieved by each department and agency. The Chairman may appoint sub-committees to make special studies on a continuing basis.

PART II—NONDISCRIMINATION IN GOVERNMENT EMPLOYMENT

SECTION 201. The President's Committee on Equal Employment Opportunity established by this order is directed immediately to scrutinize and study employment practices of the Government of the United States, and to consider and recommend additional affirmative steps which should be taken by executive departments and agencies to realize more fully the national policy of nondiscrimination within the executive branch of the Government.

SEC. 202. All executive departments and agencies are directed to initiate forthwith studies of current government employment practices within their responsibility. The studies shall be in such form as the Committee may prescribe and shall include statistics on current employment patterns, a review of current procedures, and the recommendation of positive measures for the elimination of any discrimination, direct or indirect, which now exists. Reports and recommendations shall be submitted to the Executive Vice Chairman of the Committee no later than sixty days from the effective date of this order, and the Committee, after considering such reports and recommedations, shall report to the President on the current situation and recommend positive measures to accomplish the objectives of this order.

SEC. 203. The policy expressed in Executive Order No. 10590 of January 18, 1955 (20 F.R. 409), with respect to the exclusion and prohibition of discrimination against any employee or applicant for employment in the Federal Government because of race, color, religion, or national origin is hereby reaffirmed.

SEC. 204. The President's Committee on Government Employment Policy, established by Executive Order No. 10590 of January 18, 1955 (20 F.R. 409), as amended by Executive Order No. 10722 of August 5, 1957 (22 F.R. 6287), is hereby abolished, and the powers, functions, and duties of that Committee are hereby transferred to, and henceforth shall be vested in, and exercised by, the President's Committee on Equal Employment Opportunity in addition to the powers conferred by this order.

PART III—OBLIGATIONS OF GOVERNMENT CONTRACTORS AND SUBCONTRACTORS

SUBPART A—CONTRACTORS' AGREEMENTS

SECTION 301. Except in contracts exempted in accordance with section 303 of this order, all government contracting agencies shall include in every government contract hereafter entered into the following provisions:

"In connection with the performance of work under this contract, the contractor agrees as follows:

"(1) The contractor will not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.

"(2) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor,

state that all qualified applicants will receive consideration for employment without regard to race, creed, color, or national origin.

"(3) The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the said labor union or workers' representative of the contractor's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

"(4) The contractor will comply with all provisions of Executive Order No. 10925 of March 6, 1961, and of the rules, regulations, and relevant orders of the President's Committee on Equal Employment Opportunity created thereby.

"(5) The contractor will furnish all information and reports required by Executive Order No. 10925 of March 6, 1961, and by the rules, regulations, and orders of the said Committee, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Committee for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

"(6) In the event of the contractor's non-compliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations, or orders, this contract may be cancelled in whole or in part and the contractor may be declared ineligible for further government contracts in accordance with procedures authorized in Executive Order No. 10925 of March 6, 1961, and such other sanctions may be imposed and remedies invoked as provided in the said Executive order or by rule, regulation, or order of the President's Committee on Equal Employment Opportunity, or as otherwise provided by law.

"(7) The contractor will include the provisions of the foregoing paragraphs (1) through (6) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the President's Committee on Equal Employment Opportunity issued pursuant to section 303 of Executive Order No. 10925 of March 6, 1961, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions, including sanctions for non-compliance: *Provided, however,* that in the event the contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States."

SEC. 302. (a) Each contractor having a contract containing the provisions prescribed in section 301 shall file, and shall cause each of its subcontractors to file, Compliance Reports with the contracting agency, which will be subject to review by the Committee upon its request. Compliance Reports shall be filed within such times and shall contain such information as to the practices, policies, programs, and employment statistics of the contractor and each subcontractor, and shall be in such form, as the Committee may prescribe.

(b) Bidders or prospective contractors or subcontractors may be required to state whether they have participated in any previous contract subject to the provisions of this order, and in that event to submit, on behalf of themselves and their proposed subcontractors, Compliance Reports prior to or as an initial part of their bid or negotiation of a contract.

(c) Whenever the contractor or subcontractor has a collective bargaining agreement or other contract or understanding with a labor union or other representative of workers, the Compliance Report shall include such information as to the labor union's or other representative's practices and policies affecting compliance as the Committee may prescribe: *Provided,* that to the extent such information is within the exclusive possession of a labor union or other workers' representative and the labor union or representative shall refuse to furnish such information to the contractor, the contractor shall so certify to the contracting agency as part of its Compliance Report and shall set forth what efforts he has made to obtain such information.

(d) The Committee may direct that any bidder or prospective contractor or subcontractor shall submit, as part of his Compliance Report, a statement in writing, signed by an authorized officer or agent of any labor union or other workers' representative with which the bidder or prospective contractor deals, together with supporting information, to the effect that the said labor union's or representative's practices and policies do not discriminate on the grounds of race, color, creed, or national origin, and that the labor union or representative either will affirmatively cooperate, within the limits of his legal and contractual authority, in the implementation of the policy and provisions of this order or that it consents and agrees that recruitment, employment, and the terms and conditions of employment under the proposed contract shall be in accordance with the purposes and provisions of the order. In the event that the union or representative shall refuse to execute such a statement, the Compliance Report shall so certify and set forth what efforts have been made to secure such a statement.

SEC. 303. The Committee may, when it deems that special circumstances in the national interest so require, exempt a contracting agency from the requirement of including the provisions of section 301 of this order in any specific contract, subcontract, or purchase order. The Committee may, by rule or regulation, also exempt certain classes of contracts, subcontracts, or purchase orders (a) where work is to be or has been performed outside the United States and no recruitment of workers within the limits of the United States is involved; (b) for standard commercial supplies or raw materials; or (c) involving less than specified amounts of money or specified numbers of workers.

SUBPART B—LABOR UNIONS AND REPRESENTATIVES OF WORKERS

SEC. 304. The Committee shall use its best efforts, directly and through contracting agencies, contractors, state and local officials and public and private agencies, and all other available instrumentalities, to cause any labor union, recruiting agency or other representative of workers who is or may be engaged in work under government contracts to cooperate with, and to comply in the implementation of, the purposes of this order.

SEC. 305. The Committee may, to effectuate the purposes of section 304 of this order, hold hearings, public or private, with respect to the practices and policies of any such labor organization. It shall from time to time submit special reports to the President concerning discriminatory practices and policies of any such labor organization, and may recommend remedial action if, in its judgment, such action is necessary or appropriate. It may also notify any Federal, state, or local agency of its conclusions and recommendations with respect to any such labor organization which in its judgment has failed to cooperate with the Committee, contracting agencies, contractors, or subcontractors in carrying out the purposes of this order.

SUBPART C—POWERS AND DUTIES OF THE PRESIDENT'S COMMITTEE ON EQUAL EMPLOYMENT OPPORTUNITY AND OF CONTRACTING AGENCIES

SEC. 306. The Committee shall adopt such rules and regulations and issue such orders as it deems necessary and appropriate to achieve the purposes of this order, including the purposes of Part II hereof relating to discrimination in government employment.

SEC. 307. Each contracting agency shall be primarily responsible for obtaining compliance with the rules, regulations, and orders of the Committee with respect to contracts entered into by such agency or its contractors, or affecting its own employment practices. All contracting agencies shall comply with the Committee's rules in discharging their primary responsibility for securing compliance with the provisions of contracts and otherwise with the terms of this Executive order and of the rules, regulations, and orders of the Committee pursuant hereto. They are directed to cooperate with the Committee, and to furnish the Committee such information and assistance as it may require in the performance of its functions under this order. They are further directed to appoint or designate, from among the agency's personnel, compliance officers. It shall be the duty of such officers to seek compliance with the objectives of this order by conference, conciliation, mediation, or persuasion.

SEC. 308. The Committee is authorized to delegate to any officer, agency, or employee in the executive branch of the

Government any function of the Committee under this order, except the authority to promulgate rules and regulations of a general nature.

SEC. 309. (a) The Committee may itself investigate the employment practices of any government contractor or subcontractor, or initiate such investigation by the appropriate contracting agency or through the Secretary of Labor, to determine whether or not the contractual provisions specified in section 301 of this order have been violated. Such investigation shall be conducted in accordance with the procedures established by the Commitee, and the investigating agency shall report to the Committee any action taken or recommended.

(b) The Committee may receive and cause to be investigated complaints by employees or prospective employees of a government contractor or subcontractor which allege discrimination contrary to the contractual provisions specified in section 301 of this Order. The appropriate contracting agency or the Secretary of Labor, as the case may be, shall report to the Committee what action has been taken or is recommended with regard to such complaints.

SEC. 310. (a) The Committee, or any agency or officer of the United States designated by rule, regulation, or order of the Committee, may hold such hearings, public or private, as the Committee may deem advisable for compliance, enforcement, or educational purposes.

(b) The Committee may hold, or cause to be held, hearings in accordance with subsection (a) of this section prior to imposing, ordering, or recommending the imposition of penalties and sanctions under this order, except that no order for debarment of any contractor from further government contracts shall be made without a hearing.

SEC. 311. The Committee shall encourage the furtherance of an educational program by employer, labor, civic, educational, religious, and other nongovernmental groups in order to eliminate or reduce the basic causes of discrimination in employment on the ground of race, creed, color, or national origin.

SUBPART D—SANCTIONS AND PENALTIES

SEC. 312. In accordance with such rules, regulations or orders as the Committee may issue or adopt, the Committee or the appropriate contracting agency may:

(a) Publish, or cause to be published, the names of contractors or unions which it has concluded have complied or have failed to comply with the provisions of this order or of the rules, regulations, and orders of the Committee.

(b) Recommend to the Department of Justice that, in cases where there is substantial or material violation or the threat of substantial or material violation of the contractual provisions set forth in section 301 of this order, appropriate proceedings be brought to enforce those provisions, including the enjoining, within the limitations of applicable law, of organizations, individuals or groups who prevent directly or indirectly, or seek to prevent directly or indirectly, compliance with the aforesaid provisions.

(c) Recommend to the Department of Justice that criminal proceedings be brought for the furnishing of false information to any contracting agency or to the Committee as the case may be.

(d) Terminate, or cause to be terminated, any contract, or any portion or portions thereof, for failure of the contractor or subcontractor to comply with the nondiscrimination provisions of the contract. Contracts may be terminated absolutely or continuance of contracts may be conditioned upon a program for future compliance approved by the contracting agency.

(e) Provide that any contracting agency shall refrain from entering into further contracts, or extensions or other modifications of existing contracts, with any non-complying contractor, until such contractor has satisfied the Committee that he has established and will carry out personnel and employment policies in compliance with the provisions of this order.

(f) Under rules and regulations prescribed by the committee, each contracting agency shall make reasonable efforts within a reasonable time limitation to secure compliance with the contract provisions of this order by methods of conference, conciliation, mediation, and persuasion before proceedings shall be instituted under paragraph (b) of this section, or before a contract shall be terminated in whole or in part under paragraph (d) of this section for failure of a contractor or subcontractor to comply with the contract provisions of this order.

SEC. 313. Any contracting agency taking any action authorized by this section, whether on its own motion, or as directed by the Committee, or under the Committee's rules and regulations, shall promptly notify the Committee of such action or reasons for not acting. Where the Committee itself makes a determination under this section, it shall promptly notify the appropriate contracting agency of the action recommended. The agency shall take such action and shall report the results thereof to the Committee within such time as the Committee shall provide.

SEC. 314. If the Committee shall so direct, contracting agencies shall not enter into contracts with any bidder or prospective contractor unless the bidder or prospective contractor has satisfactorily complied with the provisions of this order or submits a program for compliance acceptable to the Committee or, if the Committee so authorizes, to the contracting agency.

SEC. 315. Whenever a contracting agency terminates a contract, or whenever a contractor has been debarred from further government contracts, because of noncompliance with the contractor provisions with regard to nondiscrimination, the Committee, or the contracting agency involved, shall promptly notify the Comptroller General of the United States.

SUBPART E—CERTIFICATES OF MERIT

SEC. 316. The Committee may provide for issuance of a United States Government Certificate of Merit to employers or employee organizations which are or may hereafter be engaged in work under government contracts, if the Committee is satisfied that the personnel and employment practices of the employer, or that the personnel, training, apprenticeship, membership, grievance and representation, upgrading and other practices and policies of the employee organization, conform to the purposes and provisions of this order.

SEC. 317. Any Certificate of Merit may at any time be suspended or revoked by the Committee if the holder thereof, in the judgment of the Committee, has failed to comply with the provisions of this order.

SEC. 318. The Committee may provide for the exemption of any employer or employee organization from any requirement for furnishing information as to compliance if such employer or employee organization has been awarded a Certificate of Merit which has not been suspended or revoked.

PART IV—MISCELLANEOUS

SECTION 401. Each contracting agency (except the Department of Justice) shall defray such necessary expenses of the Committee as may be authorized by law, including section 214 of the Act of May 3, 1945, 59 Stat. 134 (31 U.S.C. 691): *Provided*, that no agency shall supply more than fifty per cent of the funds necessary to carry out the purposes of this order. The Department of Labor shall provide necessary space and facilities for the Committee. In the case of the Department of Justice, the contribution shall be limited to furnishing legal services.

SEC. 402. This order shall become effective thirty days after its execution. The General Services Administration shall take appropriate action to revise the standard Government contract forms to accord with the provisions of this order and of the rules and regulations of the Committee.

SEC. 403. Executive Order No. 10479 of August 13, 1953 (18 F.R. 4899), together with Executive Orders Nos. 10482 of August 15, 1953 (18 F.R. 4944), and 10733 of October 10, 1957 (22 F.R. 8135), amending that order, and Executive Order No. 10557 of September 3, 1954 (19 F.R. 5655), are hereby revoked, and the Government Contract Committee established by Executive Order No. 10479 is abolished. All records and property of or in the custody of the said Committee are hereby transferred to the President's Committee on Equal Employment Opportunity, which shall wind up the outstanding affairs of the Government Contract Committee.

JOHN F. KENNEDY

THE WHITE HOUSE,
March 6, 1961.

[F.R. Doc. 61-2093; Filed, Mar. 7, 1961; 10:06 a.m.] 90048

MME Form 14 **No. 124**
March 1961

Contract No. Idm-E) 14-23) **2134**

Docket No. DMEA) MME) **6135**

Date of Action **March 9, 1962**
Increased/contract approved

DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OBLIGATION DOCUMENT

To: Chief, Fiscal Section, Office of the Secretary

From: Chief, Division of Administrative Management

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

Name and Address of Contractor:

Baugh, T. R.
3620 Sycamore Drive
Boise, Idaho

Date of Contract	Region	State	Commodity
December 22, 1961	**I**	**Idaho**	**Mercury**
	Reserve		Obligation
Prior Amount	**$8,200.00**		**0**
Increase	**1,055.00**		**0**
Decrease	**0**		**0**
Revised Amount	**$9,255.00**		**0**

Remarks:

cc: 110
800
210

88995-61

MME Form 14
March 1961

No. 104

Contract No. Idm-E) 14-23) 254

Docket No. DMEA) MME) 219

Date of Action December 22, 1961
Approved as to form

DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OBLIGATION DOCUMENT

To: Chief, Fiscal Section, Office of the Secretary

From: Chief, Division of Administrative Management

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

Name and Address of Contractor:

E. A. Bagh
520 Cymbaro Drive,
Boise, Idaho

Date of Contract	Region	State	Commodity
December 22, 1961	I Reserve	Idaho	Uranium Obligation
Prior Amount	0		0
Increase	22,500.00		0
Decrease	0		0
Revised Amount	22,500.00		0

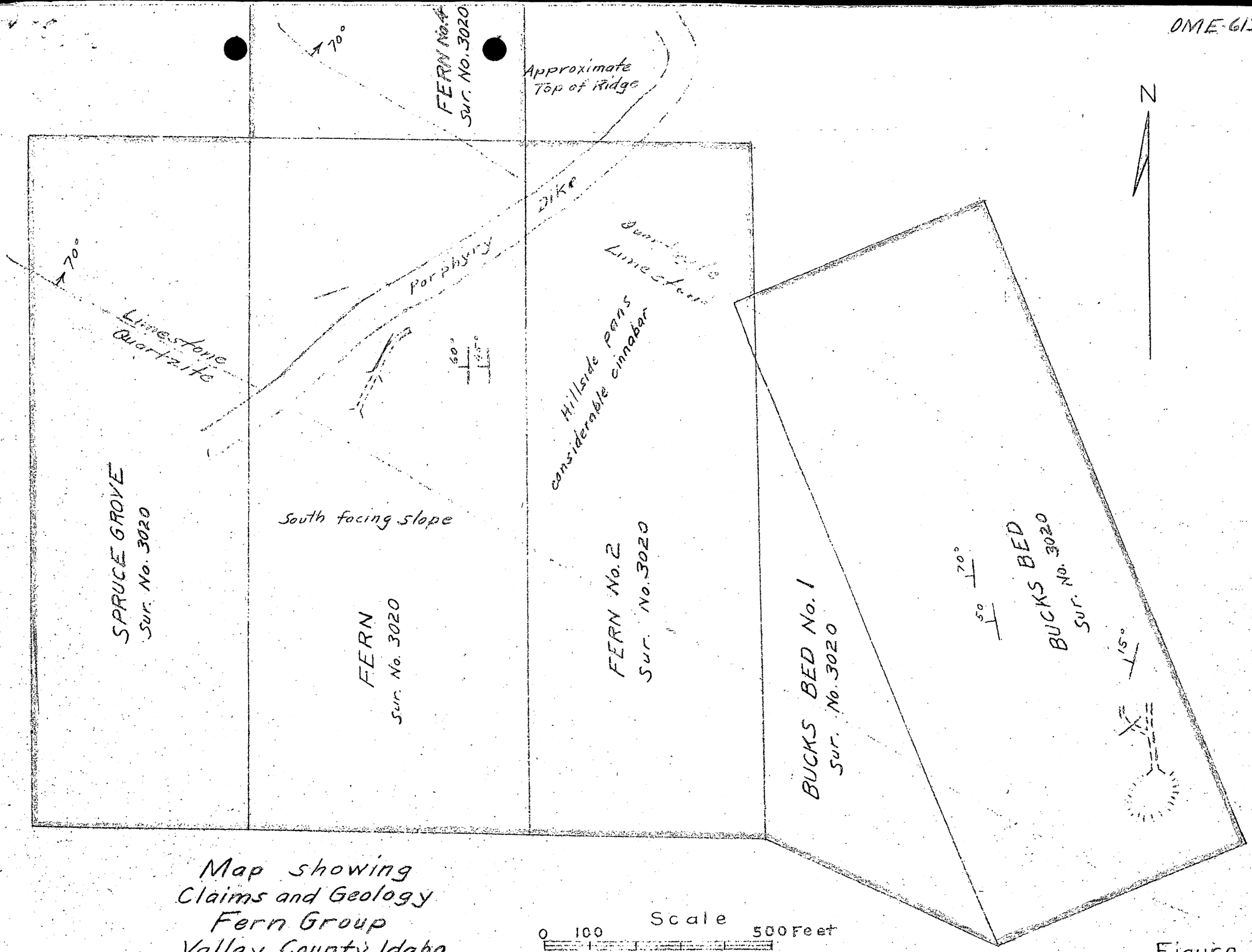
Remarks:

Interest 6%

cc: 110
800
210

88995-61

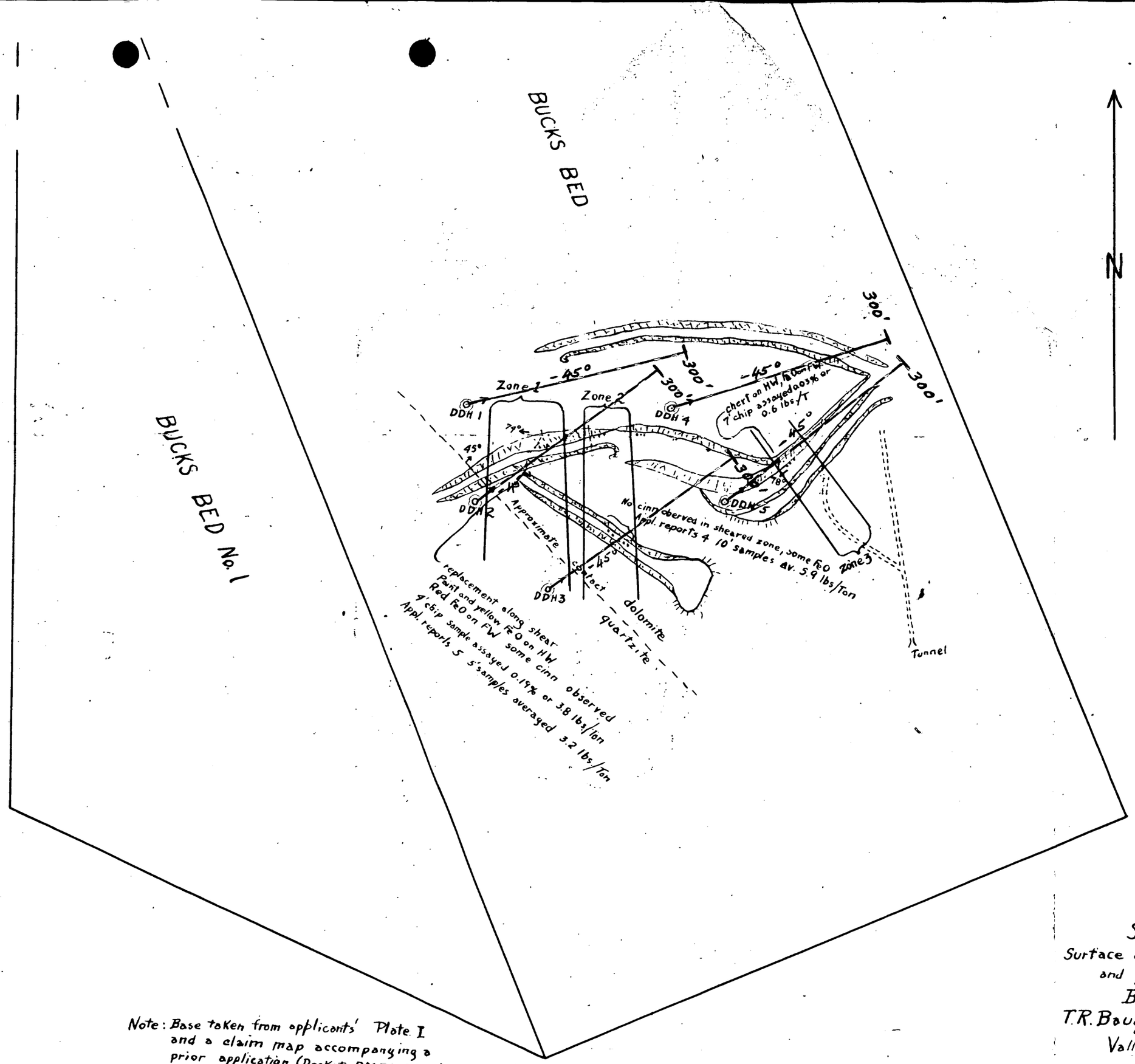
OME-6133



Map showing
Claims and Geology
Fern Group
Valley County, Idaho

Figure 1

OME-6133



Note: Base taken from applicants' Plate I and a claim map accompanying a prior application (Docket DMEA 4993)

Sketch Showing
Surface and underground workings
and proposed diamond drilling
Bucks Bed Claim
T.R. Baugh Fern Cinnabar Group
Valley County, Idaho

100 50 0 100 feet

Figure 2