DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Edmund E. Pohl - Co-tenant
105 N. Harvard, Seattle 2, Washington
H. O. Kleinschmidt and A. R. Kleinschmidt - Co-tenants
P. O. Box 679, Helena, Montana
A Co-tenancy

pertaining to Exploration Project Contract No. Idm-E465, Docket No. DMEA 2731, including Amendment No. 1, covering a project of exploration for lead-zinc-copper, located in Broadwater County, Montana, commonly known as the Pearl Mines, for the period of December 18, 1952, to December 31, 1953.

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

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

(a) the administrative cost to the Government of an audit would be excessive in relation to the estimated amount of possible further disallowances thereunder;
(b) a large portion ($8,775.00) of the costs were under a contract provision for payment by the Government on the basis of agreed unit costs of work actually performed in lieu of actual costs; and
(c) the Monthly Reports were supported by documentary proof of costs incurred under the contract provisions for contribution by the Government on the basis of actual costs.

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

Total cost as billed by Contractor June 1953 MF-104		$9,214.00
Less salvage proceeds on property		none
Net cost claimed by Contractor		$9,214.00
Exceptions: (Per schedule attached)		
By DMEA Finance Officer	$169.00	
By this review	-0-	169.00
Total Accepted Cost		$9,045.00

The contract calls for a 50 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Four thousand five hundred twenty-two and 50/100 Dollars

-- $4,522.50 --

is considered valid and proper.

January 22, 1954

C. A. Turner, Auditor

SCHEDULE OF EXCEPTIONS

Edmund E. Pohl) DMEA 2731 Idm-E465
H. G. Kleinschmidt) a Co-tenancy
A. R. Kleinschmidt)

The following disallowances were made by the Certifying Officer on the Operator's June 1953 MF-104:

Technical services		$100.00
This item unsupported.		
Contingencies		
Bulldozing caved drift material	$294.00	
Allowable maximum	225.00	
Disallowed		69.00
Certifying Officer's disallowances confirmed by this review		$169.00

January 22, 1954

C. A. Turner, Auditor

FEB - 4 1954

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

Re: Contract Idm-E465, DMEA-2731
Pohl and Kleinschmidt
Broadwater County, Montana
Pearl Mines

Dear Mr. Turner:

Reference is made to the Report of Review, covering the subject exploration project contract, copies of which were forwarded to this Division under cover of your letter of January 29, 1954.

This Division has made the following revisions in the Washington copies of the Report of Review:

(1) In reason (a) for the review in lieu of audit the word "further" has been inserted between the words "possible" and "disallowances"; and

(2) To the end of reason (c) following the word "contract" add the additional words "provisions for contribution by the Government on the basis of actual costs."

Please make these revisions in the original and all other copies of the Report of Review, after which regular distribution may be effected.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

EDTalbert/wb
February 4, 1954

Copy to: Docket
Admr. Reading File
Mr. Chambers

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

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of June, 1953 Docket No. DMEA 2731 (Pearl Miner) Contract No. Tom E465

Operator's Name Edmund E. Pohl H.G. Kleinschmidt & R. Kleinschmidt Minerals Lead-Zinc copper

Address P.O. Box 674 Helena Montana

Contract Amount, $ 12000 Government Participation: 50 % Amount, $ 6000

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling (Trenches)	0	$8775.00	$8775.00	—	8775.00	8775.00
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services (consultants)	$100.00	0	$100.00	—	—	—
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment	$6.00	$39.00	$45.00	6.00	39.00	45.00
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify): (See Narrative)	$294	0	$294.00	225.00	—	225.00
TOTALS	$405.00	$8814.00	$9219.00	231.00	8814.00	9045.00

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

Date July 14-53 *Payee Pearl Miner

Per H.G. Kleinschmidt Title Manager

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

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

(Instructions on reverse)

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

$ 115.50

Signature [signature]
(Authorized Certifying Officer)

Date 2/18/54 Vou. No. 1084
(See other side)

Final payment. Total conforms to C.A. Turner's audit dated 1/22/54.

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E465 in accordance with the terms of the contract.

Signature /S/ John D Bardell Title Metallurgist Date Dec 15-53

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /S/ Stephen W Zoldok Title Mining Eng. Date Dec 15/53

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of June 1953 Docket No. DMEA 2731 Contract No. Idm-E-465

Operator's Name Pearl Mines
Edmund C. Pohl, H. G. Kleinschmidt, G. R. Kleinschmidt Minerals Lead-Zinc
Address P.O. Box 674 Helena Montana Copper

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting	Ft.	0	0	$8775.00	270	$32.50	350	$32.50
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		0	0	$8775.00				Total Costs Authorized by Contract
Operating Equipment Purchased								$12000.00
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc. Miscellaneous				$400.00	See narrative and Monthly Report Vouchers			
Total Costs		0	0	$9215.00				

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

Date July 14-53 Operator Pearl Mines

Per H. G. Kleinschmidt Title Manager

Remarks:

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 83-38475

PEARL MINES

MONTHLY FOR JUNE 1933

S.M.A. Docket 2731
Contract No. [illegible]

Due to conditions adversely effecting and preventing some no unit work was done.

During the period from June 1 to June 6th the area was subjected to a deluge of precipitation in the form of rain and snow the end result of which was a complete saturation of the ground and near surface formations. This caused a very large and severe slip and movement of ground and formations on the rising terrain of the hill along the course of several intersecting veins and/or fault planes which tore out of place and caved and crushed several sets of timbers in the drift or adit from the entry thereof ~~thereon~~ in thereofrom and the movement along the planes of these slips continued for as long as the condition of saturation lasted.

In order to relieve the overburden load from off of the caved part of the drift and a large section of the hill behind it bulldozing was resorted to and several thousand cubic yards of material was removed at a cost of $254.00 which has been paid by us.

Repair of the drift or adit was started, but the ground continued to move causing the workmen to become alarmed for their safety. A consultation on the premises with Messrs Weeks and McNabb of the department resulted in the unanimous opinion of all concerned that it would be well to suspend operation temporarily until the ground dried and the slipping movements ceased. This condition has now ensued and preparation to proceed again are being made.

Meanwhile, by reason the large slide and slips and removal of the overburden by dozing over a large area both in width and length and fair depth the entire immediate structure of the intersecting veins and faults was well exposed and the conditions disclosed were surveyed and mapped with the result that indicates that crosscutting will be necessary and the points where said crosscutting should be projected from cam now be determined with a much better degree of accuracy.

As soon as the drift or adit is re-opened these points will be located by measurement and survey and the department engineers will be notified and consulted before any crosscutting is done.

As stated before, a contingency arose by reason of which bulldozing was necessary and beneficial for the re-opening of the adit and this cost us $254.00.

Under the contract $225.00 for contingencies is an allowable item and we feel and believe we are entitled to receive 50 percent of this item as the participating share of the government to be paid to us.

There is also an item of $300.00 for consultants under miscellaneous and $100.00 has already been expended by us in accomplishing technical considerations relative to this operation under this contract. Indeed the expense has been more. We should be allowed at this time 50% of this $100.00 expense thus far incurred. Also there were two assays No. 11 and 12 taken at station J that cost $6.00 and for which we are entitled to $3.00 from the government. The results were too low to constitute commercial ore.

Altogether for June the government participation due to us should be the sum of $103.50. We will have to obtain new timbers and otherwise prepare for the re-opening of the adit in order to do the crosscutting which should be done before any more drifting is done and which when done should indicate what the outcome of the operation is going to be.

The re-opening of the drift and workings will be rather expensive and as far as we know will have to be borne entirely by us unless the government is willing to share in it.

Respectfully submitted

H. S. Kleinschmidt

H. S. Kleinschmidt

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
No. 157 Howard Street
Spokane 4, Washington

RECEIVED
FEB 1 1954

January 27, 1954

Mr. R. J. Hindman, Certifying Officer
DMEA Field Team, Region II
1201 North Division
Spokane 2, Washington

Re: Docket No. DMEA-2731 (lead-zinc-copper)
Pohl & Kleinschmidt
Pearl Claim
Broadwater County, Montana
Contract No. Idm-2465

Dear Mr. Hindman:

This is to inform you that work under the subject contract has been terminated. Only 270 feet of drift and cross-cut were driven of the 350 feet allowed in the contract; however, as the Operator had driven 65 feet of drift previous to the signing of the contract, a total of 335 feet of drift actually was driven to test the exploration objective. As the 335 feet of drift advance was within 15 feet of the limit originally intended for contract work, and as the Operator wished to terminate work, it was decided that it would be to the mutual advantage of the Government and the Operator to terminate the contract. This termination was effected by the Field Team letter of December 31, 1953, to the Operator.

The Operator has submitted his final report which has been accepted by the Executive Officer. In his report he informs that no further charges will be levied against DMEA. He further states that he will accept payment for his June invoices, currently being withheld, as outlined in the Field Team letter of December 31 to the Operator.

The Government does not have an equity in any equipment or machinery used on the subject property.

As all contract obligations have been met by the Operator, it is requested that a final DMEA audit of the Operator's account be made immediately. Final payment to the Operator on a total of

270 feet of timbered drift should be made as soon as possible, such payment to include funds currently being withheld, and the contract account closed.

Sincerely yours,

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

cc: DMEA (2)
[illegible] (2)
Vouchers
Auditor Hall
Gen. Adm. & Aud. Div., Wash., D. C.

C
O
P
Y

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

December 31, 1953

Mr. H. G. Kleinschmidt
P. O. Box 679
Helena, Montana

Re: Docket No. DMEA-2731
Pearl Claim
Broadwater County, Montana
Contract No. Idm-E465

Dear Mr. Kleinschmidt:

Reference is made to your letter of December 19, 1953, and to a letter from Mr. Edmund E. Pohl dated November 23, 1953. Both of these letters express a desire to terminate the subject contract before completion of the work.

The Field Team concurs with your request and agrees that work should be terminated at this point without completing the project. It is our understanding that of the 350 feet of drifting and crosscutting allowable in the contract, about 320 feet has been driven. It is also our understanding that the expiration date of the contract has been exceeded; however, we wish to inform you that the Government will participate in all allowable costs attendant to the closing out of the contract.

Our Certifying Officer has informed us that he has examined your June voucher but is withholding payment pending the final settlement of the contract account. Unfortunately, he has had to make certain deletions from your voucher including the $100 you charged for your services as a consultant. We do not doubt your expending the amount of money charged but we cannot accept the services of an Operator as a Consultant. Also, as the allowable maximum for contingencies is $225, we had to delete the amount of $294.00 that you submitted for contingencies by $69.00. The total approved amount for the June voucher is $231.00, which will be payable when the account is settled.

Concerning the final report, we are concerned chiefly with a description of what was accomplished. This report does not have to be too lengthy or involved, but should be confined merely to your description of the work completed. No forms for the report are needed. We are, however, enclosing copies of Forms MF-104 and MF-104A. If you have any allowable charges in which DMEA has not

participated, please note them on these forms and submit them. If you have no charges, please inform us in your final report that no further charges will be levied against DMEA.

When your final report and final charges have been received, we shall immediately audit our contract account and will then forward to you a check covering all payments currently being withheld or others that are payable.

By Field Team, Region II

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

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

Enclosures

cc: Edmund E. Pohl

cc: USBM(2)
DMEA(2)
Weeks

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

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

Wash

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

Pearl Mines

Month of May, 1953 Docket No. DMEA 2731 Contract No. Idm-E465

Operator's Name Edmund E. Pohl, H. G. Kleinschmidt, A. R. Kleinschmidt Minerals Lead-Zinc, Copper

Address P. O. Box 679, Helena Montana

Contract Amount, $12,000.00 Government Participation: 50 % Amount, $6000.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting (Timbered)	1625	7150	8775	1625.00	7150.00	8775.00
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis		39	39		39.00	39.00
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	1625	7189	8814	1625.00	7189.00	8814.00

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

Date June 1, 53 *Payee Pearl Mines

Per H. G. Kleinschmidt Title Manager

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

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

(Instructions on reverse)

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

$812.50

Signature [signature]
(Authorized Certifying Officer)

Date 6/23/53 Vou. No. 801
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E465 in accordance with the terms of the contract.

Signature /S/ Stephen W. Zoldok Title Mining Engr. Date 6/22/53

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /S/ Thomas E. Howard Title Mining Engr. Date 6/22/53

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Pearl Mines

Month of May 1953 Docket No. DMEA 2731 Contract No. Adm. E466

Operator's Name Edmund E. Pohl, H. G. Kleinschmidt & A. P. Kleinschmidt Minerals Lead, Zinc, Copper

Address P.O. Box 679, Helena Montana

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting (Timbered)	1 Foot	1625	50	5775	270	8775	350	32.50 (Timbered)
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		1625	50	8775				Total Costs Authorized by Contract $12,800.00
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Sampling				39.00				
Total Costs		1625	50	8814.00				

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

Date June 1-53 Operator Pearl Mines

Per H. G. Kleinschmidt Title Manager

Remarks:

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 83-38475

PEARL MINES
Narrative for May 195

June 1, 1953

Docket Number DMSA 2731
Contract IDM E465

The drift was continued and extended from Station I to Sta. J. a distance of 50 feet all timbered. The footwall side near the present face along this 50 feet has departed to a course of about S.53° West and at the face to S.50° West and the hanging wall side at the face of Sta. J. has a course of about S.62° West giving the appearance of a split in the vein at this point, however, the vein is stroger here than at any point heretofore drifted.

The hanging wall side continues to be highly altered and oxydized and no true hanging wall has been reached in this last 50 feet of drift. At Sta. J. the vein is 6 and one-half feet wide from the foot wall which is a definate wall to the hanging side which is not a definate wall, and the vein fill consists of a footwall vein of whitish gauge 18 inches wide and the balance of the fill to the hanging side is a very dark or blackish gaugy material to the altered and somewhat loose country rock on the hanging side, which is intensely iron-stained.

The drift will be continued for the remaining 30 feet along and in the hanging wall side and then cross-cutting should be done on the hanging wall side in 2 or 3 places and probably in one place on the footwall side near the point of beginning of the unit drift about 80 feet in from the portal of the entire drift.

Assay samples were taken at Sta. J. but the results are not yet available but will be reported next month.

It is expected that the vein instead of having a real split will continue to widen and strengthen and resume its normal course.

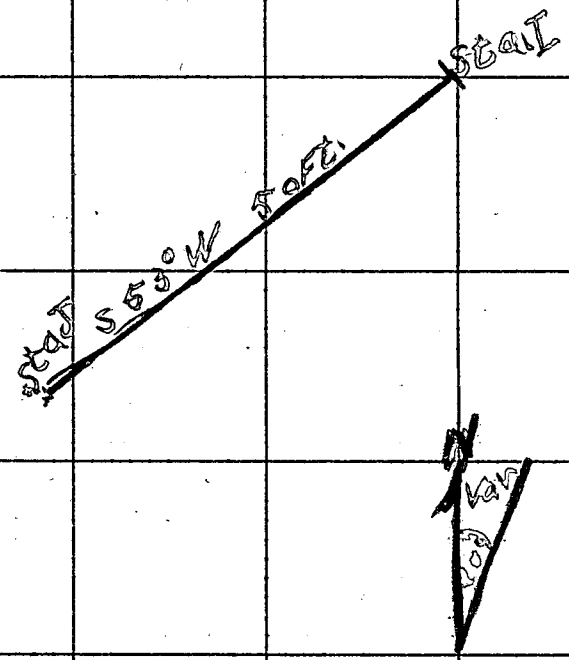
The present indications are the most favorable appearing thus far nevertheless it is considered that crosscuts should be excavated unless the condition within the next 30 feet of drift should indicate otherwise by reason of the hanging side condition exposeing the same by driving the drift along and on that side to the end of the drifting in accord with the instructions given to the contractors by us.

The entire formation continues to be an andesite.

Respectfully submitted,

H. G. Kleinschmidt

H. G. Kleinschmidt



Brunton Survey - Pearl Mines
Ext. For May 1953 - Sta. I to Sta J
Scale 1" = 20'

Docket No. D.M.E.A. 273 Lead-Zinc Copper
Contract No. I.D.M.E. 466

50 ft. of Timbered drift For May 1953

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

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

MAY 18 1953

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

Month of April, 1953 Docket No. DMEA 2731 Contract No. Idm-E465

Operator's Name Edmund E. Pohl, H. G. Kleinschmidt, A. R. Kleinschmidt Minerals Tradition Copper

Address P.O. Box 679 Helena Montana

Contract Amount, $12,000.00 Government Participation: 50% Amount, $6,000.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting (Timbered)	1300.00	5850.00	7150	1300.00		
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis	12	27	39	12.00		
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	1322.00	5877.00	7189.00	1312.00	5877.00	7189.00

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

Date May 3-1953 *Payee Pearl Mines

Per H. G. Kleinschmidt Title Manager

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

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

(Instructions on reverse)

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

$ 656.00

Signature (Authorized Certifying Officer)

Date 5/13/53 Vou. No. 756
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E465 in accordance with the terms of the contract.

Signature /S/ Edward W Buel Title Mining Engr Date 5/13/53

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /S/ Thomas E Howard Title Mining Engr Date 5/13/53

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

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

MAY 18 1953

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Pearl Mines

Month of April 1953 Docket No. DMEA 2731 Contract No. Idm. C-465

Operator's Name Edmund E. Pohl, H. G. Kleinschmidt, A. R. Kleinschmidt Minerals Lead-Zinc-Copper

Address P.O. Box 629, Helena Montana

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting (Timbered)	1 Ft.	1300.00	40	7150.00	220	7150	250	32.50 (timbered)
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		1300.00	40	7150.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								$12,000.00
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		1300.00	40	7150.00				

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

Date May 3- 1953 Operator Pearl Mines

Per H. G. Kleinschmidt Title Manager

REMARKS:

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 83-38475

Pearl Mines
NARRATIVE for
April 1953

DMEA
Docket 2731
Contract Idm 2465

The drift was continued from Sta. H to Sta. I a distance of 40 feet all timbered The strike of the vein South 60° West with a dip of 60° to the Southeast. At a point about 30 feet from Sta. H the vein was about 14 inches wide and here began the appearance of a blue gouge and this gouge continued on and at Station I it has widened to 36 inches and is starting to have occurences of pyrite~~arsenopyrite~~ and the entire fill is a blue gouge resembling very strongly the type of gouge that usually occurs in this area in the lead zinc veins in the vicinity of the beginning of ore shoots.
Since the report for March the assay results on sample No. 8 has been obtained and three other samples have been taken marked no. 9, 10, and 11 on the map. Following are the results:

Sample	Gold	Silver	Lead	Copper	Zinc	Sample width
A-8	e.005	0.7	0.2	----	----	18 inches
A-9	0.03	0.3	0.4	----	----	14 inches
A-10	0.01	0.3	0.6	----	----	28 inches
A-11	0.01	0.3	0.4	----	----	36 inches

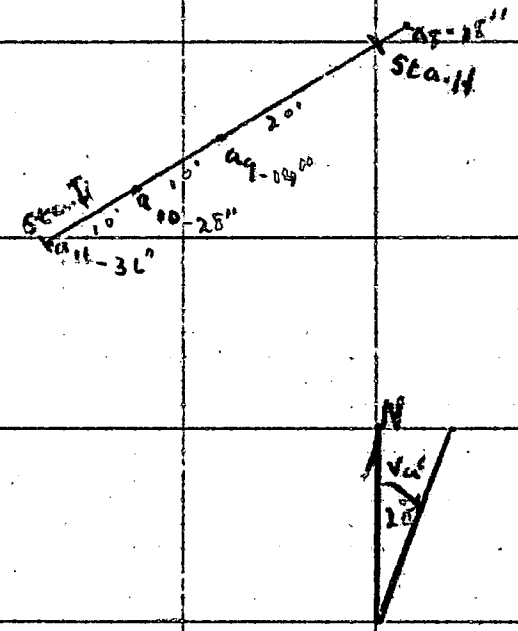
At Station I the vein was more in place than at any point since starting the drift, but the hanging wall is highly altered and exedized and the foot wall is firm, more massive and shows very little alteration. the entire formation in both walls continues to be dacite.

It is believed that the vein will henceforth continue to increase in size and stregth and be out of the highly disturbed and faulted area heretofore passed thru.
Due to a heavy snow storm that closed the roads for a few days the average footage progress was delayed.

Respectfully submitted,

H. G. Kleinschmidt

H. G. Kleinschmidt



Brunton Survey - Pearl Mines
Ext. for April-1953 - Sta. H to Sta. I
Scale 1" = 20'

Docket-DMEA-2731-Lead-Zinc-Copper

Contract no. I.D.M.C-465
a - assay (See narrative)

40 ft. of Timbered drift for April-1953

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

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of March, 1953 Docket No. DMEA 2731 Contract No. Tem. C-465

Operator's Name Pearl Mines Elmer E. Pobl, H. G. Kleinschmidt, A. R. Kleinschmidt Minerals Lead-Zinc-Copper

Address P.O. Box 679 - Helena Montana

Contract Amount, $ 12000 Government Participation: 50 % Amount, $ 6000

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) ~~Independent~~ Short Form Contracts:						M
Drilling						
Bulldozing						
Crosscutting						
Drifting (Timbered)	2212.50	3637.50	5760.00	2212.50	3637.50	5850.00
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis	18.00	9.00	27.00	18.00	9.00	27.00
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	2230.50	3646.50	5777.00	2230.50	3646.50	5877.00

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

Date Apr 6-53 *Payee Pearl Mines

Per H. G. Kleinschmidt Title Manager

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

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

(Instructions on reverse)

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

$ 1115.25

Signature (Authorized Certifying Officer)

Date 4/8/53 Vou. No. 719

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E465 in accordance with the terms of the contract.

Signature /S/ Edward W Buel Title Mining Engr Date 4/8/53

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /S/ Thomas E Howard Title Mining Engr Date 4/8/53

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 53-38476

Form MF-104A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 13 1953

OPERATOR'S UNIT COST AND PROGRESS REPORT

Pearl Miner

Month of March 1953 Docket No. DMEA 2730 Contract No. Tir-2-865

Operator's Name Edmund B. Pohl, H. Pleinschmidt & H. Pleinschmidt Minerals Lead-Zinc-Copper

Address P.O. Box 679 Helena, Montana

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting (Timbered)	1 Ft.	2012.50	65	5877.00	180	32.65	350	32.50 Timbered
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		2012.50		5877.00				Total Costs Authorized by Contract
Operating Equipment Purchased								12,000
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		2012.50		5877.00				

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

Date Apr. 6-53 Operator Pearl Miner

Per H. G. Pleinschmidt Title Manager

Remarks: Re your notice to me for month of January 1953 a mistake of $100 was made by me 65 ft @ $32.50 = 2112.50 I showed 2012.50 a difference of $100 and the school gave me credit of 50% of $100 or $50 If this is not proper please so form further claims kindly advise me how to correct same

$100.00 allowed to date

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

(Instructions on reverse)

(For Government use only)

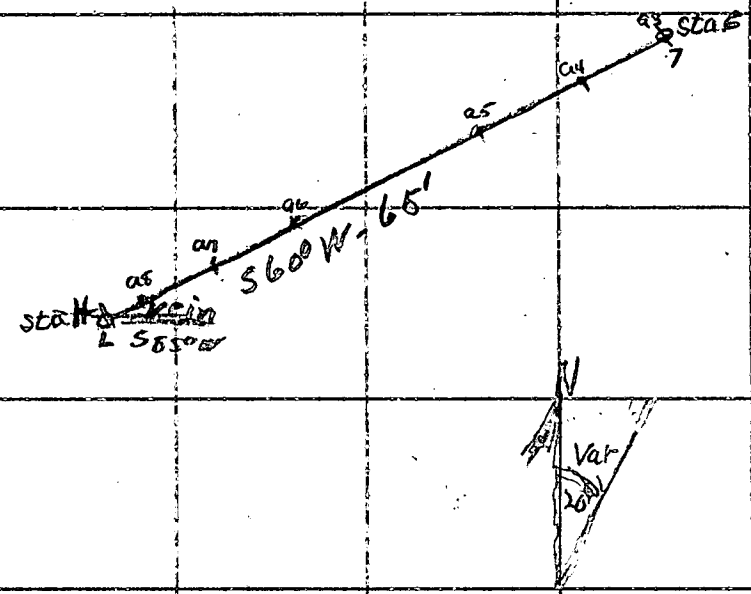
INSTRUCTIONS

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

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

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

GPO 83-38475



Brunton Survey Pearl Mines
Ext. For march-1953-Sta.6 to Sta.H
scale-1" = 20'
Docket D.M.E. A 2731-Lead-Zinc-Copper
Contract No. Idm. C 465
a = assay (see narrative

65 Ft. of timbered drift For march-1953

Pearl Mines
D.M.E.A.
Docket 2731 - Contract No. Idm. E 465

NARRATIVE FOR MARCH, 1953.

The drift was extended from Station G to Station H a distance of 60 feet, all timbered, of average strike bearing S. 60° W., all in the Andesite country rock formation. Assay samples were taken at the points marked A3 - A4, etc., to and including A-8 as marked on the accompanying maps with the following results:

Sample	Gold	Silver	Lead	Copper	Zinc
A-3	Trace	0.2	0.3	- -	- -
A-4	"	0.3	0.4	Trace	0.1
A-5	0.005	0.4	0.6	- -	- -
A-6	0.03	0.5	0.4	- -	- -
A-7	.02	0.4	0.4		
A-8	Results not yet available.				

The vein continued to be "pinched" and somewhat sinuous, and consisted of about two feet of whitish, gougy material with a fairly solid foot wall and a more or less crushed hanging to about the point A-8 at which point a vein process striking about S. 85° W. appeared to be coming in and continued to do so at the face (Sta. H). This vein is dipping slightly to the North and the Pearl vein is slightly displaced Northerly and its' foot wall considerably flattened on dip. Just what the effect of this juncture condition will be, can only be determined in further drifting. The Pearl Vein , however, is yet in a fault zone. At the face considerable flow of water occurs, coming from the S. 85° W. vein structure and heavy ground was encountered here.

The Pearl drift, however, has not as yet passed through the foot wall side of the main fault condition, but the present new water flow corresponds very closely to a surface spring which it is believed occurs in an area closely behind the main fault foot wall. Until this fault is entirely passed through in the Pearl drift no ore mineralization

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

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 16 1953

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of February 1953 Docket No. DMEA 2731 Contract No. Idm. E-465

Operator's Name Edmund E. Pohl, H. G. Kleinschmidt, & A. R. Kleinschmidt Minerals Lead-Zinc-Copper

Address P. O. Box 679 - Helena Montana

Contract Amount, $12,000.00 Government Participation: 50 % Amount, $~~1634.00~~ 6000.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
50 ft Drifting (Timbered)	1625.00	2012.50	3637.50	1625.00	2012.50	3637.50
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis (Assay)	9.00	(Assayed assay certificate herewith transmitted in letter of transmittal)	9.00	9.00		9.00
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	1634.00	2012.50	3646.50	1634.00	2012.50	3646.50

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

Date March 3-1953 *Payee Pearl Mines

Per H. G. Kleinschmidt Title Manager

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

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

(Instructions on reverse)

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

$ 817.00

Signature [signature]
(Authorized Certifying Officer)

Date 3/9/53 Vou. No. 688
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E465 in accordance with the terms of the contract.

Signature /s/ Edward W Bull Title Mining Engr Date 3/6/53

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /s/ Thomas E Howard Title Mining Engr Date 3/6/53

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

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

DEPARTMENT OF THE INTERIOR
#1 Defense Minerals Administration
RECEIVED
MAR 16 1953

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Pearl Mines

Month of February 1953 Docket No. DMEA 2231 Contract No. Tdm. 8-965
Operator's Name Edmund E. Rhodes & H. G. Kleinschmidt Minerals Lead-Zinc-Copper
Address P.O. Box 699 Helena Montana

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting (Timbered)	1 Foot	1625.00	50	3637.50	115	3637.50	360	32.50 (Timbered)
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		1625.00	50	3637.50				Total Costs Authorized by Contract
Operating Equipment Purchased								13060.00
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		1625.00		3637.50				

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

Date March 3-1953 Operator Pearl Mines

Per H. G. Kleinschmidt Title Manager

Remarks:

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

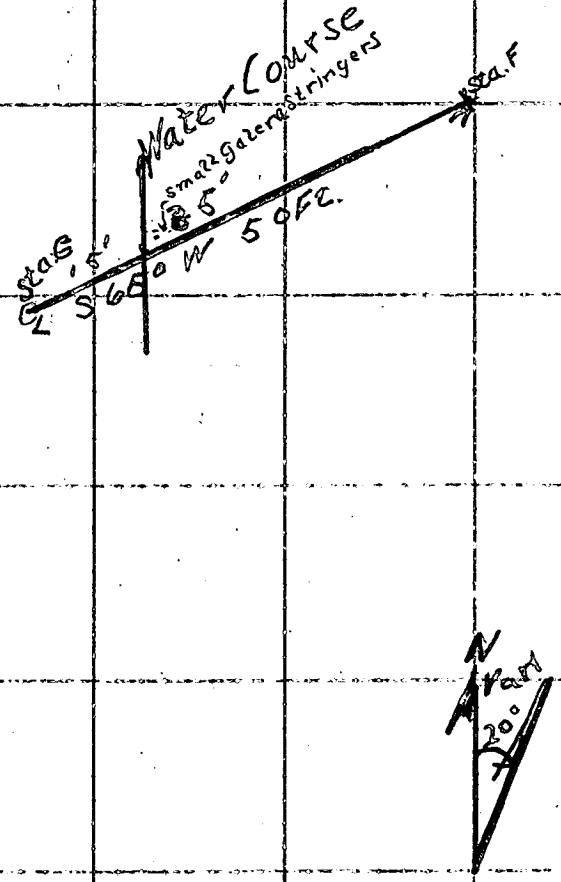
GPO 83-38475

NARRATIVE
for February 1953

DMEA
Docket 2731
Contract Idm E465
Pearl Mines

Following the report submitted for the month of January 1953 which ended at station F of the survey map the work was continued during the month of February and the drift was advanced S 65°W for a distance of 50 feet to station G as shown on the accompaning map.
The vein continued entirely in the Andesite country rock formation.
At Station F two assays were taken, one accross 14 inches of gougy material which assayed gold0.01 oz. silver 0.2 oz. Lead 0.6 percent, copper, trace zinc, none. total value $1.53 per ton. Assay #2 was taken accross 3 feet of crushed vien material which assayed gold 0.03 oz silver 0.3. oz. lead none, copper trace zinc none total value $1.32.
The vein at station F appeared to be more in place but beyond that point it narrowed down very rapidly for the next 20 feet and then continued on for the next 20 feet with an average of 12 inches in width, but as later explained in this report I do not believe that we had the true foot wall in this last mentioned 20 foot section. At 40 feet beyond station F 4 feet of a white gouge of claylike texture was encountered and continued for 5 feet at which point it almost pinched out and then widened out so that in the present face at station G it is 28 inches wide and the footwall side is very much decomposed and appears to be veering in a direction twoard the hanging wall. At a point approximately 30 feet from Station F twoard St.G 3 or 4 minute stringy occurences of galena occured but I was unable to adaquately sample this because the roof was timbered too closely for sampling. This galena occurence was in the footwall side and more or less striking somewhat accross the stucture twoard the footwall side.
A sample however was taken across the gougy material of 28 inches at Station G and the assay result of this will not be available for this narrative.
Along the course of the first 35 feet from Station F. to Station G outside of the footwall side being quite decomposed and crushed a gougy streak of attrition material occurs and is composed almost entirely of crushed or pulverized Adesite of a grey color and barren of any optically discernable mineralization. At station G the vertical depth of the drift level is approximately 95 feet below surface and this point station G may be well within the area of what appeared to be the most intense fault condition disclosed in any of the open cuts on surface and as this fault dips at an angle in cut or trench No. 2.(as mapped on the sketch map accompaning the contract) of about 70° northeasterly this should be in the drift at about 35 feet from station F twoard station G. at the point which is marked watercourse on the map hereto attached, and at this point a considerable flow of water was encountered.
It is expected that within from 30 to 50 feet southwesterly from here along the course of the vein that the fault conditions heretofore encountered will pass out of the vein and the entire structure will be more inpplace.
If the footwall is not encountered soon in driving the drift ahead a crosscut will be projected in this area to the footwall. The hanging wall for the greater part of the vein thus far drifted on has been more or less in place and the gouge part of the vein has been and continues to be along the hanging wall side, and it appears the the footwall is the disturbed side and should it not be encountered within a reasonable distance in driving the drift ahead it will have to be prospected, which would cause further delay of completing the drift.

Respectfully submitted,
H. G. Kleinschmidt
H. G. Kleinschmidt



50 Feet of Timbered Drift
for February 1953

Brunton Survey Pearl Mines
Extended for February, 1953
Scale - 1 " = 20'
Docket DMEA 2731 (Lead-Zinc-Copper)
Contract No. IDM E-465

Form MF-10a (Rev.)
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of January 1953 Docket No. DMEA 2231 Contract No. Idm-E 465
Operator's Name Edmund C. Pell, H.G. Kleinschmidt, A.R. Kleinschmidt Minerals Lead Zinc Copper
Address P.O. Box 629 Helena, Mont.
Contract Amount, $ 12,000.00 Government Participation: 50 % Amount, $ 2012.50

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting (Timbered)	$2012.50	None	$2012.50	2012.50		2012.50
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	$2012.50		$2012.50	2012.50		2012.50

I certify that the above bill is correct and just and that payment therefor has not been received.
Date 2/3/53 *Payee Pearl Mines
Per H.G. Kleinschmidt Title Manager

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

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

(Instructions on reverse)

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

$ 1006.25

Signature
(Authorized Certifying Officer)

Date 2/13/53 Vou. No. 660
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E 465 in accordance with the terms of the contract.

Signature /S/ Eric H Erickson Title Mining Engr Date 7/10/53

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /S/ Thomas E Howard Title Mining Engr Date 7/10/53

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

RECEIVED
BUREAU OF MINES
FEB 6 1953
SPOKANE, WASH.

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Pearl mines

Month of January 1953 Docket No. DMEA 2731 Contract No. Idm-E 465

Operator's Name Edmund C. Pohl, A. R. Kleinschmidt, H. J. Kleinschmidt Minerals Lead, Zinc, Copper

Address P. O. Box 628 Helena Montana

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting (Timbered)	1 Foot	$2012.50	65	$2012.50	65	30.96	360	~~$250 (illegible)~~
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		$2012.50		$2012.50			TOTAL COSTS AUTHORIZED BY CONTRACT	
Operating Equipment Purchased							$12,000.	
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		$2012.50		$2012.50				

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 Feb. 3-1953 Operator Pearl Mines

Per H. J. Kleinschmidt Title Manager

REMARKS: See attached narrative and map

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

(Instructions on reverse)

(For Government use only)

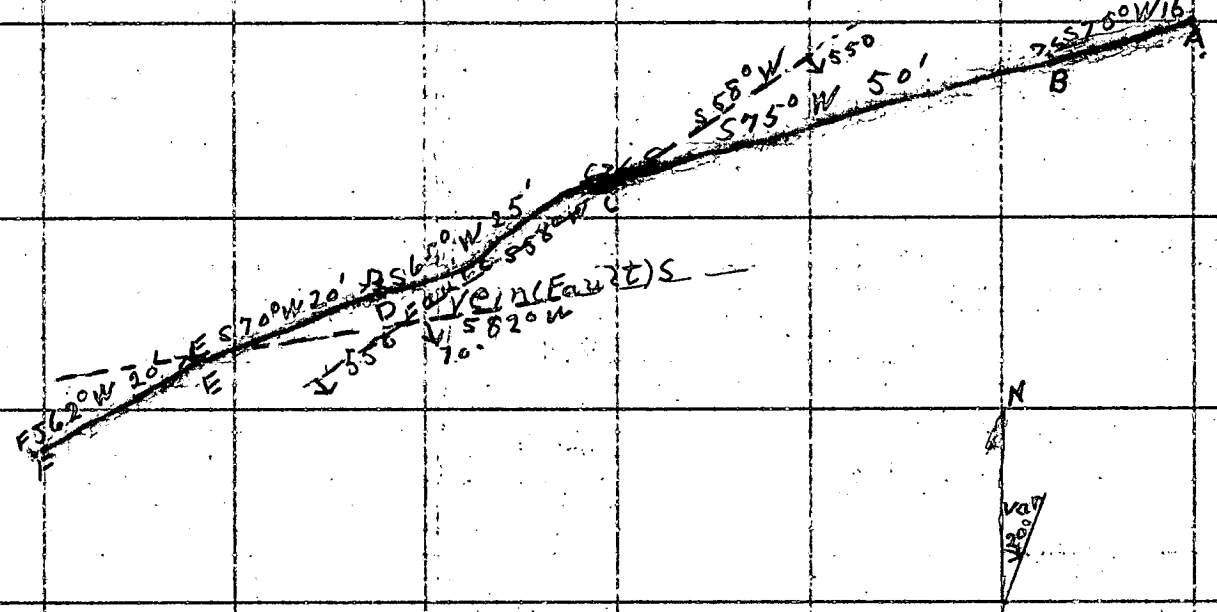
INSTRUCTIONS

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

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

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

GPO 83-38475



65 Feet timbered drift work for January 1953 red Brunton Survey Pearl Mines Scale 1" = 20'
Docket DMEA-2731 (Lead-zinc-copper)
Contract No. Idm-E465

DOCKET NO. 2731, Contract Idm-E465 Pearl Mines
NARRATIVE

The operation under this contract was started on January 2, 1953 and this narrative covers the period to Febuary 1, 1953.
During Jan. 65 feet of timbered drift was driven.
There is hereto attached a map based on a Brunton survey and to which reference is hereby made and which is of sufficient accuracy for the purpose of this narrative.
The distance length of 65 feet of timbered drift however is based on acutal accurate steel tape maesurements and the footage of drifting reffered to is that part on the map starting on the map at station C and continuing to station F and is colored red. That part of the underground drift from station B to station C (colored green) and the outside 15 feet of portal sets colored blue were completed before starting work under this contract Idm-E465.
The underground drift after entering formation under ground cover has been in the country Andesite and the vein kept a straight course of 375 degrees W. untill near station C where a fault was encountered(the course and dip of which fault are marked on the map) beyond which the vein was dragged and narrowed to a width of 12 inches of material consisting of gouge and drag material and the course of its strike changed as per map and at station E. a vein which also constituted a fault relative to the Pearl vein occured and near station E a water course was cut and in the area thereabouts the formation was all crushed and the ground became heavy necessitating spilling from there on to the face at atation F. This last mentioned fault passed thru the pearl vein near station E. The average dip of the Pearl vein before reaching the fault area was about 70 degrees southeasterly but changed to about 55 degrees in the faulted area and the average strike has been about south 70 degrees west from station A to station F.
The apex strike of the vein on surface averages between south 60 west and south 65 west for several hundred feet westerly from station F and the dip in prospecting cuts over this distance along the strike have been about 85 degrees in a northwesterly direction. The apparent effect of the faulting so far encountered tends to show a reversion in dip in proximity of the faults and fault areas so far encountered and also alterations of the strike courses twcards a more southerly trend as the drift progresses westerly. The entire effect has caused considerable sinuousity along the course of the vein.
Close to these faults and between them the vein matter has been dragged and narrowed almost into separate segments and in these drags the vein matter consists of gouge and finely comminuted material. In the face at station F the footwall appeared to be more in place and the hanging wall was considerably broken and in this area there is some drag sulphide material that begins to appear althe intense oxidization predominates. At station F there is a definate vein fill on the footwall side of gougy material 14 inches wide containing small pods of a reddish oxide and an assay of this shaows .6% lead with some small accomsning values of gold and silver and further in the footwall side some pods of pyrite and Pyrrhotite begin to appear mixed in the crushed vein fill and while an assay of this material shows small values in gold and silver accross about 3 feet the gold and silver values exceed that of the gougy material. Assay samples were taken on Feb. 2, 1953 will be reported and show on the Febuary map report and account. Instructions have also been given to the contractors relative to sampling in the future.
There is one more large fault a short distance ahead of station F to be passed thru and from thence on it is expected that the vein will be more in place as is strongly indicated by surface conditions in the prospecting cuts along the strike for several hundred feet westerly. The vertical depth at station F is about 80 feet.
The evidence thus far points to the conclusion that the mineralized or ore bearing part of the Pearl vein should occur shortly beyond the large fault just mentioned which may be some 60 to 70 feet beyond station F and when this fault is passed thru a considerable flow of water is anticipated.

Respectfully submitted,

H. G. Kleinschmidt

H. G. Kleinschmidt

500

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

March 21, 1955

Memorandum

To: Chief, Contract Administration & Audit Division

From: Chief, Base Metals Division

Subject: Docket No. DMEA-2731, Pohl, Kleinschmidt & Kleinschmidt, Contract No. Idm-E465

The terminal letter for the above contract is being waived, as too long a period has elapsed since its termination.

W. R. Griswold

W. R. Griswold

C
O
P
Y

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

December 31, 1953

Mr. H. G. Kleinschmidt
P. O. Box 679
Helena, Montana

Re: Docket No. DMEA-2731
Pearl Claim
Broadwater County, Montana
Contract No. Idm-E465

Dear Mr. Kleinschmidt:

Reference is made to your letter of December 19, 1953, and to a letter from Mr. Edmund E. Pohl dated November 23, 1953. Both of these letters express a desire to terminate the subject contract before completion of the work.

The Field Team concurs with your request and agrees that work should be terminated at this point without completing the project. It is our understanding that of the 350 feet of drifting and crosscutting allowable in the contract, about 320 feet has been driven. It is also our understanding that the expiration date of the contract has been exceeded; however, we wish to inform you that the Government will participate in all allowable costs attendant to the closing out of the contract.

Our Certifying Officer has informed us that he has examined your June voucher but is withholding payment pending the final settlement of the contract account. Unfortunately, he has had to make certain deletions from your voucher including the $100 you charged for your services as a consultant. We do not doubt your expending the amount of money charged but we cannot accept the services of an Operator as a Consultant. Also, as the allowable maximum for contingencies is $225, we had to delete the amount of $294.00 that you submitted for contingencies by $69.00. The total approved amount for the June voucher is $231.00, which will be payable when the account is settled.

Concerning the final report, we are concerned chiefly with a description of what was accomplished. This report does not have to be too lengthy or involved, but should be confined merely to your description of the work completed. No forms for the report are needed. We are, however, enclosing copies of Forms MF-104 and

MF-104A. If you have any allowable charges in which DMEA has not participated, please note them on these forms and submit them. If you have no charges, please inform us in your final report that no further charges will be levied against DMEA.

When your final report and final charges have been received, we shall immediately audit our contract account and will then forward to you a check covering all payments currently being withheld or others that are payable.

By Field Team, Region II

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

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

GOVERNMENT'S COPY

Docket No. DMEA-2731
(Amendment to Change Starting and/or Completion Dates) (Lead-Zinc-Copper)

AMENDMENT NO. 1

It is agreed this 1st day of April 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration and Edmund E. Pohl, H. G. Kleinschmidt, and A. R. Kleinschmidt, jointly and severally (a co-tenancy) (Pearl Mines) each acting in consideration of the agreement to the other to the terms hereinafter set forth, that the Exploration Project Contract Idm-E465 dated December 18, 1952 between the parties hereto be modified and amended to change the starting date from --- (No. of days) to within --- (No. of days) of the date of the contract and the completion period from 5 (No. of months) to 9 (No. of months) from the date of the contract. The effective date of this amendment shall be May 18, 1953.

This amendment is made by authority granted the Executive Officer, DMEA Field Team, Region II, in Order No. 2684 by the Acting Secretary of the Interior.

This amendment shall not be construed to increase the estimated total cost of the project, the amount of the Government's contribution, or any item of allowable cost which is expressly designated "Allowable Maximum".

Executed in sextuplicate the day and year first above written.

Edmund E. Pohl - H. G. Kleinschmidt and A. R. Kleinschmidt
(Operator)

THE UNITED STATES OF AMERICA

By H. G. Kleinschmidt

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

DEPARTMENT OF THE INTERIOR
Defense Materials Administration
RECEIVED
JUN 6 1953

Docket No. DMEA-2731 (Lead-Zinc-Copper)
Edmund E. Pohl, H. G. Kleinschmidt, and A. R. Kleinschmidt
Exploration Project Contract Idm-E465

Justification for Amendment No. 1

The Operators have requested an extension of time on their contract because the subcontractor feels that he may not be able to complete the work by May 18, 1953, with the present work force of two men, yet he would prefer not to increase the work force if possible.

The rate of progress of the subcontractors work has been very satisfactory, and the work has been performed in an efficient manner. As of March 11, the last date of inspection, 135 feet of tunneling had been completed under the contract. According to the Operator, heavy ground has slowed the subcontractor recently, and timber must be obtained; because of this, small delay is foreseen.

Because the work is being pursued energetically, this amendment is prepared to assure the subcontractor that as long as his work is satisfactory, the time element can be adjusted.

Doc[illegible] No. 2731

Commodity Zinc- Lead- Copper

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

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

Contract No. Idm-R 465

Date of Contract or ~~Amendment~~: December 10, 1952

Name and Address of Operator:
Edmond B. Pohl
105 E. Harvard, Seattle 2, Washington
A. J. Kleinschmidt, and H.O. Kleinschmidt
P. O. Box 679, Helena, Montana

Amount of Government participation $ 1,477.50

Percent of Government participation 50%

Region: 11 State: Montana

Note: Please release $1,477.50: Advise Chief Contract Administration and Audit Division

J. L. [illegible] (Name)
Chief Contract Administration and Audit Div.

2/15/54 (Title)

Date Delivered to Bureau of Mines, Washington. 13908

Docket No. DMEA 2731

Commodity Zinc-Lead-Copper

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

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

Contract No. Idm-E 465

Date of Contract ~~or Amendment~~: December 18, 1952

Name and Address of Operator:

Edmond E. Pohl
105 N. Harvard, Seattle 2, Washington
A. R. Kleinschmidt, and H. G. Kleinschmidt
P. O. Box 679, Helena, Montana

Amount of Government participation $ 6,000.00

Percent of Government participation 50 %

Region: XI State: Montana

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

(Title)

Date Delivered to Bureau of Mines, Washington. Dec. 18, 1952 13808

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

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

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

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

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

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

ARTICLE 8. *Payments by the Government.*—(*a*) The Government will pay 50 percent of the allowable costs incurred, as they accrue, in an aggregate total amount not in excess of $6,000.00, which is 50 percent of $12,000.00, the agreed, estimated total cost of the project in which the Government will participate; *Provided,* that until the Operator's final report and final accounting have been rendered to the Government, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract.

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 13. *Changes and added provisions.* _____

_____

_____

_____

Executed in sextuplicate the day and year first above written.

Edmund E. Pohl ~~Partner~~ Co-tenant

A. G. Kleinschmidt ~~Partner~~ Co-tenant

(Operator)

~~xxx~~ A. R. Kleinschmidt ~~Partner~~ Co-tenant

THE UNITED STATES OF AMERICA

By C. Mutterdorf

Administrator, Defense Minerals Exploration Administration

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

_____

[CORPORATE SEAL]

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

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

Docket No. [illegible]EA 2731

Commodity Lead-Zinc-Copper

Government's Copy

IDM-E 465

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 19 1953

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

EXPLORATION PROJECT CONTRACT [1]

It is agreed this 18th day of December, 1952, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Edmund E. Pohl, 105 N. Harvard, Seattle 2, Washington,
H. G. Kleinschmidt, and
A. R. Kleinschmidt, P. O. Box 679, Helena, Montana ~~[illegible]~~
"Jointly and severally" (a co-tenancy) ("Pearl Mines")

hereinafter called the "Operator," as follows:

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

Article 2. *Operator's property rights.*—With respect to that certain land situated in the State of Montana, County of Broadwater, described as follows: [3] Two unpatented mining claims known as Pearl and Pearl No. 2, located in N. W. $\frac{1}{4}$ of N. W. $\frac{1}{4}$ of Sec. 35, and the N. E. $\frac{1}{4}$ of N. E. $\frac{1}{4}$ of Sec. 34, T. 8 N., R. 1 W., M.P.M. and recorded in Book 21 of Lode Locations, pages 84 and 117, Broadwater County, Montana

the Operator represents and undertakes: [4]

(*a*) That the Operator is the owner, in possession and entitled to possession, and that the property is subject only to the following claims, liens, or encumbrances as to each of which the subordination agreement of the holder is attached:

~~(b) [illegible]~~

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

Article 3. *Exploration project.*—The Operator, within 15 days from the date of this contract shall commence work on a project of exploration for [5] Lead-Zinc-Copper

in or upon the described land; and shall bring the project to completion within a period of 5 months from the date of this contract. The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

16—66328-2

EXPLORATION PROJECT CONTRACT
EDMUND E. POHL, H. G. KLEINSCHMIDT, A. R. KLEINSCHMIDT
DOCKET NO. DMEA-2731

EXHIBIT "A"

Description of the Work

The purpose of the work is to explore the vein structure from the adit now being driven from a point 50 feet in from the portal in Trench No. 2.

The work will consist of drifting and crosscutting together not to exceed 350 feet, as indicated on the map attached hereto and made a part hereof and entitled "Sketch Map of Pearl & Pearl No. 2." A drift is to be driven in a southwesterly direction along the vein structure for a distance of 300 or more feet. Crosscuts to delineate the width of the vein structure are not to exceed a total length of 50 feet. The drift and crosscuts are to be timbered where necessary, and the location and length of these crosscuts shall be mutually agreed on by the Operator and the Government.

Estimated Costs of the Project
(*Indicates allowable maximum)

AGREED UNIT COSTS

350 feet of drifting and crosscutting @ $28.00/ft.*	$9,800.00
Timbering drift and crosscut where needed, not to exceed 350 feet @ $4.50/ft.*	1,575.00
Total Agreed Unit Cost	$11,375.00*

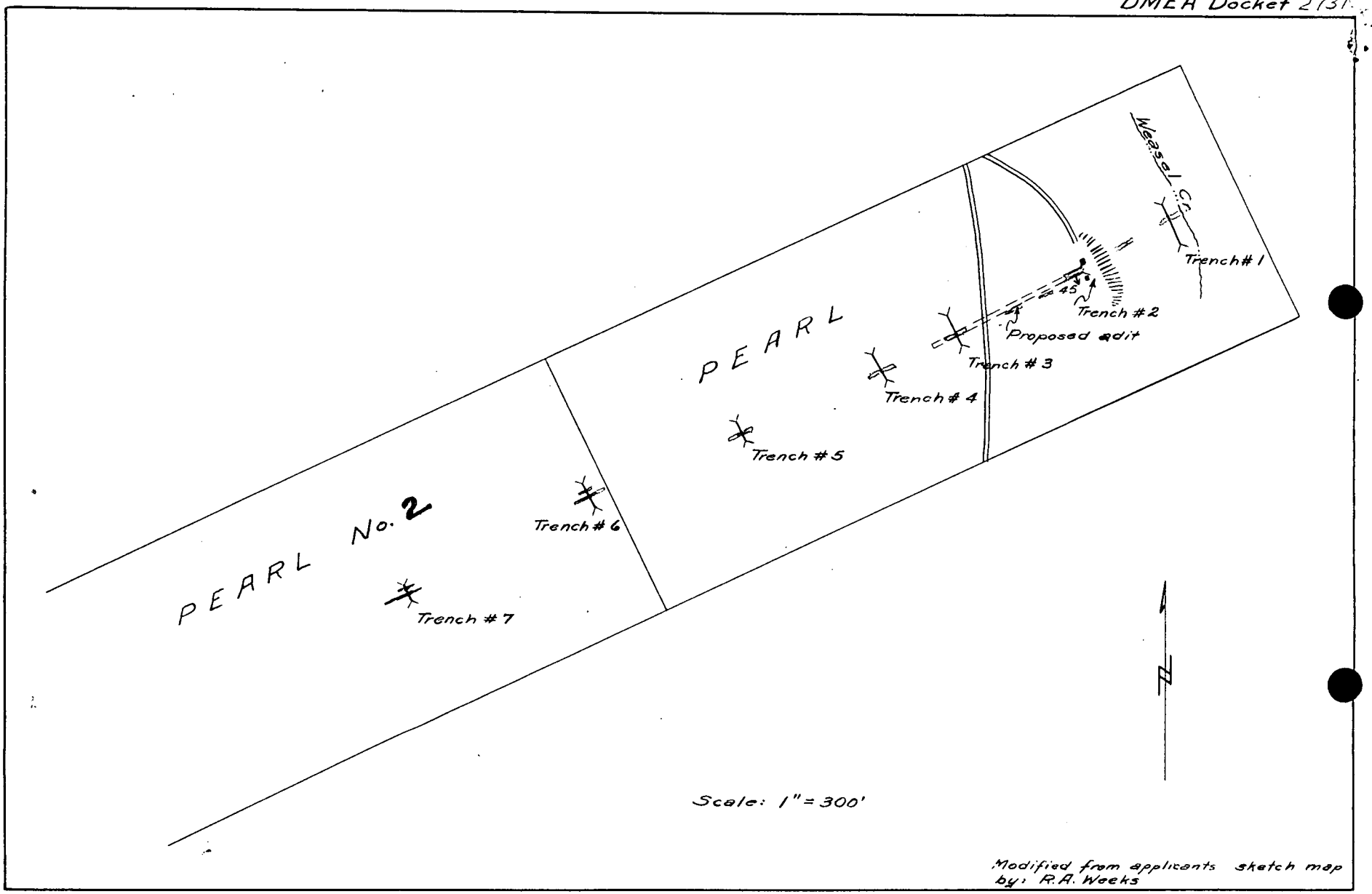
The Government will contribute to the costs of drifting, crosscutting and for timbering drifts and crosscuts, as they accrue, for units of work actually performed, on the basis of the agreed estimated unit cost per foot in lieu of actual costs.

The unit costs include all costs of the work except those costs scheduled below to which the Government will contribute on the basis of actual costs.

SCHEDULED ACTUAL COSTS

Labor, Supervision, Consultants	
Consultants	$ 200.00*
Miscellaneous	
Assays	200.00
Contingencies	225.00*
Total Estimated Cost of Project	$12,000.00*
Government Participation @ 50%	$ 6,000.00*

DMEA Docket 2731



Sketch Map of Pearl & Pearl No. 2
Claims, Sec. 34 & 35 T.8N., R.1W.
Broadwater Co., Montana

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
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