MMS Form 63
Revised 3-62

800

Dma - 371X
Idm - E67

REQUEST FOR INFORMATION ON CERTIFIED PROJECT
PROJECT UNDER ROYALTY AGREEMENT

1. Since August 1963 has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes [X] No [ ]

**Effective January 1, 1964 American Zinc, Lead and Smelting Company purchased the remaining one-half interest in the mining and milling properties of Peru Mining Company located in Grant and Luna Counties, New Mexico.**

2. Since August 1963 has there been any production from the land subject to this contract? Yes [ ] No [X]

A. If so and it was shipped, give quantity, value, and name and address of purchaser.

| | Quantity | Value |
|---|---|---|
| | | |
| | | |

B. If stockpiled available, state quantity, grade, and location.

| Type | Quantity | Estimated Grade | Location |
|---|---|---|---|
| Ore | | | |
| Concentrates | | | |
| Other | | | |

3. Since August 1963 has any production been transported through working (as defined by contract)? Yes [ ] No [X]

A. If so, state quantity, grade, and disposition of material.

| Disposition of Material | Quantity | Value |
|---|---|---|
| | | |

Submitted by:

Name _____ Title **Vice President and Controller**

Address **1600 Paul Brown Building** Date **July 31, 1964**
**St. Louis, Missouri 63101**

4511

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

## REPORT OF ROYALTY REVIEW

I have reviewed the files of the Washington office pertaining to Contract Idm-267, Docket DMA-371X (lead-zinc-copper), dated July 18, 1951, with

Peru Mining Company
415 Chrysler Building
New York, New York
and
Silver City, New Mexico

for the purpose of determining the amount of royalty payable to the U. S. Government on sales of minerals from property referred to as the Grant County Mine located in the Central Mining District, Grant County, New Mexico, during the period June 10, 1959, through May 2, 1962.

In accordance with Amendments Nos. 4 and 7 (and Annex I attached to Amendment No. 7) of the contract, royalty is payable on all minerals produced from the land described in Article 2 of the contract for a period of 17 years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. An Audit Certificate dated July 12, 1957, indicated accepted costs under the exploration contract amounting to $75,805.22 with the Government's contribution on a 50 percent basis being $37,902.61.

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

This review established no sales subject to the Government's royalty subsequent to the period covered by a prior Report of Royalty Review which also found no sales subject to the Government's royalty through June 9, 1959. Accordingly, as of May 2, 1962, the royalty account of this project was found to be:

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

May 15, 1962

E. J. Talbert, OME Auditor

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

This contract as amended provides that the Operator, as principal if the producer or as surety if not the producer, shall pay to the Government a percentage royalty on all minerals produced from the 10 patented and 2 unpatented claims, aggregating 175.659 acres in secs. 22 and 23, T. 17 S., R. 12 W., N.M.P.M. At the time the contract was executed the Operator was the owner of all the claims.

Exploration work on this project was discontinued on March 24, 1956. Further exploration work on the Operator's account was completed on May 14, 1956. No ores were produced during the exploration period. Examinations of the property, consultations with the Operator's officials, and the Operator's replies to inquiries indicate that, other than additional exploratory drilling in 1956 and 1959, the property has remained inactive.

The claims under the exploration project contract were included in warranty deeds dated March 25, 1960, transferring an undivided one-half interest from the Operator to the American Zinc, Lead & Smelting Company, 1515 Paul Brown Building, St. Louis 1, Missouri. This transfer was in connection with a proposed development of the property under a joint venture known as the American-Peru Mining Company, Silver City, New Mexico.

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

(1) The files indicate no ores have been produced from the subordinated property since the date of the contract; and

(2) The administrative cost to the Government of an on-site royalty audit at this time would be excessive in relation to the amount of possible royalty which might be disclosed.

Building 20 - Federal Center
Denver 25, Colorado

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May 17, 1962

Memorandum

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

From: Acting Field Officer, OME, Region III

Subject: DMA-371X (Lead-Zinc-Copper)
Contract Idm-E67
Peru Mining Company
(Grant County Mine)
Grant County, New Mexico

Attached is the original Report of Royalty Review on the subject property dated May 15, 1962 covering the period June 10, 1959, through May 2, 1962.

Hugh M. Connors

Attachments
HMC/lm
cc Chief, Division of Field Operations, OME
E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Royalty Corres. Idm-E67
Chron

Memorandum

To: Acting Field Officer, Region III

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

Subject: DMA-371X (Lead-Zinc-Copper)
Peru Mining Company
Grant County Mine
Grant County, New Mexico
Contract Idm-567

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

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

(b) One copy for your files.

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

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

Enclosures

EDTalbert/ama 5-15-62

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

Building 20 - Federal Center
Denver 25, Colorado

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| | | |

May 8, 1961

Ralph C. Perkins
American Zinc, Lead and Smelting Company
1515 Paul Brown Building
St. Louis 1, Missouri

Re: DMEA-371 (Lead-Zinc-Copper)
Contract Idn E67
Peru Mining Company
(Great County mine)
Great County, New Mexico

Dear Mr. Perkins:

Thank you for your letter of May 5, 1961 advising us that no mining has been done in the area covered by the captioned DMEA project.

The expiration date of repayment to the Government on this contract is July 18, 1968.

Please keep us advised regarding the status of the subordinated lead.

Yours very truly,

Original signed by

Hugh M. Connors
Acting Field Officer, OME
Region III

HMC/lm
cc Chief, Division of Field Operations, OME (2)
with (2) copies of Operator's letter dated 5/5/61
Contract Corres E67
Chron

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O. M. E
RECEIVED MAY 10 1961
DATE | INITIALS

# American Zinc, Lead and Smelting Company

RALPH C. PERKINS
SECRETARY AND CHIEF COUNSEL

1515 PAUL BROWN BUILDING
ST. LOUIS 1, MISSOURI

May 5, 1961

OME
DEPARTMENT OF THE INTERIOR
MAY 8 1961
REGION III
DENVER, COLORADO

Mr. Hugh M. Connors
Acting Field Officer, OME - Region III
U. S. Dept. of the Interior
Office of Minerals Exploration
Building 20 - Federal Center
Denver 25, Colorado

Re: DMEA-371 (Lead-Zinc-Copper)
Contract Idm E67
Peru Mining Company
(Grant County mine)
Grant County, New Mexico

Dear Mr. Connors:

With further reference to your letter of April 18, 1961 which I acknowledged on April 25, 1961, I have now heard from Mr. J. W. Faust, who is General Manager of American-Peru Mining Company, the joint venture consisting of our company and Peru Mining Company. Mr. Faust advises that since operations on this joint venture were commenced, no mining or other work has been done in the area covered by the above captioned DMEA project.

Very truly yours,

Ralph C Perkins (dc)

Ralph C. Perkins

RCP:dc

# American Zinc, Lead and Smelting Company

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DATE INITIALS CODE
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RALPH C. PERKINS
SECRETARY AND CHIEF COUNSEL

1818 PAUL BROWN BUILDING
ST. LOUIS 1, MISSOURI

April 25, 1961

OME
DEPARTMENT OF THE INTERIOR
APR 27 1961
REGION III
DENVER, COLORADO

Mr. Hugh M. Connors
Acting Field Officer, OME - Region III
U. S. Dept. of the Interior
Office of Minerals Exploration
Building 20 - Federal Center
Denver 25, Colorado

Re: DMEA-371 (Lead-Zinc-Copper)
Contract Idn E67
Peru Mining Company
(Grant County mine)
Grant County, New Mexico

Dear Mr. Connors:

I wish to acknowledge your letter of April 18, 1961.

I am uninformed concerning the above captioned DMEA project and the specific property which is involved. I have written to the operating people at Hanover, New Mexico to obtain the facts necessary to answer your questions and I will write you again as soon as I have obtained them.

Very truly yours,

Ralph C. Perkins

Ralph C. Perkins

RCP:dc

Selfridge (2)

Building 20 - Federal Center
Denver 25, Colorado

EXTRA C
O
CEIVE

300

April 18, 1961

Mr. Ralph C. Perkins
Chief Counsel
American Zinc, Lead, and Smelting Company
1515 Paul Brown Building
St. Louis 1, Missouri

Re: DMRA-371 (Lead-Zinc-Copper)
Contract Idm E67
Peru Mining Company
(Grant County mine)
Grand County, New Mexico

Dear Mr. Perkins:

About a year ago we were advised that the Peru Mining Company granted your client an undivided one-half interest in the captioned property and we are wondering if any ore has been produced from the property since that time.

By virtue of the captioned contract, royalty is due the government on all ore produced from the subordinated land.

Will you please advise the present status of the property and whether or not any ore has been mined since your client obtained the one-half interest.

Yours very truly,

Original signed by

Hugh M. Connors
Acting Field Officer, OME
Region III

HMC/lm
cc Chief, Division of Field Operations, OME
Contract Corres E67
Chron

MONROE GOLDWATER
NORMAN B. KUKLIN
OLIVER T. COWAN
JAMES L. GOLDWATER
RICHARD M. GOLDWATER
LOUIS R. COLMAN
MILTON SMALL
JONATHAN B. BINGHAM
GEORGE KOSSOY

BERNARD KATZ
LEON LINER
ROBERT CONRAD
RICHARD M. FLYNN
B. AUDREY RINZLER
JULIAN J. LINDE

GOLDWATER & FLYNN
COUNSELLORS AT LAW
60 EAST 42ND STREET
NEW YORK 17, N. Y.

CABLE = GOFLYN, N. Y.
TELEPHONE MURRAY HILL 2-1411

EDWARD J. FLYNN (1913-1953)

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March 24, 1960

Mr. J. W. Townsend, Executive Officer, OME
Field Team, Region III
Building 20 - Federal Center
Denver 25, Colorado

OME
DEPARTMENT OF THE INTERIOR
REGION III
DENVER, COLORADO

Re: Docket No. DMEA 371X (Lead-Zinc)
Contract No. Idm-E67
Peru Mining Company
(Grant County Mine)
Grant County, New Mexico

Dear Mr. Townsend:

We, of course, regret the delay in supplying the information requested in items 1 and 2 of your letter of January 15, 1960, to Mr. Faust. We have previously explained the difficulty encountered by us and our client in procuring copies of the contract and its several amendments. We thank you for providing us with a copy of Amendment No. 4.

1. In answer to item 1 of your said letter, please be advised that the land subordinated under the above contract is included in the proposed development to be carried out by a joint venture consisting of Peru Mining Company and American Zinc, Lead and Smelting Company. The venture has not adopted a separate name.

2. In answer to item 2 of your said letter, please be advised that an undivided one-half interest of American Zinc, Lead & Smelting Company in the land subordinated under the above contract has not, at this writing, been transferred to that Company (no separate conveyance to the joint venture is contemplated or necessary), but the instruments of conveyance are expected to be executed shortly. When they are executed and delivered to American Zinc, Lead & Smelting Company, we shall be pleased to furnish you with two copies of each instrument covering any portion of the land subordinated under the above contract.

Very truly yours,

Robert Conrad

ROBERT CONRAD
FOR GOLDWATER & FLYNN

3/28/60
Copy dist. to
Chairman (2)
Hasler
Royalty Corr.
Semi-Ann Report f/s

RC:ak

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Building 20 - Federal Center
Denver 25, Colorado

March 2, 1960

Mr. J. W. Faust
Peru Mining Company
Silver City, New Mexico

Re: Docket No. DMA 571X (Lead-Zinc-Copper)
Contract No. Idm-567
Peru Mining Company
(Kearney mine)
Grant County, New Mexico

Dear Mr. Faust:

Since considerable time has elapsed and we have not been given the answers to questions (1) and (2) in my letter of January 15, 1960, we are calling the matter to your attention.

In your letter of January 26, 1960 you wonder just what the status of the contract is since the Government denied Peru Mining Company's last request for an indefinite suspension of work and extension of the date fixed for completion of the work. The status of the contract is clearly explained in my letter of January 22, 1960.

Regarding the extension of the contract, it is a matter of record that the Government did grant several successive amendments for requested suspension of work and extension of the completion period. The Government's position is outlined in the letter of August 13, 1956 to Mr. Joseph H. Taylor regarding the last requested extension: Until the price of zinc and the cost of mining have been adjusted to justify exploration * * * . We believe that Peru Mining Company was dealt with most leniently in the matter of excessive recess periods extensions, and extensions of the date fixed for completion of the work.

We will appreciate your early reply in providing answers to questions (1) and (2) of my letter of January 15, 1960.

Very truly yours,

Original signed by

J. W. Townsend
Executive Officer, OME
Field Team, Region III

JWT/ms

cc: Peru Mining Company
415 Chrysler Bldg
New York, New York

cc: Comm Op. Comm (2)
Royalty corres
Chron

MINE: HANOVER, N. M.

MILL: PERUHILL, N. M.

# PERU MINING COMPANY

SILVER CITY, NEW MEXICO

January 26, 1960

OME
DEPARTMENT OF THE INTERIOR
JAN 28 1960
REGION III
DENVER, COLORADO

RE: Docket NO. DMA 371X(Lead-Zinc-Copper)
Contract No. Idm-E67
Peru Mining Company
(Kearney Mine)
Grant County, New Mexico

Mr. J. W. Townsend
Executive Officer, OME
Field Team, Region III
Building 20 - Federal Center
Denver 25, Colorado

Dear Mr. Townsend:

I am in receipt of your letter of January 22nd. I am wondering just what the status of the contract is, due to the fact that your agency refused to give us the extension asked for and due to the fact that the project is but little more than half completed.

In answer to your question No. 3, in the letter of January 15, I see no reason for not advising you that we were shut down during the entire period from January 1, 1959 to January 31, 1959. In October of 1959 we started a diamond drilling program which is still in progress.

Before I will answer question 1 and question 2, I will await clearance from our New York office, which incidently has been moved to: 415 Chrysler Building.

Very truly yours,

PERU MINING COMPANY

J. W. Faust

J. W. Faust
Vice President

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cc: Mr. Fred M. Zeder II, President

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Building 20 - Federal Center
Denver 25, Colorado
January 22, 1960

Mr. J. W. Faust
Peru Mining Company
Silver City, New Mexico

Re: Docket No. DMA 371X (Lead-Zinc-Copper)
Contract No. Idm-167
Peru Mining Company
(Kearney mine)
Grant County, New Mexico

Dear Mr. Faust:

Receipt is acknowledged of your letter of January 19, 1960 in reply to, but not supplying the information requested in my letter of January 15, 1960.

Our project files were closed on the work provisions of the contract and related matter resolved as you state in your letter; however, the provisions of Amendment No. 4 to the contract, as further amended by Amendments No's. 5, 6 and 7, establishes the Government's rights to percentage royalty on any production from the land described in Article 2 of the contract form for a period of 17 years from the date of the contract, or until July 18, 1968 unless the total amount of Government contribution to the costs of the work is repaid prior to that date.

It is my belief that the information requested regarding the current status of the property is in accord with the provisions of the contract, especially Article 15 of the contract form; therefore, it will be appreciated if you will supply the information requested in my letter of January 15, 1960 so that our records can be made current to the close of year 1959.

Very truly yours,

Original signed by

J. W. Townsend
Executive Officer, OME
Field Team, Region III

cc: Peru Mining Company
630 5th Avenue
New York City, New York

JWT:ltm
cc: Chmn. Op. Comm. (2) w/cpy Faust's
Roy. Corres. E67 )ltr. 1/19/60
Chron.

MINE: HANOVER, N. M. MILL: PERUHILL, N. M.

# PERU MINING COMPANY

SILVER CITY, NEW MEXICO

January 19, 1960

OME
DEPARTMENT OF THE INTERIOR
JAN 21 1960
REGION III
DENVER, COLORADO

Re: Docket No. DMA 371X (Lead-Zinc-Copper)
Contract No. Idm-E67
Peru Mining Company
(Kearney Mine)
Grant County, New Mexico

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Mr. J. W. Townsend, Executive Officer, OME
Field Team, Region III
Building 20 - Federal Center
Denver 25, Colorado

Dear Mr. Townsend:

Your letter of January 15th has been received.

On August 12, 1957, Mr. E. N. Harshman, Acting Executive Officer, wrote me stating that the review of fiscal records indicated that we owed some $32.48. This check was sent on August 19, 1957, our check number 1060. Theoretically, this amount should have cleared your books as far as our account is concerned. The letter from Mr. Harshman states that upon receipt of this amount of money that your office would then be in a position to close your files on this account. I assume that this has been done.

If you will check your files on this contract, you will find that we went through the necessary advertising procedure, etc. and finally submitted our bid in the amount of $3,896.96 in the liquidation of the jointly owned equipment. This bid was accepted by your Department, but our check was not sent because at the time our company had a substantial credit balance due to payments that had not been made by the Government. In my letter of March 28, 1957, we chose that the matter of reimbursement to the Government be deferred pending the release of Certificate and Report of Audit on this contract. This particular audit included the $3,896.96 that we bid and showed that we owed the balance of $32.48 mentioned above.

Due to the fact that our request for extension had been denied and due to the fact that your files have been closed on this account, I am under the impression that any further work, reports, etc., would have to be done under a new contract.

Very truly yours,

PERU MINING COMPANY

J. W. Faust
Vice President

JWF:F
cc: Mr. Fred M. Zeder, II, President

| EXTRA COPY O. M. E RECEIVED JAN 18 1960 | | |
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Building 20 - Federal Center
Denver 25, Colorado
January 15, 1960

Mr. J. W. Faust
Peru Mining Company
Silver City, New Mexico

Re: Docket No. DMA 371X (Lead-Zinc-Copper)
Contract No. Idm-867
Peru Mining Company
(Kearney mine)
Grant County, New Mexico

Dear Mr. Faust:

We have been informed that the properties of Peru Mining Company at Silver City, New Mexico are being, or will be developed under a newly organized joint venture of two companies.

We will appreciate your advice as follows:

(1) Is the land subordinated under Contract Idm-867 included in the proposed development, if so, please advise the name under which the new joint venture will operate.

(2) Has the land subordinated under the DMEA Contract been transferred from Peru Mining Company to the joint venture, if so, please forward two true copies or photostats of any instrument that was executed to effect the transfer.

(3) Please advise the extent of operations and/or production from the subordinated land during the period from January 1, 1959 to December 31, 1959.

Your prompt attention in supplying the requested information will be greatly appreciated.

Very truly yours,

Original signed by

J. W. Townsend
Executive Officer, OME
Field Team, Region III

JWT:ltm
cc: Chmn. Op. Comm.(2)
Roy. Corres. E67
Chron.

cc: Peru Mining Company
630 5th Avenue
New York City, New York

JUN 11 1959
O.M.E.

**OFFICE OF MINERALS EXPLORATION**
**CONTRACT ADMINISTRATION AND AUDIT DIVISION**

**REPORT OF MINERAL REVIEW**

I have reviewed the files of the Executive Officer, OME Field Team, Region III, Denver, Colorado pertaining to Contract Min-197, Docket No. MMA 371X, dated July 18, 1951, with

Reno Mining Company
635 Fifth Avenue
New York, New York

for the purpose of determining the amount of royalties due the U. S. Government on the sales of Lead-Zinc and Copper, from property referred to as Kearney Mine, located in Grant County, New Mexico, during the period July 18, 1951 to June 9, 1959.

A Pseudo Certification was effected by Amendment No. 7 to the contract and accordingly royalty is payable on all minerals mined or produced from the land described in Article 2 of the contract for a maximum period of 17 years from the date of the contract. A final audit dated July 12, 1957, indicated accepted costs under the exploration contract amounting to $75,805.22, with the Government's contribution on a 50 percent basis being $37,902.61.

No royalty has been paid to the Government to date in connection with this contract.

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

(a) According to the Field Team's Semi-Annual Report of certified project for the period July 1, 1957 to December 31, 1957, operation ceased about May 7, 1957; no ore has been shipped since July 18, 1951, (the date of the exploration contract). Subsequent Semi-Annual Reports of the Field Team during the period January 1, 1958 to December 31, 1958 indicate the property is inactive and no operations or ore shipments are anticipated in 1959.

(b) The administrative costs to the Government of an on-site royalty audit at this time would be expensive in relation to the amount of possible royalty which might be disclosed.

June 9, 1959

Donald T. Finch
Donald T. Finch
OME Auditor

Memorandum

To: Mr. Donald T. Finch, OME Auditor

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

Subject: Docket No. DMEA-371 (Lead-Zinc)
Peru Mining Company
Contract No. Idm-R67

Your Report of Royalty Review on the subject contract is acceptable and distribution of the regional copies is authorized.

EDTalbert/ama
June 12, 1959

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

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**DEFENSE MINERALS EXPLORATION ADMINISTRATION**
**CONTRACT ADMINISTRATION AND AUDIT DIVISION**

**AUDIT CERTIFICATE**

I have examined the records and transactions of:

**Fern Mining Company**
**P. O. Box 309**
**Silver City, New Mexico**

pertaining to Exploration Contract Idm-867, Docket No. DMA-371X, dated July 18, 1951, including Amendments Nos. 1 through 7, covering a project for the exploration of lead, zinc, and copper on property contiguous to Kearney Mine in Grant County, New Mexico, for the period July 18, 1951 through May 31, 1956, inclusive, and the subsequent disposition of project property.

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

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

| | | |
|---|---|---|
| Total cost as billed by the Contractor | | $110,714.41 |
| Less: Proceeds from disposition of property | | 3,896.96 |
| Net Claimed Cost | | $106,817.45 |
| Exceptions: (See Audit Report for details) | | |
| Prior to this audit | $28,119.33 | |
| Less: Reinstatements this audit | 12,[illegible].60 | |
| Net Exceptions prior to this audit | $15,816.73 | |
| During this audit | 15,195.50 | 31,012.23 |
| Total Accepted Cost | | $75,805.22 |

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 Thirty-seven thousand, nine hundred two and 61/100ths Dollars

** $37,902.61 **

is valid and proper.

This certificate is issued on the provision that the Regional Executive Officer, the Administrator, or other competent official has accepted or will accept the project as having otherwise met the terms of the contract.

Donald T. Finch

July 12, 1957

Donald T. Finch, Auditor

# AUDIT REPORT

## I INTRODUCTION

On June 26 and 27, 1957, a final audit (covering operations for the period of July 18, 1951 to May 31, 1956) was made of the records and transactions pertaining to Exploration Contract No. Idm-267, Docket No. DMA-371X, dated July 18, 1951, including Amendments Nos. 1 through 7, with the

Peru Mining Company
P. O. Box 309
Silver City, New Mexico

covering a project for the exploration of lead, zinc and copper on property contiguous to the Kearney Mine in Grant County, New Mexico.

The accounting records under this contract are located in the company's office at its Kearney Mine, which is near Central, New Mexico.

Mr. T. M. Romalo, Mining Engineer, U. S. Bureau of Mines, Tucson, Arizona, assisted in the audit. During the course of the audit Mr. J. W. Faust, General Manager, Mr. Joseph H. Taylor, Vice-President, and Mrs. Adah Fleming, Assistant Secretary, were consulted when necessary. Their cooperation greatly facilitated the audit.

## II GENERAL INFORMATION ON RECORDS

The accounting records for the exploration project are integrated through a modern and apparently comprehensive system with the company's "branch" accounts covering the exploration development and mining operations at the mine.

The source documents covering the costs of this project are recorded on monthly work sheets that form the basis for preparation of the monthly MF-104 reports. This audit, therefore, involved in general, a check of the source documents against the monthly work sheets and reconciliation with the MF-104 reports. All costs except some materials were recorded on an accrual basis.

## III SCOPE OF AUDIT AND FINDINGS

The audit was limited to ascertaining the accuracy, propriety and validity of the costs as shown in the Totals to Date column of Form MF-104, Operator's Monthly Report and Voucher dated July 1, 1957, covering the period November 1, 1955 through May 31, 1956. This referenced MF-104 report was filed subsequent to the On-site audit and formalizes the Operator's total claimed costs.

In view of previous audits by Donald T. Finch covering the periods July 18, 1951 to June 30, 1952, and July 1, to December 31, 1952, except as otherwise indicated, this audit was restricted to the costs claimed by the operator since that later date. Prior to the on-site audit considerable time was spent in the DMEA office at Denver, Colorado on preaudit analysis and outline of working papers. The extent of the audit and the findings under each of the "Items of Cost" follows:

(1) Independent Contracts

The exploration contract authorized churn drilling for an air shaft starting at about 12" size and ending at about 9" size, to connect with a drift on the 625 foot level of the Kearney Mine. The exploration contract further provided that none of this churn drilling could be performed by independent contractors unless prior written approval from the Government was received.

A subcontract dated December 5, 1951, between the operator and the Johnson Drilling Company providing for this churn drilling at a maximum rate of $10.50 per foot, was approved in writing by the Executive Officer of the DMA on January 24, 1952.

As of March 16, 1953, it was reported the churn drill hole had a total depth of 912.5 feet but that between 242.5 feet and 331.5 feet of the lower portion was only 6" size. Also, the hole bottom was not connected with the drift. At that time the operator had recessed both mining and exploration operations and, in the opinion of the Executive Officer of the DMEA Field Team, none of the churn drilling was then acceptable from an engineering standpoint. The entire claimed costs for churn drilling as of December 31, 1952 were therefore disallowed pending completion - according to engineering specifications.

On October 24, 1955, the McBee Drilling Company began clean-out and reaming operations on an hourly basis. The McBee Drilling Company's work continued into March, 1956. According to a report to the Executive Officer from the Superintendent, Southwest Experiment Station, U.S.B.M., Tucson, Arizona, dated June 18, 1956, the churn drill hole is now reamed to 12" diameter and is connected to the drift by 94 feet of crosscut.

On July 9, 1956, the Operating Committee advised the Executive Officer of the DMEA Field Team that, pursuant to Amendment No. 7 to the Exploration Contract, all Government obligation to contribute to costs not accrued by November 1, 1955, were terminated because of the operator's failure to resume operations by that date. The operator was notified to this effect by certified mail dated July 12, 1956.

Analysis of the Operator's claimed costs, disallowances, reinstatements and accepted costs follows:

(See next page)

Total costs of churn drilling claimed by Operator

| | | |
|---|---|---|
| Paid to Johnson Drilling Co., period 12/1/51 to 11/30/52 | | $25,301.17 |
| Paid to McRae Drilling Co., period 10/24/55 to 3/31/56 | | 12,928.00 |
| Total claimed on MP-104 dated 7/1/57 | | $38,229.17 |
| Prior disallowances (See audit report dated 3/20/53) | $25,301.17 | |
| (1) Less: Reinstatements present audit 912.5 ft @ allowable maximum of $10.50 per ft. established by approved subcontract | 9,581.25 | |
| Net Prior Disallowances | $15,719.92 | |
| (2) Add: Disallowances this audit | 12,928.00 | |
| Total Disallowances | | 28,647.92 |
| Accepted Cost of Churn Drilling | | $ 9,581.25 |

(1) Reinstatement of churn drill hole bottomed during period December 1, 1951 to November 30, 1952, and subsequently completed to engineering specifications required by Exploration Contract prior to date engineers' final report dated February 21, 1957. The Executive Officer of the DMEA Field Team and the Auditor concur in this reinstatement.

(2) The disallowance this audit of the $12,928.00 paid to McRae Drilling Co. for work necessary to complete the churn drill hole to required specifications is disallowed because:

(a) Prior approval of this subcontract was not requested or secured.

(b) Such costs were in excess of the allowable maximum rate of $10.50 per foot established by the approved subcontract. The Executive Officer and the Auditor concur in this disallowance.

(2) Labor and Supervision

(a) Labor

All charges under the item of labor for the period January, 1953 and for the period November 22, 1955 to May 14, 1956, were checked to the monthly work sheets, payrolls and time cards approved by the foremen.

The certifying officer had previously disallowed labor costs claimed by the operator for the month of January, 1953, because of disallowances in the audit report dated March 20, 1953, involved items upon which the operator had previously received contribution from the Government. The cost of this labor amounting to $1,311.03 was incurred in connection with the advancement of 86 feet of main drift authorized by the Exploration Contract. This labor cost is reinstated in this audit report with the concurrence of the Executive Officer and the auditor.

Analysis of accepted labor costs follows:

| | | | |
|---|---|---|---|
| Balance December 31, 1952 (See previous audit) | | | $26,652.76 |
| January, 1953 (Reinstated) | | | |
| 160 hrs. | Machine Miner | $467.97 | |
| 160 " | Track Man | 292.32 | |
| 70 " | Shovel Operator | 121.80 | |
| 70 " | Mucker | 105.30 | |
| 183 " | Cagers | 318.42 | |
| 3 " | Slusher Operator | 5.22 | 1,311.03 |
| Accepted Costs | | | $27,963.79 |

The Operator's final MF-104 dated July 1, 1957, includes the following additional claimed costs which are disallowed in this audit report with the concurrence of the Executive Officer and the Auditor:

| | |
|---|---|
| Crosscutting to connect churn drill to main drift 268 hours Machine Miner Nov. 22, 1955 through March 29, 1956. Work performed subsequent to default date Nov. 1, 1955, and was necessary to bring churn drill hole to contract specifications | $540.29 |
| Diamond Drilling 152 hours Driller' time, May 3 to May 14, 1956. Work performed without prior approval as required by Exploration Contract and subsequent to default date Nov. 1, 1955 | 297.44 |
| Total Labor Disallowances this audit | $837.73 |

(b) Supervision

Salaries personnel are paid from the Chicago office of the Company. Charges for supervision are based on the schedule contained in Exhibit D of the contract. Monthly charge for supervision was as follows:

| | |
|---|---|
| Superintendent 10% of monthly salary of $550.00 | $ 55.00 |
| Foreman 10% of monthly salary of $450.00 | 45.00 |
| Engineer 50% of monthly salary of $325.00 | 162.50 |
| Total monthly charge for Supervision | $262.50 |

Charges for supervision of $262.50 applicable to the month of January, 1953, had been disallowed by the certifying officer for the reason outlined above under Labor. This item is reinstated in this report with the concurrence of the Executive Officer and the Auditor.

Analysis of the accepted costs of Supervision follows:

| | |
|---|---|
| Balance December 31, 1952, per previous audit report | $3,864.85 |
| January, 1953 (Reinstated) | 262.50 |
| Accepted Cost of Supervision | $4,127.35 |

The Operator's final MF-104 dated July 1, 1957, includes a claim for supervision of $262.50 applicable to the disallowed crosscutting and diamond drilling discussed under Labor above. This additional claim for supervision is disallowed in this report for the same reasons outlined under Labor. Viz: Work performed subsequent to default date November 1, 1955, and where applicable without prior approval from the DMEA.

(c) Technical Services

There were no charges for technical services subsequent to December 31, 1952. The acceptable cost as of that date as shown by the previous audit report, amounted to $1,988.00, paid for the services of a consultant geologist.

(3) Operating Materials and Supplies

All charges under this category for the period January, 1953, and for the period November 22, 1955 to May 14, 1956, were checked to the monthly work sheets and to the supporting warehouse requisitions. Mr. Ramalo, Mining Engineer, examined all requisitions for materials and supplies to determine the propriety of the items charged and the necessity of the items to the project. Mr. Ramalo also compared unit costs of materials shown on warehouse requisitions with suppliers' invoices to determine the reasonableness of the costs for materials and supplies charged to the DMEA project. The cost of materials and supplies charged to the DMEA project was based on an average unit cost and was the same basis used by the operator to charge its other operations.

Charges for materials and supplies applicable to the month of January, 1953, had been disallowed by the certifying officer for the reason previously discussed in this report under Labor. The January, 1953, charges for materials and supplies have been reinstated in this report with the concurrence of the Executive Officer and the Auditor.

The acceptable costs of materials and supplies are analyzed as follows: -

(See next page)

| | | | |
|---|---|---|---|
| **EXPLOSIVES** | | | |
| Balance December 31, 1952, per previous audit | | $6,541.04 | |
| January, 1953 (Reinstated) | | | |
| 3,010 sticks of 60% Powder | $212.43 | | |
| 332 Blasting caps | 80.81 | | |
| 22.5 lbs. Blasting wire | 17.55 | 310.79 | $ 6,851.83 |
| **PIPE** | | | |
| Balance December 31, 1952, per previous audit | | $2,725.45 | |
| January, 1953 (Reinstated) | | | |
| 180 Ft. 1" Pipe | $22.80 | | |
| 180 Ft. 2" Pipe | 48.00 | 70.80 | |
| Subtotal | | $2,796.25 | |
| Less: Prorated portion of Proceeds from liquidation approved March 18, 1957 | | 620.79 | 2,175.46 |
| **TRACK** | | | |
| Balance December 31, 1952, per previous audit | | $1,703.45 | |
| January, 1953 (Reinstated) | | | |
| 354 lbs. 20 lb. rail | $86.00 | | |
| 60 lbs. spikes | 9.44 | | |
| 30 Splice bars | 11.02 | | |
| 10 lbs. Track bolts | 1.64 | | |
| 1,820 lineal feet of 4" x 4" ties * (Distribution transferred this audit from Other Supplies) | 225.07 | 273.17 | |
| Subtotal | | $1,976.62 | |
| Less: Prorated portion of proceeds from liquidation approved March 18, 1957 | | 394.37 | 1,582.25 |
| ***OTHER SUPPLIES** | | | |
| Balance December 31, 1952, per previous audit | | $3,356.13 | |
| January, 1953 (Reinstated) | | | |
| 100 Ft. #12 wire | $2.21 | | |
| 15 J.L. Insulators | 4.74 | 6.95 | 3,363.08 |
| Total Accepted Cost of Materials and Supplies | | | $13,972.62 |

The operator's final MF-104 dated July 1, 1957, includes additional claim of $516.44 for explosives used in driving the crosscut to connect the churn drill hole to the drift and $148.89 for 3 diamond drill bits used for unapproved diamond drilling. These additional costs are disallowed in this report with the concurrence of the Executive Officer and the Auditor because the work was performed subsequent to the default date of November 1, 1955 and without prior approval where required.

Power

Electric power is furnished by the Community Public Service Company. All monthly power invoices were examined for the period January, 1953, and for the period November 22, 1955 to May 3, 1956, to determine the lowest applicable

minimum rate for KWH energy consumed. The previous audit report sets forth in detail a formula for allocation of electric power to the project, which was developed by the Auditor with the assistance of Mr. Soule, Mining Engineer. It was determined by recomputation during the audit that the charge to the project for electric power during January, 1953, was derived by use of that formula.

Charges for power applicable to January, 1953, had been previously disallowed by the certifying officer as had all other January, 1953, costs, and are reinstated in this report with the concurrence of the Executive Officer and the Auditor. The accepted cost of power is as follows:

| | | |
|---|---|---|
| Balance December 31, 1952, per previous audit | | $4,654.20 |
| January, 1953 (Reinstated) | | |
| 34,078 KWH @ minimum rate of 9.20 mills | $313.52 | |
| Add 2% tax | 6.27 | 319.79 |
| Accepted Total Cost of Power | | $4,973.99 |

The operator's final MF-104 dated July 1, 1957, included an amount of $96.81 disallowed in the previous audit as being in excess of minimum cost. This final MF-104 also included an additional claim for power applicable to crosscutting and diamond drilling performed subsequent to default date of November 1, 1955. This excess claim for power in the amount of $388.61 is disallowed in this report with the concurrence of the Executive Officer and the Auditor.

(4) Operating Equipment: Purchases

There were no charges for operating equipment subsequent to December 31, 1952. Analysis of the acceptable cost of operating equipment follows:

| | | |
|---|---|---|
| Balance December 31, 1952, per previous audit report | | |
| 1 | DJ B-2 Two Drill Boom Jumbo with Power Feed Shell | $4,105.15 |
| 4 | DA 30 Power Feed Drifters | 3,860.00 |
| 20 | Mine Cars, complete | 5,024.70 |
| | Balance December 31, 1952 | $12,989.85 |
| Less: | Prorata portion of proceeds from liquidation approved March 18, 1957 | 2,881.80 |
| | Accepted Cost of Equipment | $10,108.05 |

(5) Initial Rehabilitation and Repairs

Not applicable to this contract.

(6) New Buildings, Improvements, etc.

Not applicable to this contract.

(7) Miscellaneous

(a) Repairs to Equipment

There were no charges for operating expenses subsequent to December 31, 1952. The balance on that date of accepted cost of repairs as shown by the previous audit is $557.49.

(b) Payroll Taxes, Liability Insurance, Workman's Compensation Insurance, and Occupational Disease Insurance

Charges for the foregoing elements of cost applicable to January, 1953, were confirmed by applying rates in effect, as shown by the operator's files, to the applicable payrolls.

The certifying officer's previous disallowance of the charges for these elements applicable to January, 1953, are reinstated in this audit report with the concurrence of the Executive Officer and the Auditor. See previous discussion in this report under Labor.

The operator's final MF-104 dated July 1, 1957, included additional claim for these elements of cost which were applicable to the disallowed cross-cutting and diamond drilling. This additional claim for these elements of cost are also disallowed for the same reasons, with the concurrence of the Executive Officer and the Auditor. Analyses of the acceptable cost of these elements of cost follow:

| | | |
|---|---|---|
| **PAYROLL TAXES** | | |
| Balance December 31, 1952, per previous audit | | $756.78 |
| January, 1953 | | |
| Federal Old Age Benefits @ 1.5% | $29.66 | |
| Federal Unemployment @ 0.3% | 5.82 | |
| New Mexico State Unemployment @ 0.9% | 15.67 | 50.55 |
| Accepted Cost of Payroll Taxes | | $807.33 |
| Payroll Taxes Disallowed $92.04 | | |
| **LIABILITY INSURANCE** | | |
| Balance December 31, 1952, per previous audit | | $ 15.07 |
| January, 1953 | | |
| 5¢ per hundred of Payroll (Reinstated) | | .79 |
| Accepted Cost of Liability Insurance | | $ 15.86 |
| Liability Insurance Disallowed $0.55 | | |
| **WORKMAN'S COMPENSATION INSURANCE** | | |
| Balance December 31, 1952, per previous audit | | $1,422.22 |
| January, 1953 | | |
| $7.02 per hundred of Payroll less 6.5% Disc. (Reinstated) | | 103.28 |
| Accepted Cost of Workman's Compensation Insurance | | $1,525.50 |
| Workman's Compensation Insurance Disallowed $60.70 | | |
| **OCCUPATIONAL DISEASE INSURANCE** | | |
| Balance December 31, 1952, per previous audit | | $232.29 |
| January, 1953 | | |
| .795 per hundred of Payroll less 6.5% Disc. (Reinstated) | | 11.70 |
| Accepted Cost of Occupational Disease Insurance | | $243.99 |

General

The Administrator, on March 18, 1957, authorized the Acting Executive Officer of the DMEA Field Team, Region III, to accept the Operator's offer of $3,896.96 for liquidation of jointly owned property, including unexpended materials and supplies.

Comparison of the Finance Officer's records of this contract shows the following:

| | |
|---|---|
| Total payment of Government's contribution to date | $37,935.09 |
| 50% of the accepted costs shown in this audit report | 37,902.61 |
| Excess Payment | $ 32.48 |

## IV CONCLUSIONS

This audit has disclosed that all costs as charged to this project, with the exception of the disallowances aggregating $31,012.23 as itemized in the preceding section of this report, are reasonable and proper under the terms of the contract.

The adjustments between "Items of Costs" as shown on the Operator's final MF-104 dated July 1, 1957, the disallowances and the accepted costs, as disclosed by this audit, are summarized in Exhibit "A" attached hereto.

At the conclusion of the audit on June 27, 1957, the findings were discussed with Mr. J. W. Faust, General Manager and Mrs. Adah Fleming, Assist-Secretary of the Company. On July 1, and again on July 12, 1957, the findings were discussed with Mr. W. H. King, Executive Officer, DMEA Field Team, Region III.

July 12, 1957

Donald F. Finch

Donald F. Finch, Auditor

EXHIBIT "A"

**AUDIT SUMMARY**

**PENU MINING COMPANY**

DOCKET DMA-371X.
CONTRACT I4m-267

| | OPERATOR'S FINAL CLAIM | | PRIOR DISALLOWANCE | | REINSTATED | | DISALLOWED | PROCEEDS | |
|---|---|---|---|---|---|---|---|---|---|
| | AS FILED 7/1/57 | DISTRIBUTION CORRECTED | CERTIFYING OFFICER | PRIOR AUDIT | CERTIFYING OFFICER | PRIOR AUDIT | FINAL AUDIT | FROM LIQUIDATION | ACCEPTED COSTS |
| **Contracts** | | | | | | | | | |
| Churn Drilling | $ 38,229.17 | $ 38,229.17 | $16,927.42 | $8,373.75 | $1,207.50 | $8,373.75 | $12,928.00 | | $ 9,581.25 |
| **Labor and Supervision** | | | | | | | | | |
| Labor | 28,801.52 | 28,801.52 | 1,311.03 | | 1,311.03 | | 837.73 | | 27,963.79 |
| Supervision | 4,389.85 | 4,389.85 | 262.50 | | 262.50 | | 262.50 | | 4,127.35 |
| Technical Services | 1,928.00 | 1,928.00 | | | | | | | 1,928.00 |
| **Operating Materials & Supplies** | | | | | | | | | |
| Explosives | 7,368.31 | 7,368.31 | 310.79 | | 310.79 | | 516.48 | | 6,851.83 |
| Pipe | 2,798.33 | 2,796.25 | 70.80 | | 70.80 | | | $ 620.79 | 2,175.46 |
| Track | 1,777.35 | 1,976.62 | 273.17 | | 273.17 | | | 394.37 | 1,582.25 |
| Other Supplies | 3,560.27 | 3,511.97 | 6.95 | | 6.95 | | 148.89 | | 3,363.08 |
| Power | 5,459.41 | 5,459.41 | 319.79 | 96.81 | 319.79 | | 388.61 | | 4,973.99 |
| Diamond Drill Bits (Net) | 148.89 | | | | | | | | |
| **Operating Equipment** | | | | | | | | | |
| Purchases | 12,989.85 | 12,989.85 | | | | | | 2,881.80 | 10,108.05 |
| **Miscellaneous** | | | | | | | | | |
| Repairs to Equipment | 557.49 | 557.49 | | | | | | | 557.49 |
| Payroll Taxes | 859.37 | 859.37 | 50.55 | | 50.55 | | 52.04 | | 807.33 |
| Liability Insurance | 16.41 | 16.41 | .79 | | .79 | | .55 | | 15.86 |
| Workmen's Compensation Ins. | 1,586.20 | 1,586.20 | 103.28 | | 103.28 | | 60.70 | | 1,585.50 |
| Occupational Disease Insurance | 243.99 | 243.99 | 11.70 | | 11.70 | | | | 243.99 |
| Totals | $110,714.41 | $110,714.41 | $19,648.77 | $8,470.56 | $3,988.85 | $8,373.75 | $15,195.50 | $3,896.96 | $75,805.22 |

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DATE
CODE

224 New Customhouse
Denver 2, Colorado

August 23, 1957

Memorandum

To: Chairman, Operating Committee, DMEA

From: DMEA Field Team, Region III

Subject: Docket No. DMEA 371X (Lead-Zinc), Contract No. Idm-E67, Peru Mining Company (Grant County mine), Grant County, New Mexico

There follows information to supplement the Field Team's final report, dated April 2, 1957.

The Operator has rendered a check in the amount of $32.48 as refund of overpayment. Therefore, we have today closed our files on the subject project in conformance with the Audit Certificate and Audit Report by the Contract Administration and Audit Division, DMEA, dated July 12, 1957.

The acceptable exploration work completed under the contract consisted of 1,801 feet of drifting and 912.5 feet of churn drilling, at a total accepted cost of $75,805.22, toward which the Government contributed 50%, or an amount of $37,902.61.

Original signed by
J. W. TOWNSEND

J. W. Townsend
Alternate Acting Executive
Officer

JWT:prl

cc: Final Report File,
Region III
Harshman
DMEA/Tucson
Emerick
Townsend
Corres. file
Chron.

800

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| | | |

224 New Customhouse
Denver 2, Colorado

August 23, 1957

Memorandum

To: T. A. Christensen

From: Alternate Acting Executive Officer, DMEA Field Team, Region III

Subject: Docket DMA-371X (Lead-Zinc-Copper) Contract Ism-B67
Peru Mining Company (Grant County mine)
Grant County, New Mexico - Refund of Overpayment and Final Settlement of the Account

Enclosed is Peru Mining Company's check No. 1000 in the amount of $32.40, payable to Defense Minerals Exploration Administration, as refund of overpayment to the company by the Government. Also enclosed is a letter of transmittal dated August 20, 1957, from the Operator.

This constitutes final settlement of the account which is in accordance with the Audit Certificate and Audit Report by the Contract Administration and Audit Division, dated July 12, 1957.

**Basis for Final Settlement**

| | | |
|---|---|---|
| Total Accepted Cost | | $75,805.22 |
| Government participation at 50 percent | | 37,902.61 |
| Total Prior payments | $37,935.09 | |
| Refund of Overpayment | 32.40 | |
| Net Payment to the Operator | | 37,902.61 |
| Balance | | $ 0.00 |

Enclosure
JBC:hsh
cc: Chem. Op. Comm. (2)
Harshman
DMEA, Tucson
Emerick
Corres. file, Reg. III
MF-104 file, Reg. III
Final Report File,
Townsend
Chren
} w/copy of Oper. letter of 8/20/57

Original signed by
J. W. TOWNSEND

J. W. Townsend

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DATE | CODE

224 New Customhouse
Denver 2, Colorado

August 23, 1957

Mr. J. W. Faust, General Manager
Peru Mining Company
Box 309
Silver City, New Mexico

Re: Docket DMA-371X, (Lead-Zinc-Copper)
Contract Idm-E67
Peru Mining Company
(Grant County mine)
Grant County, New Mexico

Dear Mr. Faust:

Your letter of August 20, 1957, has been received in this office, together with Company Check No. 1060, in the amount of $32.48, payable to Defense Minerals Exploration Administration, as reimbursement to the Government for overpayment on DMEA Contract Idm-E67. We appreciate your prompt attention in the matter.

Yours very truly,

Original signed by
J. W. TOWNSEND

J. W. Townsend
Alternate Acting Executive Officer
DMEA Field Team, Region III

JDC:hmh
CC: Chmn. Op. Comm. (2)
Harshman
DMEA, Tucson
Emerick
Corres.file, Reg. III
Townsend
Chron

MINE: HANOVER, N. M. MILL: PERUHILL, N. M.

# PERU MINING COMPANY

SILVER CITY, NEW MEXICO

August 20, 1957

Re: Docket NO. DMEA 371X (Lead-Zinc)
Contract No. Idm-E67
Peru Mining Company
(Grant County Mine)
Grant County, New Mexico

Mr. E. N. Harshman, Acting Executive Officer
DMEA Field Team, Region III
224 New Customhouse
Denver 2, Colorado

Dear Mr. Harshman:

Enclosed please find check in the amount of $32.48 which will close our records on this contract.

Very truly yours,

PERU MINING COMPANY

J. W. Faust

J. W. Faust
General Manager

JWF:F

Enc.

DMEA
PARTMENT OF THE INTERIOR
AUG 22 1957
REGION III
DENVER, COLORADO

224 New Customhouse
Denver 2, Colorado

August 12, 1957

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Mr. J. W. Faust, General Manager
Peru Mining Company
P. O. Box 309
Silver City, New Mexico

Re: Docket No. DMEA 371X (Lead-Zinc)
Contract No. 14m-267
Peru Mining Company
(Grant County mine)
Grant County, New Mexico

Dear Mr. Faust:

Reference is made to your letter of March 28, 1957, relative to liquidating the Government's interest in the jointly owned property acquired under the Contract and final settlement of the account.

The Audit Certificate and Audit Report of allowable contract expenditures by the Contract Administration and Audit Division, DMEA, dated July 12, 1957, which was approved for release August 12, 1957, indicate total valid payment to your Company of $37,902.62 Government contribution to the costs of work performed under the Contract.

A review of fiscal records indicates that payments to your Company to date amount to $37,935.09. The difference between the two amounts indicates an overpayment to your Company of $32.48. Therefore, we will appreciate your rendering a check in the amount of $32.48, made payable to the Defense Minerals Exploration Administration, and forwarding it to this office; upon receipt of which we will then be in a position to close our files on this account.

Very truly yours,

E. N. Harshman
Acting Executive Officer
DMEA Field Team, Region III

JWF:prl

cc: Chmn. Op. Comm. - 2
Harshman
DMEA/Tucson
Emerick
Townsend
Corres. file
Chron.

AUG - 8 1957

Mr. Donald T. Finch
DMEA Auditor
224 New Customhouse Building
Denver 2, Colorado

Re: Audit Report
Peru Mining Company
Contract No. Iém-467
Docket No. DMEA-371X

Dear Mr. Finch:

Your Audit Report and Certificate covering the above-cited project are acceptable and normal distribution may be effected.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Director
Contract Administration
and Audit Division

JLChambers/wb
August 7, 1957

Copy to: Docket
Admr. Reading File
Mr. Chambers

TRIPLICATE

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

# THIS DEPOSIT IS NOT SUBJECT TO CHECK

Denver, Colo.

DEPOSIT NO. 14-23-040-23

For credit of 9013 Treasury Regional Office, Denver, Colo. 8/26/57
(Name, title, and disbursing or other identification symbol of accountable officer) (Date sent)

deposited with Federal Reserve Bank of Kansas City, Mo. Denver, Colo.
(Name and location of depositary)

$ 32.48

for accounts listed below. SCHEDULE NOS.

| ACCOUNT SYMBOL | TITLE OF ACCOUNT TO BE CREDITED | AMOUNT |
|---|---|---|
| 14X4401 | | 32.48 |

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

Defense Minerals Exploration Administration
224 New Custom House
Denver 2, Colorado

SPACE BELOW TO BE USED BY DEPOSITARY ONLY

I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

Bonnett
(Authorized signature)

8/26/57
(Date of credit in Treasurer's account)

DEPOSITARY WILL DATE, SIGN, AND RETURN THIS TO DEPOSITOR FOR HIS RETAINED COPY

16—59686b-1 GPO

E-67 Peru Min Co. 32.48

This is not a royalty payment. Is to be credited as refund to voucher payments.

OFFICIAL FILE COPY
DMEA
RECEIVED AUG 28 1957

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

Budget Bureau No. 42-R1036.5

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

Period from Nov. 1, 1955 thru
Month of May, 1956 Docket No. DMEA 371X Contract No. 1R-67
Operator's Name Peru Mining Company Minerals Zinc
Address Box 309, Silver City, New Mexico
Contract Amount, $225,000.00 Government Participation: 50 % Amount, $112,500.00

| 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 Churn | 12,928.00 | 25,301.17 | 38,229.17 | | | |
| Bulldozing | | | | | | |
| Crosscutting | | | | | | |
| Drifting | | | | | | |
| (2) Labor and Supervision: | | | | | | |
| Labor | 897.73 | 27,963.79 | 28,861.52 | | | |
| Supervision | 262.50 | 4,127.35 | 4,389.85 | | | |
| Technical Services | | 1,928.00 | 1,928.00 | | | |
| (3) Operating Mat'ls. and Supplies: | | | | | | |
| Timber | | | | | | |
| Explosives | 516.48 | 6,851.63 | 7,368.11 | | | |
| Pipe | | 2,798.33 | 2,798.33 | | | |
| Track | | 1,777.35 | 1,777.35 | | | |
| Other Supplies | | 3,560.27 | 3,560.27 | | | |
| Diamond Drill Bits (not) | 148.69 | | 148.69 | | | |
| (4) Operating Equipment: Power | 388.61 | 5,070.80 | 5,459.41 | | | |
| Rental | | | | | | |
| Purchase | | 12,989.85 | 12,989.85 | | | |
| Depreciation | | | | | | |
| (5) Initial Rehabilitation and Repairs | | | | | | |
| (6) New Bldgs., Improvements, etc. | | | | | | |
| (7) Miscellaneous: | | | | | | |
| Repairs to Equipment | | 557.49 | 557.49 | | | |
| Sampling and Analysis | | | | | | |
| Payroll Taxes | 52.04 | 607.33 | 659.37 | | | |
| Liability Insurance | .55 | 15.86 | 16.41 | | | |
| Workmen's Comp. Ins. | 60.70 | 1,525.50 | 1,586.20 | | | |
| Occupational Dis. Ins. | | 243.99 | 243.99 | | | |
| (8) Contingencies (specify): | | | | | | |
| TOTALS | 15,195.50 | 95,518.91 | 110,714.41 | 15,195.50 | 95,518.91 | 110,714.41 |
| | | | | U- | 16,927.42 | 16,927.42 |
| | | | | | 78,591.49 | 93,786.99 |

I certify that the above bill is correct and just and that payment therefor has not been received.
Date July 1, 1957 *Payee Peru Mining Company
Per J. M. Faust Title General 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.

Note: No payment (Instructions on reverse)
U- Previous Disallowance

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:
$ No Payment
Signature (Authorized Certifying Officer)
Date 7/25/57 Vou. No. ——
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

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

Signature ..... Title ..... Date .....

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. H. King Title Executive Officer Date JUL 23 1957

# 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 872893

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

# UNITED STATES
# DEPARTMENT OF THE INTERIOR

## DEFENSE MINERALS EXPLORATION ADMINISTRATION

# OPERATOR'S UNIT COST AND PROGRESS REPORT

Period from Nov. 1, 1955 thru
Month of May 1956 Docket No. DMEA 371X Contract No. DMA-67
Operator's Name Peru Mining Company Minerals Zinc
Address Box 309, Silver City, New Mexico

| 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 | foot | | | 57,227.09 | 1,801 | 31.78 | | |
| Crosscutting | foot | 1,790.54 | 94 | 1,790.54 | 94 | 19.05 | | |
| Raising | | | | | | | | |
| Shafts | | | | | | | | |
| Winzes | | | | | | | | |
| Drilling: Core | foot | 476.96 | 241 | 476.96 | 241 | 1.98 | | |
| Churn | foot | 12,926.00 | | 38,229.17 | 912.5 | 41.89 | | |
| Auger | | | | | | | | |
| Stripping | | | | | | | | |
| Trenching | | | | | | | | |
| Test Pits | | | | | | | | |
| Roads and Trails | | | | | | | | |
| Total Distributed Costs | | 15,195.50 | | 97,724.56 | | | | Total Costs Authorized by Contract |
| Operating Equipment Purchased | | | | 12,989.85 | | | | |
| Initial Rehabilitation and Repairs | | | | | | | | |
| New Buildings, Improvements, etc. | | | | | | | | |
| Total Costs | | | | 110,714.41 | | | | |

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 1, 1957 Operator Peru Mining Company

Per [signature] Title General 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)

RECEIVED JUL 29 1957 D.M.E.A.

## INSTRUCTIONS

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

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

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

GPO 872894

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DMEA

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FINAL DISTRIBUTION

MADE JUL 25 1957

224 New Customhouse
Denver 2, Colorado

July 24, 1957

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket-371X, (Lead-Zinc) Contract Idm-E67, Peru Mining Company (Grant County mine) Grant County, New Mexico, Operator's Monthly Progress Report, for the period from November 1, 1955, through May, 1956

Enclosed are the original and four copies each of Forms MF-104 and MF-104A, Operator's Narrative Report, and supporting data for the above period.

The work reported includes cleaning and reaming part of the ventilation churn drill hole, crosscutting 94 feet to connect the churn drill hole with the 625 level drift, and drilling a total of 241 feet in two diamond drill holes from the end of the 625 level drift.

The subcontract entered into by the Operator to bring the churn drill hole up to contract specifications was not approved by the Government as stipulated under paragraph (4) of the contract form. Consequently the reported costs, which are in excess of the maximum unit cost established in the prior approved churn drilling subcontract, are not deemed to be allowable.

This office does not consider the crosscutting and diamond drilling to be allowable under provisions of the contract. This position was confirmed by a letter from the Chairman, Operating Committee, DMEA, dated July 9, 1956, a copy of which is attached. Also, the work was performed subsequent to November 1, 1955, which is contrary to the provisions of Amendment No. 4, as amended by Amendment No. 7.

Disallow the entire amount reported by the Operator on Form MF-104, Operator's Monthly Report and Voucher, for the period from November 1, 1955, through May, 1956.

Enclosures
JEC:hmh
Chmn. Op. Comm.(2)
DMEA, Tuc.
MF-104 file
Harshman
Townsend
DMEA Auditor
Corres. file
chron.
} w/copy of Chmn. letter of 7/9/57

Original signed by
W. H. KING
W. H. King

500

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

Mr. W. M. Traver, Executive Officer
DMEA Field Team, Region III
224 New Customhouse Building
Denver 2, Colorado

JUL 9 - 1956

DMEA
Date Rec'd.
JUL 11 1956
BUREAU OF MINES
Denver, Colorado

Re: Docket No. DMEA-371 (Lead-Zinc-Copper)
Peru Mining Company
Grant County Mine
Grant County, New Mexico
Contract No. Idm-E67

Dear Mr. Traver:

This is with reference to your June 25 memorandum, with enclosures, covering the cited project.

We are in accord with the financial recapitulation on page 2 of your memorandum. We do not consider the 94 feet of crosscutting to connect to the bottom of the churn drill hole as being an integral part of the contract. Likewise, the two diamond drill holes drilled upward from the 625 level, without an amendment, are not within the contract provisions.

It is quite out of the question for us to accede to the Operator's request for an additional recess period until some vague future time when metal prices and mining costs might be more to its liking. You should therefore advise this company that since it failed to resume work by November 1, 1955, as required by Amendment No. 7 to the contract, all Government obligations to contribute to costs not then accrued under the provisions of the contract are terminated, and it should promptly proceed with matters of property disposal and final reports as provided for in Article 16 of the contract.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee

APPROVED:

Robert W. Gruhn
Member, Bureau of Mines

Chas H. Gilbertson
Member, Geological Survey

PERU MINING COMPANY

SILVER CITY, NEW MEXICO

July 2, 1957

Re: Docket NO. DMEA 371X (Lead-Zinc)
Contract NO. Idm-E67
Peru Mining Company
(Grant County Mine)
Grant County, New Mexico

DMEA
DEPARTMENT OF THE INTERIOR
JUL 5 1957
REGION III
DENVER, COLORADO

OFFICIAL FILE COPY
DMEA
RECEIVED JUL 29 1957
DATE CODE

Mr. W. H. King
Executive Officer, DMEA
Field Team, Region III
224 New Customhouse
Denver 2, Colorado

Dear Mr. King:

Progress Report covering period ending March 24th 1956.

Due to the lapse of time involved, a short resume of previous work and conditions is in order.

On July 18, 1951, the above Government participation contract was signed. This included a 12" churn drill hole for ventilation purposes. After considerable difficulty, a contractor was secured to drill this hole at $10.50 per foot. This was Johnson Drilling Company, Hot Springs, New Mexico. (As mentioned in our final engineering and geological report, March 28, 1957, none of the local contractors were interested because of the nature of the ground and none of the larger contractors were interested due to the low footage involved.) It soon became apparent that the contractor could not make it at $10.50 per foot, so that the balance of his work was done on an actual cost basis allowing him no profit. Even under these conditions the contractor was unable to finish the hole at 12" diameter. Then in October 1955 another contractor was secured to ream the hole to 12" diameter. This was McBee Drilling Company, Deming, New Mexico. This contractor would consent to do this work only on an hourly basis. With some difficulty this contractor finally finished the hole to the proper depth and diameter.

Then we were faced with the problem of connection to this hole from the 625 level drift. With radio equipment the hole was finally located some ninety feet from the spot directly under the surface coordinates. Ninety-four feet of crosscut, on the 625 level, was necessary to tie into this hole. This connection was made March 24th, 1956 and would be classed as "necessary crosscutting" as far as the contract is concerned.

The primary object in connecting to the bottom of the churn drill hole was ventilation, but the connection also had to be made so that the hole could be checked at the bottom for proper diameter, depth, etc. by the Government engineers. The fact that the hole had wandered some ninety feet was due to ground conditions that were encountered in drilling and was not the responsibility of the contractor, nor of our company.

PERU MINING COMPANY

SILVER CITY, NEW MEXICO



On April 17, 1956, Mr. J. H. Taylor wrote Mr. Traver asking for an amendment for diamond drilling from the end of the main drift. April 30, 1956, Mr. W. R. Storms replied asking for additional information, maps, etc. and stating that at least thirty days would be necessary to get the amendment processed in Washington. As we had a drill free at the moment, we went ahead and drilled two drill holes from this area. These holes are A-360 and A-361, started May 3, 1956 and finished May 14, 1956.

A copy of the logs of these holes is attached to this report.

The total cost of the churn drill hole is as follows:

| | |
|---|---|
| Paid to Johnson Drilling Company | $25,301.17 |
| Paid to McBee Drilling Company | 12,928.00 |
| Total | $38,229.17 |
| The cost of ninety-four feet of crosscutting to connect with the hole | $ 1,790.54 |
| The cost of the two diamond drill holes - 241 ft. | $ 476.96 |
| | $ 2,267.50 |
| Total | $40,496.67 |

I again wish to state that this work was done as economically as possible and feel that the Government should pay its share.

Very truly yours

PERU MINING COMPANY

J. W. Faust

J. W. Faust
General Manager

JWF:F

cc: Mr. W. R. Storms

COPY

Mr. Donald T. Finch
DMEA Auditor
224 New Customhouse
Denver 2, Colorado

Re: Peru Mining Company
Contract No. Idm-E67
Docket No. DMA-371X
(Lead-Zinc-Copper)

Dear Mr. Finch:

I refer to your letter of July 2, 1957, in regard to the above-cited contract.

I think you have used good judgment in handling this case and I am in accord with the decision made by you as related in your letter.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Director
Contract Administration
and Audit Division

JLChambers/sma
July 16, 1957

Copy to: Docket
Admr. Reading File
Mr. Chambers

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

224 New Customhouse
Denver 2, Colorado

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July 2, 1957

Mr. J. L. Chambers, Chief
Contract Administration and Audit Division
Defense Minerals Exploration Administration
Washington 25, D. C.

Re: Peru Mining Company
Contract No. Idm-E67
Docket No. DMA-371X
(Lead-Zinc-Copper)

Dear Mr. Chambers:

On June 26, 1957, Mr. Romslo and I conferred with Mr. J. W. Faust, General Manager, and Mr. Joseph H. Taylor, Vice President of the subject company, before commencing the final on-site audit of the exploration project.

During this conference I reviewed the matter involving the reinstatement of previous suspension of churn drill hole costs, which would be at the allowable maximum rate of $10.50 per foot for a total of 797.5 feet, suspended by audit, plus 115 feet disallowed by Finance Officer. See my letter of April 10, 1957, and your reply dated May 28, 1957. I explained the basis for such reinstatement was because the company had brought the churn drill hole to specifications at its own expense prior to the termination of the contract by default.

I further advised Mr. Faust that my present audit would involve only the month of January, 1953, reported by the Company on the last MF-104 report filed and which was not included in the previous audit. Mr. Faust then stated he was not at all satisfied with this arrangement.

He questioned the legality of the termination date by default of November 1, 1955. He further maintained the Company was claiming the full cost of the churn drill hole, the cost of 94 feet of crosscut to connect the churn drill hole, and the cost of two diamond drill holes. I told Mr. Faust I was not authorized to recognize any such items and that while I did not have the DMEA files with me, I was under the impression he had previously been advised by the Executive Officer of the DMEA Field Team the items would not be acceptable to the DMEA. Mr. Faust then advised he would file an appeal and that it was his opinion that under the right circumstances the Government had been known to reverse itself.

I asked Mr. Faust why he had not filed an MF-104 and MF-104A report setting forth his demands, and he stated he had made a claim in his final report (meaning the Operator's engineering and geologic report); and that anyway, he did not have any blank forms.

In order to terminate the conference which was beginning to border on an acrimonious discussion, I suggested and it was agreed to by Mr. Faust, that he would furnish me a "dummy" MF-104, setting forth the Company's full claim: That Mr. Romslo would mail him a complete set of MF-104 and MF-104A forms, which would be completed together with a complete documentation of additional churn drill hole costs, and an engineering and progress report showing in detail when the crosscutting, diamond drilling and additional churn drill hole costs were incurred.

I advised Mr. Faust that so far as I then knew, none of his additional costs would be allowed, but the filing of a final MF-104 would serve to formalize the Company's demands.

During the audit Mr. Romslo and I made a detailed audit of all of the additional costs except the churn drill hole costs. These latter costs Mr. Faust agreed to completely document.

Upon my return to Denver this entire matter was discussed with Mr. King, who concurs with my action.

In connection with the controversial items, reference is made to Mr. Traver's letter to Chairman of the Operating Committee, dated June 25, 1956, reply from Chairman of Operating Committee, dated July 9, 1956, and letter to Operator from Mr. Traver dated July 12, 1956.

For your information, there is enclosed a copy of the Operator's "dummy MF-104"

Mr. King and I both feel the Operator's additional claims have no merit. This letter is to advise you of developments and to notify you that the completion of the audit report will be delayed until the Operator's final MF-104 is received.

Sincerely yours,

Donald T. Finch

Donald T. Finch, Auditor

Enc.

224 New Customhouse
Denver 2, Colorado

800

AIR MAIL June 17, 1957

Memorandum

To: T. M. Romslo

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 371X (Lead-Zinc) Contract Idm-E67, Peru Mining Company (Grant County mine) Grant County, New Mexico

An on-site audit of the subject account has been scheduled to begin June 26, 1957.

Please arrange to meet Mr. Donald Finch, DMEA Auditor, in Silver City the evening of June 25, 1957. Mr. Finch plans to drive down and will stop at the Clark Court on the east edge of town on Highway 260, or if there is no vacancy at the Court, he will stop at the Murray Hotel.

The proposed audit and allowability or nonallowability of certain charges was discussed with the Washington office by Mr. Finch on a recent visit there. Please give him all necessary assistance and support.

Please acknowledge receipt of the foregoing instructions.

Original signed by
W. H. KING

W. H. King

JWT:jy
cc: Chm. Op. Comm. (2) )
Harshman )
Finch )w/copy of Operator's
Townsend ) ltr. of 6-14-57
Corresp. E67
Chron.

MINE: HANOVER, N. M.

MILL: PERUHILL, N. M.

# PERU MINING COMPANY

SILVER CITY, NEW MEXICO

June 14, 1957

DMEA
DEPARTMENT OF THE INTERIOR
JUN 17 1957
REGION III
DENVER, COLORADO

Re: Docket No. DMEA 371X (Lead-Zinc
Contract No. Idm-E67
Peru Mining Company
(Grant County Mine)
Grant County, New Mexico

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Mr. W. H. King
Executive Officer, DMEA
Field Team, Region III
224 New Customhouse
Denver 2, Colorado

Dear Mr. King:

As per your letter of June 12th, 1957, we will expect an on-site audit of our contract No. Idm-E67 June 26, 1957.

Very truly yours,

PERU MINING COMPANY

J. W. Faust

J. W. Faust
General Manager

JWF:F

224 New Customhouse
Denver 2, Colorado

June 18, 1957

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Mr. J. W. Faust, General Manager
Peru Mining Company
Silver City, New Mexico

Re: Docket No. DMEA 371X (Lead-Zinc)
Contract No. I6m-E67
Peru Mining Company
(Grant County mine)
Grant County, New Mexico

Dear Mr. Faust:

An on-site audit of expenditures pertaining to Contract No. I6m-E67 has been tentatively scheduled to begin the morning of June 26, 1957.

Please advise by return mail as to whether or not that date will be satisfactory to begin the review of the accounting records by Mr. Donald T. Finch, Auditor, Contract Administration and Audit Division, DMEA.

Very truly yours,

W. H. KING

W. H. King
Executive Officer, DMEA
Field Team, Region III

JWT:prl

cc: Chmn.Op.Comm.-2
Donald T. Finch
Harshman
Emerick
DMEA/Tucson
Townsend
Corres.file
Chron.

MAY 28 1957

Mr. Donald T. Finch
DMEA Auditor
224 New Customhouse Building
Denver 2, Colorado

Re: Fern Mining Company
Docket No. DMA-371
Contract No. Idm-267

Dear Mr. Finch:

I have been rather negligent in replying to your letter of April 10, 1957, in regard to the above-cited project.

It is my recollection, however, that we talked this matter over and that we agreed that no exploration work after the termination of the contract could be recognized by the Government for participation in costs. It is my further understanding that the Government would participate in the exploration costs of all work performed while the project was in active status provided that such work met the specifications of the contract or was so corrected at the expense of the company before engineers' final report. In other words, if 797 feet of the churned drill hole was performed before the expiration of the contract, but part of it did not meet the specifications thereof, if the company later enlarged or redrilled a part of the hole prior to engineers' final report and at its own expense, the entire 797 feet could be accepted. No part of the hole, however, could be accepted which had not been drilled prior to the termination of the contract.

Are we in agreement?

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Director
Contract Administration
and Audit Division

JLChambers/wb
May 28, 1957

Copy to: Docket
Admr. Reading File
Mr. Chambers

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

224 New Customhouse
Denver 2, Colorado

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April 10, 1957

Mr. J. L. Chambers, Chief
Contract Administration and Audit Division
Defense Minerals Exploration Administration
Washington 25, D. C.

Re: Peru Mining Company
Docket No. DMA-371
(Lead-Zinc-Copper)
Contract No. Idm-E67

Dear Mr. Chambers:

Please refer to your letter April 8, 1957, concerning final audit of the subject project.

The amount of accepted costs recommended by the Field Team in its memorandum dated April 2, 1957, is composed of the following components:

| | |
|---|---|
| Accepted costs per audit report dated March 20, 1953 covering period ending December 31, 1952 | $67,399.58 |
| Add: | |
| Project costs for period January 1, 1953 to January 25, 1953 (Subject to final audit) | 2,721.35 |
| Reinstatement of 797.5 Ft. Churn Drill Hole @ $10.50 (Suspended by audit) | 8,373.75 |
| Reinstatement of 115 Ft. Churn Drill Hole @ $10.50 (Disallowed by Certifying Officer November, 1952 and included in disallowance of $16,927.42) | 1,207.50 |
| Total per Field Team Memorandum April 2, 1957 | $79,702.18 |

Shortly before Mr. Traver's death we had a discussion of the reinstatement items outlined above. His position, as I understood it, was that the original purpose of the churn drill hole was to provide ventilation, and since the Operator had completed the hole in such a manner as to fulfill its original purpose, the maximum allowable cost of $10.50 per foot under the provisions of the approved subcontract should be allowed. At that time I

5/28/57

did not express an opinion because I had not reviewed the files, and further, I felt the matter was one for Engineering and Administrative decision. After an office review of the matter, I still feel the matter is primarily an administrative problem for the following reasons:

1. The project contract was terminated under the provisions of Amendment No. 7 when the Operator failed to resume project work by November 1, 1955.

2. According to the Operator's final engineering and geologic report dated March 28, 1957, the churn drill hole was not completed as an effective means of ventilation until March 24, 1956.

It is possible that the fact the churn drill hole was completed after the effective life of the contract and too late to be of any apparent benefit to the exploration project, might have some bearing on an administrative decision concerning the acceptability of the item.

I have assumed an on-site audit of the Operator's project operations for January, 1953, will be mandatory because documentation has been waived. This on-site audit is tentatively scheduled in May, immediately after my return from the scheduled conference at Washington. Earlier scheduling has not appeared feasible because of the extremely inclement road conditions existing this Spring in the area between Denver and Silver City.

I shall appreciate your discussing this problem with me while I am in Washington.

Sincerely,

Donald T. Finch

Donald T. Finch, Auditor

APR 8 - 1957

Mr. Donald T. Finch
DMEA Auditor
224 New Customhouse Building
Denver 2, Colorado

AIR MAIL

Re: Peru Mining Company
Docket No. DMA-371
Contract No. Idm-267

Dear Mr. Finch:

It would seem to me that the time has come to make a final audit of the Peru Mining Company, contract cited above, and to make a determination on at least one very important part of the work. According to our records the Certifying Officer suspended approximately $17,000.00 worth of claims, most of this, if not all of it, related to the ventilation drill hole of some 900 feet. I believe the suspension was first made because the drill hole didn't bottom at required size. Information now indicates that the bottom of the drill hole has been enlarged and that the company has extended a crosscut to connect with the ventilation hole. The Washington office would like to have this project audited for final settlement not later than the last of May. For this reason I thought it was fair to all concerned to get your ideas on whether the suspension of the cost of the drill holes should constitute a disallowance or whether you have arrived at the idea that the cost of it should be shared by the Government.

One reason this question is posed to you is the fact that apparently the Field Team recommends payment, according to their memorandum of April 2, 1957, to the Operating Committee.

I shall be glad to hear from you on this matter giving me full discussion of your viewpoint as to the acceptance of this particular item.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

EDTalbert/JLChambers/wb
April 8, 1957

Copy to: Docket
Admr. Reading File
Mr. Chambers

Mr. A. A. Harsaman
Acting Executive Officer
DMEA Field Team, Region III
224 New Customhouse Bldg.
Denver 2, Colorado

Re: Docket No. DMA-371 (Lead-Zinc-Copper)
Peru Mining Company
Grant County Mine
Grant County, New Mexico
Contract No. Idm-[illegible]07

Dear Mr. Harsaman:

This is in reference to your March 4 memorandum covering liquidation of the Government's equity in jointly owned property acquired under the cited contract.

You are hereby authorized to accept the Operator's offer of $3,[illegible]96.95 for such property, including unexpended materials and supplies.

Sincerely yours,

[illegible]

Administrator

WMGriswold/er 3/15/57
Copy to: Docket
Admr & File
Op. Committee
Base Metals
Mr. Bishop, [illegible]
Mr. Aillsgard, [illegible]
Mr. Jay Chambers
Chron.

JAN 18 1957

Mr. W. A. Traver
Executive Officer
DMA Field Team, Region III
224 New Customhouse Bldg.
Denver 2, Colorado

Re: Docket No. [illegible]-371 (Lead-Zinc-Copper)
Peru Mining Company
Grant County Mine
Grant County, New Mexico
Contract No. 1[illegible]-167

Dear Mr. Travers:

We have our copy of your December 28 letter to the client operator, with a copy of its December 24 letter to you. We note the Operator's statement "if you think it best, our company will make a firm bid on this material." It probably would be worthwhile for you to request this company to make such a bid, especially since it appears that disposal to dealers may be difficult.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Attested:

O. M. Bishop

Member, Bureau of Mines

Thor H. Kiilsgaard

Member, Geological Survey

MHGriswold/er 1/17/57
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Mr. Chambers
Chron.

Mr. W. H. Traver, Executive Officer
DMEA Field Team, Region III
224 New Customhouse Building
Denver 2, Colorado

Re: Docket No. DMEA-371 (Lead-Zinc-Copper)
Pere Mining Company
Grant County Mine
Grant County, New Mexico
Contract No. Ide-867

Dear Mr. Traver:

This is with reference to your June 25 memorandum, with enclosures, covering the cited project.

We are in accord with the financial recapitulation on page 2 of your memorandum. We do not consider the 94 feet of crosscutting to connect to the bottom of the shaft drill hole as being an integral part of the contract. Likewise, the two diamond drill holes drilled upward from the 625 level, without an amendment, are not within the contract provisions.

It is quite out of the question for us to accede to the operator's request for an additional recess period until some vague future time when metal prices and mining costs might be more to its liking. You should therefore advise this company that since it failed to resume work by November 1, 1955, as required by Amendment No. 7 to the contract, all Government obligations to contribute to costs not then accrued under the provisions of the contract are terminated, and it should promptly proceed with matters of property disposal and final reports as provided for in article 16 of the contract.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

WRGriswold/bjl (7/3/56)

APPROVED:

/s/ Robert W. Geehan

Director, Bureau of Mines

Thor H. Kiilsgaard

Director, Geological Survey

Copy to: Docket
Admr. R. File
Op. Committee
Base Metals
Mr. Chambers
Mr. Bishop
Mr. Kiilsgaard
Chron.

COPY

BUR MINES 3-3-55

J. L. CHAMBERS, CHIEF, CONTRACT AND AUDIT DIVISION, DMEA

REURTEL. AMOUNTS BEING WITHHELD FROM PAYMENT ON FOLLOWING CONTRACTS.

| | | | |
|---|---|---|---|
| IDM E-21 | 1100 | United PARK CITY MINES CO. | NONE |
| 26 | 487 | SILVER BAY MINES, INC. | $2,275.00 |
| 29 | 606 | U. S. METALS CORP. | 1,991.30 |
| 67 | 371 | PERU MINING COMPANY | 2,721.35 |
| 84 | 1525 | Moreno Uranium Corp. | 1,329.89 |
| 309 | 1870 | U. S. METALS CORP. | NONE |

THOMAS H. BRADING

C
O
P
Y

TELETYPE

MAR 2 1955

Mr. Thomas H. Brading
DMEA Auditor
224 New Customhouse Building
Denver 2, Colorado

Please retel amounts claimed by operators on forms MF-104 being withheld from payment on following contracts:

| Idm-E21 | DMEA-1100 | United Park City Mines Co. |
|---|---|---|
| 26 | 487 | Silver Bay Mines, Inc. |
| 29 | 606 | U. S. Metals Corporation |
| 67 | 371 | Peru Mining Company |
| 84 | 1525 | Moreno Uranium Corp. |
| 309 | 1870 | U. S. Metals Corporation |

Jay L. Chambers, Chief
Contract Administration
and Audit Division

EDTalbert/wb
March 2, 1955

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

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
Field
AUG 20 1953

224 New Customhouse
Denver 2, Colorado

August 17, 1953

Mr. Jay L. Chambers, Chief
Contract Administration & Audit Division
Defense Minerals Exploration Administration
Interior Building
Washington 25, D. C.

Dear Mr. Chambers:

During Mr. Talbert's visit August 14, 1953, he requested I examine the MF-104 files for June 1952 in this office concerning Peru Mining Company, Exploration Contract E67, Docket No. DMA 371X.

As I understand the matter, a question has arisen in the Washington Office as to why the first interim audit allowed the Operator to claim wages for three Hoistmen at four hours each per shift during the month of June, 1952.

A review of the Finance Officer's copy of the June 1952 MF-104, and supporting documents, does not show any claim for wages of Hoistmen. A scanning of MF-104 forms filed by this Operator prior to June 1952 also failed to disclose charges for Hoistmen.

Enclosed with this letter is a copy of the June payroll schedule filed by the Operator. This schedule shows three shovel operators listed, but none of these charges are for more than one operator in any one day.

Several cagers are listed, but this operator had a practice of listing pumpmen interchangeably as cagers, since both categories draw the same union scale per hour.

Sincerely yours,

Donald T. Finch

Donald T. Finch
Auditor, Region IV

Enclosure

DB

EMPLOYEES & NUMBER OF HOURS WORKED

JUNE 1952

| | 2 | 3 | 4 | 5 | 6 | 9 | 10 | 11 | 12 | 13 | 16 | 17 | 18 | 19 | 20 | 23 | 24 | 25 | 26 | 27 | 29 | 30 | Total Hours |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| FEDERICO MARTINEZ, TRACKMAN | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 168 |
| SALOMON GURULE, SHOVEL OPERATOR | | | | | | 4 | 4 | 4 | 4 | | | 4 | 4 | 4 | | | | | | | | | 28 |
| BALTAZAR MENDOZA, SHOVEL OPERATOR | 4 | 4 | 5 | 4 | 5 | | | | | | | | | | | 4 | 4 | 3 | 4 | 4 | 4 | 4 | 49 |
| ARTHUR MISQUEZ, SHOVEL OPERATOR | | | | | | | | | | 4 | | | | | 4 | | | | | | | | 8 |
| MANUEL CASTILLO, CAGER | | | | | | 4 | 4 | | 4 | 4 | | 4 | 4 | 4 | 4 | | | | | | | | 32 |
| EMETERIO ESCOBAR, CAGER | | | | | 5 | | | | | | | | | | | 4 | | 3 | 4 | 4 | | 4 | 24 |
| BENITO GONZALES, CAGER | | | | | | | 4 | 4 | 4 | 4 | | 4 | 4 | 4 | 4 | | | | | | | | 32 |
| CRUZ, GONZALES, CAGER | 4 | 4 | 5 | 4 | 5 | | | | | | | | | | | 4 | 4 | 3 | 4 | 4 | 4 | 4 | 49 |
| COSME GURULE, CAGER | | | | | | 4 | 4 | 4 | 4 | 4 | | 4 | 4 | 4 | 4 | | | | | | | | 36 |
| RAMON MONJE, CAGER | | | | | | 4 | | | | | | | | | | | | | | | | | 4 |
| GUILLERMO ORTIZ, CAGER | | | | | | | | 4 | | | | | | | | | | | | | | | 4 |
| MANUEL RASCON, CAGER | | | 5 | 4 | | | | | | | | | | | | | 4 | | 4 | | 4 | | 21 |
| JIM RODRIGUEZ, CAGER | 4 | 4 | 5 | 4 | 5 | | | | | | | | | | | 4 | 4 | 3 | | 4 | 4 | 4 | 45 |
| GENERO TREVIZO, CAGER | 4 | 4 | | | | | | | | | | | | | | | | | | | | | 8 |
| FREDDIE FIERRO, MUCKER | 4 | 4 | | | | | | | | | | | | | | | | | | | | | 8 |
| MARTIN GALAVIS, MUCKER | | | | | | | | | | | | 4 | 4 | 4 | 4 | 8 | 4 | 3 | 4 | 4 | 4 | 4 | 47 |
| GILBERT PADILLA, MUCKER | 4 | 4 | | | | | | | | | | | | | | | | | | | | | 8 |
| FRANCISCO SANDOVAL, MUCKER | | | 5 | 4 | 5 | | | | | | | | | | | | | | | | | | 14 |
| GENERO TREVIZO, MUCKER | | | 5 | 4 | 5 | 4 | 4 | 4 | 4 | 4 | | 4 | 4 | 4 | 4 | 8 | 4 | 3 | 4 | 4 | 4 | 4 | 81 |

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
224 New Customhouse
Denver 2, Colorado
WASHINGTON 25, D. C.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
AUG 20 1953

August 17, 1953

Mr. Jay L. Chambers, Chief
Contract Administration & Audit Division
Defense Minerals Exploration Administration
Interior Building
Washington 25, D. C.

Dear Mr. Chambers:

During Mr. Talbert's visit August 14, 1953, he requested I examine the MF-104 files for June 1952 in this office concerning Peru Mining Company, Exploration Contract E67, Docket No. DMA 371X.

As I understand the matter, a question has arisen in the Washington Office as to why the first interim audit allowed the Operator to claim wages for three Hoistmen at four hours each per shift during the month of June, 1952.

A review of the Finance Officer's copy of the June 1952 MF-104, and supporting documents, does not show any claim for wages of Hoistmen. A scanning of MF-104 forms filed by this Operator prior to June 1952 also failed to disclose charges for Hoistmen.

Enclosed with this letter is a copy of the June payroll schedule filed by the Operator. This schedule shows three shovel operators listed, but none of these charges are for more than one operator in any one day.

Several cagers are listed, but this operator had a practice of listing pumpmen interchangeably as cagers, since both categories draw the same union scale per hour.

Sincerely yours,

Donald T. Finch
Auditor, Region IV

Enclosure

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

August 3, 1953

Memorandum

To: Mr. George C. Selfridge
Special Assistant to the Administrator

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

Subject: Your Memorandum to the Administrator Under Date of July 8, 1953, Re Docket DMA-371, Contract Idm-E67 Peru Mining Company, Grant County Mine

While you make reference to the audit report on the above-cited project and pose certain questions in regard to man power, the questions should be referred to the Field Team since they are more or less engineering matters.

You state that 32 man-days were charged for cagers in a month of 21 work days. An analysis of the six rolls submitted with the MF-104's shows that the exploration work was done by using 3 4-hour shifts on account of bad air. It is Dal's recollection that a separate hoist was used for the exploration although he was not certain. The 3 4-hour shifts would result in about 32 man-days in a 21-day month.

JLChambers/wb
August 3, 1953

Copy to: Docket
Admr. Reading File
Mr. Chambers

July 8, 1953

Memorandum

To: Administrator

From: George C. Kelfridge
Special Assistant to the Administrator

Subject: Docket No. [illegible]A-371 - Lead-Zinc
Peru Mining Company, Grant County Mine
Grant County, New Mexico
Contract No. Idm-867

In a letter to Mr. W. H. King, dated June 11, 1953, the Operator requested an extension of its contract for a period of one year from July 13, 1953. Mention was also made that a possible resumption of operations might take place based on a sliding scale on the market price for zinc. An amendment was drawn up extending the contract from July 13, 1953, to July 13, 1954, and at the same time granting a recess from July 29, 1953, to November 1, 1953.

Because of the wording of the amendment and the fact that the mine had been closed down on account of low metal prices, the writer made a brief study of the entire docket. This showed that the contract provided for a single 4,000-foot drift between two mines, 350 feet of crosscutting, 2,200 feet of surface diamond drilling, 5,100 feet of diamond drilling under ground, and two churn drill holes, aggregating approximately 1,500 feet, to serve as vents for the drift.

Work was started in late July 1951 and continued until January 1953, a period of 17 months. Drifting was started on a 1-shift 6-day week basis. Monthly advance averaged approximately 150 feet. With falling metal prices causing the management to change to a 5-day week, two unexpected flows of water, and unrest due to labor-management difficulties, average monthly advance dropped to approximately 100 feet. During the time of the water difficulties and the last month that the mine operated, advance fell to as low as 50 feet. Over the 17-month period, the average monthly advance, which included a minor amount of crosscutting, averaged approximately 100 feet. Thus, slightly more than 2,300 feet of drifting remains and approximately 300 feet of crosscutting.

To date no surface or underground diamond drilling has been done. One of the churn drill holes was started early in the program but advance was very slow largely because of unskilled drill labor. Eventually the hole reached a depth of 912½ feet, the elevation of the drift, and was stopped. Instead of bottoming with a 9-inch hole, as called for in the contract, the driller bottomed with a 6-inch hole. The Operator drove 40 feet of crosscut, unsuccessfully, to find the hole. Because the hole was drilled so slowly, ventilation troubles developed underground in the drift which slowed progress and the face of the drift is well beyond the location of the hole. Ventilation will be a problem on further drifting. As the hole was not drilled as called for in the contract, the finance officer has made a disallowance of $16,927.42 for the cost of the hole.

While reviewing the docket, it was noted that the auditor had made a disallowance for electrical charges. It was also noted in the interim audit dated August 25, 1952, that the company had charged approximately 31 per cent of the company's total labor man hours to the project. In a memorandum to Walter R. Storms from J. H. Soule, dated July 17, 1952, there is a computation covering power charges. Under hoisting, mention is made that an average of 450 cars are hoisted each day, of which an average of 22 are taken from the project drift. Without knowing the actual operating conditions, it is hard to visualize an underground operation producing 428 cars with two-thirds of the labor while one-third working one shift averages 22 cars. The Operator's June 1952 voucher included a labor schedule which was charged against the contract. This shows approximately 32 man-days for cagers in a month of 21 workdays. Thus, if there is only one shaft, the Operator charged a shift and one-half of caging against the project for hoisting only an average of 22 cars. Conceivably, there could be at least two men doing the caging, which would mean that three-fourths of their shift was charged against the project which works only one shift. While the Field may have a logical explanation for the labor distribution, possibly the matter should be checked for our own information.

As discussed with you, it appears inconceivable that the Operator can complete the work called for in the contract within the year's extension requested by it. In all probability the Operator will likely need two years more to complete the project. However, the Operator can reduce this period by working two or more shifts rather than one, as it has done in the past. As agreed between us, the requested amendment will be changed to provide for an additional recess until November 1, 1953, and an extension of the termination date of the contract for a period of one and one-half years.

P.S. The power calculation also shows 11 machines being used in the mine, 1 of which is charged to the project. Yet 31 per cent of the labor is charged against the project.

GCSelfridge/esf
7/8/53

George C. Selfridge

cc: Docket
Admr. Read. File
Base Metals Div.
✓ Contract Adm. & Audit Div.
Chron.

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

RECEIVED
SEP 26 1955

# OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of January, 1953 Docket No. DMEA 371 X Contract No. IDM-E67
Operator's Name Peru Mining Company Minerals Zinc
Address Box 309, Silver City, New Mexico
Contract Amount, $ 225,000.00 Government Participation: 50% Amount, $ 112,500.00

| 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 Churn | | 25,301.17 | 25,301.17 | | | |
| Bulldozing | | | | | | |
| Crosscutting | | | | | | |
| Drifting | | | | | | |
| (2) Labor and Supervision: | | | | | | |
| Labor | 1,311.03 | 26,652.76 | 27,963.79 | | | |
| Supervision | 262.50 | 3,864.85 | 4,127.35 | | | |
| Technical Services | | 1,928.00 | 1,928.00 | | | |
| (3) Operating Mat'ls. and Supplies: | | | | | | |
| Timber | | | | | | |
| Explosives | 310.79 | 6,541.04 | 6,851.83 | | | |
| Pipe | 70.80 | 2,727.53 | 2,798.33 | | | |
| Track | 48.10 | 1,729.25 | 1,777.35 | | | |
| Other | 232.02 | 3,328.25 | 3,560.27 | | | |
| Power | 319.79 | 4,751.01 | 5,070.80 | | | |
| (4) Operating Equipment: | | | | | | |
| Rental | | | | | | |
| Purchase | | 12,989.85 | 12,989.85 | | | |
| Depreciation | | | | | | |
| (5) Initial Rehabilitation and Repairs | | | | | | |
| (6) New Bldgs., Improvements, etc. | | | | | | |
| (7) Miscellaneous: | | | | | | |
| Repairs to Equipment | | 557.49 | 557.49 | | | |
| Sampling and Analysis | | | | | | |
| Payroll Taxes | 50.55 | 756.78 | 807.33 | | | |
| Liability Insurance | .79 | 15.07 | 15.86 | | | |
| Workmen's Comp. Ins. | 103.28 | 1,422.22 | 1,525.50 | | | |
| Occupational Dis. Ins. | 11.70 | 232.29 | 243.99 | | | |
| (8) Contingencies (specify): | | | | | | |
| TOTALS | 2,721.35 | 92,797.56 | 95,518.91 | 2721.35 | 92797.56 | 95,518.91 |
| | | | | U - 16927.42 | | 16927.42 |

I certify that the above bill is correct and just and that payment therefor has not been received.
Date Feb. 25, 1953 *Payee PERU MINING COMPANY
Per Jos. H. Taylor Title Vice President

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

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of: 75,870.14 78591.49
$ No Payment
Signature [illegible]
(Authorized Certifying Officer)
Date 9-13-55 Vou. No.
(See other side)

1 Previous disallowance

(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. DM-E 67 in accordance with the terms of the contract.

Signature [illegible] Title Mining Engineer Date April 3, 1955

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature [illegible] Title Executive Officer Date SEP 8 1955

# 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.

U. S. GOVERNMENT PRINTING OFFICE 205675

Form MF-94A
(April 1952)

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

# UNITED STATES
# DEPARTMENT OF THE INTERIOR

## DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
SEP 26 1955

## OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of January 1953 Docket No. DMEA 371 X Contract No. IdM-E67
Operator's Name Peru Mining Company Minerals Zinc
Address Box 309, Silver City, New Mexico

| 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 | foot | 2,721.35 | 86 | 57,227.89 | 1,801 | 31.78 | | |
| Crosscutting | | | | | | | | |
| Raising | | | | | | | | |
| Shafts | | | | | | | | |
| Winzes | | | | | | | | |
| Drilling: Core | | | | | | | | |
| Churn | | | | 25,301.17 | 912½ | 27.73 | | |
| Auger | | | | | | | | |
| Stripping | | | | | | | | |
| Trenching | | | | | | | | |
| Test Pits | | | | | | | | |
| Roads and Trails | | | | | | | | |
| TOTAL DISTRIBUTED COSTS | | 2,721.35 | | 82,529.06 | | | | TOTAL COSTS AUTHORIZED BY CONTRACT |
| Operating Equipment Purchased | | | | 12,989.85 | | | | |
| Initial Rehabilitation and Repairs | | | | | | | | |
| New Buildings, Improvements, etc. | | | | | | | | |
| TOTAL COSTS | | | | 95,518.91 | | | | |

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. 25, 1953 Operator PERU MINING COMPANY

Per Jas. H. Taylor Title Vice President

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

REMARKS:

(Instructions on reverse)

(For Government use only)

## 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 88-38475

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SEP 2 0 1955

U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION IV

Administrative Audit Difference Statement

[illegible]

Date: [illegible]
Payee's
Reference: [illegible]

[illegible]

Upon examination of the above Payee's Reference a difference was found which made it necessary to suspend your account accordingly:

Amount Claimed $ [illegible]

Difference $

Amount Approved $ [illegible]

The reason for the difference was due to:

[illegible] c/p [illegible] [illegible] 1955.

Any reclaim for deductions made above must be supported by the ORIGINAL of this form.

Very sincerely yours,

N. E. Stokes
Audit Section

R-IV-B & F Form No. 4
4-15-52 D

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

RECEIVED
SEP 26 1955

224 New Customhouse
Denver 2, Colorado

September 8, 1955

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 371X (Lead, Zinc, Copper), Contract Idm-E67, Peru Mining Company, Grant County Mine, Grant County, New Mexico - Operator's Monthly Progress Report, for the period January 1953.

Enclosed are the original and four copies of Form MF-104 and Form MF-104A, Narrative Report, and Engineer's Report for the above period.

Work has been completed as authorized by the contract. Documentation has been waived, therefore we recommend the Government participate in 50 percent of the amount as reported by the Operator on Form MF-104 subject to verification of arithmetical accuracy within Form MF-104. In conformance with the second Interim Audit Report, by the Contract Administration and Audit Division, we recommend that the amount due the Operator be disallowed as part of the exceptions amounting to $8,470.56 recommended by this audit report.

W. A. Traver

Enclosures

WD:jy

cc: MF-104 File E67
Sec. Op. Comm. (2)
Storms
Townsend
Chron.

MINING DIVISION
REGION IV

April 3, 1953

Memorandum

To : W. H. King, Chief, Mining Division, Region IV

From : Chief, Mining Methods Br., Mining Div., Region IV

Subject : January 1953 Progress Report, Contract Idm-E67, Docket DMA-371X, Peru Mining Co.'s Grant County Zinc-Lead Mine, Grant County, N. Mex.

Enclosed in quintuplicate are the following items for the above report.

(1) Bureau of Mines engineer's report;

(2) Operator's narrative report with map;

(3) Forms MF-104 and MF-104A;

(4) Certification that all bills have been paid up to and including January.

Also enclosed are two extra copies of our engineer's report.

As all work was in accordance with the terms of the contract, I recommend that the Government's share of the costs be paid.

Through a misunderstanding this January report was buried in our files and was only discovered this morning.

Walter R. Storms

Walter R. Storms

CC W. H. King (6)
DMA-371X
DF

WRStorms:frj

MINING DIVISION
REGION IV

RECEIVED
SEP 29 1955

April 3, 1953

Memorandum

To : Walter W. Storms, Chief, Mining Methods Branch
Mining Division, Region IV

From : L. L. Farnham, Mining Engineer, Tucson, Arizona

Subject : Progress Report, Contract Idm-E67, Docket DMA-371X,
Peru Mining Co., Grant County, N. Mex.

The progress of the exploratory work under the above contract was checked on February 4, 1953. It was found that all the operations of the company had been discontinued on January 25, 1953. A skeleton maintenance crew were retained and the mine was accessible.

During the month of January, 1953 the main drift had been advanced a distance of 36 feet. This work was in accordance with the contract and is approved for payment.

L. L. Farnham, Mining Engineer
Mining Methods Branch, Mining
Division, Region IV

CC: W. H. King (Orig. & 6)
DMA-371X
DF

LLFarnham:als

PERU MINING COMPANY

SILVER CITY, NEW MEXICO

RECEIVED

SEP 26 1955

February 25, 1953

Mr. Walter R. Storms, Chief
Bureau of Mines
Box 4097
University Station
Tucson, Arizona

Dear Mr. Storms:

During December we shut down our Pewabic Mine and transferred the older employees to Kearney Mine so that we could maintain some organization during January. However, as the market broke badly for zinc, we realized that it was out of the question to keep on operating at Kearney Mine and we were forced to discontinue the operation.

We figured that if we went ahead with the Grant County Project, the costs of development work with no production would be very excessive. For this reason, we realized we would have to stop the Grant County Project. For this reason I wrote at the time.

During the month of January the Grant County Drift was extended a distance of 86 feet. We are continuing to inspect the area and see that everything is maintained in condition so that work can be continued whenever we start up.

Very truly yours,

PERU MINING COMPANY

Jos. H. Taylor

Jos. H. Taylor
Vice President

JHT:F

PERU MINING COMPANY

SILVER CITY, NEW MEXICO

RECEIVED

SEP 26 1955

February 25, 1953

Mr. Walter R. Storms, Chief
Bureau of Mines
Box 4097
University Station
Tucson, Arizona

Dear Mr. Storms:

This is to certify that all bills for supplies and equipment used in the Grant County Drift during the month of December 1952, were paid on or before January 13, 1953. All bills for supplies and equipment used in the Drift during the month of January 1953, were paid on or before February 11, 1953.

Very truly yours,

PERU MINING COMPANY

Jos. H. Taylor

Jos. H. Taylor
Vice President

JHT:F

COPY

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

SECOND INTERIM AUDIT CERTIFICATE

I have examined the records and transactions of:

Peru Mining Company
P. O. Box 309
Silver City, New Mexico

pertaining to Exploration Contract Idm-E67, Docket No. DMA 371X including Amendments 1 and 2, covering a project of exploration for lead, zinc, and copper, for the period July 18, 1951 to December 31, 1952.

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

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

| | | |
|---|---|---|
| Total Cost per MF-104 | | $92,797.56 |
| Exceptions: | | |
| Per Audit | $8,470.56 | |
| Per Certifying Officer | 16,927.42 | 25,397.98 |
| Total Accepted Cost | | $67,399.58 |

The contract calls for a 50 per cent participation of exploration expenses by the United States Government. Therefore, payment to the Contractor by the Government in the amount of Thirty three thousand six hundred ninety-nine and 79/100 Dollars

-$33,699.79-

is valid and proper.

This certificate is issued on the provision that the Regional Executive Officer, the Administrator, or other competent official has accepted or will accept the project as having otherwise met the terms of the contract.

March 20, 1953

Donald T. Finch

Donald T. Finch, Auditor

## I. INTRODUCTION

On February 23, 1953, a second interim audit (covering the period July 18, 1951 to December 31, 1952) was made of the records and accounts of operations pertaining to Contract No. Idm-E67, Docket No. DMA 371X, including Amendments No. 1 and 2 with the

Peru Mining Company
P. O. Box 309
Silver City, New Mexico

covering a project of exploration for lead, zinc and copper.

The accounting records under this contract are located in the company's office at its mine which is near Central, Grant's County, New Mexico.

Mr. John H. Soule and Mr. W. R. Hardwick, Mining Engineers, Tucson Office, assisted in the audit. During the course of the audit, Mr. Joseph H. Taylor, Vic-President and Mrs. Adah Fleming, Assistant Secretary were consulted when necessary. Their cooperation greatly facilitated the audit.

## II. GENERAL INFORMATION ON RECORDS

The accounting records for the exploration project are integrated through a modern and apparently comprehensive system with the company's "branch" accounts covering the company's exploration development and mining operations at the mine.

The source documents covering the costs of this project are recorded on Monthly Work Sheets that form the basis for preparation of the Monthly MF-104 reports. This audit, therefore, involved in general, a check of the source documents against the Monthly Work Sheets and reconciliation

with the MF-104 reports. All costs except some materials were recorded on an accrual basis.

## III. SCOPE OF AUDIT AND FINDINGS

The audit was limited to ascertaining the accuracy, propriety and validity of the costs as shown in the "Totals to Date" column of Form MF-104, Operator's Monthly Report and Voucher for the month of December, 1952. In view of the previous audit, covering the period July 18, 1951 to June 30, 1952, except as otherwise indicated this audit was restricted to the costs claimed by the Operator since that later date. The extent of the audit and the findings under each of the "Items of Cost" follow:

(1) Independent Contracts:

On January 24, 1952, a sub-contract for churn drilling between the operator and the Johnson Drilling Company was approved. This sub-contract provided for a maximum cost of $10.50 per foot. As of October 30, 1952, the operator had submitted total claims for churn drilling of 797.5 ft. at $10.50 which had been accepted in a total amount of $8,373.75. In November, 1952, the operator reported an additional 115 ft. of churn drilling and claimed additional costs of $16,927.42. This later cost figure represented, according to the operator, the final settlement with the sub-contractor. The certifying officer disallowed the item of $16,927.42, upon the recommendation of the supervising engineer as to the status of the churn drilling operations, and also because of the terms of the sub-contract, limiting the cost to $10.50 per foot. This disallowance is concurred with, and it is recommended that the

previously accepted total of $8,373.75 be disallowed pending the completion by the operator of the churn drill hole in accordance with the contract. Attached to and made a part of this report is a signed copy of a memorandum from Mr. W. H. King, Executive Officer, Field Team, Region IV, concurring in this disallowance. This memorandum is dated March 16, 1953 and is self-explanatory.

Also attached to this report is a copy of an itemized statement furnished the auditor by the Assistant Secretary of the Operator and captioned:

"Johnson Drilling Company
Churn Drill Hole
For Peru Mining Company."

The data in this statement was not audited because of the limitations in the sub-contract and is attached to this report for informatory purposes only. The following errors in the compilation of the statement are, however, noted:

| | |
|---|---|
| Error in sub-total page 7, $1072.33- adds as $1072.23 | .10 |
| Error in sub-total last page of report, $538.76, adds as $508.30 | $30.46 |
| Apparent overstatement sales taxes (2% of $30.56) | .61 |
| Total | $31.17 |

(2) Labor and Supervision, Technical Services:

All charges under the item of Labor were checked against the recordings on the Monthly Work Sheets. In order to verify the labor time, rates and charges on a sampling basis, 100% of the labor costs charged to the project for the month of July, 1952 and approximately 10% of August and November 1952, were checked back from the payrolls to the daily time cards approved by the foremen. A summary of acceptable

labor costs follows:

| | |
|---|---|
| Balance June 30, 1952 | $18,426.51 |
| For the period July 1 to December 31, 1952 | 8,226.25 |
| Total to Date December 31, 1952 | $26,652.76 |

Salaried personnel are paid from the Chicago office of the company. Charges for Supervision on the MF-104 forms submitted, are based on the schedule contained in Exhibit D of the contract and are outlined below:

| | | |
|---|---|---|
| Balance June 30, 1952 | | $2,289.85 |
| Period July 1 to December 31, 1952 | | |
| Superintendent-10% of Monthly Salary of $550.00 | $330.00 | |
| Foreman-10% of Monthly Salary of $450.00 | 270.00 | |
| Engineer-50% of Monthly Salary of $325.00 | 975.00 | 1,575.00 |
| Total to Date December 31, 1952 | | $3,864.85 |

Charges for Technical Services were for a Consultant Geologist. Exhibit D of the contract provides for a maximum rate of 20% of a Monthly salary of $700.00 or $140.00 per month. Charges during the period July 1 to December 31, 1952 for this item averaged $110.00 per month and were based on time devoted to the project as evidenced by invoices. The accepted total to date for geological services amounted to $1928.00 as of December 31, 1952.

The charges for both Supervision and Geological Services were discussed with the Supervising Engineer, and the Executive Officer. They are considered reasonable.

(3) Operating Materials and Supplies:

All charges against this category were checked against the Monthly Work sheets. Mr. Soule, Mining Engineer examined all requisitions for materials and supplies to determine the propriety of the items charged, the reasonableness of cost and the necessity of the items to the project.

Test checks were made of the stock record cards maintained by the storekeeper. Purchases were test checked for computations, unit prices and quantities. Materials are charged out of stores to the project on an average unit price basis. The operator had complied with the recommendation in the previous audit concerning the segregation of previous charges for pipe and track formerly charged to "Other Supplies."

The acceptable costs for materials and supplies are tabulated below:

| | Balance 6/30/52 | July 1 to Dec.31,1952 | Total to Date-12/31/52 |
|---|---|---|---|
| Explosives | $4,554.97 | $1,986.07 | $6,541.04 |
| Pipe | 2,009.60 | 715.85 | 2,725.45 |
| Track | 1,437.19 | 266.26 | 1,703.45 |
| Other: | 1,937.88 | | |
| Electric Wire & Mine Supplies | | $ 533.19 | |
| Hose | | 231.16 | |
| Small Tools | | 31.23 | |
| Drill Bits | | 280.00 | |
| Drill Steel | | 120.00 | |
| Vent Tube | | 153.23 | |
| Miscellaneous | | 69.44 | $3,356.13 |

The foregoing tabulation reflects minor charges in distribution.

(4) Power

Electric Power is furnished by the Community Public Service Company. All monthly power invoices were examined for the period July 1 to December 31, 1952. During the previous audit, it was determined that metered horse power demand had not been increased by the exploration project. Also, during

that audit, a theoretical allocation of electric power to the project was developed with the assistance of Mr. Soule, Mining Engineer. The following tabulation reflects a recomputation of power costs, July 1 to December 31, 1952, based on the lowest applicable minimum rate for KWH energy consumed. Allocation to the project was on the basis of average daily consumption of electric energy for pumping of 698 KWH per calendar day and of 622 KWH per days worked for other exploration work, such as air compression, pro rata portion of hoisting, ventilation, locomotive battery charging and Miscellaneous.

| | July | August | September | October | November | December |
|---|---|---|---|---|---|---|
| Calendar Days | 31 | 31 | 30 | 31 | 30 | 31 |
| Days Worked | 22 | 21 | 21 | 18 | 19 | 20 |
| Electric Energy Consumed | | | | | | |
| Pumping: 698 KWH per day× Calendar days | 21638 | 21638 | 20940 | 21638 | 20940 | 21638 |
| Drifting: 622 KWH per day× days Worked | 13684 | 13062 | 13062 | 11196 | 11818 | 12440 |
| Total KWH Consumed | 35322 | 34700 | 34002 | 32834 | 32758 | 34078 |
| Electrical Energy at Lowest Applicable Minimum Rate | | | | | | |
| KWH at 9.20 Mills | 35322 | 34700 | 24319 | | | 14780 |
| KWH at 8.05 Mills | | | 9683 | 32834 | 32758 | 12600 |
| Cost of Electrical | | | $223.73 | | | $135.98 |
| Energy | $324.96 | $319.24 | 77.95 | $264.31 | $263.70 | 101.43 |
| Total | $324.96 | $319.24 | $301.68 | $264.31 | $263.70 | $237.41 |
| Add 2% Tax | $ 6.50 | $ 6.38 | $ 6.03 | $ 5.29 | $ 5.27 | $ 4.75 |
| Total Acceptable Cost of Electric Energy | $331.46 | $325.62 | $307.71 | $269.60 | $268.97 | $242.16 |

Total cost of Electric Energy July 1 to December 31, 1952------$1745.52
Total Claimed on MF-104s, July 1 to December 31, 1952---------- 1842.33
Excess Charge for Electric Energy Disallowed $ 96.81

The Operator had adjusted its records to reflect the disallowance

for excess power charges reported in the previous audit report. The acceptable power costs as of December 31, 1952 are summarized as follows:

| Adjusted Balance | Claimed 7/1 to 12/31/52 | Disallowed 7/1 to 12/31 1952 | Accepted Total to Date 12/31/52 |
|---|---|---|---|
| $2,908.68 | $1,842.33 | $ 96.81 | $4,654.20 |

(5) Operating Equipment

Purchased

During the period July 1 to December 31, 1952, there were no purchases of Equipment. The charges to this account during the period were on a Supplemental MF-104 for July 1952, and were for unclaimed balances on the purchase price of the Jumbo Drill and mine car wheels acquired prior to June 30, 1952. The invoices applicable to these charges were examined during the previous audit. Purchases to Date consist of the following Equipment:

| | |
|---|---|
| 1 DJ B-2 Two Drill Boom Jumbo with Power Feed Shell----- | $4,105.15 |
| 4 DA 30 Power Feed Drifters---------- | 3,800.00 |
| 20 Mine Cars, complete---------- | 5,024.70 |
| Total to Date December 31, 1952 | $12,989.85 |

(6) Miscellaneous

Repairs to Equipment

All charges for repairs to equipment for the period July 1 to December 31, 1952 were from "Orders on the Storekeeper" and were examined by Mr. Soule, Mining Engineer, for nature, reasonableness of cost, and necessity. Monthly totals were checked to the applicable MF-104. Acceptable charges for Repairs to Equipment are as follows:

| | |
|---|---|
| Balance June 30, 1952 | None |
| Period July 1 to Dec. 31, 1952 | $557.49 |
| Total to Date Dec. 31, 1952 | $557.49 |

Charges during the period July 1 to December 31, 1952 for payroll taxes, public liability insurance, workmen's compensation insurance and occupational disease insurance were confirmed by applying the rates in effect as shown by the operator's files to the applicable payrolls. It was determined that payroll taxes did not include charges for exempt salaries and wages.

The rates which the operator's files indicated to be in effect are as follows:

Payroll Taxes

| | |
|---|---|
| Federal Old Age Benefits | 1.5% |
| Federal Unemployment | 0.3% |
| New Mexico State Unemployment | 1.8% |

Workmen's Compensation Insurance

July 1 to October 31, 1952 $4.766 per $100.00 of Payroll
Less Discount of 5.2%
November 1 to December 31, 1952 $7.02 per $100.00 of Payroll
Less Discount of 3.5%

Public Liability

5 cents per $100.00 of Payroll

Occupational Disease

July 1 to October 31, 1952 $0.812 per $100.00 of Payroll
Less Discount of 5.2%
November 1 to December 31, 1952 $0.777 per $100.00 of Payroll
Less Discount of 3.5%

## IV. CONCLUSIONS AND RECOMMENDATIONS

The totals to date shown on the MF-104A report for December 31, 1952 agree with the totals to date as claimed by the operator. The item of Drifting should be reduced from $54,506.54 to $54,409.73 to reflect the disallowance for excess power charge of $96.81. The item of $25,301.17 for churn

drilling should be eliminated to reflect the disallowance of this item.

This audit has disclosed that all cost, as charged to this project, with the exception of the disallowance itemized under:

(1) Independent Contracts
(4) Power

of the preceding section of this report, are reasonable and proper under the terms of the contract, including Exhibits A, C, and D as amended.

The adjustments between items of costs, as shown on the December, 1952 MF-104, the recommended disallowances and approved amounts are summarized as follows:

| | Totals to Date-MF-104 12/31/52 | Distribution Corrected | Disallowed by Certifying Officer | Disallowed by Audit | Allowed by Audit |
|---|---|---|---|---|---|
| **Independent Contracts** | | | | | |
| Churn Drilling | $25301.17 | $25301.17 | $16927.42 | $8373.75 | $ None |
| **Labor & Supervision:** | | | | | |
| Labor | 26652.76 | 26652.76 | | | $26652.76 |
| Supervision | 3864.85 | 3864.85 | | | 3864.85 |
| Technical Services | 1928.00 | 1928.00 | | | 1928.00 |
| **Operating Mat.&Supp:** | | | | | |
| Explosives | 6541.04 | 6541.04 | | | 6541.04 |
| Pipe | 2727.53 | 2725.45 | | | 2725.45 |
| Track | 1729.25 | 1703.45 | | | 1703.45 |
| Other | 3328.25 | 3356.13 | | | 3356.13 |
| Power | 4751.01 | 4751.01 | | 96.81 | 4654.20 |
| **Operating Equipment:** | | | | | |
| Purchased | 12989.85 | 12989.85 | | | 12989.85 |
| **Miscellaneous:** | | | | | |
| Repairs to Equip. | 557.49 | 557.49 | | | 557.49 |
| Payroll Taxes | 756.78 | 756.78 | | | 756.78 |
| Public Liability Insurance | 15.07 | 15.07 | | | 15.07 |
| Workmen's Comp.Ins. | 1422.22 | 1422.22 | | | 1422.22 |
| Occupational Disease Insurance | 232.29 | 232.29 | | | 232.29 |
| | $92797.56 | $92797.56 | $16927.42 | $8470.56 | $67399.58 |

At the conclusion of the audit, the findings, except the item of churn drilling disallowed, were discussed with Mrs. Adah Fleming, Assistant Secretary. It was not feasible to discuss the item of churn drilling at the time of the audit, and prior to a conference with the Executive Officer of Region IV.

March 20, 1953

Donald T. Finch
Donald T. Finch
Auditor

224 New Customhouse
Denver 2, Colorado

March 16, 1953

Memorandum

To: Donald T. Finch, Auditor, Region IV

From: Executive Officer, Field Team, Region IV

Subject: Churn Drilling - Peru Mining Co., Exploration Project Contract Idm-E67

Reference is made to conference March 9, 1953 concerning the following situation:

(1) The Exploration Contract authorizes churn drilling for an air shaft starting at about 12" size and ending at about 9" to connect with a drift on the 625' level of the Kearney mine.

(2) A sub-contract dated December 5, 1951 between the operator and the Johnsen Drilling Company providing for this churn drilling at a maximum rate of $10.50 per foot was approved on January 24, 1952.

(3) It is reported that at the present time the churn drill hole has a total depth of 912.5 feet but that between 242.5 feet and 331.5 feet of the lower portion is only 6" size. Also the hole bottom is not connected with the drift.

(4) The operator has made a final settlement with the sub-contractor. The following tabulation reflects the present status of claimed costs:

| | |
|---|---|
| Period December 1, 1951 to October 31, 1952 | |
| 797.5 ft. at 10.50 | $8,373.75 |
| November, 1952 | |
| 115 ft. based on final settlement with sub-contractor | 16,927.42 |
| Total to Date | $25,301.17 |
| Disallowance by Finance Officer | 16,927.42 |
| Accepted Balance to Date | $ 8,373.75 |

(5) The operator has currently recessed both mining and exploration operations.

(6) At the present time none of this churn drilling is acceptable from an engineering standpoint.

(7) I concur with your recommendation that the balance of $8,373.75 of claimed cost should be disallowed on a suspense basis pending the completion by the operator of a satisfactory borehole connected with the drift in accordance with the contract.

W. H. KING

W. H. King

JFS:es

cc: Contract
Chron.
Storms
Koschmann (2)
Distribution for
Audit Report (6)

JOHNSON DRILLING COMPANY

CHURN DRILL HOLE

FOR PERU MINING COMPANY

| | | | Month | To Date |
|---|---|---|---|---|
| December 1951: | | | | |
| 12-27-51 | Car Expense | $ 8.75 | | |
| 12-30-51 | Moving Expense, gas, oil | 18.75 | | |
| | Labor Moving | 36.00 | | |
| 12-31-51 | Labor on Trucks | 14.00 | | |
| 12-30-51 | Road Expense, gas & eats | 7.53 | | |
| 12-31-51 | Gas & oil for moving | 21.00 | 106.03 | |
| January 1952: | | | | |
| 1-3-52 | Gas & material for bldg. | 165.37 | | |
| 1-3-52 | Gas & oil for rig | 33.35 | | |
| 1-3-52 | Butane | 7.80 | | |
| 1-3-52 | Iron at Cosgrove's | 7.74 | | |
| 1-4-52 | Oxy & acet. | 10.20 | | |
| 1-5-52 | John R. Johnson Wages | 75.00 | | |
| 1-5-52 | Travel expense | 3.00 | | |
| 1-5-52 | Joe Baca Wages | 35.50 | | |
| 1-2-52 | Gas & Oil for Moving | 11.00 | | |
| 1-8-52 | Bayard Builders | 3.21 | | |
| 1-8-52 | Butane for rig | 19.58 | | |
| 1-11-52 | Travel Expense to Pueblo | 100.00 | | |
| 1-11-52 | Drill Tools | 389.43 | | |
| 1-5-52 | William J. Wages | 75.00 | | |
| 1-12-52 | Gas & Oil to Pueblo | 10.81 | | |
| 1-15-52 | Gas & oil | 5.20 | | |
| 1-15-52 | Telephone call | 1.01 | | |
| 1-15-52 | Welding Lens | .75 | | |
| 1-11-52 | Joe Baca Wages | 46.50 | | |
| 1-19-52 | Geo. Doolittle Wages | 38.50 | | |
| 1-16-52 | Gas & oil | 18.23 | | |
| 1-17-52 | Camp Supplies | 7.14 | | |
| 1-16-52 | Travel Expense | 10.00 | | |
| 1-18-52 | Oil | 4.59 | | |
| 1-10-52 | Trip after Rig Supplies | 20.00 | | |
| 1-16-52 | Oxy & acetylene | 12.00 | | |
| 1-9-52 | Gas & oil 28 gas 2 qt oil | 7.80 | | |
| 1-18-52 | Gas & oil | 7.31 | | |
| 1-18-52 | Camp Supplies | 2.20 | | |
| 1-16-52 | Drill Tools | 119.03 | | |
| 1-24-52 | Credit Card Charges | 27.18 | | |
| 1-19-52 | Geo. Doolittle Wages | 67.75 | | |
| 1-18-52 | James H. Johnson Wages | 76.87 | | |
| 1-18-52 | Joe Baca Wages | 37.25 | | |
| 1-11-52 | John R. Johnson Wages | 59.25 | | |
| 1-11-52 | W. W. Johnson, Jr. Wages | 73.50 | | |
| 1-18-52 | W. W. John, Jr. Wages | 82.50 | | |
| 1-18-52 | John R. Johnson Wages | 68.25 | | |

| | | | Month | To Date |
|---|---|---|---|---|
| 1-21-52 | Radiator for rig | $20.00 | | |
| 1-21-52 | Car Parts Depot Rig Supplies | 2.31 | | |
| 1-21-52 | Silver Auto Supply Rig Supplies | 13.02 | | |
| 1-21-52 | Rig repairs | 8.00 | | |
| 1-22-52 | Water Pump for rig | 19.47 | | |
| 1-24-52 | Gas & oil for rig | 18.23 | | |
| 1-24-52 | Welding Supplies | 20.75 | | |
| 1-19-52 | Freight on Tools | 18.22 | | |
| 1-19-52 | Camp Supplies | 4.00 | | |
| 1-25-52 | Gas & oil for Pickup | 2.82 | | |
| 1-25-52 | James Johnson Wages | 60.37 | | |
| 1-25-52 | Joe B. Baca Wages | 50.25 | | |
| 1-25-52 | John R. Johnson Wages | 73.50 | | |
| 1-25-52 | Geo. Doolittle Wages | 41.00 | | |
| 1-26-52 | Telephone Calls | 2.90 | | |
| 1-27-52 | Gas 10 gal. 2.90 Tire Repair Pickup 1.25 | 4.15 | | |
| 1-18-52 | Gas & oil Pickup | 2.66 | | |
| 1-28-52 | Gas & oil for car | 5.67 | | |
| 1-27-52 | Telephone Call | 1.03 | | |
| 1-26-52 | Gas & oil for rig | 40.90 | | |
| 1-30-52 | Walter Johnson Salary 1 month | 300.00 | | |
| 1-30-52 | William W. Johnson Wages to Jan. 25 | 61.87 | | |
| 1-30-52 | Gas for Pickup | 3.20 | | |
| 1-30-52 | Telephone for Tools | 2.15 | 2,516.27 | 2,622.30 |
| **February 1952:** | | | | |
| 2-1-52 | William Johnson | 70.87 | | |
| 2-1-52 | James Johnson | 72.37 | | |
| | John R. Johnson | 65.25 | | |
| | George Doolittle | 51.50 | | |
| 2-1-52 | Repairs - Richard Auto Works | 2.00 | | |
| 2-1-52 | Gas, oil, Tire Repair Cr. Cards | 8.95 | | |
| 2-4-52 | 39 ft. 14" Casing | 188.00 | | |
| 2-8-52 | W. W. Johnson, Jr. Wages | 60.75 | | |
| | John R. Johnson Wages | 63.00 | | |
| | James Johnson Wages | 60.00 | | |
| 2-8-52 | George Doolittle | 7.50 | | |
| 2-5-52 | Gas & oil Pickup | 6.40 | | |
| 2-5-52 | Telephone | 4.00 | | |
| 2-5-52 | Gas & oil for car | 5.30 | | |
| 2-1-52 | Cosgrove's | 3.20 | | |
| 2-8-52 | Repairs Truck | 2.75 | | |
| 2-4-52 | Freight on Tools | 11.97 | | |
| 2-15-52 | Butane Account | 100.25 | | |
| 2-11-52 | Zork Hdwe. Cable | 156.10 | | |
| 2-9-52 | Freight on Engine | 2.27 | | |
| 2-11-52 | Tire Repair | 1.25 | | |

| | | | Month | To Date |
|---|---|---|---|---|
| 2-14-52 | Gas & oil for Pickup | 4.80 | | |
| 2-15-52 | Gas & oil for Pickup | 5.00 | | |
| 2-13-52 | Gas & oil for Pickup | 2.35 | | |
| 2-13-52 | William Johnson Wages | 76.50 | | |
| 2-15-52 | Gas for Pickup | 2.44 | | |
| 2-16-52 | John Thomas Wages | 48.00 | | |
| 2-16-52 | James Johnson Wages | 65.25 | | |
| 2-16-52 | John R. Johnson Wages | 65.25 | | |
| 2-15-52 | H. L. Barnett Acct. Rig & Welding Supplies | 200.00 | | |
| 2-11-52 | Gas & oil car | 4.23 | | |
| 2-15-52 | Truck Repair | 1.50 | | |
| 2-26-52 | Gasoline Conoco | 27.03 | | |
| 2-21-52 | Oxygen | 5.75 | | |
| 2-16-52 | Car Expense | 4.47 | | |
| 2-22-52 | John Thomas Wages | 61.87 | | |
| 2-22-52 | John R. Johnson | 72.00 | | |
| 2-22-52 | James H. Johnson | 61.87 | | |
| 2-22-52 | William Johnson | 60.00 | | |
| 2-22-52 | Repairs on Dodge Pickup | 73.50 | | |
| 2-22-52 | Vibrogel 75 lbs. | 22.50 | | |
| 2-22-52 | Elect. Caps 10-60 ft. | 15.00 | | |
| 2-23-52 | Time Cards | 9.35 | | |
| 2-24-52 | Elect. Caps 5-8-5-60 | 16.50 | | |
| 2-29-52 | Flashlight Batteries | 1.06 | | |
| 2-25-52 | Pickup Repairs Chev. | 39.68 | | |
| 2-29-52 | John R. Johnson | 75.75 | | |
| 2-29-52 | Walter Johnson 1 Month | 300.00 | | |
| 2-29-52 | William Johnson | 62.25 | | |
| 2-29-52 | James Johnson | 78.00 | | |
| 2-29-52 | John Thomas | 72.00 | | |
| 2-29-52 | E. R. Jordan | 57.00 | | |
| 2-29-52 | E. Cosgrove acct. | 84.02 | | |
| 2-29-52 | Oil for pickup | 1.30 | | |
| 2-29-52 | Gas & oil | 5.60 | | |
| 2-18-52 | Gas for pickup | 2.44 | 2,627.94 | 5,250.24 |
| March 1952: | | | | |
| 3-7-52 | E. R. Jordan | 48.00 | | |
| 3-7-52 | John Thomas | 48.00 | | |
| 3-7-52 | John Johnson | 48.00 | | |
| 3-7-52 | James Johnson | 48.00 | | |
| 3-4-52 | Traveling Expense | 20.00 | | |
| 3-8-52 | Gas for pickup | 3.00 | | |
| 3-8-52 | Gas for Car & pickup | 9.33 | | |
| 3-9-52 | Oxygen 2 Drums | 10.20 | | |
| 3-19-52 | Kennecott Bill on Bits | 95.15 | | |
| 3-16-52 | H. L. Barnett Co. acct. | 157.46 | | |
| 3-19-52 | E. Cosgrove Acct. | 84.02 | | |
| 3-19-52 | Telephone acct. | 9.00 | | |

| | | | Month | To Date |
|---|---|---|---|---|
| 3-14-52 | John R. Johnson Wages | 67.50 | | |
| 3-14-52 | E. R. Jordan Wages | 63.75 | | |
| 3-14-52 | John Thomas Wages | 57.00 | | |
| 3-14-52 | James H. Johnson | 64.50 | | |
| 3-19-52 | Repairs on Chev. Pickup | 75.00 | | |
| 3-21-52 | John R. Johnson | 45.75 | | |
| 3-21-52 | James Johnson | 53.25 | | |
| 3-21-52 | John Thomas | 31.50 | | |
| 3-21-52 | E. R. Jordan | 49.50 | | |
| 3-21-52 | Gas for pickup | 3.63 | | |
| 3-24-52 | Oxygen & acetylene | 15.50 | | |
| 3-27-52 | John R. Johnson | 45.75 | | |
| 3-28-52 | E. R. Jordan | 81.75 | | |
| 3-28-52 | James H. Johnson | 82.50 | 1,317.04 | 6,567.28 |
| April 1952: | | | | |
| 4-4-52 | G. E. Morris | 56.25 | | |
| 4-4-52 | E. R. Jordan | 61.50 | | |
| 4-4-52 | James H. Johnson | 63.75 | | |
| 4-1-52 | Walter Johnson | 300.00 | | |
| 3-10-52 | Gas & oil for rig | 27.28 | | |
| 4-1-52 | Gas, oil & grease for rig | 28.92 | | |
| 4-1-52 | Gas & oil acct. | 39.70 | | |
| 3-16-52 | Credit Card Charge for car | 4.75 | | |
| 4-5-52 | Butane acct. | 203.59 | | |
| 3-24-52 | Oxy. & acetylene | 15.60 | | |
| 4-5-52 | Car repairs | 24.60 | | |
| 4-11-52 | E. R. Jordan | 77.63 | | |
| 4-11-52 | G. E. Morris | 52.50 | | |
| 4-11-52 | James H. Johnson | 80.63 | | |
| 4-8-52 | Gasoline pickup | 3.87 | | |
| 4-9-52 | Oxygen & acet. | 15.75 | | |
| 4-11-52 | Gasoline for welder | 27.28 | | |
| 4-2-52 | Grease for rig | 3.82 | | |
| 3-26-52 | John R. Johnson Wages | 33.00 | | |
| 4-18-52 | E. R. Jordan | 51.75 | | |
| 4-18-52 | James H. Johnson | 51.75 | | |
| 4-18-52 | G. E. Morris | 84.00 | | |
| 4-25-52 | John Thomas | 48.00 | | |
| 4-25-52 | E. R. Jordan | 64.12 | | |
| 4-25-52 | James H. Johnson | 64.12 | | |
| 4-25-52 | G. E. Morris | 58.88 | | |
| 4-13-52 | Tire Repair | 1.25 | | |
| 4-16-52 | Oxy. & acetylene | 15.95 | | |
| 4-19-52 | Oxygen & acetylene | 10.15 | | |
| 4-20-52 | Iron | 11.00 | | |
| 4-24-52 | Iron for stem | 60.00 | | |
| 4-12-52 | Gas for welder | 27.28 | | |
| 4-17-52 | Telephone acct. | 9.00 | | |
| 4-25-52 | Credit Card Tickets to Date | 22.16 | | |

| | | | Month | To Date |
|---|---|---|---|---|
| 3-31-52 | Darbyshire Machine Work on Drilling Tools | 73.00 | | |
| 4-21-52 | Gas for pickup | 4.27 | | |
| 4-25-52 | Oxygen & acetylene | 27.35 | | |
| 4-28-52 | Rig Repairs | 11.13 | | |
| 4-30-52 | Gas Credit Card Car | 4.80 | | |
| 4-30-52 | Tire for car | 27.77 | | |
| 4-30-52 | Walter Johnson April | 300.00 | 2,148.15 | 8,715.43 |
| May 1952: | | | | |
| 5-2-52 | John Thomas Wages | 115.50 | | |
| | E. R. Jordan | 84.00 | | |
| | James H. Johnson | 85.50 | | |
| | Gerald Morris | 114.00 | | |
| 5-2-52 | Gas & oil for rig | 25.09 | | |
| 5-2-52 | Oxy & acet. | 8.16 | | |
| 5-5-52 | Repairs & gas & oil car | 15.64 | | |
| 5-7-52 | Credit Card Charges Pickup | 17.37 | | |
| 5-12-52 | H. L. Barnett on acct. | 160.00 | | |
| 5-12-52 | Ray Burchfield rig repairs | 6.45 | | |
| 5-12-52 | Silver Auto Parts Rig Repairs | 1.36 | | |
| 5-10-52 | Car Serviced | 11.20 | | |
| 5-2-52 | Traveling Expenses | 25.00 | | |
| 4-30-52 | Employers Soc. Sec. | 59.00 | | |
| 4-30-52 | N. M. Employment Ins. | 11.77 | | |
| 4-30-52 | Payroll Insurance for 1st quarter on Peru Job $7.91 per $100.00 payroll. Payroll was $3,924.72 | 309.44 | | |
| 5-16-52 | E. R. Jordan Wages 1 to 15 | 155.25 | | |
| 5-16-52 | G. E. Morris Wages | 155.25 | | |
| 5-16-52 | John Thomas Wages | 154.37 | | |
| 5-16-52 | James H. Johnson | 155.25 | | |
| 5-3-52 | Freight on Bit | 17.01 | | |
| 5-16-52 | Freight on Stem | 19.44 | | |
| 5-16-52 | New Drill Stem | 167.00 | | |
| 5-26-52 | 12" Bit | 102.50 | | |
| 5-27-52 | Credit Card Charges | 14.48 | | |
| 5-22-52 | Oxygen 3 Drums | 15.55 | | |
| 5-17-52 | New V Belts | 45.75 | | |
| 5-24-52 | Gas for Welder (Station) | 3.30 | | |
| 5-31-52 | Butane acct. | 209.79 | | |
| 5-30-52 | John Thomas Wages | 141.00 | | |
| 5-31-52 | Walter Johnson | 300.00 | | |
| 5-31-52 | Howard Mountain | 67.50 | | |
| 5-31-52 | G. E. Morris | 142.50 | | |
| 5-31-52 | James H. Johnson | 138.00 | | |
| 5-31-52 | E. R. Jordan | 141.00 | | |
| 5-27-52 | Gas for Welder | 27.28 | 3,221.70 | 11,937.13 |

| | | | Month | To Date |
|---|---|---|---|---|
| June 1952: | | | | |
| 6-5-52 | Telephone acct. | 19.62 | | |
| 6-10-52 | Cosgrove acct. | 29.05 | | |
| 6-9-52 | Gas & oil for car | 2.82 | | |
| 6-12-52 | Gas for car | 3.30 | | |
| 6-13-52 | Rig parts | 10.00 | | |
| 6-13-52 | Merrits Repairs | 48.28 | | |
| 6-14-52 | Gas for car | 4.70 | | |
| 6-13-52 | Gas for pickup | 4.42 | | |
| 5-28-52 | Car Parts Depot Rig Repairs | 6.43 | | |
| 5-24-52 | Repairs on Pickup | 2.05 | | |
| 6-11-52 | Pickup Repairs at Bill Snell Pontiac | 31.39 | | |
| 6-15-52 | G. E. Morris Wages | 135.75 | | |
| 6-16-52 | E. R. Jordan Wages | 151.50 | | |
| 6-17-52 | James H. Johnson | 126.00 | | |
| 6-17-52 | Clyde Jarbo Wages | 21.20 | | |
| 6-6-52 | Rig Repairs Merrits | 11.73 | | |
| 6-17-52 | Gas for car | 3.93 | | |
| 6-10-52 | Oxygen 2 Drums | 11.22 | | |
| 6-18-52 | Barnett Acct. | 411.72 | | |
| 6-5-52 | Gas for car | 4.80 | | |
| 6-2-52 | Gas for pickup | 4.35 | | |
| 5-28-52 | Gas for car | 4.25 | | |
| 5-26-52 | Gas for Welder | 27.28 | | |
| 6-1-52 | Gas for pickup | 3.07 | | |
| 6-9-52 | Gas for pickup | 1.30 | | |
| 6-24-52 | Gas & oil Conoco | 38.85 | | |
| 6-25-52 | Gas for car | 4.56 | | |
| 6-25-52 | Gas for pickup | 3.30 | | |
| 6-25-52 | Freight on Jars | 7.86 | | |
| 6-25-52 | Spang Jars | 279.50 | | |
| 6-30-52 | Walter Johnson | 300.00 | | |
| 6-30-52 | Clyde Jarbo | 103.50 | | |
| 6-30-52 | E. R. Jordan | 175.50 | | |
| 6-30-52 | Howard Mountain | 248.12 | | |
| 6-30-52 | James Johnson | 160.12 | | |
| 6-30-52 | Gas for car | 4.28 | | |
| 6-30-52 | Gas for pickup | 1.43 | | |
| 6-30-52 | Gerald E. Morris | 68.25 | | |
| 6-20-52 | Pickup Repairs | 16.00 | | |
| 6-30-52 | Barnetts Bal. on June acct. | 81.12 | | |
| 6-30-52 | Butane for June | 108.74 | 2,681.29 | 14,618.42 |

JOHNSON - CHURN DRILL HOLE



| | | | Month | To Date |
|---|---|---|---|---|
| July 1952: | | | | |
| 7-2-52 | Gas for car | 4.92 | | |
| 7-4-52 | 50 lb. W. R. Barnett Co. | 5.00 | | |
| 7-3-52 | Gas Pickup Dixie | 3.25 | | |
| 7-3-52 | Tire Rep. Pickup Dixie | .75 | | |
| 7-4-52 | Gas for car - Texaco at Deming | 5.55 | | |
| 7-4-52 | Cable at Cosgroves | 128.52 | | |
| 7-1-52 | Fuse - Cosgroves | 2.45 | | |
| 7-4-52 | Shaft for Stem - Deckerts | 40.80 | | |
| 7-4-52 | Cosgrove acct. for June | 21.98 | | |
| 7-6-52 | Gas for car for trip to job | 4.80 | | |
| 7-9-52 | Gas for pickup | 2.09 | | |
| 7-14-52 | Telephone acct. June | 7.87 | | |
| 7-15-52 | Gas for car & oil | 4.05 | | |
| 7-16-52 | Gas for pickup | 3.80 | | |
| 7-16-52 | Clyde Jarbo Wages | 126.25 | | |
| 7-16-52 | James Johnson | 151.50 | | |
| 7-16.52 | Howard Mountain | 144.75 | | |
| 7-16-52 | E. R. Jordan | 144.75 | | |
| 7-14-52 | Parts Burchfield | 2.04 | | |
| 7-14-52 | Parts Barnetts | .46 | | |
| 7-14-52 | Parts Barnetts | 7.28 | | |
| 7-14-52 | Gas for Welder Conoco | 27.53 | | |
| 7-12-52 | Parts - Barnetts | 1.12 | | |
| 7-11-52 | Ranite - Barnetts | 31.22 | | |
| 7-2-52 | Butane | 45.98 | | |
| 7-14-52 | Barnetts - Parts | 17.10 | | |
| 7-14-52 | Barnetts - Parts | .81 | | |
| 7-1-52 | Barnetts Weld. Rod | 63.65 | | |
| 3-5-52 | 7 lbs. #18 Annun. Wire | 6.15 | | |
| 3-27-52 | 30 lb. 60% Dynamite | 9.17 | | |
| 3-19-52 | 1 case 60% Dynamite | 9.17 | | |
| 3-4-52 | 1 bx. 60% Powder | 9.17 | | |
| 1-10-52 | 8 Elec. Caps 50 lbs. Pwd. | 10.79 | | |
| 6-14-52 | 1 bx. Powder | 9.17 | | |
| 6-16-52 | 1 bx. Powder | 9.17 | | |
| 6-29-52 | 1 bx. Powder | 9.17 | 1,072.33 | 15,690.75 |
| | Amount Paid | | | 12,750.00 |
| | Balance | | | $2,940.75 |

JOHNSON DRILLING COMPANY

CHURN DRILL HOLE

FOR PERU MINING COMPANY

| July 15 through July 31, 1952: | | | Month | Balance To Date |
|---|---|---|---|---|
| | | | | $2,940.75 |
| 7-17-52 | Parts at Barnett's | 4.25 | | |
| 7-18-52 | Tire Repair Bill Snell | .75 | | |
| 7-19-52 | Gas from Home Tank Pickup | 3.75 | | |
| 7-24-52 | Gas from Home Tank Pickup | 3.75 | | |
| 7-20-52 | Box for Stem | 20.00 | | |
| 7-24-52 | E. P. Welding Sup. | 6.63 | | |
| 7-25-52 | E. P. Welding Sup. | 11.99 | | |
| 7-25-52 | Texaco Gas for Car | 4.28 | | |
| 7-28-52 | Gas for Car Barnett's | 4.20 | | |
| 7-29-52 | Dynamite Cosgrove | 12.44 | | |
| 7-31-52 | Clyde Jarboe Wages | 154.37 | | |
| 7-31-52 | E. R. Jordan Wages | 149.87 | | |
| 7-31-52 | James Johnson Wages | 187.87 | | |
| 7-31-52 | Howard Mountain Wages | 149.87 | | |
| 7-26-52 | Cosgrove | 6.94 | | |
| 7-21-52 | 1 qt. oil Pickup | .35 | | |
| 7-31-52 | Barnett's | 6.10 | | |
| 7-17-52 | Butane | 47.41 | | |
| 7-31-52 | W. Johnson Wages | 200.00 | 974.82 | 3,915.57 |
| | Amount Paid through 7-31-52 | | | 2,000.00 |
| | Balance | | | $1,915.57 |

JOHNSON DRILLING COMPANY

CHURN DRILL HOLE

FOR PERU MINING COMPANY

| August 1 through August 31, 1952: | | | Month | Balance To Date |
|---|---|---|---|---|
| | | | | $1,915.57 |
| 7-31-52 | Gasoline-Conoco | $5.70 | | |
| 8-1-52 | Gasoline-Texaco | 3.20 | | |
| 8-2-52 | Martin's Motor-Repair on Chevrolet Pickup Generator | 7.69 | | |
| 8-2-52 | Bill Snell-Repairs on Pickup | 53.92 | | |
| 8-5-52 | E. Cosgrove's-Slyvanite Fuse | 3.26 | | |
| 8-9-52 | Thomas Foy Lumber Company | 1.65 | | |
| 8-9-52 | The Hardware Company | 4.90 | | |
| 8-10-52 | Rodman Supply Co.-Rope Socket | 75.00 | | |
| 8-10-52 | Gasoline-Bill's Texaco Station | 6.52 | | |
| 8-10-52 | Butte Radiator Shop-Rod & Radiator Repair | 16.32 | | |
| 8-13-52 | Telephone Account-July | 1.92 | | |
| 8-15-52 | Wm. H. Snell-Tire, Tube, Gas | 38.32 | | |
| 8-16-52 | James H. Johnson Wages | 145.88 | | |
| 8-16-52 | Clyde Jarboe Wages | 121.57 | | |
| 8-16-52 | Gasoline and Oil | 3.70 | | |
| 8-13-52 | Pin for stem from stock at yard | 20.00 | | |
| 8-15-52 | Walter Johnson's Wages | 100.00 | | |
| 8-7-52 | Welding Supplies | 13.26 | | |
| 8-6-52 | Butane Reliable Furniture Co. | 47.41 | | |
| 8-11-52 | Babbit & Belt Dressing-Barnetts | 21.17 | | |
| 8-1-52 | Gasoline for Welder and Oil | 32.33 | | |
| 8-1-52 | E. R. Jordan Wages | 142.50 | | |
| 8-1-52 | Howard Mountain Wages | 157.50 | $1,023.72 | $2,939.29 |
| | Amount Paid through 8-20-52 | | | 1,100.00 |
| | Balance | | | $1,839.29 |

JOHNSON DRILLING COMPANY

CHURN DRILL HOLE

FOR PERU MINING COMPANY

| August 18, 1952 through August 30, 1952: | | | Month | Balance to Date |
|---|---|---|---|---|
| | | | | $1,839.29 |
| 8-18-52 | 50# Ranite B-6 Light Bulbs | $34.25 | | |
| 8-18-52 | Motor Oil - Continental | 4.80 | | |
| 8-19-52 | 12.6 Gal. Gas - Texaco Truck Center | 4.32 | | |
| 8-19-52 | 110 gal. Gas-Oil-Continental Oil Co. | 38.84 | | |
| 8-20-52 | Gas - H. L. Barnett | 3.85 | | |
| 8-20-52 | Cosgrove, Inc.-200' Sylvanite Fuse | 3.26 | | |
| 8-22-52 | Sand Pump from S. W. Pressey | 90.00 | | |
| 8-28-52 | H. L. Barnett 2# Grease | .80 | | |
| 8-22-52 | Reliable Furniture & Butane Store - 332 Gal. Butane | 47.41 | | |
| 8-28-52 | H. L. Barnett - 3 brushes | .30 | | |
| 8-28-52 | Fleming Service Station - 14 gal. gas 1 qt. oil | 4.90 | | |
| 8-31-52 | Gas for Pickup from Home Tank | 1.90 | | |
| 8-29-52 | Freight on Sand Pump | 8.60 | | |
| 8-30-52 | Walter Johnson Wages | 100.00 | | |
| 8-30-52 | Clyde Jarboe Wages | 138.75 | | |
| 8-30-52 | James Johnson Wages | 145.88 | | |
| 8-30-52 | Howard Mountain Wages | 153.38 | | |
| 8-30-52 | E. R. Jordan Wages | 171.37 | $952.61 | $2,791.90 |
| | Balance | | | $2,791.90 |

JOHNSON DRILLING COMPANY

CHURN DRILL HOLE

FOR PERU MINING COMPANY

| September 1, 1952 through September 15, 1952: | | | Month | Balance to Date |
|---|---|---|---|---|
| | | | | $2,791.90 |
| 9-2-52 | Fleming Service-8.2 Gallons Gasoline | 2.46 | | |
| 9-3-52 | El Paso Welding Supply | 10.10 | | |
| 9-5-52 | Reliable Butane Store-Fuel for Rig | 42.27 | | |
| 9-9-52 | Bill Snell's Service-Tire for Pickup | 36.31 | | |
| 9-9-52 | H. L. Barnett Company-Gas & 50# Ranite | 36.72 | | |
| 9-9-52 | S. W. Pressey-1 Pin and 1 Box | 67.10 | | |
| 9-10-52 | Telephone Account for August | 2.79 | | |
| 9-10-52 | I. W. Lovelady-1 Bit | 60.00 | | |
| 9-10-52 | H. L. Barnett Company - Supplies | 5.35 | | |
| 9-12-52 | 1 Regular Bottome 5½" Sand Pump | 49.62 | | |
| 9-13-52 | Whitfield Trans. Co.-Frt. on Bit | 5.62 | | |
| 9-13-52 | Railway Express Co.-Frt. on Pin & Box | 3.77 | | |
| 9-15-52 | Walter Johnson's Wages | 100.00 | | |
| 9-16-52 | Freight on Sand Pump Bottom | 3.80 | | |
| 9-16-52 | Clyde Jarboe's Wages | 116.25 | | |
| 9-16-52 | Howard Mountain's Wages | 134.25 | | |
| 9-16-52 | E. R. Jordan's Wages | 137.25 | | |
| 9-16-52 | James H. Johnson's Wages | 116.25 | $929.91 | $3,721.81 |
| | Balance | | | $3,721.81 |

JOHNSON DRILLING COMPANY

CHURN DRILL HOLE

FOR PERU MINING COMPANY

September 15, 1952
through September 30, 1952.

| | | | Month | Balance to Date |
|---|---|---|---|---|
| | | | | $3,721.81 |
| 9-16-52 | Valley Service Station-Gasoline | $4.41 | | |
| 9-18-52 | Fleming Service Station-Gas & Oil | 5.92 | | |
| 9-20-52 | Brake Fluid-Fleming Service Station | .80 | | |
| 9-24-52 | Central Service Station-Gas | 5.10 | | |
| 9-24-52 | Central Service Station-Gas | 3.85 | | |
| 9-30-52 | Telephone Account for September | 12.06 | | |
| 9 | H. L. Barnett Co.-Supplies | 1.64 | | |
| 9-23-52 | H. L. Barnett Co.-Supplies | 5.10 | | |
| 9-18-52 | Merritt Machine Shop-Shopwork | 12.49 | | |
| 9-18-52 | Continental Oil Co.-Gas for Welder | 29.90 | | |
| 9-19-52 | Reliable Furniture Store-Fuel for Rig | 47.12 | | |
| 9-27-52 | Gas for Pickup at Dixie | 1.92 | | |
| 9-29-52 | Gas for Welder-Continental Oil Co. | 31.05 | | |
| 9-29-52 | H. L. Barnett Co.-Battery for Welder | 18.95 | | |
| 9-30-52 | Clyde Jarboe's Wages | 156.37 | | |
| 9-30-52 | James H. Johnson's Wages | 154.87 | | |
| 9-30-52 | E. R. Jordan's Wages | 155.62 | | |
| 9-30-52 | J. D. Reave's Wages | 30.00 | | |
| 9-30-52 | Howard Mountain's Wages | 155.62 | | |
| 9-30-52 | Walter Johnson's Wages | 100.00 | | |
| 9-16-52 | Traveling Expense for W. Johnson | 25.00 | | |
| 9-30-52 | F.O.A.B. Taxes for Employees | 259.70 | | |
| 9-30-52 | Insurance on Employees | 684.72 | 1,902.21 | 5,624.02 |
| | Amount Paid through 9-30-52 | | | $2,700.00 |
| | Balance | | | $2,924.02 |

JOHNSON DRILLING COMPANY

CHURN DRILL HOLE

FOR PERU MINING COMPANY

| October 1, 1952 through October 15, 1952 | | | Month | Balance to Date |
|---|---|---|---|---|
| | | | | $2,924.02 |
| 10-1-52 | Mims Service Station-Gas & Oil | $5.05 | | |
| 10-5-52 | Fleming Service Station-Tire Repair | .90 | | |
| 10-4-52 | Mims Service Station-Grease job, gas & oil | 12.15 | | |
| 10-7-52 | Butte Radiator Shop-Radiator Repair | 8.00 | | |
| 10-11-52 | Central Service Station-Gas & Oil | 3.47 | | |
| 10-11-52 | H. L. Barnett Co.-Welding Rod | 30.60 | | |
| 10-10-52 | El Paso Welding Supply-Welding Rod | 2.90 | | |
| 10-13-52 | El Paso Welding Supply-Welding Rod | 20.91 | | |
| 9-8-52 | Valley Motor Supply-Motor Repairs | 37.69 | | |
| 10-9-52 | Continental Oil Co.-Gas for Rig | 1.97 | | |
| 10-4-52 | Reliable Furniture & Butane Co.-Fuel | 47.41 | | |
| 9-25-52 | H. L. Barnett Co.-Iron | 1.33 | | |
| 10-16-52 | Howard Mountain Wages | 175.50 | | |
| 10-15-52 | J. D. Reaves Wages | 30.00 | | |
| 10-16-52 | E. R. Jordan Wages | 175.50 | | |
| 10-16-52 | James H. Johnson Wages | 166.50 | | |
| 10-16-52 | Clyde Jarboe Wages | 166.50 | | |
| 10-16-52 | Walter Johnson Wages | 100.00 | | |
| 10-15-52 | Misc. Expense, Trace, Etc. | 16.50 | 1,002.88 | 3,926.90 |
| | Balance | | | 3,926.90 |

JOHNSON DRILLING COMPANY

CHURN DRILL HOLE

FOR PERU MINING COMPANY

| October 15, 1952 through October 31, 1952 | | | Month | Balance to date |
|---|---|---|---|---|
| | | | | $3,926.90 |
| 10-16-52 | Lakeview Service Station-Gasoline | 4.60 | | |
| 10-17-52 | Bill Snell-Replace Fuel Pump Parts | 20.00 | | |
| 10-22-52 | Butte Radiator Shop-Glass for Chev. Pickup | 10.74 | | |
| 10-19-52 | Central Service Station-Gas for Pickup | 1.69 | | |
| 10-19-52 | Camp Expense Cash Ticket | 3.96 | | |
| 10-29-52 | Telephone Account for October | 1.46 | | |
| 10-26-52 | Standard Oil Company-Gas for Car | 3.15 | | |
| 10-31-52 | James H. Johnson's Wages | 134.40 | | |
| 10-31-52 | Clyde Jarboe's Wages | 134.40 | | |
| 10-18-52 | Merritt Machine Shop-Turn Bit | 20.15 | | |
| 10-22-52 | Conoco Service-Gas for Welder | 27.28 | | |
| 10-17-52 | Reliable Furniture Co.-Butane | 42.56 | | |
| 10-21-52 | H. L. Barnett.-Supplies | 5.05 | | |
| 10-23-52 | H. L. Barnett Co.-Supplies | .62 | | |
| 10-31-52 | Walter Johnson's Wages | 100.00 | | |
| 10-31-52 | Howard Mountain's Wages | 172.50 | | |
| 10-31-52 | E. R. Jordan's Wages | 168.00 | | |
| 10-30-52 | Reliable Furniture Co.-Butane | 47.41 | | |
| 10-29-52 | Dixie-Gas for Car | 3.87 | | |
| 10-30-52 | Texaco-Gas for Car | 5.93 | | |
| 10-31-52 | Standard-Gas for Car | 5.66 | | |
| 10-24-52 | Tube | 1.89 | | |
| | | 915.32 | | |
| | 2% Sales Tax on Total Job | 18.31 | 933.63 | 4,860.53 |
| | Amount Paid through Oct. 31, 1952 | | | 3,500.00 |
| | Balance | | | 1,360.53 |

JOHNSON DRILLING COMPANY

CHURN DRILL HOLE

FOR PERU MINING COMPANY

| November 1, 1952 through November 15, 1952 | | | Month | Balance to date |
|---|---|---|---|---|
| | | | | $1,360.53 |
| 11-4-52 | Repairing front end on car | $10.29 | | |
| 11-1-52 | Mims Central Service - Gas | 4.75 | | |
| 11-6-52 | Standard Oil, Deming - Gas | 4.60 | | |
| 11-6-52 | Continental Oil, Silver City - Gas & oil | 38.85 | | |
| 11-7-52 | Dixie Truck Terminal - Grease job - Pickup | 1.40 | | |
| 11-13-52 | Valley Auto Co., Hatch - Gas | 4.87 | | |
| 10-28-52 | H. L. Barnett - Bolts, screws, clamps | 1.17 | | |
| 11-1-52 | H. L. Barnett - Repair parts | 11.67 | | |
| 11-12-52 | Reliable Furniture Co. - Butane | 47.41 | | |
| 11-13-52 | H. L. Barnett Co. - Repair parts | 7.42 | | |
| 11-5-52 | H. L. Barnett Co. - Hose | .72 | | |
| 11-15-52 | H. L. Barnett Co. - Water cap | 1.77 | | |
| 11-11-52 | Emerick Motor Supply - Parts | 2.00 | | |
| 11-17-52 | James H. Johnson Wages | 118.50 | | |
| 11-17-52 | J. D. Reaves Wages | 30.00 | | |
| 11-17-52 | Clyde Jarboe Wages | 118.50 | | |
| 11-17-52 | E. R. Jordan Wages | 133.50 | | |
| 11-17-52 | Howard Mountain Wages | 135.00 | | |
| | Walter Johnson | 100.00 | | |
| | School Tax | 15.46 | | |
| | Payroll Insurance | 86.21 | | |
| | | 874.09 | | |
| | 2% Sales Tax on Total Job | 17.48 | 891.57 | $2,252.10 |
| | Balance | | | $2,252.10 |

JOHNSON DRILLING COMPANY

CHURN DRILL HOLE

FOR PERU MINING COMPANY

| November 16 through November 30, 1952: | | | Month | Balance to Date |
|---|---|---|---|---|
| 11-17-52 | Fleming Service Station-Gas & Oil | $3.65 | | |
| 11-17-52 | H. L. Barnett Company-50 lbs. Ranite | 30.00 | | |
| 11-18-52 | Groton's Ser. Station-Gas & oil | 6.00 | | |
| 11-18-52 | Merritt Mach. Shop-Bore out stem | 16.32 | | |
| 11-19-52 | Fleming Ser. Station-Gas | 4.02 | | |
| 11-25-52 | Dixie-Gas | 4.24 | | |
| 11-18-52 | Fleming Ser. Station-Gas | 6.23 | | |
| 11-27-52 | Fleming Serv. Station-Gas | .71 | | |
| 11-24-52 | H. L. Barnett Co. | 1.52 | | |
| 11-25-52 | Reliable Butane Store | 42.84 | | |
| 11-28-52 | Gas for Car | 4.52 | | |
| 11-28-52 | Gas for Car | 3.86 | | |
| 11-30-52 | E. R. Jordan's Wages | 60.37 | | |
| 11-30-52 | Howard Mountain's Wages | 60.37 | | |
| 11-30-52 | Walter Johnson's Wages | 100.00 | | |
| 11-30-52 | Clyde Jarboe's Wages | 66.75 | | |
| 11-30-52 | James Johnson's Wages | 66.00 | | |
| 11-30-52 | J. D. Reaves's Wages | 30.00 | 538.76 | |
| | Less Sales Tax Chg's on 10-31-52 and 11-15-52 | | 35.79 | |
| | | | 502.97 | 2,755.07 |
| | Amount Paid through 11-30-52 | | | 900.00 |
| | | | | 1,855.07 |
| | 2% Sales tax on total job of $24,805.07 | | | 496.10 |
| | | | | 2,351.17 |
| | Paid November 29, 1952 | | | 2,351.17 |
| | Balance | | | 00 |

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

224 New Customhouse
Denver 2, Colorado

March 20, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 26 1953

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

Dear Mr. Chambers:

Enclosed are three copies of Audit Certificate and two copies of Audit Report for Peru Mining Company, Silver City, New Mexico, pertaining to Exploration Contract Idm-E67, Docket No. DMA 371X.

Distribution of the remaining copies of the audit reports is being deferred, pending receipt of your approval.

The inclusion with the audit report of the unaudited, itemized statement of churn drilling costs as furnished by the operator during the audit, was at the request of the Executive Officer. In my opinion, this inclusion has merit in that it reflects the operator's position as to its stated costs of churn drilling.

During the course of the audit, Mr. Joseph H. Taylor, Vice-President, told me that he did not contemplate appealing at the present time, the Certifying Officer's disallowance of the $16,927.42 for churn drilling claimed on the November 1952 MF-104 report.

Sincerely yours,

Donald T. Finch

Donald T. Finch
Auditor

Enclosures

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

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

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

Month of December, 1952 Docket No. DMEA 371X Contract No. IDM-E67
Operator's Name Peru Mining Company Minerals Zinc
Address Box 309, Silver City, New Mexico
Contract Amount, $225,000.00 Government Participation: 50 % Amount, $ 112,500.00

| 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 Churn | | 25,301.17 | 25,301.17 | | | |
| Bulldozing | | | | | | |
| Crosscutting | | | | | | |
| Drifting | | | | | | |
| | | | | | | |
| (2) Labor and Supervision: | | | | | | |
| Labor | 1,040.40 | 25,612.36 | 26,652.76 | | | |
| Supervision | 262.50 | 3,602.35 | 3,864.85 | | | |
| Technical Services | 140.00 | 1,788.00 | 1,928.00 | | | |
| (3) Operating Mat'ls. and Supplies: | | | | | | |
| Timber | | | | | | |
| Explosives | 243.98 | 6,297.06 | 6,541.04 | | | |
| Pipe | 34.50 | 2,693.03 | 2727. 53 | | | |
| Track | 23.37 | 1,705.88 | 1,729.25 | | | |
| Other | 38.24 | 3,290.01 | 3,328.25 | | | |
| Power | 310.56 | 4,440.45 | 4,751.01 | | | |
| (4) Operating Equipment: | | | | | | |
| Rental | | | | | | |
| Purchase | | 12,989.85 | 12,989.85 | | | |
| Depreciation | | | | | | |
| (5) Initial Rehabilitation and Repairs | | | | | | |
| (6) New Bldgs., Improvements, etc. | | | | | | |
| (7) Miscellaneous: | | | | | | |
| Repairs to Equipment | 319.66 | 237.83 | 557.49 | | | |
| Sampling and Analysis | | | | | | |
| Payroll Taxes | 16.28 | 740.50 | 756.78 | | | |
| Liability Insurance | .65 | 14.42 | 15.07 | | | |
| Workmen's Comp. Ins. | 88.26 | 1,333.96 | 1,422.22 | | | |
| Occupational Dis." | 9.93 | 222.36 | 232.29 | | | |
| (8) Contingencies (specify): | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| TOTALS | 2,528.33 | 90,269.23 | 92,797.56 | 2528.33 | 90269.23 | 92797.56 |

* -16927.52 - 16927.52

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

Date Jan. 8, 1953 *Payee PERU MINING COMPANY

Per Jos. H. Taylor Title Vice President

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

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

(Instructions on reverse) *Previous Disallowances

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

2528.33 73341.71 75870.04

$1264.17

Signature [illegible]
(Authorized Certifying Officer)

Date 1/28/53 Vou. No. DMA 53-90
(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. Idg-E 67 in accordance with the terms of the contract.

Signature R. R. Fellows WRS Title Mining Engineer Date Jan. 15, 1953

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: R.B.B.

Signature W. H. King Title Executive Officer Date JAN 23 1953

# 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 December 195 2 Docket No. DMEA 371 X Contract No. IDM-E67
Operator's Name Peru Mining Company Minerals Zinc
Address Box 309, Silver City, New Mexico

| 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 | foot | 2,528.33 | 62.5 | 54,506.54 | 1,715 | 31.78 | | |
| Crosscutting | | | | | | | | |
| Raising | | | | | | | | |
| Shafts | | | | | | | | |
| Winzes | | | | | | | | |
| Drilling: Core | | | | | | | | |
| Churn | | | | 25,301.17 | 912.5 | 27.73 | | |
| Auger | | | | | | | | |
| Stripping | | | | | | | | |
| Trenching | | | | | | | | |
| Test Pits | | | | | | | | |
| Roads and Trails | | | | | | | | |
| TOTAL DISTRIBUTED COSTS | | 2,528.33 | | 79,807.71 | | | | TOTAL COSTS AUTHORIZED BY CONTRACT |
| Operating Equipment Purchased | | | | 12,989.85 | | | | |
| Initial Rehabilitation and Repairs | | | | | | | | |
| New Buildings, Improvements, etc. | | | | | | | | |
| TOTAL COSTS | | 2,528.33 | | 92,797.56 | | | | |

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

REMARKS:

Date Jan. 8, 1953 Operator PERU MINING COMPANY

Per Jas. H. Taylor Title Vice President

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

(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

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

224 New Customhouse
Denver 2, Colorado

January 23, 1953

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMA Docket 371X, Contract Idm-E67 (Lead-Zinc-Copper), Peru Mining Co's. Grant County Zinc-Lead Mine, Grant County, New Mexico - Operator's Monthly Progress Report, for the period December, 1952

Enclosed are the original and four copies of Form MF-104 and Form MF-104A, Narrative Report, and Engineer's Report for the above period.

Work has been completed as authorized by the contract. Documentation has been waived, therefore we recommend that payment be made for 50 percent of the amount as reported by the Operator on Form MF-104 subject to verification of arithmetical accuracy within Form MF-104, and contingent on findings of subsequent on-site audit of the Operator's accounts.

Remarks:

Date of Report----------January 8, 1953
Date Received in Field Office----------January 15, 1953
Date Received in Region Office----------January 19, 1953
Date Processed for Payment----------January 22, 1953

W. H. King
W. H. King

Enclosures
RDB:es

cc: Sec. to the Oper. Comm. (2)
Contract
Chron.
Storms'

MINING DIVISION
REGION IV

January 16, 1953

Memorandum

To : W. H. King, Chief, Mining Division, Region IV

From : Chief, Mining Methods Br., Mining Div., Region IV

Subject : December 1952 Progress Report, Docket DMA-371X, Contract Idm-167, Peru Mining Co's. Grant County Zinc-Lead Mine, Grant County, N. Mex.

Enclosed in quintuplicate are the following items for the above report:

(1) Bureau of Mines engineer's report;

(2) Operator's narrative report with map;

(3) Certification that November accounts have been paid;

(4) Forms MF-104 and MF-104A.

Also enclosed are two extra copies of our engineer's report.

As all work conforms to the terms of the contract, I recommend that the Government's share of the costs be paid, the accounts to be audited by a DMA Auditor at a later date.

Walter R. Storms

Walter R. Storms

CC W. H. King (6)
DMA-371X
DF

WRStorms:frj

MINING DIVISION
REGION IV

January 16, 1953

Memorandum

To : Walter R. Storms, Chief, Mining Methods Br., Mining Div., Region IV

From : L. L. Farnham, Mining Engineer, Tucson, Arizona

Subject : Progress Report for December 1952, Docket DMA-371X, Contract DM-267, Peru Mining Co's. Grant County Zinc-Lead Mine, Central Mining District, Grant County, N. Mex.

The subject property was visited on January 6, 1953 to observe the progress of the exploration work performed during the month of December 1952.

The 620-foot level drift was advanced 22.5 feet during the month. This work conforms with the contract and is approved.

In addition to the drifting a semi-crosscut was driven northward from the main level drift for a distance of 40 feet in an unsuccessful effort to find the churn drill hole which was drilled from the surface for ventilation. Work of this nature is not mentioned in the contract, yet it appears an allowable expense for the contract calls for approximately 350 feet of crosscutting "where necessary". Hence the total footage of 62.5 feet, as shown on Form MF-104A is approved.

The operator informed the writer that no further search for the drill hole would be made until other means were employed to definitely locate its position relative to the drift. After encountering the drill hole the company contemplates reaming it to the specified size of about 9 inches.

L. L. Farnham

CC W. H. King (orig. & 6)
DMA-371X
DF

LLFarnham :frj

# PERU MINING COMPANY

SILVER CITY, NEW MEXICO

January 13, 1953

Mr. W. R. Storms, Chief
Bureau of Mines
Box 4097
University Station
Tucson, Arizona

Dear Mr. Storms:

The Grant County Project Drift was pushed ahead 22½ feet. We also had a crosscut cut to the location of the drill hole from the surface; however, this crosscut did not encounter the drill hole. This short drift is 40 feet and is to be used for a location for a fan. This is in connection with the project for ventilation.

We are continuing operation of Kearney Mine for the months of January, February and March and this will permit us to continue the Grant County Project also. However, we do not know that we will operate Kearney after the first of April unless there is something done about a more satisfactory price for zinc.

Very truly yours,

PERU MINING COMPANY

Jos. H. Taylor

Jos. H. Taylor
Vice President

JHT:P

PERU MINING COMPANY

SILVER CITY, NEW MEXICO

January 12, 1953

Mr. Walter R. Storms, Chief
Bureau of Mines
Box 4097
University Station
Tucson, Arizona

Dear Mr. Storms:

This is to certify that all bills for supplies and equipment used in the Grant County Drift during the month of November 1952, were paid on or before December 10th, 1952.

Very truly yours,

PERU MINING COMPANY

Jos. H. Taylor

Jos. H. Taylor
Vice President

JHT:F

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
JAN 13 1953

# OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of November, 1952 Docket No. DMEA 371 X Contract No. IDM-E67
Operator's Name Peru Mining Company Minerals Zinc
Address Box 309, Silver City, New Mexico
Contract Amount, $ 225,000.00 Government Participation: 50 % Amount, $ 112,500.00

| 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 Churn | 16,927.42 | 8,373.75 | 25,301.17 | 00 | 8,373.75 | 8,373.75 |
| Bulldozing | | | | | | |
| Crosscutting | | | | | | |
| Drifting | | | | | | |
| (2) Labor and Supervision: | | | | | | |
| Labor | 1,134.72 | 24,477.64 | 25,612.36 | | | |
| Supervision | 262.50 | 3,339.85 | 3,602.35 | | | |
| Technical Services | 140.00 | 1,648.00 | 1,788.00 | | | |
| (3) Operating Mat'ls. and Supplies: | | | | | | |
| Timber | | | | | | |
| Explosives | 225.04 | 6,072.02 | 6,297.06 | | | |
| Pipe | | 2,693.03 | 2,693.03 | | | |
| Track | | 1,705.88 | 1,705.88 | | | |
| Other | | 3,290.01 | 3,290.01 | | | |
| Power | 268.95 | 4,171.50 | 4,440.45 | | | |
| (4) Operating Equipment: | | | | | | |
| Rental | | | | | | |
| Purchase | | 12,989.85 | 12,989.85 | | | |
| Depreciation | | | | | | |
| (5) Initial Rehabilitation and Repairs | | | | | | |
| (6) New Bldgs., Improvements, etc. | | | | | | |
| (7) Miscellaneous: | | | | | | |
| Repairs to Equipment | | 237.83 | 237.83 | | | |
| Sampling and Analysis | | | | | | |
| Payroll Taxes | 22.62 | 717.88 | 740.50 | | | |
| Liability Insurance | .70 | 13.72 | 14.42 | | | |
| Workman's Compensation | 94.65 | 1,239.31 | 1,333.96 | | | |
| Occupational Disease | 10.48 | 211.88 | 222.36 | | | |
| (8) Contingencies (specify): | | | | | | |
| | | | | 2,159.66 | 71,182.15 | 73,341.81 |
| | | | | | */ 14.10 | /14.10 |
| Totals | 19,087.08 | 71,182.15 | 90,269.23 | **-14.20 | | ** -14.20 |
| | | | | 2,145.46 | 71,196.25 | 73,341.71 |

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

Date Dec. 10, 1952 Payee PERU MINING COMPANY

Per Geo. H. Taylor Title Vice President

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

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

(Instructions on reverse)

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

$1072.73

Signature [illegible]
(Authorized Certifying Officer)

Date 1/14/53 Vou. No. DMA 53-80
(See other side)

* Previous Disallowances

** SS Tax, erroneously paid in June, which should have been a debit instead of a credit.

(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. 1dm E-67 in accordance with the terms of the contract.

Signature John R. Sowle WBB Title Mining Engineer Date Dec 25, 1952

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: R.A.B.

Signature W. H. King Title Executive Officer Date 1/5/53

# 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.

U. S. GOVERNMENT PRINTING OFFICE 205675

Form MF-101A
(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
1953

# OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of November 195 2 Docket No. DMEA 371 X Contract No. XDM-167
Operator's Name Peru Mining Company Minerals Zinc
Address Box 309, Silver City, New Mexico

| 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 | foot | 2,159.66 | 54.5 | 51,978.21 | 1652.5 | 31.45 | 4,000 | 30.00 |
| Crosscutting | | | | | | | 350 | 30.00 |
| Raising | | | | | | | | |
| Shafts | | | | | | | | |
| Winzes | | | | | | | | |
| Drilling: Core | | | | | | | 7,600 | 3.75 |
| Churn | foot | 16,927.42 | 115 | 25,301.17 | 912.5 | 27.73 | 1,500 | 15.00 |
| Auger | | | | | | | | |
| Stripping | | | | | | | | |
| Trenching | | | | | | | | |
| Test Pits | | | | | | | | |
| Roads and Trails | | | | | | | | |
| TOTAL DISTRIBUTED COSTS | | 19,087.08 | | 77,279.38 | | | | TOTAL COSTS AUTHORIZED BY CONTRACT |
| Operating Equipment Purchased | | | | 12,989.85 | | | | 35,240.00 |
| Initial Rehabilitation and Repairs | | | | | | | | |
| New Buildings, Improvements, etc. | | | | | | | | |
| TOTAL COSTS | | 19,087.08 | | 90,269.23 | | | | 225,000.00 |

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 Dec. 10, 1952 Operator PERU MINING COMPANY

Per Jas. H. Taylor Title Vice President

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

REMARKS:

(Instructions on reverse)

(For Government use only)

## 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.

U. S. GOVERNMENT PRINTING OFFICE 205676

U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION IV

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 19 1953

Administrative Audit Difference Statement

Date: January 13, 1953
Payee's Reference: Progress Report - November 1952

Peru Mining Co.
P. O. Box 309
Silver City, New Mexico

Upon examination of the above Payee's Reference a difference was found which made it necessary to suspend your account accordingly:

| | |
|---|---|
| Amount Claimed | $ 19,087.08 |
| Difference | $ 16,941.62 |
| Amount Approved | $ 2,145.46 |

The reason for the difference was due to:

| | |
|---|---|
| Social Security Tax erroneously paid in June (should have been a debit instead of a credit) | $14.20 |
| Disallowed pending clarification of high rates for Churn Drilling | $16,927.42 |
| | $16,941.62 |

Any reclaim for deductions made above must be supported by the ORIGINAL of this form.

Very sincerely yours,

N. E. Stokes
Audit Section

R-IV-B & F Form No. 4
4-15-52 D

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

224 New Customhouse
Denver 2, Colorado

January 5, 1958

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMA Docket 371X, Contract Idm-267 (Lead-Zinc) Peru Mining Co's. Grant County Zinc-Lead Mine, Grant County, New Mexico Operator's Monthly Progress Report for the period of November, 1952

Enclosed are the original and four copies of Form MF-104 and Form MF-104A, Narrative Report, and Engineer's Report for the above period.

Work has been completed as authorized by the contract. Documentation has been waived, therefore we recommend that payment be made for 50 percent of the amount as reported by the Operator on Form MF-104 subject to verification of arithmetical accuracy within Form MF-104, and contingent on findings of subsequent on-site audit of the Operator's accounts.

Please note letter from Operator concerning overpayment of Social Security Tax for month of June, 1952.

Payment of $16,927.42 for Churn Drilling is to be held up pending letter from Operator concerning justification of high cost per foot of hole and also their intentions for the completion of the hole.

Remarks:

Date of Report - December 10, 1952
Date Received in Ariz.-New Mexico Br. Office - December 15, 1952
Date Received in Region IV Office - December 29, 1952
Date Processed for Payment - January 2, 1953

W. H. King
W. H. King

Enclosures

RDB:oc
cc: Contract
Secretary to the Oper. Comm. (2)
WRStorms
Chron.

MINING DIVISION
REGION IV

December 23, 1952

Memorandum

To : W. H. King, Chief, Mining Division, Region IV

From : Chief, Mining Methods Br., Mining Div., Region IV

Subject : November 1952 Progress Report, Docket DMA-371X, Contract Idm-E67, Peru Mining Co's. Grant County Zinc-Lead Mine, Grant County, N. Mex.

Enclosed in quintuplicate are the following:

(1) Bureau of Mines engineer's report;
(2) Operator's narrative report with map;
(3) Form MF-104 and MF-104A.

Also enclosed are two extra copies of our engineer's report.

Documentation has been waived for this contract.

According to Soule's report, the churn drill hole has not been reamed to 9 inches as required by the contract. As I also have heard rumors that the company plans to shut down in December, I would recommend that payment for the churn drilling be delayed until an auditor can visit the property.

Walter R. Storms

Walter R. Storms

CC W. H. King (6)
DMA-371X
DF

WRStorms:frj

MINING DIVISION
REGION IV

December 23, 1952

Memorandum

To : Walter R. Storms, Chief Mining Methods Branch, Mining Division, Region IV

From : John M. Soule', Mining Engineer, Tucson, Arizona

Subject : Progress Report for November 1952, Docket DMA-371X, Contract Idm-267, Peru Mining Co's. Grant County Zinc-Lead Mine, Central Mining District, Grant County, N. Mex.

The Kearney mine of the Peru Mining Co. was visited on December 2, 1952 to observe the progress made on the project for the month of November. Lloyd L. Farnham and John M. Soule' of the Bureau of Mines were the inspecting engineers.

The drift toward the Grant County mine from the 625-foot level of the Kearney mine advanced 54.5 feet during November to a total of 1,652.5 feet. This advance is approved.

The churn drill hole reached the 625-foot level and a crosscut was being started to reach this hole which was expected 10 to 15 feet north of the drift. Intersecting this hole should improve the ventilation in the drift.

The churn drill hole was advanced from 797.5 to 912.5 feet for a monthly advance of 115 feet. A few remarks on this hole may be in order. In August 1952 and between 581 and 670 feet, the hole was reduced to a 6-inch hole to facilitate the drilling. It was expected to ream this hole to 9 or 12 inches later. The contract specifies a hole "finishing at about 9 inches ---". From the operator's narrative report, it seems that the churn drilling has been completed without this reaming.

It is noted from Form MF-104A that large charges have been made against the churn drilling which would seem to indicate completion of the sub-contractor's work. This seems to be a final settlement. According to the approved sub-contract, this work was to be done for "not

CC W. H. King (Orig. & 6)
DMA-371X
DF

JHSoule':frj

more than $10.50 per foot". Considerable trouble was encountered in drilling this hole, but most of the trouble seems to stem from the lack of adequately skilled labor. The estimated price for this work, according to the contract, was $15.00 per foot. It is recommended that payment, partial or total as determined by the auditors, be withheld until the hole is bottomed at about 9 inches as stated in the contract.

No items of equipment were purchased during the month and agreement is noted in the totals on Forms MF-104 and 104A.

John H Soule'

J. H. Soule'

# PERU MINING COMPANY

SILVER CITY, NEW MEXICO

December 11, 1952

Mr. Walter R. Storms, Chief
Bureau of Mines
Box 4097, University Station
Tucson, Arizona

Dear Mr. Storms:

The Grant County Project Drift was advanced 54½ feet during last month.

We are still undecided as to whether or not we will continue our mining operations after January 1st, 1953, and it will put an undue burden on us to continue the drifting without the mining operations helping to carry the power load, hoisting expense, maintaining toplanders and cage tenders. For this reason, it may be that we will ask for a suspension of this contract during the period when we may shut down. I will know more about this by the 29th of the month.

The churn drill hole reached the level of the 625 level drift floor on November 29th and we find that we had to pay a great deal more for this work than the contract with Mr. Johnson was drawn up for; however, we were unable to let another contract with anyone else for any reasonable amount and we therefore told him that we would see him through the job. This we did and settled with him in full.

Very truly yours,

PERU MINING COMPANY

Jos. H. Taylor

Jos. H. Taylor
Vice President

JHT:F

Form MF-10[illegible] (Rev.)
(April 1952)

DEPARTMENT OF THE INTERIOR
Defense

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

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

Month of October, 1952 Docket No. DMEA 371 X Contract No. IDM-E67

Operator's Name Peru Mining Company Minerals Zinc

Address Box 309, Silver City, New Mexico

Contract Amount, $ 225,000.00 Government Participation: 50% Amount, $ 112,500.00

| 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 Churn | 735.00 | 7,638.75 | 8,373.75 | | | |
| Bulldozing | | | | | | |
| Crosscutting | | | | | | |
| Drifting | | | | | | |
| (2) Labor and Supervision: | | | | | | |
| Labor | 1,437.21 | 23,040.43 | 24,477.64 | | | |
| Supervision | 262.50 | 3,077.35 | 3,339.85 | | | |
| Technical Services | 100.00 | 1,548.00 | 1,648.00 | | | |
| (3) Operating Mat'ls. and Supplies: | | | | | | |
| ~~Timber~~ Repair | 237.83 | | 237.83 | | | |
| Explosives | 353.33 | 5,718.69 | 6,072.02 | | | |
| Pipe | 193.41 | 2,499.62 | 2,693.03 | | | |
| Track | 47.56 | 1,658.32 | 1,705.88 | | | |
| Other | [illegible] | 3,336.06 | 3,290.01 | | | |
| Power | 142.14 | 4,029.36 | 4,171.50 | | | |
| (4) Operating Equipment: | | | | | | |
| Rental | | | | | | |
| Purchase | | 12,989.85 | 12,989.85 | | | |
| Depreciation | | | | | | |
| (5) Initial Rehabilitation and Repairs | | | | | | |
| (6) New Bldgs., Improvements, etc. | | | | | | |
| (7) Miscellaneous: | | | | | | |
| Repairs to Equipment | | | | | | |
| Sampling and Analysis | | | | | | |
| Payroll Taxes | 28.70 | 689.18 | 717.88 | | | |
| Liability Insurance | .85 | 12.87 | 13.72 | | | |
| Workmen's Compensation Ins. | 76.80 | 1,162.51 | 1,239.31 | | | |
| Occupational Dis. Ins. | 13.08 | 198.80 | 211.88 | | | |
| (8) Contingencies (specify): | | | | | | |
| | | | | 3,582.36 | 67,599.79 | 71,182.15 |
| TOTALS | 3,582.36 | 67,599.79 | 71,182.15 | | *14.10 | 14.10 |
| | | | | 3,582.36 | 67,613.89 | 71,196.25 |

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

Date Nov. 11, 1952 *Payee PERU MINING COMPANY

Per Jos. H. Taylor Title Vice President

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

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

(Instructions on reverse)

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

$1791.18

Signature [illegible]
(Authorized Certifying Officer)

Date 11/21/52 Vou. No. DMM 53-63
(See other side)

* Previous adjustment

## 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

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

Rm 224 New Customhouse
Denver 2, Colorado

November 18, 1952

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMA Docket 371X, Contract Idm-E67 (Lead-Zinc-Copper) Peru Mining Company, Grant County, New Mexico - Operator's Monthly Progress Report for the period of October, 1952

Enclosed are the original and four copies of Form MF-104 and Form MF-104A, Narrative Report, and Engineer's Report for the above period.

Work has been completed as authorized by the contract. Documentation has been waived, therefore we recommend that payment be made for 50 percent of the amount as reported by the Operator on Form MF-104 subject to verification of arithmetical accuracy within Form MF-104, and contingent on findings of subsequent on-site audit of the Operator's accounts.

W. H. King
W. H. King

Enclosures

JWT:oc

cc: Contract
Secretary to the Operating Committee (2)
WRStorms
Chron.
AHKoschmann (2)

MINING DIVISION
REGION IV

November 13, 1952

Memorandum

To : W. H. King, Acting Chief, Mining Division, Region IV

From : Chief, Arizona-New Mexico Br., Mining Div., Region IV

Subject : October 1952 Progress Report, Docket EMA-371K, Contract Idm-187, Peru Mining Co's., Grant County Zinc-Lead Mine, Grant County, N. Mex.

Enclosed in quintuplicate are the following items for the above progress report:

(1) Bureau of Mines engineer's report;

(2) Operator's narrative report with map;

(3) Forms MP-104 and 104A;

(4) Letter certifying that all September bills have been paid.

Also enclosed are two extra copies of our engineer's report.

As all work is in accordance with the terms of the contract, I recommend that the Government's share of the costs be paid.

Walter R. Storms

Walter R. Storms, Chief
Arizona-New Mexico Branch
Mining Division, Region IV

CC W. H. King (6)
EMA-371K
DF

WRStorms:frj

PERU MINING COMPANY

SILVER CITY, NEW MEXICO

November 11, 1952

Mr. Walter R. Storms, Chief
Bureau of Mines
University Station
Tucson, Arizona

Dear Mr. Storms:

During the month of October the Great County Drift was advanced 70½ feet. On October 24th in drilling out the heading, we ran into high pressure water and we were forced to hold up blasting of the heading until after the first of November. We had put in an extra pump for this emergency and the pumps were kept running continuously over this period in order to keep from flooding out the 625 foot level. I am glad to report that this flood of water has now been taken care of and the drift is again in progress.

The churn drill hole was advanced from 727½ feet to 797½ feet. The contractor on this work believes that he can now advance at a reasonable rate to the 625 foot level and we hope to get this done promptly.

Because of the low price of zinc we are operating at a curtailed rate and but five days per week. In all probability, if the price of zinc does not go above 12½¢ per pound, we will be forced to discontinue the production of ore within a matter of weeks.

Very truly yours,

PERU MINING COMPANY

Jos. H. Taylor

Jos. H. Taylor
Vice President

JHT:F

PERU MINING COMPANY

SILVER CITY, NEW MEXICO

November 11, 1952

Mr. Walter R. Storms, Chief
Bureau of Mines
Box 4097
University Station
Tucson, Arizona

Dear Mr. Storms:

This is to certify that all bills for supplies and equipment used in the Grant County Drift during the month of September 1952 were paid on or before October 13, 1952.

Very truly yours,

PERU MINING COMPANY

Jos. H. Taylor

Jos. H. Taylor
Vice President

AVF

COPY

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 13 1952

# OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of September, 1952 Docket No. DMEA 371X Contract No. Idm-E67
Operator's Name Peru Mining Company Minerals Zinc
Address Box 309, Silver City, New Mexico
Contract Amount, $ 225,000.00 Government Participation: 50 % Amount, $ 112,500.00

| 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: Churn | 603.75 | 7,035.00 | 7,638.75 | | | |
| Drilling | | | | | | |
| Bulldozing | | | | | | |
| Crosscutting | | | | | | |
| Drifting | | | | | | |
| (2) Labor and Supervision: | | | | | | |
| Labor | 1,570.56 | 21,469.87 | 23,040.43 | | | |
| Supervision | 262.50 | 2,814.85 | 3,077.35 | | | |
| Technical Services | 140.00 | 1,408.00 | 1,548.00 | | | |
| (3) Operating Mat'ls. and Supplies: | | | | | | |
| Timber | | | | | | |
| Explosives | 369.05 | 5,349.64 | 5,718.69 | | | |
| Pipe | 124.62 | 2,375.00 | 2,499.62 | | | |
| Track | 89.30 | 1,569.02 | 1,658.32 | | | |
| Other | 748.17 | 2,587.89 | 3,336.06 | | | |
| Power | 313.74 | 3,715.62 | 4,029.36 | | | |
| (4) Operating Equipment: | | | | | | |
| Rental | | | | | | |
| Purchase | | 12,989.85 | 12,989.85 | | | |
| Depreciation | | | | | | |
| (5) Initial Rehabilitation and Repairs | | | | | | |
| (6) New Bldgs., Improvements, etc. | | | | | | |
| (7) Miscellaneous: | | | | | | |
| Repairs to Equipment | | | | | | |
| Sampling and Analysis | | | | | | |
| Payroll Taxes | 37.08 | 652.10 | 689.18 | | 666.20 | 703.28 |
| Liability Insurance | .92 | 11.95 | 12.87 | | | |
| Workmen's compensation | 82.82 | 1,079.69 | 1,162.51 | | | |
| Occupational Disease | 14.11 | 184.69 | 198.80 | | | |
| (8) Contingencies (specify): | | | | | | |
| TOTALS | 4,356.62 | 63,243.17 | 67,599.79 | 4,356.62 | 63,257.27 | 67,613.89 |

I certify that the above bill is correct and just and that payment therefor has not been received.
Date Oct. 23 1952 *Payee Peru Mining Company
Per Jas. H. Taylor Title Vice President

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

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

(Instructions on reverse)

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

$2178.31

Signature
(Authorized Certifying Officer)
Date 11/1/52 Vou. No. 53

(See other side)

$14.10 deducted erroneously

## 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

UNITED STATES
DEPARTMENT OF THE INTERIOR

New Customhouse
Denver 2, Colorado

DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

November 3, 1952

Memorandum

To: T. A. Christensen

From: Executive Officer, Field Team, Region IV

Subject: DMA Docket 371X, Contract Idm-E67, (Zinc-Lead-Copper) Peru Mining Co., Grant County Mine, Grant County, New Mexico - Operator's Monthly Progress Report for the period of September, 1952

Enclosed are the original and four copies of Form MF-104 and Form MF-104A, Narrative Report, and Engineer's Report for the above period.

Work has been completed as authorized by the contract. Documentation has been waived, therefore we recommend that payment be made for 50 percent of the amount as reported by the Operator on Form MF-104 subject to verification of arithmetical accuracy within Form MF-104, and contingent on findings of subsequent on-site audit of the Operator's accounts.

W. H. King
W. H. King

Enclosures

WLD:oc

cc: Contract
Secretary to the Operating Committee (2)
WRStorms
Chron.
AEKoschmann (2)

MINING DIVISION
REGION IV

October 27, 1952

Memorandum

To : W. M. King, Acting Chief, Mining Div., Region IV

From : Chief, Arizona-New Mexico Br., Mining Div., Region IV

Subject : September 1952 Progress Report, Docket DMA-371X, Contract Idm-E67, Peru Mining Co's. Grant County Zinc-Lead Mines, Grant County, N. Mex.

Enclosed in quintuplicate are the following items for the above progress report:

(1) Bureau of Mines engineer's report;

(2) Operator's narrative report with map;

(3) Forms MF-104 and 104A.

Also enclosed are two extra copies of our engineer's report.

As all work is in accordance with the terms of the contract, I recommend that the Government's share of the costs be paid.

Walter R. Storms

Walter R. Storms

CC W. M. King (6)
DMA-371X
DF

WRStorms:frj

MINING DIVISION
REGION IV

October 20, 1952

Memorandum

To : Walter R. Storms, Chief, Arizona-New Mexico Branch, Mining Division, Region IV

From : John H. Soule', Mining Engineer, Tucson, Arizona

Subject : Monthly Progress Report for September 1952, Docket DMA-371X, Contract Idm-E67, Peru Mining Co., Grant County Zinc Mine, Central Mining District, Grant County, New Mexico.

The Kearney mine of the Peru Mining Co. was visited on October 14, 1952 to inspect the progress made on the project for the month of September 1952. The drift on the Kearney 650 level advanced 95.5 feet during the month, to a total of 1,526.5 feet for the project. The churn drill hole was advanced 57.5 feet during the month to a total of 727.5 feet for the project. There remains about 175 feet of hole to drill before connecting with the drift. Progress remains slow.

According to Form MF-104, $4,356.62 was spent on the project during the month. This brings the total spent on the project to $67,599.79.

From Form MF-104A, unit costs of $30.77 and $10.50 are indicated for drifting and churn drilling, respectively. It is noted that no supervision is included in the churn drilling.

Approval is given to the advances made in the drifting and the churn drilling as being within the terms of the contract.

John H Soule

John H. Soule', Mining Engineer
Arizona-New Mexico Branch
Mining Division, Region IV

CC W. H. King (orig, & 6)
DMA-371X
DF

WRStorms:frj

# PERU MINING COMPANY

SILVER CITY, NEW MEXICO

October 15, 1952

Mr. W. R. Storms, Chief
Bureau of Mines
Box 4097
University Station
Tucson, Arizona

Dear Mr. Storms:

We are very much worried about continuing our operations beyond December. However, we believe that we will go on with our operations well into December in spite of the low price for zinc. In case we suspend our mining operations, the burden on development will be so great that we doubt it would be wise to continue this.

During September we operated five days per week and the Grant County Drift was advanced 95½ feet. The churn drill hole was not in operation all the time. However, there was an advance of 57½ feet and we hope that the advance will be somewhat faster as we approach and get into the crinoidal, or Hanover limestone.

Very truly yours,

PERU MINING COMPANY

Jos. H. Taylor

Jos. H. Taylor
Vice President

JHT:F

# PERU MINING COMPANY

SILVER CITY, NEW MEXICO

October 15, 1952

Mr. Walter R. Storms, Chief
Bureau of Mines
Box 4097
University Station
Tucson, Arizona

Dear Mr. Storms:

This is to certify that all bills for supplies and equipment used in the Grant County Drift during the month of August 1952 were paid on or before September 11, 1952.

Very truly yours,

PERU MINING COMPANY

Jos. H. Taylor

Jos. H. Taylor
Vice President

AVF

COPY

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.3.
Approval expires 6-30-53.
DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 23 1952

# OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of August, 1952 Docket No. DMEA 371 X Contract No. IDM-E 67
Operator's Name Peru Mining Company Minerals Zinc
Address Box 309, Silver City, New Mexico
Contract Amount, $225,000.00 Government Participation: 50 % Amount, $ 112,500.00

| 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 Churn | 934.50 | 6,100.50 | 7,035.00 | | | |
| Bulldozing | | | | | | |
| Crosscutting | | | | | | |
| Drifting | | | | | | |
| (2) Labor and Supervision: | | | | | | |
| Labor | 1,322.64 | 20,147.23 | 21,469.87 | | | |
| Supervision | 262.50 | 2,552.35 | 2,814.85 | | | |
| Technical Services | | 1,408.00 | 1,408.00 | | | |
| (3) Operating Mat'ls. and Supplies: | | | | | | |
| Timber | | | | | | |
| Explosives | 402.27 | 4,947.37 | 5,349.64 | | | |
| Pipe | 2,229.28 | 145.72 | 2,375.00 | | | |
| Track | 1,552.33 | 16.69 | 1,569.02 | | | |
| Other | [illegible] | 5,604.70 | 2,587.89 | | | |
| Power | 345.47 | 5,474.79 | 5,820.26 | | | |
| (4) Operating Equipment: | | | | | | |
| Rental | | | | | | |
| Purchase | | 12,989.85 | 12,989.85 | | | |
| Depreciation | | | | | | |
| (5) Initial Rehabilitation and Repairs | | | | | | |
| (6) New Bldgs., Improvements, etc. | | | | | | |
| (7) Miscellaneous: | | | | | | |
| Repairs to Equipment | | | | | | |
| Sampling and Analysis | | | | | | |
| Payroll Taxes | 54.46 | 597.64 | 652.10 | | 611.84 | 666.20 |
| Liability Insurance | .79 | 11.16 | 11.95 | | | |
| Workman's Compensation | 71.62 | 1,008.07 | 1,079.69 | | | |
| Occupational Disease | 12.20 | 172.49 | 184.69 | | | |
| (8) Contingencies (specify): | | | | | | |
| | | | | 4,171.25 | 61,190.76 | 65,362.01 |
| TOTALS | 4,171.25 | 61,176.56 | 65,347.81 | | *- 2,104.64 | 2,104.64 |
| | | | | 4,171.25 | 59,086.12 | 63,257.37 |

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

Date Sept. 11, 1952 Payee PERU MINING COMPANY

Per [signature] Title Vice President

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

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

(Instructions on reverse)

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

$2085.63

Signature [signature]
(Authorized Certifying Officer)

Date 10/20/52 Vou. No. DMA 53-51
(See other side)

* Previously Disallowed

(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. dm 1E67 in accordance with the terms of the contract.

Signature John A. Soule WRS Title Mining Engineer Date Sept 26. 1952

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature for W. H. King Title Executive Officer Date 10-14-52

# 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
Defense Minerals Administration
RECEIVED
OCT 2 9 1952

# UNITED STATES
# DEPARTMENT OF THE INTERIOR

## DEFENSE MINERALS EXPLORATION ADMINISTRATION

# OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of August 195 2 Docket No. DMEA 371X Contract No. IDM-E 67
Operator's Name Peru Mining Company Minerals Zinc
Address Box 309, Silver City, New Mexico

| 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 | foot | 3,236.75 | 83½ | 45,322.96 | 1,431 | 31.67 | 4,000 | 30.00 |
| Crosscutting | | | | | | | 390 | 30.00 |
| Raising | | | | | | | | |
| Shafts | | | | | | | | |
| Winzes | | | | | | | | |
| Drilling: Core | | | | | | | 7,600 | 3.75 |
| Churn | foot | 934.50 | 89 | 7,035.00 | 670 | 10.50 | 1,500 | 15.00 |
| Auger | | | | | | | | |
| Stripping | | | | | | | | |
| Trenching | | | | | | | | |
| Test Pits | | | | | | | | |
| Roads and Trails | | | | | | | | |
| | | | | | | | | |
| TOTAL DISTRIBUTED COSTS | | 4,171.25 | | 52,357.96 | | | | TOTAL COSTS AUTHORIZED BY CONTRACT |
| Operating Equipment Purchased | | | | 12,989.85 | | | | 35,210.00 |
| Initial Rehabilitation and Repairs | | | | | | | | |
| New Buildings, Improvements, etc. | | | | | | | | |
| | | | | | | | | |
| TOTAL COSTS | | 4,171.25 | | 65,347.81 | | | | 225,000.00 |

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 Sept. 11, 1952 Operator PERU MINING COMPANY

Per [signature] Title Vice President

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

REMARKS:

(Instructions on reverse)

(For Government use only)

## 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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

224 New Customhouse
Denver 2, Colorado

Mining Division
Region IV

October 10, 1952

Memorandum

To: T. A. Christensen

From: Acting Chief, Mining Division, Region IV

Subject: DMA Docket 371X, Contract Idm-E67 (Lead, Zinc, Copper), Peru Mining Company, Grant County Mine, Grant County, New Mexico - Operator's Monthly Progress Report, for the period August, 1952

Enclosed are the original and four copies of Form MF-104 and Form MF-104A, Narrative Report, and Engineer's Report for the above period.

Work has been completed as authorized by the contract. Documentation has been waived, therefore we recommend that payment be made as reported by the Operator on Form MF-104 subject to verification of arithmetical accuracy within Form MF-104 and contingent on findings of subsequent on-site audit of the Operator's accounts.

John F. Shaw
John F. Shaw
For W. H. King

Enclosures

WLD:es

cc: Sec. to the Oper. Comm. (2)
Contract
Storms
Chron.
Koschmann (2)

MINING DIVISION
REGION IV

October 7, 1952

Memorandum

To : W. H. King, Acting Chief, Mining Div., Region IV

From : Chief, Arizona-New Mexico Br., Mining Div., Region IV

Subject : August 1952 Progress Report, DMA Docket 371X, Contract Idm-E67, Peru Mining Co's. Grant County Zinc-Lead Mine, Grant County, N. Mex.

Enclosed in quintuplicate are the following items for the above progress report:

(1) Bureau of Mines engineer's report;

(2) Operator's monthly progress report, and letter that July accounts have been paid;

(3) Forms MF-104 and 104A, with progress map.

Also enclosed are two extra copies of our engineer's report.

As all operations conform to the terms of the contract, I recommend that the Government's share of the costs be paid, subject to a later audit of all accounts by DMEA auditors.

Walter R. Storms

Walter R. Storms, Chief
Arizona-New Mexico Branch
Mining Division, Region IV

CC W. H. King (6)
DMA-371X
DF

WRStorms:frj

MINING DIVISION
REGION IV

September 25, 1952

Memorandum

To : Walter R. Storms, Chief, Arizona-New Mexico Branch, Mining Division, Region IV

From : John H. Soule', Mining Engineer, Tucson, Arizona.

Subject : Monthly Progress Report for August 1952, Docket DMA-371A, Contract Idm-267, Peru Mining Co., Grant County, New Mexico.

The Kearney mine of the Peru Mining Co. was visited on September 4, 1952 to inspect the drift toward the Grant County mine. The advance for the month of August was 83.5 feet which footage is approved. Slow progress continues because of poor ventilation and the curtailed work week. To September 1, 1,431 feet of drifting had been done on the project.

An advance of 89 feet was made in the churn drill hole during the month. This makes the hole 670 feet deep as of September 1, 1952. An additional 233 feet are needed to complete the hole. Drilling is now being done with a 6-inch bit and the hole will be reamed to 12 inches later.

ANALYSES OF ENTRIES ON FORM MP-104

Item 1. Independent contracts. Churn drilling is the only work being done at the present time under an independent contract. The 89 feet drilled cost $934.50 at the rate of $10.50 per foot.

Item 2. Labor and supervision. Labor totalled $1,322.64 for the month of August and supervision totalled $262.50. These items are in line with the costs of previous months. No charges are made for geological services for this monthly period.

Item 3. Operating materials and supplies. Under the explosives line, 4,210 pounds of explosives and 467 detonators were used during the month. The costs of these items were $297.14 and $105.13 respectively, a total of $402.27.

This month shows the segregation of the pipe from the other supplies. Total pipe costs to date are $5,349.64 which agrees very closely with the inspecting engineer's records.

cc W. H. King (orig. & 6)
DMA-371A
MF

JHSoule':frj

The track also is segregated for the first time on the MF-104's. This item totals $1,552.33 which is in close agreement with the engineer's records.

A reverse charge is shown for the other category. This is due to the removal of the pipe and track from this item to be placed under their own lines. Actual supplies used during the month cost $429.98 and consisted of hoses, bits, wire and other supplies.

The power costs for the month are somewhat below the average of the former costs. August power costs total $345,47. It is noted that no reduction has been made in the total power charges because of the disallowance of $2,104.64 recommended by the auditor's report. Possibly the company has not received notification of the disallowance.

Item 7. Miscellaneous. Payroll taxes and insurance are the items listed under this item. All of these items are in line with entries for previous months.

No documentation is required of this project. According to the Form MF-104, $4,171.25 was spent on the project during August. This brings the total to date to $65,347.81, which includes overcharges for power that will probably be disallowed.

The arithmetic of the form has been checked and found to be correct.

DISCUSSION OF FORM MF-104A

All of the August costs, with the exception of churn drilling have been charged to drifting. This means that there is no proration of the supervisory costs to churn drilling, possibly because there was no supervision. In any event, the company was requested to prorate the supervisory costs.

Based on this form, $45,322.96 has been expended to date on drifting and $7,035.00 to churn drilling. Unit costs of $31.67 and $10.50 respectively are indicated. The arithmetic of the form is correct.

John H. Soule

John H. Soule', Mining Engineer
Arizona-New Mexico Branch
Mining Division, Region IV

PERU MINING COMPANY

SILVER CITY, NEW MEXICO

September 11, 1952

Mr. Walter R. Storms, Chief
Bureau of Mines
Box 4097
University Station
Tucson, Arizona

Dear Mr. Storms:

During the month of August the drift of the Grant County Project was advanced a total of 83½ feet. We will continue to work on a five day week. The air in the drift was somewhat worse and we have now moved a blower up and with a vent tube will get more air for ventilation to the face.

The churn drill hole was advanced a distance of 89 feet. This is now a 6" hole instead of 12" and it is planned when the hole is down to the drift, this will be increased to 12".

Very truly yours,

PERU MINING COMPANY

Jos. H. Taylor

Jos. H. Taylor
Vice President

JHT:F

Form MF-[illegible] (April 1[illegible])

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

# OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of July - (Revised), 1952 Docket No. DMEA 371 X Contract No. IDM-E 67
Operator's Name Peru Mining Company Minerals Zinc
Address Box 309, Silver City, New Mexico
Contract Amount, $225,000.00 Government Participation: 50 % Amount, $112,500.00

| 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 Churn | 252.00 | 5,848.50 | 6,100.50 | | | |
| Bulldozing | | | | | | |
| Crosscutting | | | | | | |
| Drifting | | | | | | |
| (2) Labor and Supervision: | | | | | | |
| Labor | 1,720.72 | 18,426.51 | 20,147.23 | | | |
| Supervision | 262.50 | 2,289.85 | 2,552.35 | | | |
| Technical Services | 140.00 | 1,268.00 | 1,408.00 | | | |
| (3) Operating Mat'ls. and Supplies: | | | | | | |
| Timber | | | | | | |
| Explosives | 392.40 | 4,554.97 | 4,947.37 | | | |
| Pipe | 145.72 | | 145.72 | | | |
| Track | 16.69 | | 16.69 | | | |
| Other | 220.03 | 5,384.67 | 5,604.70 | | | |
| Power | 461.47 | 5,013.32 | 5,474.79 | | | |
| (4) Operating Equipment: | | | | | | |
| Rental | | | | | | |
| Purchase * | 1,334.85 | 11,655.00 | 12,989.85 | 1,334.85 | 11,655.00 | 12,989.85 |
| Depreciation | | | | | | |
| (5) Initial Rehabilitation and Repairs | | | | | | |
| (6) New Bldgs., Improvements, etc. | | | | | | |
| (7) Miscellaneous: | | | | | | |
| Repairs to Equipment | | | | | | |
| Sampling and Analysis | | | | | | |
| Payroll Taxes | 43.62 | 554.02 | 597.64 | | | |
| Liability Insurance | .99 | 10.17 | 11.16 | | | |
| Workman's Compensation | 89.60 | 918.47 | 1,008.07 | | | |
| Occupational Disease | 15.26 | 157.23 | 172.49 | | | |
| (8) Contingencies (specify): | | | | | | |
| TOTALS | 5,095.85 | 56,080.71 | 61,176.56 | 1,334.85 | 56,094.91 | 57,429.76 |

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

Date Sept. 11, 1952 Payee PERU MINING COMPANY

Per Geo. H. Taylor Title Vice President

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

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

(Instructions on reverse)

Jumbo - Invoice #03-5518 $ 310.15
Mine Cars - Invoice #18038 and 18038A 1,024.70

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

$667.43

Signature [illegible]
(Authorized Certifying Officer)

Date 10/16/52 Vou. No. 53-49
(See other side)

All other items on this report paid on previous July Report

(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. IdmE 67 in accordance with the terms of the contract.

Signature John A. Sinclair WDA Title Mining Engineer Date Sept 26 1952

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE $667.42

Signature [illegible] Title [illegible] Date 10-14-52

# 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 M[illegible].04A
(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 July (Revised) 195 2 Docket No. DMEA 371X Contract No. IDM-S 67
Operator's Name Peru Mining Company Minerals Zinc
Address Box 309, Silver City, New Mexico

| 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 | foot | 3,509.00 | 103.5 | 42,086.21 | 1,347.5 | 31.23 | 4,000 | 30.00 |
| Crosscutting | | | | | | | 350 | 30.00 |
| Raising | | | | | | | | |
| Shafts | | | | | | | | |
| Winzes | | | | | | | | |
| Drilling: Core | | | | | | | 7,600 | 3.75 |
| Churn | foot | 252.00 | 24 | 6,100.50 | 581 | 10.50 | 1,500 | 15.00 |
| Auger | | | | | | | | |
| Stripping | | | | | | | | |
| Trenching | | | | | | | | |
| Test Pits | | | | | | | | |
| Roads and Trails | | | | | | | | |
| | | 3,761.00 | | 48,186.71 | | | | |
| TOTAL DISTRIBUTED COSTS | | | | | | | | TOTAL COSTS AUTHORIZED BY CONTRACT |
| Operating Equipment Purchased | | 1,334.85 | | 12,989.85 | | | | 35,240.00 |
| Initial Rehabilitation and Repairs | | | | | | | | |
| New Buildings, Improvements, etc | | | | | | | | |
| TOTAL COSTS | | 5,095.85 | | 61,176.56 | | | | 225,000.00 |

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 Sept. 11, 1952 Operator Peru Mining Company

Per [signature] Title Vice President

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

REMARKS:

(Instructions on reverse)

(For Government use only)

## 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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Mining Division
Region IV

October 10, 1952

Memorandum

To: T. [illegible]. Christensen

From: Acting Chief, Mining Division, Region IV

Subject: DMA Docket 371X, Contract Idm-E67 (Lead,Zinc,Copper), Peru Mining Company, Grant County Mine, Grant County, New Mexico-Operator's Supplemental Monthly Progress Report for the period July, 1952

Enclosed are the original and four copies of Form MF-104 and Form MF-104A, Narrative Report, and Engineer's Report for the above period.

The Operator has reentered his July items of cost in the Monthly Total column of Form MF-104. Inasmuch as your office has processed his July report and had scheduled it for payment on September 30, this report can not replace the July report. The Operator should have carried forward his July items of cost as totals previously reported and then should have shown the amount of $1334.85 as the only current charge against the project.

Documentation has been waived, therefore we recommend that payment be made as reported by the Operator on Form MF-104 subject to verification of arithmetical accuracy within Form MF-104 and contingent on findings of subsequent on-site audit of the Operator's accounts.

John F. Shaw
John F. Shaw
For W. H. King

MFPiss
Enclosures

cc: Sec. to the Oper. Comm. (2)
Contract
Storms
Chron.
Koschmann (2)

MINING DIVISION
REGION IV

October 6, 1952

Memorandum

To : W. H. King, Acting Chief, Mining Div., Region IV

From : Chief, Arizona-New Mexico Br., Mining Div., Region IV

Subject : Supplemental Progress Report for July 1952, DMA Docket 371X, Contract Idm-467, Peru Mining Co's. Grant County Zinc-Lead Mine, Grant County, Ariz.

Enclosed in quintuplicate are revised Forms MF-104 and 104A for the above company for July; also a Bureau of Mines engineer's report. This new report contains additional charges for equipment. Through a misunderstanding, these charges have not been claimed in any previous report.

These forms MF-104 and 104A replace those which were previously submitted. Charges as shown on these forms have my approval.

Walter R. Storms

Walter R. Storms, Chief
Arizona-New Mexico Branch
Mining Division, Region IV

CC W. H. King (6)
DMA-371X
DF

WRStorms:frj

MINING DIVISION
REGION IV

September 25, 1952

Memorandum

To : Walter R. Storms, Chief, Arizona-New Mexico Branch
Mining Division, Region IV

From : John H. Soule', Mining Engineer.

Subject : Supplemental Progress Report for July 1952, Docket DMA-371K, Contract Idm-E67, Peru Mining Co., Grant County, New Mexico.

The accompanying Forms MF-104 and 104A are submitted to include charges of capital equipment that were not charged to the project in the past. In the two cases, only those amounts were charged to the project that were listed in the contract and no effort until now was made to charge the project with the amounts in excess of the contract estimates. These two cases are: Invoice #03-5518 where only $3,795.00 of the $4.105.15 were charged and Invoices #18038 and #18038A where only $4,000.00 of a total of $5,024.70 was charged to the project. This amounts to $310.15 and $1,024.70 respectively for a total of $1,334.85. The invoices for these items, a drill jumbo and 20 mine cars, has been noted by the examining engineer and the two DMEA auditors. It is not known if supporting documents are required in this case. Approval is given to the charges.

The accompanying Forms MF-104 and 104A are intended to replace those submitted for the month of July and are the same with the addition of the $1,334.85 in the proper places on the forms. The revised forms are found to be arithmetically correct and are so approved. The unit costs shown of Form MF-104A will not be altered.

John H. Soule'
John H. Soule', Mining Engineer
Arizona-New Mexico Branch
Mining Division, Region IV

CC W. M. King (6)
DMA-371
DF

JHSoule':frj

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 July, 1952 Docket No. DMEA 3713 Contract No. IDM-E 67
Operator's Name Peru Mining Company Minerals Zinc
Address Box 309, Silver City, New Mexico
Contract Amount, $225,000.00 Government Participation: 50 % Amount, $112,500.00

| 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, Churn | 252.00 | 5,848.50 | 6,100.50 | | | |
| Bulldozing | | | | | | |
| Crosscutting | | | | | | |
| Drifting | | | | | | |
| (2) Labor and Supervision: | | | | | | |
| Labor | 1,720.72 | 18,426.51 | 20,147.23 | | | |
| Supervision | 262.50 | 2,289.85 | 2,552.35 | | | |
| Technical Services | 140.00 | 1,268.00 | 1,408.00 | | | |
| (3) Operating Mat'ls. and Supplies: | | | | | | |
| Timber | 392.40 | 4,554.97 | 4,947.37 | | | |
| Explosives | 145.72 | 2,009.60 | 2,155.32 | | | |
| Pipe | 16.69 | 1,437.19 | 1,453.88 | | | |
| Track | 220.03 | 1,937.88 | 2,157.91 | | | |
| Other Power | 461.47 | 5,013.32 | 5,474.79 | 1,643.17 | | 3,370.15 |
| (4) Operating Equipment: | | | | | | |
| Rental | | | | | | |
| Purchase | | 11,655.00 | 11,655.00 | | | |
| Depreciation | | | | | | |
| (5) Initial Rehabilitation and Repairs | | | | | | |
| (6) New Bldgs., Improvements, etc. | | | | | | |
| (7) Miscellaneous: | | | | | | |
| Repairs to Equipment | | | | | | |
| Sampling and Analysis | 43.62 | 554.02 | 597.64 | | | |
| Payroll Taxes | .99 | 10.17 | 11.16 | | 568.22 | 611.84 |
| Liability Insurance | | | | | | |
| Workman's Compensation | 89.60 | 918.47 | 1,008.07 | | | |
| Occupational Disease | 15.26 | 157.23 | 172.49 | | | |
| (8) Contingencies (specify): | | | | | | |
| TOTALS | 3,761.00 | 56,080.71 | 59,841.71 | 1,656.36 | 56,094.91 | 57,751.27 |

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

Date Sept. 5, 1952 *Payee PERU MINING COMPANY

Per Robt. H. Taylor Title Vice President

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

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

(Instructions on reverse)

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

$828.18

Signature [illegible]
(Authorized Certifying Officer)

Date 9/30/53 Voucher DMA 53-39
(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. dm. E 67 in accordance with the terms of the contract.

Signature John H. Sorlie DMA Title Mining Engineer Date Sept 8, 1952

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: 828.18 R

Signature ..... Title ..... Date .....

## MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
OCT 6 1952

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

Month of July 1952 Docket No. DMEA 371X Contract No. IDM-E67

Operator's Name Peru Mining Company Minerals Zinc

Address Box 309, Silver City, New Mexico

| 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 | foot | 3,509.00 | 103.5 | 42,086.21 | 1,347.5 | 31.23 | 4,000 | 30.00 |
| Crosscutting | | | | | | | 350 | 30.00 |
| Raising | | | | | | | | |
| Shafts | | | | | | | | |
| Winzes | | | | | | | | |
| Drilling: Core | | | | | | | 7,600 | 3.75 |
| Churn | foot | 252.00 | 24 | 6,100.50 | 581 | 10.50 | 1,500 | 15.00 |
| Auger | | | | | | | | |
| Stripping | | | | | | | | |
| Trenching | | | | | | | | |
| Test Pits | | | | | | | | |
| Roads and Trails | | | | | | | | |
| TOTAL DISTRIBUTED COSTS | | 3,761.00 | | 48,186.71 | | | TOTAL COSTS AUTHORIZED BY CONTRACT | |
| Operating Equipment Purchased | | | | 11,655.00 | | | 35,240.00 | |
| Initial Rehabilitation and Repairs | | | | | | | | |
| New Buildings, Improvements, etc. | | | | | | | | |
| TOTAL COSTS | | 3,761.00 | | 59,841.71 | | | 225,000.00 | |

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.

September 5, 1952

Date ..... Operator Peru Mining Company

Per [signature] Title Vice President

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

REMARKS:

(Instructions on reverse)

(For Government use only)

## 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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 6 1952

September 26, 1952

Progress
Report - July 1952

Peru Mining Co.
P. O. Box 309
Silver City, New Mexico

| | |
|---|---|
| [illegible] | 3,761.00 |
| [illegible] | 2,104.64 |
| [illegible] | 1,656.36 |

See Attached

N. E. Stokes
Audit Section

## SCHEDULE A
## COMPUTATION OF EXCESS POWER CHARGES TO PROJECT
## FOR THE PERIOD AUGUST 1, 1951 THROUGH JUNE 30, 1952

| | | | | |
|---|---|---|---|---|
| **1951** | | | | |
| **August** | | | | |
| Power Charge shown on MF-104 | | | $ 348.80 | |
| 16053 KWH at 7 mills | $112.37 | | | |
| 17982 KWH at 8 mills | 143.86 | | | |
| Total | | $256.23 | | |
| New Mexico 2% Sales Tax | | 5.12 | | |
| Total Allowable Power Cost | | | 261.35 | |
| Excess Power Cost: Exception | | | | $ 87.45 |
| **September** | | | | |
| Power Charge shown on MF-104 | | | 399.84 | |
| 707 KWH at 7 mills | 4.95 | | | |
| 32630 KWH at 8 mills | 261.04 | | | |
| Total | | 265.99 | | |
| New Mexico 2% Sales Tax | | 5.32 | | |
| Total Allowable Power Cost | | | 271.31 | |
| Excess Power Cost: Exception | | | | 128.53 |
| **October** | | | | |
| Power Charges shown on MF-104 | | | 648.72 | |
| 38599 KWH at 7 mills | | 270.19 | | |
| New Mexico 2% Sales Tax | | 5.40 | | |
| Total Allowable Power Cost | | | 275.59 | |
| Excess Power Cost: Exception | | | | 373.13 |
| **November** | | | | |
| Power Charges shown on MF-104 | | | 612.00 | |
| 37249 KWH at 7 mills | | 260.74 | | |
| New Mexico 2% Sales Tax | | 5.21 | | |
| Total Allowable Power Cost | | | 265.95 | |
| Excess Power Cost: Exception | | | | 346.05 |
| **December** | | | | |
| Power Charges shown on MF-104 | | | 640.56 | |
| 37295 KWH at 7 mills | | 261.07 | | |
| New Mexico 2% Sales Tax | | 5.22 | | |
| Total Allowable Cost | | | 266.29 | |
| Excess Power Cost: Exception | | | | 374.27 |
| **1952** | | | | |
| **January** (Note rate Increase) | | | | |
| Power Charges shown on MF-104 | | | 591.60 | |
| 39251 KWH at 8.05 mills | | 315.97 | | |
| New Mexico 2% Sales Tax | | 6.32 | | |
| Total Allowable Cost | | | 322.29 | |
| Excess Power Cost: Exception | | | | 269.31 |

SCHEDULE A (continued)

| | | | |
|---|---|---|---|
| **1952** | | | |
| **February** | | | |
| Power Charges shown on MF-104 | | $ 599.76 | |
| 33943 KWH at 8.05 Mills | $273.24 | | |
| New Mexico 2% Sales Tax | 5.46 | | |
| Total Allowable Power Cost | | 278.70 | |
| Excess Power Cost: Exception | | | $ 321.06 |
| **March** | | | |
| Power Charges shown on MF-104 | | -0- | |
| 21647 KWH at 8.05 mills | 174.26 | | |
| New Mexico Sales Tax 2% | 3.49 | | |
| Total Allowable Power Cost | | 177.75 | |
| Allowable Power Costs not claimed | | | (177.75) |
| **April** | | | |
| Power Charges shown on MF-104 | | 191.76 | |
| 25513 KWH at 8.05 mills | 205.38 | | |
| New Mexico 2% Sales Tax | 4.11 | | |
| Total Allowable Power Cost | | 209.49 | |
| Allowable Power Costs not claimed | | | ( 17.73) |
| **May** | | | |
| Power Charges shown on MF-104 | | 269.28 | |
| 36643 KWH at 8.05 mills | 294.98 | | |
| New Mexico 2% Sales Tax | 5.90 | | |
| Total Allowable Power Costs | | 300.88 | |
| Allowable Power Costs Not Claimed | | | ( 31.60) |
| **June** | | | |
| Power Charges shown on MF-104 | | 711.00 | |
| 33989 KWH at 8.05 mills | 273.61 | | |
| New Mexico 2% Sales Tax | 5.47 | | |
| Total Allowable Power Costs | | 279.08 | |
| Excess Power Cost: Exception | | | 431.92 |
| Total Excess Power Cost: Exceptions for period of August 1, 1951 through June 30, 1952 | | | $2104.64 |

(.) equals red or contra figure.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Mining Division
Region IV

224 New Customhouse
Denver 2, Colorado

Memorandum

To: T. A. Christensen

From: Acting Chief, Mining Division, Region IV

Subject: DMA Docket 371X, Contract Idm-287 (Lead, Zinc, Copper), Peru Mining Company, Grant County, New Mexico - Operator's Monthly Progress Report, for the period July, 1952.

Enclosed are the original and four copies of Form MF-104, Narrative Report, and Engineer's Report for the above period.

Work accomplished is in accordance with the contract and payment is recommended as follows:

| | | | |
|---|---|---|---|
| Total Reported | | | $3761.00 |
| Power Disallowances - Result of on-site Audit, August 14, 1952 for period of August 1, 1951 through June 30, 1952 | | | |
| 1951 | | | |
| August | | $87.45 | |
| September | | 128.53 | |
| October | | 373.13 | |
| November | | 346.05 | |
| December | | 374.27 | |
| 1952 | | | |
| January | | 269.31 | |
| February | | 321.06 | |
| March | (contra) | 177.75 | |
| April | (contra) | 17.73 | |
| May | (contra) | 31.80 | |
| June | | 451.92 | 2104.64 |
| | | | $1656.36 |
| Government participation - 50 percent | | | $ 828.18 |

Note: (Contra) indicates credit of allowable power cost not claimed.

W. H. King
W. H. King

Enclosures

cc: Doc. to O.C.

MINING DIVISION
REGION IV

August 18, 1952

Memorandum

To : W. H. King, Denver, Colorado

From : Chief, Arizona-New Mexico Branch, Mining Div., Region IV

Subject : July 1952 Progress Report, RFC Docket 371A, Contract fdm-S 67, Peru Mining Co's. Grant County Zinc-Lead Mine, Grant County, N. Mex.

Enclosed in quintuplicate are the following items for the above report:

(1) Bureau of Mines engineer's report;
(2) Operator's narrative report;
(3) Forms RF-104 and 104A

Also enclosed are two extra copies of our engineer's report.

Documentation at this project has been waived. RFC auditors checked the company's accounts last week.

As all accounts, with the exception of the power item, conform to the contract, I recommend that 50 percent of the costs be paid by the Government. The power item should be paid as recommended by the auditors.

Walter R. Storms

Walter R. Storms

cc: W. H. King (6)
RFC-371A
RF

WRStorms:als

[illegible] DIVISION
[illegible] IV

August 16, 1952

Memorandum

To : Walter L. Storms, Chief, Arizona-New Mexico Branch

From : J. H. Soule', Mining Engineer, Tucson, Arizona

Subject : Monthly Progress Report for July 1952, Docket [illegible]-371A, Contract [illegible]-267, Peru Mining Co., Grant County [illegible] Mine, Central Mining District, Grant County, New Mexico.

The Kearney Mine of the Peru Mining Co. was visited to inspect the progress made in the drift towards the Grant County mine. The drift advanced 103.5 feet for the month of July to a total of 1347.5 feet. Progress remains slow due to the curtailment of operations and because the lack of ventilation prevents the putting on of a second shift. This latter condition has prevailed since the inception of the project and was to have been alleviated by the churn drill hole. However, progress in drilling the hole has been so slow that the drift is now far past the point of intersection and a similar ventilation problem will be had whenever the drill hole does connect.

The churn drill hole advanced only 24 feet for the month to a total of 551 feet. The goal is 903 feet and at the present rate of progress, it will be many months before the connection will be made. It seems that most of the fault lies in the lack of adequately skilled labor supplied by the subcontractor.

The Grant County Mine project has been in operation for about one year, just half of the time allowed the project. Only 1/3 of the drifting has been done and progress in the future is apt to be no faster than that shown to date.

The books were audited by the audits section of the [illegible] on August 14, 1952. Most items were found to be in order, the exception being in the power charges. Changes in these charges will be covered in the auditor's report.

cc: W. H. King (Orig. & 6)
[illegible]-371A
[illegible]

JHSoule':als

## DISCUSSION OF FORM MP-104

This is the first submission of this new form. The entries on the form are retroactive to the beginning of the project. The power item may be changed according to the recommendations of the audit report.

The supplies account for the month was checked and the track and explosives items were found to be in order. For the pipe item, $145.72 was charged to the project while the charge slips indicate that $147.80 should have been charged. This is an undercharge to the project.

The arithmetic of the form is correct and approval is given all items except that for power which will be altered according to the auditor's report.

## DISCUSSION OF FORM MP-104A

As with Form MP-104, this is the first submission of this new form. The form is correct except for the proration of supervision to the churn drilling item which will be done on the forms submitted for August.

It will be noted that the unit drift costs are $31.23, a figure only slightly in excess of the contract estimates. This figure will be reduced by the correction of the over-charges made in the past on the power item.

Costs for the month total $3,761.00 thus bringing the total expenditures to date to $59,641.71. The amounts are approved, less the deductions in the power charges recommended by the auditors of the DMEA.

John H. Soule'

John H. Soule', Mining Engineer
Arizona-New Mexico Branch
Mining Division, Region IV

PERU MINING COMPANY

SILVER CITY, NEW MEXICO

August 11, 1952

Mr. W. R. Storms
U. S. Bureau of Mines
4097 University Station
Tucson, Arizona

Dear Mr. Storms:

The Grant County Project drift was carried on throughout July, making an advance of 103.5 feet. This fell down somewhat but, of course, there was a holiday weekend and we are now operating but five days a week at our plant.

The churn drill hole advanced 24 feet during the month. This has not been satisfactory to us; however, we are unable to get any better results.

We are very much worried that the price of zinc is now so low that sooner or later we will be obliged to suspend our zinc production operations, in which case we doubt if we can keep up the exploration work.

Very truly yours,

PERU MINING COMPANY

Jos. H. Taylor

Jos. H. Taylor
Vice President

JHT:F

PERU MINING COMPANY

SILVER CITY, NEW MEXICO

August 11, 1952

Mr. W. R. Storms
U. S. Bureau of Mines
4097 University Station
Tucson, Arizona

Dear Mr. Storms:

All bills for supplies and equipment used in the Grant County Project during the month of June 1952 were paid July 14, 1952.

Very truly yours,

PERU MINING COMPANY

Jos. H. Taylor

Jos. H. Taylor
Vice President

AVF

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
AUG 28 1952

## AUDIT CERTIFICATE

I have examined the records and transactions of:

**PERU MINING COMPANY**

**P.O. BOX 309**

**Silver City, New Mexico**

pertaining to Exploration Contract No. Idm-E-67, Docket No. DMA 371X, for the period of July 18, 1951 to June 30, 1952.

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

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

| | |
|---|---|
| Total Cost as Billed by Contractor | $56,080.71 |
| Exceptions (See Audit Report for) (details ) During this Audit | 2,104.64 |
| Total Accepted Cost | $53,976.07 |

The contract calls for a fifty per cent participation of exploration expenses by the United States Government. Therefore, payment to the Contractor by the Government, in the amount of Twenty-Six Thousand nine hundred eighty-eight Dollars and 04/100

- $26,988.04 -

is valid and proper.

This Certificate is issued on the provision that the Regional Executive Officer, the Administrator, or other competent official has accepted or will accept the project as having otherwise met the terms of the contract.

Date: August 25, 1952

Donald T. Finch
Donald T. Finch
Auditor, Region IV

Peru Mining Company
Exploration Project
Contract Idm-E-67
Docket No. DMA 371X

## I. INTRODUCTION

An Audit was made on August 14, 1952 of Defense Minerals Exploration Contract No. E-67, Peru Mining Company. The records pertaining to the contract are in the mine office of the Peru Mining Company's Grant County Mine. The mine is located in the central mining district, Grant County, New Mexico, near the town of Central, New Mexico. Central is approximately 12 miles from Silver City, New Mexico and approximately 650 miles from Denver, Colorado. The audit covered the period of July 18, 1951 through June 30, 1952 of the contract that continues until July 18, 1953. Work on the project commenced on July 26, 1951. Mr. E. D. Talbert, Assistant Chief, Contract Administration and Audit Division, DMEA, and Mr. John H. Soule, Mining Engineer, Bureau of Mines, collaborated and assited in the audit. Mr. Joseph H. Taylor, Vice President and Mrs. Adah Fleming, Assistant Secretary were present and consulted when necessary.

## II. EXTENT AND SCOPE OF AUDIT

### Operating Equipment, Purchased

All invoices and cancelled checks for equipment were examined and compared with the exhibit attached to the Exploration Contract.

### Labor

All time cards for the month of June were checked, added and totals compared with the MF-104 form. Labor charges for other months were checked at random. Time cards are prepared daily by the shift boss. The payroll applicable to the project consists of atrackman, shovel operator, cager, mucker, and machine man at rates of pay authorized by amendment No. 1 to the contract. A machine man is paid at the rate of

5.70 per foot of advance while actually driving drift. This rate is also authorized by amendment No. 1. It was determined by inspection of the records, that man hours applicable to the project were approximately 31% of the Company's total labor man hours.

Supervision (Including Geological)

Salaried personnel are paid from the Chicago office of the company. No records of these payments are maintained in the mine office.

Charges for Supervision on the MF-104 forms submitted by the company were in accordance with Exhibit D of the contract as to rates and percentages. If the salary rates shown on Exhibit D are correct, approximately 21% of the company's cost of Supervision is being charged to the project. This 21% compares favorably with 31% supervision based on labor-man hours.

Supplies

The Mining Engineer reviewed all charges to the project for supplies for the period and determined that quantities and amounts were reasonable and necessary for the operations. The company maintains a modern stockkeeping system. Materials and supplies are withdrawn from stock on orders to the Storekeeper. Items are priced out on an average unit cost basis. No surcharge is added. "Supplies: Other" includes pipe and track which the operator will segregate and identify on future MF-104 forms submitted.

A random check was made of Stock Record Cards, invoices and orders on the Storekeeper. This check involved the computation of extensions, unit prices and the quantities of receipts.

Power

Electric power is furnished by the community Public Service Company. All monthly power invoices were examined for August 1951 through June, 1952. Power invoices show graduated charges for metered Horse Power Demand and for metered KWH energy consumed.

Insurance

Employer's liability, Workmen's Compensation and Occupational Disease Insurance charges to the project were scanned and test-checked for the period.

Contract Work

Churn Drilling is performed under sub-contract with the Johnson Drilling Company. This sub-contract was approved in writing by the Executive Officer on January 24, 1952. The total to date for this item shown on the June, 1952 MF-104 represents payment for 557 feet at 10.50 per foot. The Mining Engineer stated that the maximum rate provided in the sub-contract was applicable because of the extreme difficulty encountered. The Auditors were advised by representatives of the Company that the Churn Drilling was costing considerably more than provided by the sub-contract, but that such additional cost was not being claimed under the exploration contract.

The company will show the item of Churn Drilling as contract work in future MF-104 forms submitted.

Social Security Taxes

Charges to the project for social security taxes were scanned and test checked for the period.

Geological

The Operator was requested to show this item under Supervision on

future MF-104 forms submitted. Charges for this item were in accordance with the provisions Exhibit D of the Exploration Contract. See also previous discussion of Supervision.

## III. FINDINGS

### Equipment Purchases

The purchase of 1 Jumbo at an approximate cost of $3800.00 and of 20 one-ton mine cars at an approximate cost of $4000.00 is authorized in Exhibit C of the Exploration Contract.

The Jumbo with power feed shell, cost, according to Ingersoll Rand Invoice No. 03-5518, dated November 18, 1951, $4105.15. This item was reported on the Operator's MF-104 for November 1951 as costing $3795.00 with the result the company did not claim $310.15 of the cost of the complete Jumbo.

The 20 one-ton mine cars cost, net of cash discounts, $5024.70, according to Hirsh Brothers Machinery Company's invoices #18038, dated 11-30-51 and #18038A.

These items were reported on the Operator's MF-104 for December, 1951 as costing $4000.00 with the result the company did not claim $1024.70 of the net cost of the complete mine cars.

The total net cost of the foregoing items was not included in the company's MF-104 forms because of an interpretation of the exploration contract prevalent at the time the equipment was purchased. This interpretation was, that the approximate costs of equipment purchased shown on Exhibit C of the Exploration Contract were the maximum allowable amounts which could be expended for such items.

The foregoing method of determining KWH consumption is theoretical but in the absence of a better procedure, is acceptable.

Costs of KWH consumed on the project, should be computed on the lowest applicable minimum rate and not on the average cost per KWH including total Horsepower Demand.

A review of the power bills received by the company for April, 1951 through June, 1952, revealed that Metered Demand horse power had not been increased by the project. Because of this fact, no allowance for Demand horse power charge has been included in the computations shown in Schedule A. The total to date for power shown on the June MF-104 should be reduced from $5013.32 to $2908.68.

The project records maintained by the Peru Mining Company are in very good condition and are adequate.

No further exceptions are taken, the costs being reasonable, proper and within the terms of the contract and amendments.

## IV. RECOMMENDATIONS

The Audit Certificate, prefacing this report, reflects the amount of the costs properly chargeable to this project through June 30, 1952.

SCHEDULE A

COMPUTATION OF EXCESS POWER CHARGES TO PROJECT

FOR THE PERIOD AUGUST 1, 1951 THROUGH JUNE 30, 1952

| | | | | |
|---|---|---|---|---|
| **1951** | | | | |
| **August** | | | | |
| Power Charge shown on MF-104 | | | $ 348.80 | |
| 16053 KWH at 7 mills | $112.37 | | | |
| 17982 KWH at 8 mills | 143.86 | | | |
| Total | | $256.23 | | |
| New Mexico 2% Sales Tax | | 5.12 | | |
| Total Allowable Power Cost | | | 261.35 | |
| Excess Power Cost: Exception | | | | $ 87.45 |
| **September** | | | | |
| Power Charge shown on MF-104 | | | 399.84 | |
| 707 KWH at 7 mills | 4.95 | | | |
| 32630 KWH at 8 mills | 261.04 | | | |
| Total | | 265.99 | | |
| New Mexico 2% Sales Tax | | 5.32 | | |
| Total Allowable Power Cost | | | 271.31 | |
| Excess Power Cost: Exception | | | | 128.53 |
| **October** | | | | |
| Power Charges shown on MF-104 | | | 648.72 | |
| 38599 KWH at 7 mills | | 270.19 | | |
| New Mexico 2% Sales Tax | | 5.40 | | |
| Total Allowable Power Cost | | | 275.59 | |
| Excess Power Cost: Exception | | | | 373.13 |
| **November** | | | | |
| Power Charges shown on MF-104 | | | 612.00 | |
| 37249 KWH at 7 mills | | 260.74 | | |
| New Mexico 2% Sales Tax | | 5.21 | | |
| Total Allowable Power Cost | | | 265.95 | |
| Excess Power Cost: Exception | | | | 346.05 |
| **December** | | | | |
| Power Charges shown on MF-104 | | | 640.56 | |
| 37295 KWH at7mills | | 261.07 | | |
| New Mexico 2% Sales Tax | | 5.22 | | |
| Total Allowable Cost | | | 266.29 | |
| Excess Power Cost: Exception | | | | 374.27 |
| **1952** | | | | |
| **January** (Note rate Increase) | | | | |
| Power Charges shown on MF-104 | | | 591.60 | |
| 39251 KWH at 8.05 mills | | 315.97 | | |
| New Mexico 2% Sales Tax | | 6.32 | | |
| Total Allowable Cost | | | 322.29 | |
| Excess Power Cost: Exception | | | | 269.31 |

SCHEDULE A (continued)

| | | | |
|---|---|---|---|
| **1952** | | | |
| **February** | | | |
| Power Charges shown on MF-104 | | $599.76 | |
| 33943 KWH at 8.05 mills | $273.24 | | |
| New Mexico 2% Sales Tax | 5.46 | | |
| Total Allowable Power Cost | | 278.70 | |
| Excess Power Cost: Exception | | | $ 321.06 |
| **March** | | | |
| Power Charges shown on MF-104 | | -0- | |
| 21647 KWH at 8.05 mills | 174.26 | | |
| New Mexico Sales Tax 2% | 3.49 | | |
| Total Allowable Power Cost | | 177.75 | |
| Allowable Power Costs not claimed | | | ( 177.75 ) |
| **April** | | | |
| Power Charges shown on MF-104 | | 191.76 | |
| 25513 KWH at 8.05 mills | 205.38 | | |
| New Mexico 2% Sales Tax | 4.11 | | |
| Total Allowable Power Cost | | 209.49 | |
| Allowable Power Costs not claimed | | | ( 17.73 ) |
| **May** | | | |
| Power Charges whon on MF-104 | | 269.28 | |
| 36643 KWH at 8.05 mills | 294.98 | | |
| New Mexico 2% Sales Tax | 5.90 | | |
| Total Allowable Power Costs | | 300.88 | |
| Allowable Power Costs Not Claimed | | | ( 31.60 ) |
| **June** | | | |
| Power Charges shown on MF-104 | | 711.00 | |
| 33989 KWH at 8.05 mills | 273.61 | | |
| New Mexico 2% Sales Tax | 5.47 | | |
| Total Allowable Power Costs | | 279.08 | |
| Excess Power Cost: Exception | | | 431.92 |
| Total Excess Power Cost: Exceptions for period of August 1, 1951 through June 30, 1952 | | | $2104.64 |

(.) equals red or contra figure.

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

AUG 28 1952

224 New Customhouse
Denver 2, Colorado

August 25, 1952

Memorandum:

To: Jay L. Chambers, Chief
Contract Administration and Audit Division

From: Donald T. Finch, Auditor, Region IV

Subject: Audit Report, Exploration Contract E-67, Peru Mining Company

Enclosed are three Audit Certificates and two Audit Reports for Peru Mining Company.

The total cost billed by Contractor of $56080.71 as shown on the MF-104 for June, 1952 is mathematically correct. The Regional Office file copy, however, shows a red penciled change to $56094.91, which has been brought over to the approved totals to date column. The difference of $14.20 between the two amounts is due to some reviewer having misinterpreted a contra adjustment for Social Security Taxes of $7.10 for the month of June, 1952. The negative item has been considered as a positive, hence the total difference of $14.20.

Donald T. Finch
Donald T. Finch
Auditor, Region IV

Enclosures

MF-104
(August 1951)

Budget Bureau No. 42-R1036.2.
Approval Expires 6-30-52.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Contract No. Idm-E 67

Name of Operator Peru Mining Company
Docket No. DMA 371X
Total Contract Amount $ 225,000.00
Government Participation: 50 % Amount, $ 112,500.00
Distribution of Expenditures for Month of June 1952

# STRATEGIC AND CRITICAL MINERAL EXPLORATION PROGRAM
# OPERATOR'S MONTHLY PROGRESS REPORT

Operators are to submit monthly reports to the designated field representative of the Defense Minerals Administration. Reports are to be submitted in quadruplicate prior to the 15th day of the month following the reporting period.

*Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered is to be furnished.

*Maps.*—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.

*Cost Accounts.*—All applicable parts of this form are to be filled in. This report will form the basis for payments of the Government's participating share of expenses. Audits of accounts may be made from time to time.

## CERTIFICATION

**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.**

PERU MINING COMPANY
(Name of Company)

By Jos. H. Taylor
(Signature of Authorized Official)

JULY 11, 1952
(Date)

Vice President
(Title)

**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.**

16--64068-3

# MONTHLY SUMMARY COST STATEMENT

**List as Shown on Exhibits Attached to Contract**

| Item | Monthly Total | Totals Previously Reported | Totals to Date | For Government Use Only | | |
|---|---|---|---|---|---|---|
| | | | | Approved Monthly Total | Approved Totals Previously Reported | Approved Totals To Date |
| 1. Fixtures and Improvements: | | | | | | |
| (*a*) Facilities | | | | | | |
| (*b*) Buildings | | | | | | |
| (*c*) Fixtures | | | | | | |
| 2. Operating Equipment: | | | | | | |
| (*a*) Purchased[1] | | 11,655.00 | 11,655.00 | | | |
| (*b*) Rented[2] | | | | | | |
| (*c*) Furnished by operator | | | | | | |
| 3. Rehabilitation and Repairs: | | | | | | |
| (*a*) Facilities | | | | | | |
| (*b*) Buildings | | | | | | |
| (*c*) Installations | | | | | | |

August 6, 1952

Progress
Report, June 1952

Peru Mining Company
P. O. Box 309
Silver City, New Mexico

[illegible]

| | |
|---|---|
| [illegible] | $ 4,462.17 |
| [illegible] | + 461.04 |
| [illegible] | 4,923.21 |

[illegible]

| | |
|---|---|
| Power cost disallowed from April Report | 191.76 |
| Power cost disallowed from May Report | 269.28 |
| Total | 461.04 |

Any questions [illegible] be reported by the [illegible]

Very truly yours,

[illegible] No. 4

H. B. Stokes
Audit Section

## MONTHLY SUMMARY COST STATEMENT—Continued

| Item | Monthly Total | Totals Previously Reported | Totals to Date | For Government Use Only: Approved Monthly Total | Approved Totals Previously Reported | Approved Totals To Date |
|---|---|---|---|---|---|---|
| (d) Fixtures | | | | | | |
| 4. Labor[3] | 1,896.56 | 16,529.95 | 18,426.51 | | | |
| 5. Supervision | 262.50 | 2,027.35 | 2,289.85 | | | |
| 6. Supplies | | | | | | |
| (a) Timber | | | | | | |
| (b) Explosives | 371.15 | 4,183.82 | 4,554.97 | | | |
| (c) Repair Parts | | | | | | |
| (d) Other | 160.61 | 5,224.06 | 5,384.67 | | | |
| 7. Power | 711.00 | 4,302.32 | 5,013.32 | | | |
| 8. Transportation | | | | | | |
| 9. Insurance | | | | | | |
| (a) Fire | | | | | | |
| (b) Public Liability | 1.08 | 9.09 | 10.17 | | | |
| (c) Workmen's Compensation | 97.55 | 820.92 | 918.47 | | | |
| Occupational Disease | 16.62 | 140.61 | 157.23 | | | |
| 10. Contract Work | | | | | | |
| 11. Other (specify) | | | | | | |
| Social Security Taxes | (7.10) | 561.12 | 554.02 | | | 568.22 |
| Geological | 140.00 | 1,128.00 | 1,268.00 | | | |
| Churn Drilling | 798.00 | 5,050.50 | 5,848.50 | | | |
| Total | 4,447.97 | 51,632.74 | 56,080.71 | 4,462.17 | 51,632.74 | 56,094.91 |
| Deletions | | | | + 461.04 | - 461.04 | |
| Adjusted totals | | | | 4,923.21 | | 56,094.91 |
| Totals previously reported | 51,632.74 | | | 51,171.70 | 51,171.70 | |
| Totals to date | 56,080.71 | | | 56,094.91 | | |

[1] Enter amount paid during month toward total purchase price.
[2] Payments for rental of equipment or prorated depreciation on equipment owned by contractor.
[3] Submit copy of the Social Security form filed under the Old Age Insurance system showing complete wage and salary data or furnish copy of payroll sheet giving same data.

NOTE.—Indicate that portion of supervisory, office, and engineering salaries that is chargeable to this project.

**FOR GOVERNMENT USE ONLY**

Checked by
Entered by
Approved by John A Stone WRS
Amount approved for payment #2461.60
Remarks

Schedule DMA 53-18
Aug 6, 1952
2461.60

16—64068-3

# EXPLORATION UNIT COST AND PROGRESS REPORT FOR MONTH OF June 1952

**(Supply Data Below Applicable Only to Your Operations)**

| Item | Costs | | | | | Progress [4] | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Wages [1] and salaries | Equipment [2] | Supplies | Other [3] | Total | Unit | Units this month | Units previously reported | Units to date | Units authorized by contract (Exhibit A) |
| Drifting | 2,159.06 | | 531.76 | 959.15 | 3,649.97 | feet | 102 | 1142 | 1,244 | |
| Crosscutting | | | | | | | | | | |
| Raising | | | | | | | | | | |
| Shafts | | | | | | | | | | |
| Winzes | | | | | | | | | | |
| Drill holes | | | | | | | | | | |
| Overburden | | | | | | | | | | |
| Rehabilitation and preparation | | | | | | | | | | |
| Geology and geophysics | | | | | | | | | | |
| Trenching | | | | | | | | | | |
| Sampling and assaying | | | | | | | | | | |
| Roads and trails | | | | | | | | | | |
| Test pits | | | | | | | | | | |
| Other (specify) Churn Drill | | | | 798.00 | 798.00 | feet | 76 | 481 | 557 | |
| Totals | 2,159.06 | | 531.76 | 1757.15 | 4447.97 | | | | | |

[1] Prorate supervisory, engineering, and office salaries in proportion to man-shifts of direct labor.
[2] Prorate charges for equipment that is not exclusively for one type of job (such as compressors) against authorized units of work in each category.
[3] Where entries in the "Other" column (above) are more than 25 percent of the total expenditures, a breakdown of this item should be made.
[4] Specify whether feet, cubic feet, acres, miles, etc.

16—64068-3 U. S. GOVERNMENT PRINTING OFFICE

Mining Division
Region IV

July 24, 1952

Memorandum

To: T. A. Christensen

From: Acting Chief, Mining Division, Region IV

Subject: DMA Docket 371X, Contract I-DMA-E67, (Lead-Zinc-Copper) Peru Mining Company, Grant County, New Mexico - Operator's Monthly Progress Report, for the period June, 1952.

Enclosed are the original and four copies of Form MF-104, Narrative Report, and Engineer's Report for the above period.

Work accomplished is in accordance with the contract and payment is recommended as follows:

| | | |
|---|---|---|
| Total approved in June report (as explained in last paragraph of Soule's report) | | $4,462.17 |
| Plus: | | |
| Power Cost disallowed from April report | $191.76 | |
| Power Cost disallowed from May report - | $269.28 | 461.04 |
| Total | | $4,923.21 |
| Government participation - 50 percent | | $2,461.60 |

There had been some question as to the correctness of past power charges that had been computed using the predetermined rate of $4.08 per foot. The examining engineer, using the basic data supplied by the Operator, has gone into detail to check the results shown by the Operator in his June MF-104 report. This check was based upon the Operator's demand and consumption power costs for June. Originally we felt that the Operator should compute his project power charge monthly on a sound engineering basis so as to reflect a more equitable distribution between the exploration work and the mining operation. The result of the engineer's analysis for the month of June compares so favorably with the figure of $4.08 previously used, that even with the many variables, the closeness of the check to the original figure preclude the trouble and expense of a monthly check. This check has borne out the fact that in this case, a predetermined rate per foot of advance is a logical basis for computing power costs.

Auditors from the Contract Administration and Audit Division have been consulted on this matter and have orally indicated their concurrence on the acceptability of power computation on the stated basis.

For general information, it may be worthwhile to note that the operator in his August MF-104 report, made a $100.00 power charge error in the Government's favor. In his May report, he made an error of $257.04, again in the Government's favor, although he later became aware of this mistake, and in the letter attached to that report made mention of charging his June report this additional amount to cover the error. The operator has picked up both errors in the change-over from the old rate of $4.08 per foot to the new rate of $4.03 per foot and these amounts are figured in the balance as shown in the June report.

We have added to this month's total the amounts of $191.76 and $269.28. These amounts represent power charges that had been disallowed from the April and May progress reports, respectively. The change-over increment difference is also incorporated into the balance of power charges shown in the June report.

W. H. King

W. H. King

Enclosures

WHD:ld

cc: Secretary to the Operating Committee (2)
S. R. Storms
Koschmann
Contract
Chron.

MINING DIVISION
REGION IV

July 17, 1952

Memorandum

To : W. H. King, Acting Chief, Mining Div., Region IV

From : Chief, Arizona-New Mexico Br., Mining Div., Region IV, Tucson, Arizona

Subject : June 1952 Progress Report, DMA Docket 371X, Contract Idm-E 67, Peru Mining Co's. Grant County Zinc-Lead Mine, Grant County, N. Mex.

Enclosed in quintuplicate are the following items for the above report:

(1) Bureau of Mines engineer's report;
(2) Operator's narrative report;
(3) Form MF-104 with payroll.

Also enclosed are two extra copies of our engineer's report.

As this company is in production as well as exploration we have asked that documentation be waived.

As all accounts conform to the contract, with the possible exceptions as noted by Soule', I recommend that the Government's share of the costs be paid.

Walter R. Storms

Walter R. Storms

CC: W. H. King (6)
DMA-371X
DF

WRStorms:als

MINING DIVISION
REGION IV

July 17, 1952

Memorandum

To : Walter R. Storms, Chief, Arizona-New Mexico Br., Mining Div., Tucson, Arizona

From : J. H. Soule', Tucson, Arizona

Subject : Progress Report, June 1 - June 30, 1952, Docket DMA 371X, Contract Idm-E 67, Peru Mining Co's. Grant County Zinc-Lead Mine, Central Mining District, Grant County, New Mexico.

The Kearney mine of the New Mexico Consolidated Mining Co., subsidiary of the Peru Mining Company, was visited on July 9, 1952 to inspect the drift on the 625 level towards the Grant County Mine. The offices of the Peru Mining Co. were visited to check the accounts for the above subject contract.

The drift had advanced 102 feet for the month to a total of 1,244 feet. The smaller than usual footage is due to the curtailment of operations caused by the decline in zinc prices.

The churn drill hole advanced only 76 feet for the month for a total of 557 feet.

ANALYSIS OF ENTRIES ON FORM MF 104

ITEM 4. LABOR

The attached payrolls were checked and found to be correct. The total of $1,896.56 as entered on the form MF-104 is approved.

ITEM 5. SUPERVISION

The supervision is allowable at $262.50, and this sum is approved as entered on Form MF-104.

ITEM 6. SUPPLIES - EXPLOSIVES

A total of 3954 pounds of explosives and 408 detonators were used during June. The cost of these items was $371.15 and this amount, as entered on form MF-104, is approved.

CC: W. H. King (6)
DMA-371X
DF

JHSoule':als

ITEM 6. SUPPLIES - OTHER

The following items make up the list of supplies which total $160.61 for the month of June. This amount is approved.

| Item | Cost |
|---|---|
| Air hose, 100 feet | $59.00 |
| Water hose, 100 feet | 58.00 |
| 20-lb. rail, 150 lbs. | 10.89 |
| Track spikes, 30 lbs. | 4.62 |
| Track bolts, 20 lbs. | 4.80 |
| 2 in. pipe, 50 feet | 20.00 |
| 1 in. pipe, 50 feet | 9.50 |
| #8 wire, 100 feet | 3.10 |
| Blasting wire, 150 feet | 16.50 |
| Total | $186.41 |

A semi-legible charge slip for May caused a clerk to misread it and the following correction is in order. From the $186.41, subtract $28.60 of rails and add $2.80 of rail spikes (track spikes). This totals the approved $160.61.

ITEM 7. POWER

This controversial item was calculated on the following basis. The basic data was supplied by the applicant while the calculations wer e done by the Bureau of Mines at Tucson because the original calculations were made by slide rule. The final results checked very well.

The power bills submitted to the company contain charges for power consumption and demand. The following data was derived from the June bill for power.

Unit Costs

| | |
|---|---|
| Power Consumption | |
| 244,309 KWH | $ 2,329.42 |
| Less 10% for 100% power factor | 232.94 |
| | $ 2,096.94 |

Therefore, the average unit KWH cost is $ 0.00858.

| | | |
|---|---|---|
| Demand Charges | | |
| 100 HP | | $ 172.50 |
| 300 HP @ $1.73 | | 519.00 |
| 802 HP @ 1.44 | | 1,154.88 |
| Totals | 1,202 | $ 1,846.38 |

The average demand charge is $1.54 per HP.

Power charges were calculated for the following items based on the horsepower of the items, - pumping, air compression,

hoisting, ventilation, locomotive battery charging and miscellaneous.

Pumping

The following basic data were used.

1. Pumps operated 30 days during June.
2. Eighty percent of the pumped water is derived from the project drift.
3. The daily duty of 3 pumps is:
   5 HP pump for 24 hours per day.
   50 HP pump for 20 hours per day.
   50 HP pump for 1 hour per day.

Consumption in KWH.

| | | |
|---|---|---|
| 5 HP x 24 hours X 80% x .746 x 30 days | = | 2,148.5 |
| 50 HP x 20 hours x 80% x .746 x 30 days | = | 17,904.0 |
| 50 HP x 1 hour x 80% x .746 x 30 days | = | 895.2 |
| Total KWH | | 20,947.7 |

20.947.7 KWH @ $0.00858 = $179.73

Demand Charges.

| | | |
|---|---|---|
| 5 HP x $1.54 x 80% x 24/24 | = | 6.16 |
| 50 HP x $1.54 x 80% x 20/24 | = | 51.33 |
| 50 HP x $1.54 x 80% x 1/24 | = | 2.57 |
| Total June project pumping power cost | | $239.79 |

Air Compression

The basic data used follows.

1. The compressor operated for 21 days in June.
2. The compressor use is based upon an 8 hour day.
3. There are 11 machines used in the mine of which one is used in the project drift. The machine in the project drift is as large or larger than the other machines.

Consumption.

| | | |
|---|---|---|
| 450 HP x 8 hours x .746 x 21 days x 1/11 | = | 5,127.1 KWH |
| 5,127.1 KWH @ $0.00858 | = | $ 43.99 |

Demand.

| | | |
|---|---|---|
| 450 HP x $1.54 x 1/11 x 8/24 | = | 21.00 |

Total June project air compression cost $ 64.99

Hoisting

The following basic data were used.

1. The hoist operates 16 hours per day, and for 21 days in June.
2. An average of 450 cars are hoisted per day of which an average of 22 are taken from the project drift.

Hoisting (Con't.)

Consumption.

| | | |
|---|---|---|
| 150 HP x 16 hours x .746 x 22/450 x 21 days | = | 1,838.14 KWH |
| 1,838.14 KWH x $ 0.00858 | = | $ 15.77 |
| Demand. | | |
| 150 HP x $1.54 x 22/450 x 16/24 | = | 7.53 |
| Total June project hoisting cost. | | $ 23.30 |

Ventilation

Two blowers are used for mine ventilation. One blower consumes 30 HP and 2.5 hours of its time is estimated for project duty. The other blower consumes 10 HP and is estimated on project duty for 8 hours. Both blowers were used 21 days in June.

| | | |
|---|---|---|
| Consumption. | | |
| 30 HP x 2.5 hours x .746 x 21 days | = | 1,175.0 KWH |
| 10 HP x 8 hours x .746 x 21 days | = | 1,253.3 KWH |
| Total | | 2,428.3 KWH |
| 2,428.3 KWH x $ 0.00858 | = | $ 20.83 |
| Demand | | |
| 30 HP x $1.54 x 2.5/8 | = | 14.44 |
| 10 HP x $1.54 x 8/8 | = | 15.40 |
| Total June project ventilation charges | | $50.67 |

Locomotive Battery Charging

One locomotive battery is used 8 hours per day to charge the batteries for the project drift.

| | | |
|---|---|---|
| Consumption. | | |
| 5 HP x 8 hours x .746 x 21 days | = | 626.6 KWH |
| 636.6 KWH x $0.00858 | = | $ 5.38 |
| Demand | | |
| 5 HP x $1.54 x 8/8 | = | 7.70 |
| Total monthly battery charging cost | | $ 13.08 |

Miscellaneous

An estimated cost of $1.50 per day was made for power distributed for lamp charging, signals, lights, shop, and other uses. This would total $31.50 for the 21 word days in June.

Recapitulation

| | |
|---|---|
| Pumping | $ 239.79 |
| Air compression | 64.99 |
| Hoisting | 23.30 |
| Ventilation | 50.67 |
| Locomotive Battery Charging | 13.08 |
| Miscellaneous | 31.50 |
| Total | $ 423.33 |

In the calculations by a representative of the company, the above sum was divided by an assumed 5-foot daily advance or 105 feet for the 21 days in June that were worked. This gives a rate per foot of $4.03 which were used in the power costs. Dividing the above sum by the actual footage made in June, 102 feet, the rate becomes $4.15.

The following will show the derivation of the $711.00 entered on Form MF-104. The new rate of $4.03 derived was applied retroactively to the start of the project.

| | | |
|---|---|---|
| Total footage to date - 1,244 feet @ $4.03 | = | $ 5,013.32 |
| Total power on MF-104 to June 1 | | 4,302.32 |
| Balance | | $ 711.00 |

The disallowance of the April power charges would add to the above figure by reducing the amount of total power on MF-104 to June 1. Tentative approval is given the amount of $711.00, pending Denver's decision.

ITEM 9. INSURANCE

The public liability insurance ($1.08), the workment's compensation insurance ($97.55) and the occupation disease insurance ($16.62) are approved. These items, plus the social security taxes in the next section, are averaging somewhat less than for other properties in the district.

ITEM 11. OTHER, SOCIAL SECURITY TAXES

The sum of $7.10 for this tax is approved.

ITEM 11. OTHER, GEOLOGICAL

These services are allowed by the contract at $140.00 per month and this amount is thereby approved.

ITEM 11. OTHER, CHURN DRILLING

A total of 76 feet of churn drilling was done during the month. At the rate of $10.50 per foot, this amounts to $798.00 which sum is approved.

---

An error is noted in totalling the figures appearing on Form MF-104 for June. The total spent on the project was $4,462.17, instead of the $4,447.97. The cause of the error is unknown. As the larger total is the sum of the approved amounts on the Form MF-104, the amount $4,462.17 is approved pending the disposition of the power item. Corrections are shown on the last copy of Form MF-104.

John H Soule'

J. H. Soule', Mining Engineer
Arizona-New Mexico Branch,
Mining Div., Region IV

# PERU MINING COMPANY

SILVER CITY, NEW MEXICO

July 11, 1952

Mr. W. R. Storms
U. S. Bureau of Mines
4097 University Station
Tucson, Arizona

Dear Mr. Storms:

During June our operations, because of the lower price for zinc, were curtailed to five days per week and for this reason the advance is less than in previous months. The drift was advanced 102 feet. Also, due to considerable trouble at the churn drill hole, this churn drill hole was advanced but 76 feet.

The men, under our labor contract, have now requested an increase in wages effective July 1st. However, to date no settlement has been made and we do not know at present whether or not there will be any change in the contract.

Very truly yours,

PERU MINING COMPANY

Jos. H. Taylor

Jos. H. Taylor
Vice President

JHT:F

COPY

JUNE 1952 -- LABOR

| EMPLOYEE | OCCUPATION | HOURS WORKED | RATE PER HOUR | AMOUNT |
|---|---|---|---|---|
| FEDERICO MARTINEZ | TRACKMAN | 168 | $ 1.74 | $292.32 |
| SALOMON GURULE, | SHOVEL OPERATOR | 28 | 1.74 | 48.72 |
| BALTAZAR MENDOZA | SHOVEL OPERATOR | 49 | 1.74 | 85.26 |
| ARTHUR MISQUEZ | SHOVEL OPERATOR | 8 | 1.74 | 13.92 |
| MANUEL CASTILLO | CAGER | 32 | 1.74 | 55.68 |
| EMETERIO ESCOBAR | CAGER | 24 | 1.74 | 41.76 |
| BENITO GONZALES | CAGER | 32 | 1.74 | 55.68 |
| CRUZ GONZALES, CAGER | CAGER | 49 | 1.74 | 85.26 |
| COSME GURULE | CAGER | 36 | 1.74 | 62.64 |
| RAMON MONJE, | CAGER | 4 | 1.74 | 6.96 |
| GUILLERMO ORTIZ | CAGER | 4 | 1.74 | 6.96 |
| MANUEL RASCON | CAGER | 21 | 1.74 | 36.54 |
| JIM RODRIGUEZ | CAGER | 45 | 1.74 | 78.30 |
| GENERO TREVIZO | CAGER | 8 | 1.74 | 13.92 |
| FREDDIE FIERRO | MUCKER | 8 | 1.49 | 11.92 |
| MARTIN GALAVIS | MUCKER | 47 | 1.49 | 70.03 |
| GILBERT PADILLA | MUCKER | 8 | 1.49 | 11.92 |
| FRANCISCO SANDOVAL | MUCKER | 14 | 1.49 | 20.86 |
| GENERO TREVIZO | MUCKER | 81 | 1.49 | 120.69 |
| ENCARNACION MURILLO, JR. | MACHINE MAN - CONTRACTOR | | | 777.22 |
| TOTAL | | | | $1,896.56 |

JUNE 1952

ENCARNACION MURILLO, JR. -- MACHINE MAN- CONTRACTOR:

| | | |
|---|---|---|
| PERIOD ENDING JUNE 7, 1952: | | |
| 69 feet @ $5.70 per foot | $393.30 | |
| 9 shift differentials @ 48¢ per shift | 4.32 | |
| Total Due | 397.62 | |
| Less Amount paid in May 1952 | 161.92 | |
| Amount due in June 1952 | | $235.70 |
| PERIOD ENDING JUNE 21, 1952: | | |
| 44 feet @ $5.70 per foot | 250.80 | |
| 4 shift differentials @ 48¢ per shift | 1.92 | 252.72 |

| | | | |
|---|---|---|---|
| June 12: | 8 hrs. @ $1.80 | $14.40 | |
| 13 | 8 hrs. @ $1.80 | 14.40 | |
| 17 | 8 hrs. @ $1.80 | 14.40 | |
| 18 | 8 hrs. @ $1.80 | 14.40 | |
| 19 | 8 hrs. @ $1.80 | 14.40 | |
| 30 | 8 hrs. @ $1.80 | 14.40 | |
| Total: | 48 hrs. @ $1.80 | | 86.40 |

Paid on Contract:

| | | |
|---|---|---|
| June 24 | $40.48 | |
| 25 | 40.48 | |
| 26 | 40.48 | |
| 27 | 40.48 | |
| 29 | 40.48 | |
| Total: | 5 @ $40.48 | 202.40 |
| | | $777.22 |

**EMPLOYEES & NUMBER OF HOURS WORKED**

**JUNE 1952**

| | 2 | 3 | 4 | 5 | 6 | 9 | 10 | 11 | 12 | 13 | 16 | 17 | 18 | 19 | 20 | 23 | 24 | 25 | 26 | 27 | 29 | 30 | Total Hours |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| FEDERICO MARTINEZ, TRACKMAN | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 168 |
| SALOMON GURULE, SHOVEL OPERATOR | | | | | | 4 | 4 | 4 | 4 | | | 4 | 4 | 4 | | | | | | | | | 28 |
| BALTAZAR MENDOZA, SHOVEL OPERATOR | 4 | 4 | 5 | 4 | 5 | | | | | | | | | | | 4 | 4 | 3 | 4 | 4 | 4 | 4 | 49 |
| ARTHUR MISQUEZ, SHOVEL OPERATOR | | | | | | | | | | 4 | | | | | 4 | | | | | | | | 8 |
| MANUEL CASTILLO, CAGER | | | | | | 4 | 4 | | 4 | 4 | | 4 | 4 | 4 | 4 | | | | | | | | 32 |
| EMETERIO ESCOBAR, CAGER | | | | | 5 | | | | | | | | | | | 4 | | 3 | 4 | 4 | | 4 | 24 |
| BENITO GONZALES, CAGER | | | | | | | 4 | 4 | 4 | 4 | | 4 | 4 | 4 | 4 | | | | | | | | 32 |
| CRUZ GONZALES, CAGER | 4 | 4 | 5 | 4 | 5 | | | | | | | | | | | 4 | 4 | 3 | 4 | 4 | 4 | 4 | 49 |
| COSME GURULE, CAGER | | | | | | 4 | 4 | 4 | 4 | 4 | | 4 | 4 | 4 | 4 | | | | | | | | 36 |
| RAMON MONJE, CAGER | | | | | | 4 | | | | | | | | | | | | | | | | | 4 |
| GUILLERMO ORTIZ, CAGER | | | | | | | | 4 | | | | | | | | | | | | | | | 4 |
| MANUEL RASCON, CAGER | | | 5 | 4 | | | | | | | | | | | | | 4 | | 4 | | 4 | | 21 |
| JIM RODRIGUEZ, CAGER | 4 | 4 | 5 | 4 | 5 | | | | | | | | | | | 4 | 4 | 3 | | 4 | 4 | 4 | 45 |
| GENERO TREVIZO, CAGER | 4 | 4 | | | | | | | | | | | | | | | | | | | | | 8 |
| FREDDIE FIERRO, MUCKER | 4 | 4 | | | | | | | | | | | | | | | | | | | | | 8 |
| MARTIN GALAVIS, MUCKER | | | | | | | | | | | | 4 | 4 | 4 | 4 | 8 | 4 | 3 | 4 | 4 | 4 | 4 | 47 |
| GILBERT PADILLA, MUCKER | 4 | 4 | | | | | | | | | | | | | | | | | | | | | 8 |
| FRANCISCO SANDOVAL, MUCKER | | | 5 | 4 | 5 | | | | | | | | | | | | | | | | | | 14 |
| GENERO TREVIZO, MUCKER | | | 5 | 4 | 5 | 4 | 4 | 4 | 4 | 4 | | 4 | 4 | 4 | 4 | 8 | 4 | 3 | 4 | 4 | 4 | 4 | 81 |

MF-104
(August 1951)

Budget Bureau No. 42-R1036.2.
Approval Expires 6-30-52.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Contract No.
Idm-E 67

Name of Operator Peru Mining Company
Docket No. DMA 371X
Total Contract Amount $ 225,000.00
Government Participation: 50% % Amount, $ 112,500.00
Distribution of Expenditures for Month of May 1952

# STRATEGIC AND CRITICAL MINERAL EXPLORATION PROGRAM
# OPERATOR'S MONTHLY PROGRESS REPORT

Operators are to submit monthly reports to the designated field representative of the Defense Minerals Administration. Reports are to be submitted in quadruplicate prior to the 15th day of the month following the reporting period.

*Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered is to be furnished.

*Maps.*—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.

*Cost Accounts.*—All applicable parts of this form are to be filled in. This report will form the basis for payments of the Government's participating share of expenses. Audits of accounts may be made from time to time.

## CERTIFICATION

**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.**

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 28 1952

PERU MINING COMPANY
(Name of Company)

By Jos. H. Taylor
(Signature of Authorized Official)

JUNE 11, 1952
(Date)

Vice President
(Title)

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.

16—64068-3

MD:oc

cc: Secretary to the Oper. Comm. (2)
Contracts
Stone
Chron.
Rosenman (2)

MINING DIVISION
REGION IV

June 20, 1952

Memorandum

To : W. H. King, Acting Chief, Mining Div., Region IV

From : Chief, Arizona-New Mexico Br., Mining Div., Region IV

Subject : May 1952 Progress Report, DMA Docket 371X, Contract Idm-E67, Peru Mining Co's. Grant County Zinc-Lead Mine, Grant County, N. Mex.

Enclosed are original and 4 copies of a letter from Joseph H. Taylor, Vice President of the Peru Mining Co. which should be attached to the above progress report.

Walter R. Storms

CC W. H. King (Orig. & 4)
DMA-371X
DF

WRStorms:frj

# PERU MINING COMPANY

SILVER CITY, NEW MEXICO

June 18, 1952

Mr. W. R. Storms
U. S. Bureau of Mines
4097 University Station
Tucson, Arizona

Dear Mr. Storms:

In accordance with my telephone conversation with Mr. Jack Soule, Mrs. Fleming has changed her copy of the report to show 129 feet advance in the drift on the Grant County Project.

When Mr. Soule called me, I told the engineers to go back and measure from the very start of the drift and it appears that at the end of May they reported the advance for but one pay period instead of for the month.

On the June report we will make the additional charge for power. No other charges will be different from the May report. I trust this will be satisfactory but if not, kindly advise us.

Very truly yours,

PERU MINING COMPANY

Jos. H. Taylor

Jos. H. Taylor
Vice President

JHT:F

COPY

DMA-371 X, contract Idm-E67

MINING DIVISION
REGION IV

June 17, 1952

Memorandum

To : W. H. King, Acting Chief, Mining Div., Region IV

From : Chief, Arizona-New Mexico Br., Mining Div., Region IV

Subject : May 1952 Progress Report for DMA Docket 371X, Contract Idm-E67, Peru Mining Co's. Grant County Zinc-Lead Mine, Grant County, N. Mex.

Enclosed in quintuplicate are the following items for the above report:

(1) Bureau of Mines engineer's report;

(2) Operator's progress report;

(3) Operator's statement of accounts paid;

(4) Form MF-104 with payroll.

Also enclosed are 2 extra copies of our engineer's report.

As all accounts conform to the contract, with the possible exception of power costs, I recommend that 50 percent of the total costs be paid by the Government.

Walter R. Storms

Walter R. Storms

CC W. H. King (orig. & 6)
DMA-371X
DF

WRStorms:frj

# PERU MINING COMPANY

SILVER CITY, NEW MEXICO

June 11, 1952

Mr. W. R. Storms
U. S. Bureau of Mines
4097 University Station
Tucson, Arizona

Dear Mr. Storms:

During last month the drift work was carried on during the entire month; however, there were several days when the machine man for this work did not show up due to illness or other causes. For this reason, the total advance for the month was but ~~44~~ 129 feet.

The churn drill hole operated more successfully than heretofore and the advance was 173 feet. He had some trouble with his equipment and we have tried to figure some way of getting better equipment; however, the best figure we have from another contractor is $17.50 per foot and we are not sure that he would bring in equipment and finish the hole satisfactorily. For this reason, we are continuing with the present contractor.

Due to the drop in the price of zinc the first of this month, we will to some extent curtail our operations and the drifting will now be done on five days per week instead of six. This will reduce the amount per month to some extent.

Very truly yours,

PERU MINING COMPANY

Jos. H. Taylor

Jos. H. Taylor
Vice President

JHT:F

# PERU MINING COMPANY

SILVER CITY, NEW MEXICO

June 11, 1952

Mr. W. R. Storms
U. S. Bureau of Mines
4097 University Station
Tucson, Arizona

Dear Mr. Storms:

All bills for supplies and equipment used in the Grant County Project during the month of April 1952 were paid May 12, 1952.

Very truly yours,

PERU MINING COMPANY

Jos. H. Taylor

Jos. H. Taylor
Vice President

AVF

COPY

# PERU MINING COMPANY

Social Security Number

Payroll for Half Month Ended

| Day | Occupation | Hours Forwarded / Accumulated Hrs. | 1.74 c Hr. | 1.74 c Amt. | c Hr. | c Amt. | Excess Hrs. @ ½ Pay Hr. | Excess Hrs. @ ½ Pay Amt. | c Amt. | 3.48 c Car | 3.48 c Amt. | 1.49 c Car | 1.49 c Amt. | c Car | c Amt. | c Car | c Amt. | TOTAL EARNINGS FOR DAY | Total Earnings For Period | Day |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Trackman | | 176 | 306.24 | | | 16 | 13.92 | | 8 | 27.84 | | | | | | | 348 00 | | |
| | Cager | | 287 | 499 38 | | | | | | 10 | 34.80 | | | | | | | 534.18 | 882 18 | |
| | Shovel Operator | | 108 | 187 92 | | | | | | 5 | 17.40 | | | | | | | 205 32 | 1,087 50 | |
| | Mucker | | | | | | | | | | | 167 | 248.83 | | | | | 248 83 | 1,336 33 | |
| Total Hours or Cars | | | 571 | | | | 16 | | | 23 | | 167 | | | | | | | | |
| Total Amounts | | | 993.54 | | | | 13.92 | | | 80.04 | | 248.83 | | | | | | | 1,336 33 | |

REMARKS:

Check No.

Date Paid

Last Name

First Name

Company Number

Signature

**Deductions:**

Withholding Tax .....

Federal O. A. B. .....

Medical .....

Stores .....

Sales Tax .....

Hospital .....

Union Dues .....

Insurance .....

Advance (Ck. No. .....)

.....

.....

Net Earnings .....

# PERU MINING COMPANY

Social Security Number

Payroll for Half Month Ended

| Day | Hours Forwarded / Occupation | Accumulated Hrs. | 1.74 c Hr. | Amt. | c Hr. | Amt. | Excess Hrs. @ ½ Pay | Amt. | c | Amt. | c Car | Amt. | c Car | Amt. | c Car | Amt. | c Car | Amt. | TOTAL EARNINGS FOR DAY | | Total Earnings For Period | | Day |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Machine Man - Contractor | | Period | | ending | | May 10, | | 1952: | | 58½ ft. | | @ $5.70 | | | | $333.45 | | | | | | |
| | | | | | | | | | | | 10 shift differential | | | | | | | | | | | | |
| | | | | | | | | | | | @ 48¢ | | | | | | 4.80 | | | | | | |
| | | | | | | | | | | | | | | | | | 338.25 | | | | | | |
| | | | | | | | | | | | Less Amt. Paid April | | | | | | 161.92 | | 176 | 33 | | | |
| | | | | | | | | | | | Period ending May 24, 1952: | | | | | | | | | | | | |
| | | | | | | | | | | | 65 ft. @ $5.70 | | | | | | 370.50 | | | | | | |
| | | | | | | | | | | | 11 shift diff @ 48¢ | | | | | | 5.28 | | 375 | 78 | 552 | 11 | |
| 2 | | | 8 | 13.92 | | | | | | | | | | | | | | | 13 | 92 | 566 | 03 | |
| 17 | | | 8 | 13.92 | | | 8 | 6.96 | | | | | | | | | | | 20 | 88 | 586 | 91 | |
| | | | | | Contract: | | | | | | | | | | | | | | | | | | |
| 28 | | | | | 40.48 | | | | | | | | | | | | | | 40 | 48 | 627 | 39 | |
| 29 | | | | | 40.48 | | | | | | | | | | | | | | 40 | 48 | 667 | 87 | |
| 30 | | | | | 40.48 | | | | | | | | | | | | | | 40 | 48 | 708 | 35 | |
| 31 | | | | | 40.48 | | | | | | | | | | | | | | 40 | 48 | 748 | 83 | |
| Total Hours or Cars | | | 16 | | | | 8 | | | | | | contract | | | | | | | | | | |
| Total Amounts | | | 27.84 | | 161.92 | | 6.96 | | | | | | 552.11 | | | | | | | | 748 | 83 | |

REMARKS:

Check No.

Date Paid

Last Name

First Name

Company Number

Signature

**Deductions:**

Withholding Tax .....

Federal O. A. B. .....

Medical .....

Stores .....

Sales Tax .....

Hospital .....

Union Dues .....

Insurance .....

Advance (Ck. No. .....)

.....

.....

Net Earnings .....

MF-104
(August 1951)

Budget Bureau No. 42-R1036.2.
Approval Expires 6-30-52.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Contract No. Idm-E 67

Name of Operator Peru Mining Company
Docket No. DMA 371X
Total Contract Amount $ 225,000.00
Government Participation: 50 % Amount, $ 112,500.00
Distribution of Expenditures for Month of April 1952

# STRATEGIC AND CRITICAL MINERAL EXPLORATION PROGRAM
# OPERATOR'S MONTHLY PROGRESS REPORT

Operators are to submit monthly reports to the designated field representative of the Defense Minerals Administration. Reports are to be submitted in quadruplicate prior to the 15th day of the month following the reporting period.

*Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered is to be furnished.

*Maps.*—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.

*Cost Accounts.*—All applicable parts of this form are to be filled in. This report will form the basis for payments of the Government's participating share of expenses. Audits of accounts may be made from time to time.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 14 1952

## CERTIFICATION

**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.**

PERU MINING COMPANY
(Name of Company)

By Jos. H. Taylor
(Signature of Authorized Official)

MAY 12, 1952
(Date)

VICE PRESIDENT
(Title)

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.

16—64068-3

# MONTHLY SUMMARY COST STATEMENT

**List as Shown on Exhibits Attached to Contract**

| Item | Monthly Total | Totals Previously Reported | Totals to Date | For Government Use Only | | |
|---|---|---|---|---|---|---|
| | | | | Approved Monthly Total | Approved Totals Previously Reported | Approved Totals To Date |
| 1. Fixtures and Improvements: | | | | | | |
| (*a*) Facilities | | | | | | |
| (*b*) Buildings | | | | | | |
| (*c*) Fixtures | | | | | | |
| 2. Operating Equipment: | | | | | | |
| (*a*) Purchased[1] | | 11,655.00 | 11,655.00 | | 11,655.00 | 11,655.00 |
| (*b*) Rented[2] | | | | | | |
| (*c*) Furnished by operator | | | | | | |
| 3. Rehabilitation and Repairs: | | | | | | |
| (*a*) Facilities | | | | | | |
| (*b*) Buildings | | | | | | |
| (*c*) Installations | | | | | | |

U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION IV

Informative Audit Disbursement Statement

Date July 3, 1952
Payee
Reference Progress Report - April 1952

Peru Mining Company
P. O. Box 309
Silver City, New Mexico

Upon consideration of the above referenced disbursement we find it will be necessary to support your account accordingly:

Amount claimed $ 2,740.79

Disbursed $ 191.76

Amount Approved $ 2,549.03

The reason for the difference was due to:

Charge for power disallowed until such time as power charges are computed on an acceptable prorated basis - 191.76

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 14 1952

Any rebate for deductions made above must be supported by the ORIGINAL of this form.

Very sincerely yours,

U. S. Stokes
Audit Section

R-IV - 242 Form No. 4
4 13 52 D

Mining Division
Region IV

June 27, 1952

Memorandum

To: T. A. Christensen

From: Acting Chief, Mining Division, Region IV

Subject: DMA Docket 371X, Contract I-DMA-E67, (Lead-Zinc-Copper)
Peru Mining Company, Grant County, New Mexico
Operator's Monthly Progress Report for the period of
April, 1952

Enclosed are the original and four copies of Form MF-104, Narrative Report, and Engineer's Report for the above period.

Work accomplished is in accordance with the contract and payment is recommended as follows:

| | |
|---|---|
| Total Reported | $2,740.79 |
| Disallowance - Power | 191.76 |
| | $2,549.03 |
| Government participation - 50 percent | $1,274.52 |

We are disallowing the power charge for the month of April in the amount of $191.76 until such time that the operator complies with the request from this office to compute all past power charges on an acceptable prorated basis.

The operator has calculated all power costs to date using the predetermined rate of $4.08 per foot. We interpret this predetermined rate listed in "Exhibit C" of the contract, as only an estimate used to arrive at an approximate cost per foot of advance and not a rate at which power costs can be charged to the project.

As reported by the inspecting engineer, this is the first month that the operator has listed the wages of the shift boss on his payroll. The operator has a mining operation at the Kearney Mine and from the few hours shown for the shift boss, we assume these hours to be the accumulated hours of direct supervision of the exploration work during the month by the shifter. Since Amendment No. 1 lists the wage scale of a shift boss, we can take no exception and are allowing the charges as shown.

W. H. King

W. H. King

WLD:oc
cc: WRStorms
Contract
Chron.
Secretary to the Oper. Comm. (2)
Koschmann (2)

MINING DIVISION
REGION IV

May 22, 1952

Memorandum

To : W. H. King, Acting Chief, Mining Div., Region IV

From : Chief, Arizona-New Mexico Br., Mining Div., Region IV

SUBJECT : April 1952 Progress Report, DMA Docket 371X, Contract Idm-D67, Peru Mining Co's. Grant County Zinc-Lead Mine, Grant County, N. Mex.

Enclosed in quintuplicate are the following items for the above progress report:

(1) Bureau of Mines engineer's report;

(2) Operator's progress report;

(3) Operator's statement of accounts paid;

(4) Form MF-104 with payroll.

Also enclosed are 2 extra copies of our engineer's report.

With the exception of the $7.56 for shift boss as reported by Soule', the accounts are according to the contract, so I recommend that the Government's share be paid.

Walter R. Storms

Walter R. Storms, Chief
Arizona-New Mexico Branch

CC W. H. King (Orig. & 6)
DMA-371X
DF

WRStorms:frj

# PERU MINING COMPANY

SILVER CITY, NEW MEXICO

May 12, 1952

Mr. W. R. Sterns
U. S. Bureau of Mines
4897 University Station
Tucson, Arizona

Dear Mr. Sterns:

During the first half of April we were busy pumping water out of what appeared to be an underground cave. When this water was drawn down so that we could blast and get started, it was the middle of the month. From then on we started drifting and made 47 feet during the last part of the month. This work is progressing fairly well now and although we have encountered some additional water it has not been enough to stop the operation.

The churn drill hole was advanced from 184 to 308 feet. This is now advancing about six or seven feet per day. It seems slow but as long as the present driller can make this footage, we will not make any change. However, we now have an offer of a man who will take a contract to complete the hole if this man gives up.

Very truly yours,

PERU MINING COMPANY

Jas. H. Taylor

Jas. H. Taylor
Vice President

JHT:F

COPY

# PERU MINING COMPANY

SILVER CITY, NEW MEXICO

May 12, 1952

Mr. W. R. Storms
U. S. Bureau of Mines
4097 University Station
Tucson, Arizona

Dear Mr. Storms:

All bills for supplies and equipment used in the Grant County Project during the month of March 1952 were paid April 10, 1952.

Very truly yours,

PERU MINING COMPANY

Jos. H. Taylor

Jos. H. Taylor
Vice President

AVF

COPY

## MONTHLY SUMMARY COST STATEMENT—Continued

| Item | Monthly Total | Totals Previously Reported | Totals to Date | For Government Use Only: Approved Monthly Total | Approved Totals Previously Reported | Approved Totals To Date |
|---|---|---|---|---|---|---|
| (d) Fixtures | | | | | | |
| 4. Labor[3] 728.72 | 736.28 | 13,708.51 | 14,444.79 | 736.28 | 13,708.51 | 14,444.79 |
| 5. Supervision | 111.10 | 1,653.75 | 1,764.85 | 111.10 | 1,653.75 | 1,764.85 |
| 6. Supplies | | | | | | |
| (a) Timber | | | | | | |
| (b) Explosives | 182.73 | 3,479.81 | 3,662.54 | 182.73 | 3,479.81 | 3,662.54 |
| (c) Repair Parts | | | | | | |
| (d) Other | 31.86 | 4,923.59 | 4,955.45 | 31.86 | 4,923.59 | 4,955.45 |
| 7. Power | 191.76 | 3,841.28 | 4,033.04 | | 3,841.28 | 3,841.28 |
| 8. Transportation | | | | | | |
| 9. Insurance | | | | | | |
| (a) Fire | | | | | | |
| (b) Public Liability | .38 | 7.51 | 7.89 | .38 | 7.51 | 7.89 |
| (c) Workmen's Compensation | 34.76 | 677.51 | 712.27 | 34.76 | 677.51 | 712.27 |
| Occupational Disease | 5.92 | 116.18 | 122.10 | 5.92 | 116.18 | 122.10 |
| 10. Contract Work | | | | | | |
| 11. Other (specify) | | | | | | |
| Social Security Taxes | 4.00 | 501.68 | 505.68 | 4.00 | 501.68 | 505.68 |
| Geological | 140.00 | 848.00 | 988.00 | 140.00 | 848.00 | 988.00 |
| Churn Drilling | 1,302.00 | 1,932.00 | 3,234.00 | 1,302.00 | 1,932.00 | 3,234.00 |
| Total 2,733.23 | 2,740.79 | 43,344.82 | 46,085.61 | 2,549.03 | 43,344.82 | 45,893.85 |
| Deletions | | | | | | |
| Adjusted totals | | | | | | |
| Totals previously reported | 43,344.82 | | | 43,344.82 | | |
| Totals to date 46,078.05 | 46,085.61 | | | 45,893.85 | | |

[1] Enter amount paid during month toward total purchase price.
[2] Payments for rental of equipment or prorated depreciation on equipment owned by contractor.
[3] Submit copy of the Social Security form filed under the Old Age Insurance system showing complete wage and salary data or furnish copy of payroll sheet giving same data.

NOTE.—Indicate that portion of supervisory, office, and engineering salaries that is chargeable to this project.

**FOR GOVERNMENT USE ONLY**

Checked by
Entered by
Approved by John H. Searle WRB
Amount approved for payment
Remarks

16—64068-3

Schedule DMA D-53-4
July 7, 1952
1274.52

# EXPLORATION UNIT COST AND PROGRESS REPORT FOR MONTH OF April 1952

**(Supply Data Below Applicable Only to Your Operations)**

| Item | Costs | | | | | Progress [4] | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Wages [1] and salaries | Equipment [2] | Supplies | Other [3] | Total | Unit | Units this month | Units previously reported | Units to date | Units authorized by contract (Exhibit A) |
| Drifting 930.89 | 847.36 | | 214.59 | 376.82 | 1,438.77 | foot | 47 | 966 | 1,013 | |
| Crosscutting | | | | | 1,481.23 | | | | | |
| Raising | | | | | | | | | | |
| Shafts | | | | | | | | | | |
| Winzes | | | | | | | | | | |
| Drill holes | | | | | | | | | | |
| Overburden | | | | | | | | | | |
| Rehabilitation and preparation | | | | | | | | | | |
| Geology and geophysics | | | | | | | | | | |
| Trenching | | | | | | | | | | |
| Sampling and assaying | | | | | | | | | | |
| Roads and trails | | | | | | | | | | |
| Test pits | | | | | | | | | | |
| Other (specify) Churn Drilling | | | | 1,302.00 | 1,302.00 | feet | 124 | 184 | 308 | |
| | 847.36 | | 214.59 | 1,678.82 | 2,740.77 | | | | | |
| Totals 930.82 | | | | | 3,[illegible] | | | | | |

[1] Prorate supervisory, engineering, and office salaries in proportion to man-shifts of direct labor.
[2] Prorate charges for equipment that is not exclusively for one type of job (such as compressors) against authorized units of work in each category.
[3] Where entries in the "Other" column (above) are more than 25 percent of the total expenditures, a breakdown of this item should be made.
[4] Specify whether feet, cubic feet, acres, miles, etc.

16—64068-3 U. S. GOVERNMENT PRINTING OFFICE

# PERU MINING COMPANY

Social Security Number

Payroll for Half Month Ended APRIL 1952

| Day | Hours Forwarded / Occupation | Accumulated Hrs. | 1.74c Hr. | 1.74c Amt. | c Hr. | c Amt. | Excess Hrs. @ ½ Pay | Amt. | 1.49 c Amt. | 1.69 c Car | 1.69 c Amt. | c Car | c Amt. | c Car | c Amt. | c Car | c Amt. | TOTAL EARNINGS FOR DAY | Total Earnings For Period | Day |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Trackman | | 52 | 90.48 | | | | | | | | | | | | | | 90 48 | | |
| | Shovel Operator | | 28 | 48.72 | | | | | | | | | | | | | | 48 72 | 139 20 | |
| | Cager | | 78 | 135.72 | | | | | | | | | | | | | | 135 72 | 274 92 | |
| | Mucker | | | | | | | | 62 | 92.38 | | | | | | | | 92 38 | 367 30 | |
| | Shiftboss | | | | | | | | | | 4 | 7.56 | | | | | | 7 56 | 374 86 | |
| Total Hours or Cars | | | 158 | | | | | | 62 | | 4 | | | | | | | | | |
| Total Amounts | | | 274.92 | | | | | | 92.38 | | 7.56 | | | | | | | | 374 86 | |

REMARKS:

Check No.

Date Paid

Last Name

First Name

Company Number

Signature

**Deductions:**

Withholding Tax .....

Federal O. A. B. .....

Medical .....

Stores .....

Sales Tax .....

Hospital .....

Union Dues .....

Insurance .....

Advance (Ck. No. .....)

.....

.....

Net Earnings .....

# PERU MINING COMPANY

Social Security Number

Payroll for Half Month Ended April 1952

| Day | Hours Forwarded / Occupation | Accumulated Hrs. | Hr. | Amt. (¢) | Hr. | Amt. (¢) | Excess Hrs. @ ½ Pay | Amt. | Amt. (¢) | Car | Amt. (¢) | Car | Amt. (¢) | Car | Amt. (¢) | Car | Amt. (¢) | TOTAL EARNINGS FOR DAY | | Total Earnings For Period | | Day |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Machine Man - Contractor | | | | | | | | | | | | | | | | | | | | | |
| | | | Period ending April 26, 1952: | | | | | | | | | | | | | | | | | | | |
| | | | 35 Feet @ 5.70 per foot | | | | | | | | | | | | | | | 199 | 50 | | | |
| | | Contract: | | | | | | | | | | | | | | | | | | | | |
| 27 | | 8 40.48 | | | | | | | | | | | | | | | | 40 | 48 | 239 | 98 | |
| 28 | | 8 40.48 | | | | | | | | | | | | | | | | 40 | 48 | 280 | 46 | |
| 29 | | 8 40.48 | | | | | | | | | | | | | | | | 40 | 48 | 320 | 94 | |
| 30 | | 8 40.48 | | | | | | | | | | | | | | | | 40 | 48 | 361 | 42 | |
| Total Hours or Cars | | 32 | | | | | | | | | | | | | | | | | | | | |
| Total Amounts | | 161.92 | | | 199.50 | | | | | | | | | | | | | | | 361 | 42 | |

REMARKS:

Check No.

Date Paid

Last Name

First Name

Company Number

Signature

**Deductions:**

Withholding Tax .....
Federal O. A. B. .....
Medical .....
Stores .....
Sales Tax .....
Hospital .....
Union Dues .....
Insurance .....
Advance (Ck. No. .....)
.....
.....

Net Earnings .....

MF-104
(August 1951)

Budget Bureau No. 42-R1036.2.
Approval Expires 6-30-52.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Contract No. 67
Idm-E

Name of Operator Peru Mining Company
Docket No. DMA 371X
Total Contract Amount $225,000.00
Government Participation: 50 % Amount, $ 112,500.00
Distribution of Expenditures for Month of March 1952

# STRATEGIC AND CRITICAL MINERAL EXPLORATION PROGRAM
# OPERATOR'S MONTHLY PROGRESS REPORT

Operators are to submit monthly reports to the designated field representative of the Defense Minerals Administration. Reports are to be submitted in quadruplicate prior to the 15th day of the month following the reporting period.

*Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered is to be furnished.

*Maps.*—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.

*Cost Accounts.*—All applicable parts of this form are to be filled in. This report will form the basis for payments of the Government's participating share of expenses. Audits of accounts may be made from time to time.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUN 6 1952

## CERTIFICATION

**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.**

PERU MINING COMPANY
(Name of Company)

By Joe H. Taylor
(Signature of Authorized Official)

April 16, 1952
(Date)

VICE PRESIDENT
(Title)

**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.**

16—64068-3

# MONTHLY SUMMARY COST STATEMENT

**List as Shown on Exhibits Attached to Contract**

| Item | Monthly Total | Totals Previously Reported | Totals to Date | For Government Use Only | | |
|---|---|---|---|---|---|---|
| | | | | Approved Monthly Total | Approved Totals Previously Reported | Approved Totals To Date |
| 1. Fixtures and Improvements: | | | | | | |
| (a) Facilities | | | | | | |
| (b) Buildings | | | | | | |
| (c) Fixtures | | | | | | |
| 2. Operating Equipment: | | | | | | |
| (a) Purchased[1] | | 11,655.00 | 11,655.00 | — | 11,655.00 | 11,655.00 |
| (b) Rented[2] | | | | | | |
| (c) Furnished by operator | | | | | | |
| 3. Rehabilitation and Repairs: | | | | | | |
| (a) Facilities | | | | | | |
| (b) Buildings | | | | | | |
| (c) Installations | | | | | | |

## MONTHLY SUMMARY COST STATEMENT—Continued

| Item | Monthly Total | Totals Previously Reported | Totals to Date | For Government Use Only: Approved Monthly Total | Approved Totals Previously Reported | Approved Totals To Date |
|---|---|---|---|---|---|---|
| (d) Fixtures | | | | | | |
| 4. Labor[3] | 23.45 | 13,791.96 | 13,708.51 | 23.45 | 13,791.96 | 13,708.51 |
| 5. Supervision | | 1,653.75 | 1,653.75 | | 1653.75 | 1653.75 |
| 6. Supplies | | | | | | |
| (a) Timber | | | | | | |
| (b) Explosives | | 3,479.81 | 3,479.81 | | 3479.81 | 3479.81 |
| (c) Repair Parts | | | | | | |
| (d) Other | 317.30 | 4,606.29 | 4,923.59 | 317.30 | 4606.29 | 4923.59 |
| 7. Power | | 3,841.28 | 3,841.28 | | 3841.28 | 3841.28 |
| 8. Transportation | | | | | | |
| 9. Insurance | | | | | | |
| (a) Fire | | | | | | |
| (b) Public Liability | .22 | 7.29 | 7.51 | .22 | 7.29 | 7.51 |
| (c) Workmen's Compensation | 19.95 | 657.56 | 677.51 | 19.95 | 657.56 | 677.51 |
| Occupational Disease | 3.40 | 112.78 | 116.18 | 3.40 | 112.78 | 116.18 |
| 10. Contract Work | | | | | | |
| 11. Other (specify) | | | | | | |
| Social Security Taxes | 69.72 | 571.40 | 501.68 | 69.72 | 571.40 | 501.68 |
| Geological | 140.00 | 708.00 | 848.00 | 140.00 | 708.00 | 848.00 |
| Churn Drilling | 483.00 | 1,449.00 | 1,932.00 | 483.00 | 1449.00 | 1932.00 |
| Total | 810.70 | 42,534.12 | 43,344.82 | 810.70 | 42,534.12 | 43,344.82 |
| Deletions | | | | | | |
| Adjusted totals | | | | | | |
| Totals previously reported | 42,534.12 | | | 42,534.12 | | |
| Totals to date | 43,344.82 | | | 43,344.82 | | |

[1] Enter amount paid during month toward total purchase price.
[2] Payments for rental of equipment or prorated depreciation on equipment owned by contractor.
[3] Submit copy of the Social Security form filed under the Old Age Insurance system showing complete wage and salary data or furnish copy of payroll sheet giving same data.

NOTE.—Indicate that portion of supervisory, office, and engineering salaries that is chargeable to this project.

**FOR GOVERNMENT USE ONLY**

Checked by
Entered by
Approved by John H Searle WRS
Amount approved for payment #405.35
Remarks

16—64068-3

Schedule DMA 52-53
May 23, 1952
405.35

# EXPLORATION UNIT COST AND PROGRESS REPORT FOR MONTH OF March 1952

**(Supply Data Below Applicable Only to Your Operations)**

| Item | Costs | | | | | Progress [4] | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Wages [1] and salaries | Equipment [2] | Supplies | Other [3] | Total | Unit | Units this month | Units previously reported | Units to date | Units authorized by contract (Exhibit A) |
| Drifting | | | 317.30 | 93.85 | 327.70 | foot | 0 | 966 | 966 | |
| Crosscutting | | | | | | | | | | |
| Raising | | | | | | | | | | |
| Shafts | | | | | | | | | | |
| Winzes | | | | | | | | | | |
| Drill holes | | | | | | | | | | |
| Overburden | | | | | | | | | | |
| Rehabilitation and preparation | | | | | | | | | | |
| Geology and geophysics | | | | | | | | | | |
| Trenching | | | | | | | | | | |
| Sampling and assaying | | | | | | | | | | |
| Roads and trails | | | | | | | | | | |
| Test pits | | | | | | | | | | |
| Other (specify) Churn Drilling | | | | 483.00 | 483.00 | foot | 46 | 138 | 184 | |
| | | | | | | | | | | |
| Totals | | | 317.30 | 576.85 | 810.70 | | | | | |

[1] Prorate supervisory, engineering, and office salaries in proportion to man-shifts of direct labor.
[2] Prorate charges for equipment that is not exclusively for one type of job (such as compressors) against authorized units of work in each category.
[3] Where entries in the "Other" column (above) are more than 25 percent of the total expenditures, a breakdown of this item should be made.
[4] Specify whether feet, cubic feet, acres, miles, etc.

16—64068-3 U. S. GOVERNMENT PRINTING OFFICE

MF-104
(August 1951)

Budget Bureau No. 42-R1036.2.
Approval Expires 6-30-52.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Contract No. Idm-E 67

Name of Operator PERU MINING COMPANY
Docket No. DMA 371X
Total Contract Amount $ 225,000.00
Government Participation: 50 % Amount, $ 112,500.00
Distribution of Expenditures for Month of February 1952

# STRATEGIC AND CRITICAL MINERAL EXPLORATION PROGRAM
# OPERATOR'S MONTHLY PROGRESS REPORT

Operators are to submit monthly reports to the designated field representative of the Defense Minerals Administration. Reports are to be submitted in quadruplicate prior to the 15th day of the month following the reporting period.

*Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered is to be furnished.

*Maps.*—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.

*Cost Accounts.*—All applicable parts of this form are to be filled in. This report will form the basis for payments of the Government's participating share of expenses. Audits of accounts may be made from time to time.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
MAY 5 1952

## CERTIFICATION

**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.**

PERU MINING COMPANY
(Name of Company)

By Jos. H. Taylor
(Signature of Authorized Official)

March 12, 1952
(Date)

VICE PRESIDENT
(Title)

**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.**

16—64068-3

# MONTHLY SUMMARY COST STATEMENT

**List as Shown on Exhibits Attached to Contract**

| Item | Monthly Total | Totals Previously Reported | Totals to Date | For Government Use Only | | |
|---|---|---|---|---|---|---|
| | | | | Approved Monthly Total | Approved Totals Previously Reported | Approved Totals To Date |
| 1. Fixtures and Improvements: | | | | | | |
| (a) Facilities | | | | | | |
| (b) Buildings | | | | | | |
| (c) Fixtures | | | | | | |
| 2. Operating Equipment: | | | | | | |
| (a) Purchased[1] | | 11,655.00 | 11,655.00 | | 11,655.00 | 11,655.00 |
| (b) Rented[2] | | | | | | |
| (c) Furnished by operator | | | | | | |
| 3. Rehabilitation and Repairs: | | | | | | |
| (a) Facilities | | | | | | |
| (b) Buildings | | | | | | |
| (c) Installations | | | | | | |

## MONTHLY SUMMARY COST STATEMENT—Continued

| Item | Monthly Total | Totals Previously Reported | Totals to Date | For Government Use Only: Approved Monthly Total | Approved Totals Previously Reported | Approved Totals To Date |
|---|---|---|---|---|---|---|
| (d) Fixtures | | | | | | |
| 4. Labor[3] | 2,407.30 | 11,384.66 | 13,791.96 | 2407.30 | 11,384.66 | 13,791.96 |
| 5. Supervision | 262.50 | 1,391.25 | 1,653.75 | 262.50 | 1391.25 | 1653.75 |
| 6. Supplies | | | | | | |
| (a) Timber | | | | | | |
| (b) Explosives | 484.23 | 2,995.58 | 3,479.81 | 484.23 | 2995.58 | 3479.81 |
| (c) Repair Parts | | | | | | |
| (d) Other | 924.47 | 3,681.82 | 4,606.29 | 924.47 | 3681.82 | 4606.29 |
| 7. Power | 599.76 | 3,241.52 | 3,841.28 | 599.76 | 3241.52 | 3841.28 |
| 8. Transportation | | | | | | |
| 9. Insurance | | | | | | |
| (a) Fire | | | | | | |
| (b) Public Liability | 1.02 | 6.27 | 7.29 | 1.02 | 6.27 | 7.29 |
| (c) Workmen's Compensation | 92.19 | 565.37 | 657.56 | 92.19 | 565.37 | 657.56 |
| Occupational Disease | 15.71 | 97.07 | 112.78 | 15.71 | 97.07 | 112.78 |
| 10. Contract Work | | | | | | |
| 11. Other (specify) | | | | | | |
| Social Security Taxes | 117.54 | 453.86 | 571.40 | 117.54 | 453.86 | 571.40 |
| Geological | 140.00 | 568.00 | 708.00 | 140.00 | 568.00 | 708.00 |
| Churn Drilling | 798.00 | 651.00 | 1,449.00 | 798.00 | 651.00 | 1449.00 |
| Total | 5,842.72 | 36,691.40 | 42,534.12 | 5842.72 | 36,691.40 | 42,534.12 |
| Deletions | | | | | | |
| Adjusted totals | | | | | | |
| Totals previously reported | 36,691.40 | | | 36,691.40 | | |
| Totals to date | 42,534.12 | | | 42,534.12 | | |

[1] Enter amount paid during month toward total purchase price.
[2] Payments for rental of equipment or prorated depreciation on equipment owned by contractor.
[3] Submit copy of the Social Security form filed under the Old Age Insurance system showing complete wage and salary data or furnish copy of payroll sheet giving same data.

NOTE.—Indicate that portion of supervisory, office, and engineering salaries that is chargeable to this project.

**FOR GOVERNMENT USE ONLY**

Checked by
Entered by
Approved by John H Saale WCS
Amount approved for payment $2521.36
Remarks

16—64068-3

# EXPLORATION UNIT COST AND PROGRESS REPORT FOR MONTH OF February 1952

**(Supply Data Below Applicable Only to Your Operations)**

| Item | Costs | | | | | Progress [4] | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Wages [1] and salaries | Equipment [2] | Supplies | Other [3] | Total | Unit | Units this month | Units previously reported | Units to date | Units authorized by contract (Exhibit A) |
| Drifting | 2,669.80 | | 1,408.70 | 1,764.22 | 5,842.72 | foot | 147 | 819 | 966 | |
| Crosscutting | | | | | | | | | | |
| Raising | | | | | | | | | | |
| Shafts | | | | | | | | | | |
| Winzes | | | | | | | | | | |
| Drill holes | | | | | | | | | | |
| Overburden | | | | | | | | | | |
| Rehabilitation and preparation | | | | | | | | | | |
| Geology and geophysics | | | | | | | | | | |
| Trenching | | | | | | | | | | |
| Sampling and assaying | | | | | | | | | | |
| Roads and trails | | | | | | | | | | |
| Test pits | | | | | | | | | | |
| Other (specify) | | | | | | | | | | |
| Totals | 2,669.80 | | 1,408.70 | 1,764.22 | 5,842.72 | foot | 147 | 819 | 966 | |

[1] Prorate supervisory, engineering, and office salaries in proportion to man-shifts of direct labor.
[2] Prorate charges for equipment that is not exclusively for one type of job (such as compressors) against authorized units of work in each category.
[3] Where entries in the "Other" column (above) are more than 25 percent of the total expenditures, a breakdown of this item should be made.
[4] Specify whether feet, cubic feet, acres, miles, etc.

16—64068-3 U. S. GOVERNMENT PRINTING OFFICE

MF-104
(August 1951)

Budget Bureau No. 42-R1036.2.
Approval Expires 6-30-52.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Contract No. Idm-E 67

Name of Operator Peru Mining Company
Docket No. DMA 371X
Total Contract Amount $ 225,000.00
Government Participation: 50 % Amount, $ 112,500.00
Distribution of Expenditures for Month of January 1952

# STRATEGIC AND CRITICAL MINERAL EXPLORATION PROGRAM
# OPERATOR'S MONTHLY PROGRESS REPORT

Operators are to submit monthly reports to the designated field representative of the Defense Minerals Administration. Reports are to be submitted in quadruplicate prior to the 15th day of the month following the reporting period.

*Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered is to be furnished.

*Maps.*—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.

*Cost Accounts.*—All applicable parts of this form are to be filled in. This report will form the basis for payments of the Government's participating share of expenses. Audits of accounts may be made from time to time.

DEPARTMENT ... Defense ... RECEIVED
MAR 3 0 1952

## CERTIFICATION

**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.**

PERU MINING COMPANY
(Name of Company)

By Jos. H. Taylor
(Signature of Authorized Official)

February 11, 1952
(Date)

Vice President
(Title)

**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.**

16—64068-3

# MONTHLY SUMMARY COST STATEMENT

**List as Shown on Exhibits Attached to Contract**

| Item | Monthly Total | Totals Previously Reported | Totals to Date | For Government Use Only | | |
|---|---|---|---|---|---|---|
| | | | | Approved Monthly Total | Approved Totals Previously Reported | Approved Totals To Date |
| 1. Fixtures and Improvements: | | | | | | |
| (*a*) Facilities | | | | | | |
| (*b*) Buildings | | | | | | |
| (*c*) Fixtures | | | | | | |
| 2. Operating Equipment: | | | | | | |
| (*a*) Purchased[1] | | 11,655.00 | 11,655.00 | --- | 11,655.00 | 11,655.00 |
| (*b*) Rented[2] | | | | | | |
| (*c*) Furnished by operator | | | | | | |
| 3. Rehabilitation and Repairs: | | | | | | |
| (*a*) Facilities | | | | | | |
| (*b*) Buildings | | | | | | |
| (*c*) Installations | | | | | | |

## MONTHLY SUMMARY COST STATEMENT—Continued

| Item | Monthly Total | Totals Previously Reported | Totals to Date | For Government Use Only: Approved Monthly Total | Approved Totals Previously Reported | Approved Totals To Date |
|---|---|---|---|---|---|---|
| (d) Fixtures | | | | | | |
| 4. Labor [3] | 2,421.29 | 8,963.37 | 11,384.66 | 2421.29 | 8963.37 | 11,384.66 |
| 5. Supervision | 262.50 | 1,128.75 | 1,391.25 | 262.50 | 1128.75 | 1391.25 |
| 6. Supplies | | | | | | |
| (a) Timber | | | | | | |
| (b) Explosives | 607.13 | 2,388.45 | 2,995.58 | 607.13 | 2388.45 | 2995.58 |
| (c) Repair Parts | | | | | | |
| (d) Other | 512.82 | 3,169.00 | 3,681.82 | 512.82 | 3169.00 | 3681.82 |
| 7. Power | 591.60 | 2,649.92 | 3,241.52 | 591.60 | 2649.92 | 3241.52 |
| 8. Transportation | | | | | | |
| 9. Insurance | | | | | | |
| (a) Fire | | | | | | |
| (b) Public Liability | 1.32 | 4.95 | 6.27 | 1.32 | 4.95 | 6.27 |
| (c) Workmen's Compensation | 117.27 | 448.10 | 565.37 | 117.27 | 448.10 | 565.37 |
| Occupational Disease | 19.98 | 77.09 | 97.07 | 19.98 | 77.09 | 97.07 |
| 10. Contract Work | | | | | | |
| 11. Other (specify) | | | | | | |
| Social Security Taxes | 168.94 | 284.92 | 453.86 | 168.94 | 284.92 | 453.86 |
| Geological | 130.00 | 438.00 | 568.00 | 130.00 | 438.00 | 568.00 |
| Churn Drilling | 651.00 | - | 651.00 | 651.00 | --- | 651.00 |
| Total | 5,483.85 | 31,207.55 | 36,691.40 | 5483.85 | 31,207.55 | 36,691.40 |
| Deletions | | | | | | |
| Adjusted totals | | | | | | |
| Totals previously reported | 31,207.55 | | | 31,207.55 | | |
| Totals to date | 36,691.40 | | | 36,691.40 | | |

[1] Enter amount paid during month toward total purchase price.
[2] Payments for rental of equipment or prorated depreciation on equipment owned by contractor.
[3] Submit copy of the Social Security form filed under the Old Age Insurance system showing complete wage and salary data or furnish copy of payroll sheet giving same data.

NOTE.—Indicate that portion of supervisory, office, and engineering salaries that is chargeable to this project.

**FOR GOVERNMENT USE ONLY**

Checked by
Entered by
Approved by John B. Smith WRS WD
Amount approved for payment $ 2791.93
Remarks

16—64068-3

# EXPLORATION UNIT COST AND PROGRESS REPORT FOR MONTH OF January 1952

(Supply Data Below Applicable Only to Your Operations)

| Item | Costs | | | | | Progress [4] | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Wages [1] and salaries | Equipment [2] | Supplies | Other [3] | Total | Unit | Units this month | Units previously reported | Units to date | Units authorized by contract (Exhibit A) |
| Drifting | 2,683.79 | | 1,119.95 | 1,680.11 | 5,483.85 | foot | 145 | 674 | 819 | |
| Crosscutting | | | | | | | | | | |
| Raising | | | | | | | | | | |
| Shafts | | | | | | | | | | |
| Winzes | | | | | | | | | | |
| Drill holes | | | | | | | | | | |
| Overburden | | | | | | | | | | |
| Rehabilitation and preparation | | | | | | | | | | |
| Geology and geophysics | | | | | | | | | | |
| Trenching | | | | | | | | | | |
| Sampling and assaying | | | | | | | | | | |
| Roads and trails | | | | | | | | | | |
| Test pits | | | | | | | | | | |
| Other (specify) | | | | | | | | | | |
| | | | | | | | | | | |
| Totals | 2,683.79 | | 1,119.95 | 1,680.11 | 5,483.85 | foot | 145 | 674 | 819 | |

[1] Prorate supervisory, engineering, and office salaries in proportion to man-shifts of direct labor.
[2] Prorate charges for equipment that is not exclusively for one type of job (such as compressors) against authorized units of work in each category.
[3] Where entries in the "Other" column (above) are more than 25 percent of the total expenditures, a breakdown of this item should be made.
[4] Specify whether feet, cubic feet, acres, miles, etc.

16—64068-3 U. S. GOVERNMENT PRINTING OFFICE

C O P Y

C O P Y

MINING DIVISION
REGION IV

Memorandum

To : W. H. King, Acting Chief, Mining Div., Region IV

From : Chief, Arizona-New Mexico Br., Mining Div., Region IV

Subject : January 1952 Progress Report for Contract Idm-E67 DMA Docket 371X. Peru Mining Co's. Grant County Zinc-lead Mine, Grant County, N. Mex.

Enclosed in quadruplicate are the following items for the above:

(1) Bureau of Mines engineer's progress report;
(2) Company's progress report;
(3) Form MF-104

Also enclosed are 2 extra copies of our engineer's report.

A letter regarding payment of accounts will be sent to Mr. East by the company's manager.

As these January accounts seem to be in order, I recommend that the Government's share of the costs be paid.

/s/ W. R. S.
Walter R. Storms

cc W. H, King (5)
DMA-371
DF

WRStorms:frj

C
O
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C
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P
Y

U. S. Bureau of Mines
Mining Division, Region IV
New Mexico Field Office
Box 1060, Silver City, New Mexico
February 12, 1952

Docket DM 371X, Contract Idm-E67, Peru Mining Co., Grant County Zinc Mine, Central Mining District, Grant County, New Mexico.

Progress Report Jan. 1 - Beb. 1, 1952

The Kearney mine of the New Mexico Consolidated Mining Co. (Peru Mining Co.) was visited on February 12, 1952, to inspect the 625 level drift to the Grant County mine. The dirft advanced 145 feet to a total of 819 feet.

Churn drilling was in progress during the month and, although some difficult ground was encountered, a progress of 62 feet was made.

The costs were checked and the following results were obtained. The new wage scale was in effect but the retroactive pay is not included in the costs.

| Item | Approx. allowable | Contract cost |
|---|---|---|
| Labor | $18.00 | $18.82 |
| Supplies | 12.00 | 11.80 |
| total | $30.00 | $30.00 |
| Supervision | 407.00 | 392.50 |
| Churn drilling | 15.00 | 15.00 |

It will be noted that the labor costs are high due to the recent increase in wages.

No items of equipment were purchased or recieved during the month.

The total spent on the project for the month of January 1952 was $5,483.85, bringing the total spent to date to $36,691.40.

Respectfully submitted,

/s/ John H. Soule

John H. Soule
Acting Supervising Engineer

PERU MINING COMPANY

SILVER CITY, NEW MEXICO

C O P Y

C O P Y

February 11, 1952

Mr. W. R. Storms
U. S. Bureau of Mines
4079 University Station
Tucson, Arizona

Dear Mr. Storms:

During the month of January we drove the Grant County dirft a distance of 145 feet. We had some upsets during January -- first due to the holiday of January 1st and then there was some disatisfaction in that the Wage Stabilization Board worked better after this date.

The costs for January were higher than $30.00 per foot, This is probably due to the increased wage scale and lack of enghusiasm on the part of the miners. We hope we will be able to get it back down to this figure.

The churn dirll hole from the surface did not progress properly and at the end of the month they were down but 62 feet. The expense of this starting was very high; however, the drill hole is now going much better and we hope that it will go on downwithout serious trouble.

Very turly yours,

Peru Mining Company

/s/ Jos. H. Taylor
Jos. H. Taylor
Vice President

JHT:F

PERU MINING COMPANY

SILVER CITY, NEW MEXICO

C O P Y

C O P Y

February 15, 1952

Mr. W. R. Storms
U. S. Bureau of Mines
4079 University station
Tucson, Arizona

Dear Mr. Storms:

All bills for equipment and supplies for the Grant County Project have been paid promptly. It is our practice to pay all invoices for the month of December on or before the 15th of January and the invoices for January were paid as of the 14th of Feburary, this month.

Trusting this will be the information you desire, I am,

Very truly yours,

PERU MINING COMPANY

/s/ Jos. H. Taylor

Jos. H. Taylor
Vice President

MF-104
(August 1951)

Budget Bureau No. 42-R1036.2.
Approval Expires 6-30-52.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Contract No. Idm-E 67

Name of Operator Peru Mining Company
Docket No. DMA 371X
Total Contract Amount $ 225,000.00
Government Participation: 50 % Amount, $ 112.50
Distribution of Expenditures for Month of December 1951

# STRATEGIC AND CRITICAL MINERAL EXPLORATION PROGRAM
# OPERATOR'S MONTHLY PROGRESS REPORT

Operators are to submit monthly reports to the designated field representative of the Defense Minerals Administration. Reports are to be submitted in quadruplicate prior to the 15th day of the month following the reporting period.

*Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered is to be furnished.

*Maps.*—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.

*Cost Accounts.*—All applicable parts of this form are to be filled in. This report will form the basis for payments of the Government's participating share of expenses. Audits of accounts may be made from time to time.

## CERTIFICATION

**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.**

PERU MINING COMPANY
(Name of Company)

By Jos. H. Taylor
(Signature of Authorized Official)

January 14, 1952
(Date)

Vice President
(Title)

**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.**

16—64068-3

# MONTHLY SUMMARY COST STATEMENT

**List as Shown on Exhibits Attached to Contract**

| Item | Monthly Total | Totals Previously Reported | Totals to Date | For Government Use Only | | |
|---|---|---|---|---|---|---|
| | | | | Approved Monthly Total | Approved Totals Previously Reported | Approved Totals To Date |
| 1. Fixtures and Improvements: | | | | | | |
| (a) Facilities | | | | | | |
| (b) Buildings | | | | | | |
| (c) Fixtures | | | | | | |
| 2. Operating Equipment: | | | | | | |
| (a) Purchased[1] | | | | | | |
| Mine Cars | 4,000.00 | 7,655.00 | 11,655.00 | 4000.00 | 7655.00 | 11,655.00 |
| (b) Rented[2] | | | | | | |
| (c) Furnished by operator | | | | | | |
| 3. Rehabilitation and Repairs: | | | | | | |
| (a) Facilities | | | | | | |
| (b) Buildings | | | | | | |
| (c) Installations | | | | | | |

## MONTHLY SUMMARY COST STATEMENT—Continued

| Item | Monthly Total | Totals Previously Reported | Totals to Date | For Government Use Only: Approved Monthly Total | Approved Totals Previously Reported | Approved Totals To Date |
|---|---|---|---|---|---|---|
| (d) Fixtures | | | | | | |
| 4. Labor[3] | 1,982.55 | 6,980.82 | 8,963.37 | 1982.55 | 6980.82 | 8963.37 |
| 5. Supervision | 262.50 | 866.25 | 1,128.75 | 262.50 | 866.25 | 1128.75 |
| 6. Supplies | | | | | | |
| (a) Timber | | | | | | |
| (b) Explosives | 526.17 | 1,862.28 | 2,388.45 | 526.17 | 1862.28 | 2388.45 |
| (c) Repair Parts | | | | | | |
| (d) Other | 1,005.15 | 2,163.85 | 3,169.00 | 1005.15 | 2163.85 | 3169.00 |
| 7. Power | 640.56 | 2,009.36 | 2,649.92 | 640.56 | 2009.36 | 2649.92 |
| 8. Transportation | | | | | | |
| 9. Insurance | | | | | | |
| (a) Fire | | | | | | |
| (b) Public Liability | 1.11 | 3.84 | 4.95 | 1.11 | 3.84 | 4.95 |
| (c) Workmen's Compensation | 107.44 | 340.66 | 448.10 | 107.44 | 340.66 | 448.10 |
| Occupational Disease | 18.01 | 59.08 | 77.09 | 18.01 | 59.08 | 77.09 |
| 10. Contract Work | | | | | | |
| 11. Other (specify) | | | | | | |
| Social Security Taxes | 31.00 | 253.92 | 284.92 | 31.00 | 253.92 | 284.92 |
| Geological | 130.00 | 308.00 | 438.00 | 130.00 | 308.00 | 438.00 |
| Total | 8,704.49 | 22,503.06 | 31,207.55 | 8704.49 | 22,503.06 | 31,207.55 |
| Deletions | | | | | | |
| Adjusted totals | | | | | | |
| Totals previously reported | 22,503.06 | | | 22,503.06 | | |
| Totals to date | 31,207.55 | | | 31,207.55 | | |

[1] Enter amount paid during month toward total purchase price.
[2] Payments for rental of equipment or prorated depreciation on equipment owned by contractor.
[3] Submit copy of the Social Security form filed under the Old Age Insurance system showing complete wage and salary data or furnish copy of payroll sheet giving same data.

NOTE.—Indicate that portion of supervisory, office, and engineering salaries that is chargeable to this project.

**FOR GOVERNMENT USE ONLY**

Checked by
Entered by
Approved by John H. Soule WRB W.H.K. JHE
Amount approved for payment
Remarks

16—64068-3

# EXPLORATION UNIT COST AND PROGRESS REPORT FOR MONTH OF December 1951

**(Supply Data Below Applicable Only to Your Operations)**

| Item | Costs | | | | | Progress [4] | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Wages [1] and salaries | Equipment [2] | Supplies | Other [3] | Total | Unit | Units this month | Units previously reported | Units to date | Units authorized by contract (Exhibit A) |
| Drifting | 2,245.05 | 4,000. | 1,531.32 | 928.12 | 8,704.49 | foot | 157 | 517 | 674 | |
| Crosscutting | | | | | | | | | | |
| Raising | | | | | | | | | | |
| Shafts | | | | | | | | | | |
| Winzes | | | | | | | | | | |
| Drill holes | | | | | | | | | | |
| Overburden | | | | | | | | | | |
| Rehabilitation and preparation | | | | | | | | | | |
| Geology and geophysics | | | | | | | | | | |
| Trenching | | | | | | | | | | |
| Sampling and assaying | | | | | | | | | | |
| Roads and trails | | | | | | | | | | |
| Test pits | | | | | | | | | | |
| Other (specify) | | | | | | | | | | |
| Totals | 2,245.05 | 4,000.00 | 1,531.32 | 928.12 | 8,704.49 | foot | 157 | 517 | 674 | |

[1] Prorate supervisory, engineering, and office salaries in proportion to man-shifts of direct labor.
[2] Prorate charges for equipment that is not exclusively for one type of job (such as compressors) against authorized units of work in each category.
[3] Where entries in the "Other" column (above) are more than 25 percent of the total expenditures, a breakdown of this item should be made.
[4] Specify whether feet, cubic feet, acres, miles, etc.

16—64068-3 U. S. GOVERNMENT PRINTING OFFICE

Standard Form No. 1034a—Rev.
Form approved by
Comptroller General, U. S.
May 26, 1938
(Amended August 15, 1941)

# PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL

D. O. Vou. No. _____

Bu. Vou. No. DMA-136

| GENERAL ACCOUNTING OFFICE PREAUDIT | | PAID BY |
|---|---|---|
| Certified for payment in the sum of $_____ | U. S. Dept. of Interior, Defense Minerals Administration, 224 New Customhouse (Department, bureau, or establishment) | |
| Comptroller General of the United States | Voucher prepared at Denver, Colorado (Give place and date) 1/14/52 | |
| By _____ | THE UNITED STATES, Dr., | |
| | To Peru Mining Company (Payee) | |
| | Address 630 Fifth Avenue New York, N. Y. | |
| | Payee's Account No. I-DMA-E-67 | (For use of Paying Office) |

| No. and Date of Order | Date of Delivery or Service | Articles or Services (Enter description, item number of contract or general supply schedule, and other information deemed necessary) Terms _____% Discount Cash _____ days | Quantity | UNIT PRICE Cost | UNIT PRICE Per | AMOUNT Dollars | AMOUNT Cts. |
|---|---|---|---|---|---|---|---|
| | | Brought forward from continuation sheet(s) | | | | | |
| | November 1951 | Certified "Operator's Monthly Progress Report" for the Mineral Exploration Program attached: | | | | 6,077 | .50 |

Shipped from _____ to _____ Weight _____ Government B/L No. _____ Total 6,077 .50

(Payee must NOT use this space)

Differences _____

Account verified; correct for 6077 50

(Signature or initials) _____

Contract No. I-DMA-E-67 Date 7/13/51 Req. No. _____ Date _____ Invoice Rec'd _____

W.H.K.

# MEMORANDUM

JAN 15 1952

Approved for payment by:
J. H. East, Jr.

Naomi E. Stokes
Authorized Certifying Officer

ACCOUNTING CLASSIFICATION (for completion by Administrative Office)

| Appropriation, limitation, or project symbol | Appropriation title | Limit'n or Proj't Amount | Appropriation Amount |
|---|---|---|---|
| 14X4401 | Revolving Fund, Defense Production Act, Interior | | 6,077.50 |

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

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

(Sign original only)

Per _____

Title _____

* When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary", or "Treasurer", as the case may be.
† If the ability to certify and authority to approve are combined in one person, one signature only is necessary; otherwise the approving officer will sign in the blank space below "Approved for $_____", and over his official title.

16—22900a-1

# METHOD OF OR ABSENCE OF ADVERTISING

(Section 3709 of the Revised Statutes)

1. After advertising in newspapers.

2. (*a*) After advertising by circular letters sent to _____ dealers.

(*b*) And by notices posted in public places.

(If notices were not posted in addition to advertising by circular letters sent to dealers, explanation of such omission must be made. The notation on the certificate on the face of the voucher must be "2(*a*) (*b*)" or "2(*a*)", depending on whether or not notices were posted.)

3. Without advertising, under an exigency of the service which existed prior to the order and would not admit of the delay incident to advertising.

4. Without advertising in accordance with _____

5. Without advertising, it being impracticable to secure competition because of _____

_____

_____

_____

_____

(Here state in detail the nature of the exigency or circumstances under which the securing of competition was impracticable under 3 and 4)

NOTE.—The above form "Method of or Absence of Advertising" is to be used when purchases are made or services secured under proper authority without written agreement in any form. In case of a written agreement (formal contract, proposal, and acceptance, or less formal agreement) Standard Form No. 1036—Revised should be used for abstracting the method of or absence of advertising and award of contract. (See General Regulations No. 51, Supplement No. 6, General Accounting Office, Aug. 20, 1930.)

U. S. GOVERNMENT PRINTING OFFICE: 1946 O-88934 16—22900-1

MF-104
(August 1951)

Budget Bureau No. 42-R1036.2.
Approval Expires 6-30-52.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Contract No. Idm-E 371-X

Name of Operator Peru Mining Company
Docket No. DMA
Total Contract Amount $ 225,000.00
Government Participation: 50 % Amount, $ 112,500.00
Distribution of Expenditures for Month of November 1951

# STRATEGIC AND CRITICAL MINERAL EXPLORATION PROGRAM
# OPERATOR'S MONTHLY PROGRESS REPORT

Operators are to submit monthly reports to the designated field representative of the Defense Minerals Administration. Reports are to be submitted in quadruplicate prior to the 15th day of the month following the reporting period.

*Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered is to be furnished.

*Maps.*—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.

*Cost Accounts.*—All applicable parts of this form are to be filled in. This report will form the basis for payments of the Government's participating share of expenses. Audits of accounts may be made from time to time.

## CERTIFICATION

**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.**

PERU MINING COMPANY
(Name of Company)

By [signature]
(Signature of Authorized Official)

DECEMBER 14, 1951
(Date)

ASSISTANT MANAGER
(Title)

**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.**

16--64068-3

# MONTHLY SUMMARY COST STATEMENT

**List as Shown on Exhibits Attached to Contract**

| Item | Monthly Total | Totals Previously Reported | Totals to Date | For Government Use Only | | |
|---|---|---|---|---|---|---|
| | | | | Approved Monthly Total | Approved Totals Previously Reported | Approved Totals To Date |
| 1. Fixtures and Improvements: | | | | | | |
| (a) Facilities | | | | | | |
| (b) Buildings | | | | | | |
| (c) Fixtures | | | | | | |
| 2. Operating Equipment: | | | | | | |
| (a) Purchased[1] | | | | | | |
| 1 JUMBO | $3,795. | - | 3,795.00 | 3,795. | - | 3,795.00 |
| 4 DA30 Drifters @ $965.00 each | 3,860. | - | 3,860.00 | 3,860. | | 3,860.00 |
| (b) Rented[2] | | | | | | |
| (c) Furnished by operator | | | | | | |
| 3. Rehabilitation and Repairs: | | | | | | |
| (a) Facilities | | | | | | |
| (b) Buildings | | | | | | |
| (c) Installations | | | | | | |

16—64068-3

# MONTHLY SUMMARY COST STATEMENT—Continued

| Item | Monthly Total | Totals Previously Reported | Totals to Date | For Government Use Only: Approved Monthly Total | Approved Totals Previously Reported | Approved Totals To Date |
|---|---|---|---|---|---|---|
| (d) Fixtures | | | | | | |
| 4. Labor [3] | 2,299.10 | 4,681.72 | 6,980.82 | 2299.10 | 4681.72 | 6980.82 |
| 5. Supervision | 262.50 | 603.75 | 866.25 | 262.50 | 603.75 | 866.25 |
| 6. Supplies | | | | | | |
| (a) Timber | | | | | | |
| (b) Explosives | 540.70 | 1,321.58 | 1,862.28 | 540.70 | 1321.58 | 1862.28 |
| (c) Repair Parts | | | | | | |
| (d) Other | 452.32 | 1,711.53 | 2,163.85 | 452.32 | 1711.53 | 2163.85 |
| 7. Power | 612.00 | 1,397.36 | 2,009.36 | 612.00 | 1397.36 | 2009.36 |
| 8. Transportation | | | | | | |
| 9. Insurance | | | | | | |
| (a) Fire | | | | | | |
| (b) Public Liability | 1.23 | 2.61 | 3.84 | 1.23 | 2.61 | 3.84 |
| (c) Workmen's Compensation | 114.20 | 226.46 | 340.66 | 114.20 | 226.46 | 340.66 |
| Occupational Disease | 19.76 | 39.32 | 59.08 | 19.76 | 39.32 | 59.08 |
| 10. Contract Work | | | | | | |
| 11. Other (specify) | | | | | | |
| Social Security Taxes | 58.19 | 195.73 | 253.92 | 58.19 | 195.73 | 253.92 |
| xqGeological | 140.00 | 168.00 | 308.00 | 140.00 | 168.00 | 308.00 |
| Total | 12,155.00 | 10,348.06 | 22,503.06 | 12,155.00 | 10,348.06 | 22,503.06 |
| Deletions | | | | | | |
| Adjusted totals | | | | | | |
| Totals previously reported | 10348.06 | | | 10,348.06 | | |
| Totals to date | 22,503.06 | | | 22,503.06 | | |

[1] Enter amount paid during month toward total purchase price.
[2] Payments for rental of equipment or prorated depreciation on equipment owned by contractor.
[3] Submit copy of the Social Security form filed under the Old Age Insurance system showing complete wage and salary data or furnish copy of payroll sheet giving same data.

NOTE.—Indicate that portion of supervisory, office, and engineering salaries that is chargeable to this project.

**FOR GOVERNMENT USE ONLY**

Checked by
Entered by
Approved by John H. Sorle W.H.K.
Amount approved for payment
Remarks

16—64068-3

# EXPLORATION UNIT COST AND PROGRESS REPORT FOR MONTH OF November 1951

**(Supply Data Below Applicable Only to Your Operations)**

| Item | Costs | | | | | Progress [4] | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Wages [1] and salaries | Equipment [2] | Supplies | Other [3] | Total | Unit | Units this month | Units previously reported | Units to date | Units authorized by contract (Exhibit A) |
| Drifting | 2,561.60 | 7,655.00 | 993.02 | 945.38 | 12,155.00 | feet | 150 | 367 | 517 | |
| Crosscutting | | | | | | | | | | |
| Raising | | | | | | | | | | |
| Shafts | | | | | | | | | | |
| Winzes | | | | | | | | | | |
| Drill holes | | | | | | | | | | |
| Overburden | | | | | | | | | | |
| Rehabilitation and preparation | | | | | | | | | | |
| Geology and geophysics | | | | | | | | | | |
| Trenching | | | | | | | | | | |
| Sampling and assaying | | | | | | | | | | |
| Roads and trails | | | | | | | | | | |
| Test pits | | | | | | | | | | |
| Other (specify) | | | | | | | | | | |
| Totals | 2,561.60 | 7,655.00 | 993.02 | 945.38 | 12,155.00 | | 150 | 367 | 517 | |

[1] Prorate supervisory, engineering, and office salaries in proportion to man-shifts of direct labor.
[2] Prorate charges for equipment that is not exclusively for one type of job (such as compressors) against authorized units of work in each category.
[3] Where entries in the "Other" column (above) are more than 25 percent of the total expenditures, a breakdown of this item should be made.
[4] Specify whether feet, cubic feet, acres, miles, etc.

16—64068-3 U. S. GOVERNMENT PRINTING OFFICE

Standard Form No. 1034a—Rev.
Form approved by
Comptroller General, U. S.
May 26, 1938
(Amended August 15, 1941)

# PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL

D. O. Vou. No. _____
Bu. Vou. No. DMA-105

**GENERAL ACCOUNTING OFFICE PREAUDIT**
Certified for payment in the sum of $_____
Comptroller General of the United States
By _____

U. S. Dept. of Interior, Defense Minerals Administration, 224 New Customhouse
(Department, bureau, or establishment)

*Voucher prepared at* Denver, Colorado 11/29/51
(Give place and date)

THE UNITED STATES, Dr.,

*To* Peru Mining Company
630 Fifth Avenue (Payee)
*Address* New York, N. Y.
*Payee's Account No.* I-DMA-E-67

PAID BY
(For use of Paying Office)

| No. and Date of Order | Date of Delivery or Service | Articles or Services (Enter description, item number of contract or general supply schedule, and other information deemed necessary) Terms _____% Discount Cash _____ days | Quantity | UNIT PRICE Cost | UNIT PRICE Per | AMOUNT Dollars | AMOUNT Cts. |
|---|---|---|---|---|---|---|---|
| | | Brought forward from continuation sheet(s) | | | | | |
| | October 1951 | Certified "Operator's Monthly Progress Report" for the Mineral Exploration ~~Expark~~ Program attached: | | | | 2,200 | .46 |

Shipped from _____ to _____ Weight _____ Government B/L No. _____ Total 2,200 .46

(Payee must NOT use this space)
Differences _____
Account verified; correct for 2200 46
(Signature or initials) [illegible]

Contract No. I-DMA-E-67 Date 7/18/51 Req. No. _____ Date _____ Invoice Rec'd _____

## MEMORANDUM

Approved for payment by: [illegible] W.H.R. NOV 30 1951
for J. H. East, Jr.

Naomi E. Stokes
Authorized Certifying Officer

ACCOUNTING CLASSIFICATION (for completion by Administrative Office)

| Appropriation, limitation, or project symbol | Appropriation title | Limit'n or Proj't Amount | Appropriation Amount |
|---|---|---|---|
| 14X4401 | Defense Minerals Administration | | 2,200.46 |

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

Paid by { Check No. _____ dated _____, 19____, for $_____ } on Treasurer of the United States in favor of payee named above.
{ Cash, $_____, on _____, 19____, Payee _____ }
(Sign original only)

Per _____
Title _____

* When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary", or "Treasurer", as the case may be.
† If the ability to certify and authority to approve are combined in one person, one signature only is necessary; otherwise the approving officer will sign in the blank space below "Approved for $_____", and over his official title.

16—22900a-1

# METHOD OF OR ABSENCE OF ADVERTISING

(Section 3709 of the Revised Statutes)

1. After advertising in newspapers.

2. (*a*) After advertising by circular letters sent to _____ dealers.

   (*b*) And by notices posted in public places.

   (If notices were not posted in addition to advertising by circular letters sent to dealers, explanation of such omission must be made. The notation on the certificate on the face of the voucher must be "2(*a*)(*b*)" or "2(*a*)", depending on whether or not notices were posted.)

3. Without advertising, under an exigency of the service which existed prior to the order and would not admit of the delay incident to advertising.

4. Without advertising in accordance with _____

5. Without advertising, it being impracticable to secure competition because of _____

_____

_____

_____

_____

(Here state in detail the nature of the exigency or circumstances under which the securing of competition was impracticable under 3 and 4)

---

NOTE.—The above form "Method of or Absence of Advertising" is to be used when purchases are made or services secured under proper authority without written agreement in any form. In case of a written agreement (formal contract, proposal, and acceptance, or less formal agreement) Standard Form No. 1036—Revised should be used for abstracting the method of or absence of advertising and award of contract. (See General Regulations No. 51, Supplement No. 6, General Accounting Office, Aug. 20, 1930.)

U. S. GOVERNMENT PRINTING OFFICE: 1946 O-88934 16—22900-1

MF-104
(April 1951)

Budget Bureau No. 42-R1036.
Approval expires 6-30-51.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

# STRATEGIC AND CRITICAL MINERAL EXPLORATION PROGRAM
# OPERATOR'S MONTHLY PROGRESS REPORT

Operators are to submit monthly reports to the designated field representative of the Defense Minerals Administration. Reports are to be submitted in quadruplicate prior to the 15th day of the month following the reporting period.

*Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered is to be furnished.

*Maps.*—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.

*Cost Accounts.*—All applicable parts of this form are to be filled in. This report will form the basis for payments of the Government's participating share of expenses. Audits of accounts will be made from time to time.

## CERTIFICATION

**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.**

PERU MINING COMPANY
(Name of Company)

By [signature]
(Signature of Authorized Official)

NOVEMBER 13, 1951
(Date)

ASSISTANT MANAGER
(Title)

**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.**

16—64068-1

# MONTHLY SUMMARY COST STATEMENT

Name of operator: Peru Mining Company
Project No. DMA: 371X
Total contract amount: $225,000.00
Government participation percent: 50%

**Distribution of Expenditures for Month of** October 1951

| Item | Monthly Total | Totals Previously Reported | Totals to Date | For Government Use Only: Approved Monthly Total | Approved Totals Previously Reported | Approved Totals to Date |
|---|---|---|---|---|---|---|
| Wages and salaries | 2,425.78 | 2,859.69 | 5,285.47 | 2425.78 | 2859.69 | 5285.47 |
| Equipment purchase [1] | | | | | | |
| Equipment rental [2] | | | | | | |
| Buildings | | | | | | |
| Explosives | 546.45 | 775.13 | 1,321.58 | 546.45 | 775.13 | 1321.58 |
| Repair parts | | | | | | |
| Other supplies | 451.59 | 1,259.94 | 1,711.53 | 451.59 | 1259.94 | 1711.53 |
| Power | 648.72 | 748.64 | 1,397.36 | 648.72 | 748.64 | 1397.36 |
| Transportation | | | | | | |
| Withholding taxes | | | | | | |
| Compensation insurance | 102.29 | 124.17 | 226.46 | 102.29 | 124.17 | 226.46 |
| Other insurance | 19.05 | 22.88 | 41.93 | 19.05 | 22.88 | 41.93 |
| Contract work | | | | | | |
| Other (specify) Soc. Sec. Taxes | 67.05 | 128.68 | 195.73 | 67.05 | 128.68 | 195.73 |
| Geological | 140.00 | 28.00 | 168.00 | 140.00 | 28.00 | 168.00 |
| Total | 4,400.93 | 5,947.13 | 10,348.06 | 4400.93 | 5947.13 | 10,348.06 |
| Totals previously reported | 5,947.13 | | | | | |
| Totals to date | 10,348.06 | | | | | |

**FOR GOVERNMENT USE ONLY**

Checked by
Entered by
Approved by John H Smile WDB
Amount approved for payment 2200.46
Remarks

[1] Enter total purchase price in month purchase is made.
[2] Payments for rental of equipment or prorated depreciation on equipment owned by contractor.

16—64068-1

# DISTRIBUTION OF WAGES AND SALARIES FOR MONTH OF October 1951

Name of operator: Peru Mining Company
Project No. DMA: 371X
Total contract amount: $225,000.00
Government participation percent: 50%

| Type | Number | Man-Shifts | | Rate | Total |
|---|---|---|---|---|---|
| Miners | 1 | 26 | 208 hrs. | Contract | $ 940.30 |
| Muckers | 1 | 8.75 | 70 hrs. | 1.375 | 99.65 |
| Trammers | | | | | |
| Timbermen | | | | | |
| Pumpmen & Cagers | 2 | 39.75 | 318 hrs. | 1.505 | 530.20 |
| Hoistmen | | | | | |
| Surface | | | | | |
| Samplers Mucking Machine Operator | 1 | 13.25 | 106 hrs. | 1.505 | 169.32 |
| Assayers Trackman | 1 | 27 | 216 hrs. | 1.505 | 373.24 |
| Shift bosses Machine Helper | 1 | 4.125 | 33 hrs. | 1.405 | 50.57 |
| Mechanics | | | | | |
| Electricians | | | | | |
| Blacksmiths | | | | | |
| Carpenters | | | | | |
| Drill runners | | | | | |
| Drill helpers | | | | | |
| Teamsters | | | | | |
| Manager | | | | | |
| Superintendent | | | | | 55.00 |
| Engineers | | | | | 162.50 |
| Geologists | | | | | |
| Bookkeeper | | | | | |
| Foreman | | | | | 45.00 |
| Clerks | | | | | |
| Stenographers | | | | | |
| Other | | | | | |
| Total | | | | | 2,425.78 |

Note.—Show only that portion of supervisory, office, and engineering salaries that is chargeable to this project.

**FOR GOVERNMENT USE ONLY**

Checked by
Entered by
Approved by John H Smile WRS
Remarks

16—64068-1

# EXPLORATION UNIT COST AND PROGRESS REPORT FOR MONTH OF October 1951

Name of operator Peru Mining Company
Project No. DMA 371X
Total contract amount $225,000.00
Government participation, percent 50%

| Item | Costs | | | | | Progress | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Wages [1] and salaries | Equipment [2] | Supplies | Other [3] | Total | Unit | Units this month | Units previously reported | Units to date | Units authorized by contract |
| Drifting | 2,425.78 | | 998.04 | 977.11 | 4,400.93 | Foot | 159 | 208 | 367 | |
| Crosscutting | | | | | | | | | | |
| Raising | | | | | | | | | | |
| Shafts | | | | | | | | | | |
| Winzes | | | | | | | | | | |
| Drill holes | | | | | | | | | | |
| Overburden | | | | | | | | | | |
| Rehabilitation and preparation | | | | | | | | | | |
| Geology and geophysics | | | | | | | | | | |
| Trenching | | | | | | | | | | |
| Sampling and assaying | | | | | | | | | | |
| Roads and trails | | | | | | | | | | |
| Test pits | | | | | | | | | | |
| Other (specify) | | | | | | | | | | |
| Totals | 2,425.78 | | 998.04 | 977.11 | 4,400.93 | feet | 159 | 208 | 367 | |

[1] Prorate supervisory, engineering, and office salaries in proportion to man-shifts of direct labor.
[2] Prorate charges for equipment that is not exclusively for one type of job (such as compressors) against authorized units of work in each category.
[3] Where entries in the "Other" column (above) are more than 25 percent of the total expenditures, a breakdown of this item should be made.

16—64068-1 U. S. GOVERNMENT PRINTING OFFICE

**FOR GOVERNMENT USE ONLY**

Checked by
Entered by
Approved by Jan H Smile WRS
Remarks

Standard Form No. 1034a—Rev.
Form approved by
Comptroller General, U. S.
May 26, 1938
(Amended August 15, 1941)

# PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL

D. O. Vou. No. _____
Bu. Vou. No. DMA-72

**GENERAL ACCOUNTING OFFICE PREAUDIT**
Certified for payment in the sum of $_____
Comptroller General of the United States
By _____

U. S. Dept. of Interior, Defense Minerals Administration, 224 New Customhouse
(Department, bureau, or establishment)

*Voucher prepared at* Denver, Colorado ~~XX~~ 11/1/51
(Give place and date)

THE UNITED STATES, Dr.,

*To* Peru Mining Company
630 Fifth Avenue (Payee)

*Address* New York, N. Y.

*Payee's Account No.* I-DMA-E-67

PAID BY
(For use of Paying Office)

| No. and Date of Order | Date of Delivery or Service | Articles or Services (Enter description, item number of contract or general supply schedule, and other information deemed necessary) Terms Net % Discount Cash days | Quantity | UNIT PRICE Cost | UNIT PRICE Per | AMOUNT Dollars | AMOUNT Cts. |
|---|---|---|---|---|---|---|---|
| | | Brought forward from continuation sheet(s) | | | | | |
| | August 1951 | Certified "Operator's Monthly Progress Reports" for the Mineral Exploration program attached: | | | | 1,648.09 | |
| | Sept. 1951 | | | | | 1,325.47 | |
| | | | | | Total | 2,973.56 | |

Shipped from _____ to _____ Weight _____ Government B/L No. _____

(Payee must NOT use this space)
Differences _____
Account verified; correct for 2973.56
(Signature or initials) _____

Contract No. I-DMA-E-67 Date 7/18/51 Req. No. _____ Date _____ Invoice Rec'd _____

# MEMORANDUM

Approved for payment by:
J. H. East, Jr.

NOV 2 1951

Naomi E. Stokes
Authorized Certifying Officer

ACCOUNTING CLASSIFICATION (for completion by Administrative Office)

| Appropriation, limitation, or project symbol | Appropriation title | Limit'n or Proj't Amount | Appropriation Amount |
|---|---|---|---|
| 14X4401 | Defense Minerals Administration | | 2,973.56 |

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

Paid by { Check No. _____ dated _____, 19____, for $_____ } on Treasurer of the United States in favor of payee named above.
{ Cash, $_____, on _____, 19____, Payee _____ }
(Sign original only)

Per _____
Title _____

* When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary", or "Treasurer", as the case may be.
† If the ability to certify and authority to approve are combined in one person, one signature only is necessary; otherwise the approving officer will sign in the blank space below "Approved for $_____", and over his official title.

16—22900a-1

## METHOD OF OR ABSENCE OF ADVERTISING

(Section 3709 of the Revised Statutes)

1. After advertising in newspapers.

2. (*a*) After advertising by circular letters sent to _____ dealers.

   (*b*) And by notices posted in public places.

   (If notices were not posted in addition to advertising by circular letters sent to dealers, explanation of such omission must be made. The notation on the certificate on the face of the voucher must be "2(*a*) (*b*)" or "2(*a*)", depending on whether or not notices were posted.)

3. Without advertising, under an exigency of the service which existed prior to the order and would not admit of the delay incident to advertising.

4. Without advertising in accordance with _____

5. Without advertising, it being impracticable to secure competition because of _____

_____

_____

_____

_____

(Here state in detail the nature of the exigency or circumstances under which the securing of competition was impracticable under 3 and 4)

NOTE.—The above form "Method of or Absence of Advertising" is to be used when purchases are made or services secured under proper authority without written agreement in any form. In case of a written agreement (formal contract, proposal, and acceptance, or less formal agreement) Standard Form No. 1036—Revised should be used for abstracting the method of or absence of advertising and award of contract. (See General Regulations No. 51, Supplement No. 6, General Accounting Office, Aug. 20, 1930.)

U. S. GOVERNMENT PRINTING OFFICE: 1946 O-88934 16—22900-1

MF-104
(April 1951)

Budget Bureau No. 42-R1036.
Approval expires 6-30-51.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

# STRATEGIC AND CRITICAL MINERAL EXPLORATION PROGRAM
# OPERATOR'S MONTHLY PROGRESS REPORT

Operators are to submit monthly reports to the designated field representative of the Defense Minerals Administration. Reports are to be submitted in quadruplicate prior to the 15th day of the month following the reporting period.

*Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered is to be furnished.

*Maps.*—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.

*Cost Accounts.*—All applicable parts of this form are to be filled in. This report will form the basis for payments of the Government's participating share of expenses. Audits of accounts will be made from time to time.

## CERTIFICATION

**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.**

**PERU MINING COMPANY**
(Name of Company)

By Jos. H. Taylor
(Signature of Authorized Official)

**SEPTEMBER 12, 1951**
(Date)

**Vice President**
(Title)

**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.**

16—64068-1

# MONTHLY SUMMARY COST STATEMENT

Name of operator Peru Mining Company
Project No. DMA 371X
Total contract amount $225,000
Government participation percent 50

## Distribution of Expenditures for Month of August 1951

| Item | Monthly Total | Totals Previously Reported | Totals to Date | For Government Use Only: Approved Monthly Total | Approved Totals Previously Reported | Approved Totals to Date |
|---|---|---|---|---|---|---|
| Wages and salaries | 1,415.04 | - | 1,415.04 | 1415.04 | | 1415.04 |
| Equipment purchase [1] | | | | | | |
| Equipment rental [2] | | | | | | |
| Buildings | | | | | | |
| Explosives | 377.41 | - | 377.41 | 377.41 | | 377.41 |
| Repair parts | | | | | | |
| Other supplies | 1,029.38 | - | 1,029.38 | 1029.38 | | 1029.38 |
| Power | 348.80 | - | 348.80 | 348.80 | | 348.80 |
| Transportation | | | | | | |
| Withholding taxes | | | | | | |
| Compensation insurance | 63.27 | - | 63.27 | 63.27 | | 63.27 |
| Other insurance | 11.66 | - | 11.66 | 11.66 | | 11.66 |
| Contract work | | | | | | |
| Other (specify) Social Security Taxes | 50.62 | - | 50.62 | 50.62 | | 50.62 |
| Total | 3,296.18 | - | 3,296.18 | 3296.18 | | 3296.18 |
| Totals previously reported | - | | - | | | |
| Totals to date | 3,296.18 | | 3,296.18 | 3296.18 | | 3296.18 |

**FOR GOVERNMENT USE ONLY**

Checked by
Entered by
Approved by Walter R. Storms,
Amount approved for payment
Remarks

[1] Enter total purchase price in month purchase is made.
[2] Payments for rental of equipment or prorated depreciation on equipment owned by contractor.

16—64068-1

# DISTRIBUTION OF WAGES AND SALARIES FOR MONTH OF August 1951

Name of operator: Peru Mining Company
Project No. DMA: 371X
Total contract amount: $225,000
Government participation percent: 50

| Type | Number | Man-Shifts | Rate | Total |
|---|---|---|---|---|
| Miners (Contract $5.20 per ft.) | | 15.68 | 1.557 | 195.38 |
| | | 11 | $ Contract | $ 472.74 |
| Muckers | | 7.75 | 1.478 | 91.63 |
| Trammers | | | | |
| Timbermen | | | | |
| Pumpmen & Cagers | | 13 | 1.621 | 170.23 |
| Hoistmen | | 1/8 | 1.60 | 1.60 |
| Surface | | | | |
| Samplers Mucking Machine Operator | | 11.75 | 1.6335 | 153.55 |
| Assayers Trackman | | 14 | 1.666 | 186.62 |
| Shift bosses Pipeman | | 1 | 1.505 | 12.04 |
| Mechanics | | | | |
| Electricians | | | | |
| Blacksmiths | | | | |
| Carpenters | | | | |
| Drill runners | | | | |
| Drill helpers | | | | |
| Teamsters | | | | |
| Manager | | | | |
| Superintendent | | | | 27.50 |
| Engineers | | | | 81.25 |
| Geologists | | | | |
| Bookkeeper | | | | |
| Foreman | | | | 22.50 |
| Clerks | | | | |
| Stenographers | | | | |
| Other | | | | |
| Total | | | | 1,415.04 |

NOTE.—Show only that portion of supervisory, office, and engineering salaries that is chargeable to this project.

FOR GOVERNMENT USE ONLY

Checked by
Entered by
Approved by Walter R. Storme
Remarks

16—64068-1

# EXPLORATION UNIT COST AND PROGRESS REPORT FOR MONTH OF August 1951

Name of operator Peru Mining Company
Project No. DMA 371X
Total contract amount $225,000.00
Government participation, percent 50

| Item | Costs | | | | | Progress | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Wages [1] and salaries | Equipment [2] | Supplies | Other [3] | Total | Unit | Units this month | Units previously reported | Units to date | Units authorized by contract |
| Drifting | 1,415.04 | | 1,406.79 | 474.35 | 3,296.18 | foot | 110 | - | 110 | |
| Crosscutting | | | | | | | | | | |
| Raising | | | | | | | | | | |
| Shafts | | | | | | | | | | |
| Winzes | | | | | | | | | | |
| Drill holes | | | | | | | | | | |
| Overburden | | | | | | | | | | |
| Rehabilitation and preparation | | | | | | | | | | |
| Geology and geophysics | | | | | | | | | | |
| Trenching | | | | | | | | | | |
| Sampling and assaying | | | | | | | | | | |
| Roads and trails | | | | | | | | | | |
| Test pits | | | | | | | | | | |
| Other (specify) | | | | | | | | | | |
| Totals | 1,415.04 | | 1,406.79 | 474.35 | 3,296.18 | foot | 110 | - | 110 | |

[1] Prorate supervisory, engineering, and office salaries in proportion to man-shifts of direct labor.
[2] Prorate charges for equipment that is not exclusively for one type of job (such as compressors) against authorized units of work in each category.
[3] Where entries in the "Other" column (above) are more than 25 percent of the total expenditures, a breakdown of this item should be made.

16—64068-1 U. S. GOVERNMENT PRINTING OFFICE

**FOR GOVERNMENT USE ONLY**

Checked by
Entered by
Approved by Walter R. Storms
Remarks

MF-104
(April 1951)

Budget Bureau No. 42-R1036.
Approval expires 6-30-51.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

# STRATEGIC AND CRITICAL MINERAL EXPLORATION PROGRAM
# OPERATOR'S MONTHLY PROGRESS REPORT

Operators are to submit monthly reports to the designated field representative of the Defense Minerals Administration. Reports are to be submitted in quadruplicate prior to the 15th day of the month following the reporting period.

*Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered is to be furnished.

*Maps.*—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.

*Cost Accounts.*—All applicable parts of this form are to be filled in. This report will form the basis for payments of the Government's participating share of expenses. Audits of accounts will be made from time to time.

## CERTIFICATION

**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.**

PERU MINING COMPANY
(Name of Company)

By Jos. H. Taylor
(Signature of Authorized Official)

OCTOBER 11, 1951
(Date)

Vice President
(Title)

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.

16—64068-1

# MONTHLY SUMMARY COST STATEMENT

Name of operator: Peru Mining Company
Project No. DMA: 371X
Total contract amount: $225,000.00
Government participation percent: 50

## Distribution of Expenditures for Month of September 1951

| Item | Monthly Total | Totals Previously Reported | Totals to Date | For Government Use Only: Approved Monthly Total | Approved Totals Previously Reported | Approved Totals to Date |
|---|---|---|---|---|---|---|
| Wages and salaries | 1,444.65 | 1,415.04 | 2,859.69 | 1444.65 | 1415.04 | 2859.69 |
| Equipment purchase [1] | | | | | | |
| Equipment rental [2] | | | | | | |
| Buildings | | | | | | |
| Explosives | 397.72 | 377.41 | 775.13 | 397.72 | 377.41 | 775.13 |
| Repair parts | | | | | | |
| Other supplies | 230.56 | 1,029.38 | 1,259.94 | 230.56 | 1029.38 | 1259.94 |
| Power | 399.84 | 348.80 | 748.64 | 399.84 | 348.80 | 748.64 |
| Transportation | | | | | | |
| Withholding taxes | | | | | | |
| Compensation insurance | 60.90 | 63.27 | 124.17 | 60.90 | 63.27 | 124.17 |
| Other insurance | 11.22 | 11.66 | 22.88 | 11.22 | 11.66 | 22.88 |
| Contract work | | | | | | |
| Other (specify) Soc. Sec. Taxes | 78.06 | 50.62 | 128.68 | 78.06 | 50.62 | 128.68 |
| Geological | 28.00 | - | 28.00 | 28.00 | - | 28.00 |
| Total | 2,650.95 | 3,296.18 1648.09 | 5,947.13 | 2650.95 | 3296.18 | 5947.13 |
| Totals previously reported | 3,296.18 | | | 3296.18 | | |
| Totals to date | 5,947.13 | | | 5947.13 | | |

**FOR GOVERNMENT USE ONLY**

Checked by
Entered by
Approved by John H Smile  WRB WTM Jda
Amount approved for payment 1325.47
Remarks

[1] Enter total purchase price in month purchase is made.
[2] Payments for rental of equipment or prorated depreciation on equipment owned by contractor.

16—64068-1

84.

# DISTRIBUTION OF WAGES AND SALARIES FOR MONTH OF September 1951

Name of operator Peru Mining Company
Project No. DMA 371X
Total contract amount $225,000.00
Government participation percent 50

| Type | Number | Man-Shifts | Rate | Total |
|---|---|---|---|---|
| Miners | 1 | 19 | $ Contract | $ 401.60 |
| Muckers | 1 | 8¼ | 1.375 | 96.22 |
| Trammers | | | | |
| Timbermen | | | | |
| Pumpmen & Cagers | 3 | 28.125 | 1.505 | 350.62 |
| Hoistmen | | | | |
| Surface | | | | |
| Samplers Mucking Machine Operator | 1 | 9.375 | 1.505 | 118.88 |
| Assayers Trackman | 1 | 19 | 1.505 | 258.90 |
| Shift bosses Machine Helper | 1 | 3/4 | 1.405 | 8.43 |
| Mechanics | | | | |
| Electricians | | | | |
| Blacksmiths | | | | |
| Carpenters | | | | |
| Drill runners | | | | |
| Drill helpers | | | | |
| Teamsters | | | | |
| Manager | | | | |
| Superintendent | | | | 44.00 |
| Engineers | | | | 130.00 |
| Geologists | | | | |
| Bookkeeper | | | | |
| Foreman | | | | 36.00 |
| Clerks | | | | |
| Stenographers | | | | |
| Other | | | | |
| Total | | | | 1,444.65 |

Note.—Show only that portion of supervisory, office, and engineering salaries that is chargeable to this project.

**FOR GOVERNMENT USE ONLY**

Checked by
Entered by
Approved by John A. Sulle WRB 10/77
Remarks

16—64068-1

# EXPLORATION UNIT COST AND PROGRESS REPORT FOR MONTH OF September 1951

Name of operator: Peru Mining Company
Project No. DMA: 371X
Total contract amount: $225,000.00
Government participation, percent: 50

| Item | Costs | | | | | Progress | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Wages [1] and salaries | Equipment [2] | Supplies | Other [3] | Total | Unit | Units this month | Units previously reported | Units to date | Units authorized by contract |
| Drifting | 1,444.65 | | 628.28 | 578.02 | 2,650.95 | feet | 98 | 110 | 208 | |
| Crosscutting | | | | | | | | | | |
| Raising | | | | | | | | | | |
| Shafts | | | | | | | | | | |
| Winzes | | | | | | | | | | |
| Drill holes | | | | | | | | | | |
| Overburden | | | | | | | | | | |
| Rehabilitation and preparation | | | | | | | | | | |
| Geology and geophysics | | | | | | | | | | |
| Trenching | | | | | | | | | | |
| Sampling and assaying | | | | | | | | | | |
| Roads and trails | | | | | | | | | | |
| Test pits | | | | | | | | | | |
| Other (specify) | | | | | | | | | | |
| Totals | 1,444.65 | | 628.28 | 578.02 | 2,650.95 | feet | 98 | 110 | 208 | |

[1] Prorate supervisory, engineering, and office salaries in proportion to man-shifts of direct labor.
[2] Prorate charges for equipment that is not exclusively for one type of job (such as compressors) against authorized units of work in each category.
[3] Where entries in the "Other" column (above) are more than 25 percent of the total expenditures, a breakdown of this item should be made.

16—64068-1 U. S. GOVERNMENT PRINTING OFFICE

**FOR GOVERNMENT USE ONLY**

Checked by
Entered by
Approved by John H. Soule WRS KTM
Remarks

DMEA Form 14

Contract No. Idm-E 67

Docket No. 371

DEPARTMENT OF THE INTERIOR

Terminated contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

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

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

| Date of Contract | Region | State | Commodity |
|---|---|---|---|
| July 18, 1951 | III | New Mexico | Lead-Zinc-Copper |

Name and Address of Operator: Peru Mining Company
630 Fifth Avenue
New York, New York

| | Reserve | Obligation |
|---|---|---|
| Prior Amount | 0 | 39,851.09 |
| Increase | 0 | 0 |
| Decrease | 0 | 1,948.48 |
| Revised Amount | 0 | 37,902.61 |

Remarks:

ALLEN S. DAKAN

(Name)

Allen S. Dakan, Chief
Operations Control and
Statistics Division

(Title)

Date Delivered to Bureau of Mines, Washington 8/28/57

16418

Contract No. Idm-E 67

Docket No. 371

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

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

| Date of Contract | Region | State | Commodity |
|---|---|---|---|
| July 18, 1951 | III | New Mexico | Zinc |

Name and Address of Operator: Peru Mining Company
630 Fifth Avenue
New York, New York

| | Reserve | Obligation |
|---|---|---|
| Prior Amount | 0 | $112,500.00 |
| Increase | 0 | 0 |
| Decrease | 0 | $ 72,648.91 |
| Revised Amount | 0 | $ 39,851.09 |

Remarks: Reduce obligation.

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

Date Delivered to Bureau of Mines, Washington 6/2/56

98963

Government's copy

EXPLORATION PROJECT CONTRACT
PERU MINING COMPANY
DOCKET NO. DMA-371

AMENDMENT NO. 7

It is agreed this 23rd day of June, 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Peru Mining Company, that Exploration Project Contract Idm-E67 (Docket No. DMA-371), dated July 18, 1951, as amended, is further amended, effective as of February 1, 1954, as follows:

In Amendment No. 4:

(a) In paragraph numbered 1, the completion period is further extended to December 18, 1956.

(b) In paragraph numbered 2, the period for current suspension is further extended to cover the period November 1, 1953, to November 1, 1955.

(c) In paragraph numbered 3, the entire period of suspension is further extended to cover the period from January 29, 1953, to November 1, 1955.

(d) Paragraph 4 is deleted and a new paragraph 4 is added, reading as follows:

> Annex I, attached to and made a part of Amendment No. 7 of the contract, is substituted for the provisions of Article 14 of the contract form.

(e) Provision (c) of paragraph 5 is deleted, and a new provision 5(c) is added reading as follows:

> The Operator as principal, if the Operator is the producer, or as surety if the Operator is not the producer, shall pay to the Government the royalty on production provided for in the contract, in the same manner and amount, and for the same period, as if a

certification of discovery or development had been made, such certification being hereby waived.

This amendment shall not be construed to increase the estimated total cost of the project nor the aggregate total amount which the Government may be required to contribute.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By O P Mitteldorf
Administrator, Defense Minerals
Exploration Administration

PERU MINING COMPANY

By Jas. H. Taylor
Vice President

Attest:
Adah V Fleming
Assistant Secretary

EXPLORATION PROJECT CONTRACT
PERU MINING COMPANY
DOCKET NO. DMA-371

RECEIVED
JUL 1 3 1965

ANNEX I

The following provisions are in lieu of Article 14:

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

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

c. Basis for computation.--The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f.o.b. point); except, that charges of the buyer arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by the buyer, sampling and assaying to determine the value of the production sold, and freight paid by the buyer to a carrier (not the Operator), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. Any costs of treatment processes, sampling or assaying, or transportation, performed or paid by the

* The word "land" refers to the land described in Article 2 of the contract form.

* The period "~~seventeen~~ years" is substituted for the period "ten years."

Operator or by anyone other than the buyer, are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent) applied to the raw ore or other production after it is extracted from the ground, to put it into a commercially marketable form; excluding fabricating or manufacturing.

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

e. Percentages of royalty.--The percentages of the Government's royalty shall be as follows:

> One and one-half ($1\frac{1}{2}$) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half ($\frac{1}{2}$) percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.
>
> (For instance: the royalty on an amount of five dollars ($5.00) per ton, would be one and one-half ($1\frac{1}{2}$) percent; on an amount of ten dollars ($10.00) per ton, three and one-half ($3\frac{1}{2}$) percent.)

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

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

h. No obligation to produce.--Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

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

Government's Copy

EXPLORATION PROJECT CONTRACT
PERU MINING COMPANY
DOCKET NO. DMA-371

AMENDMENT NO. 6

It is agreed this 10th day of January, 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Peru Mining Company, that Exploration Project Contract Idm-E67 (Docket No. DMA-371), dated July 18, 1951, as amended, is further amended, effective as of February 1, 1954, as follows:

In Amendment No. 4:

(a) In paragraph numbered 1, the completion period of 4½ years from July 18, 1951, fixed by Amendment No. 5, is further extended to 5 years from July 18, 1951, or to July 18, 1956.

(b) In paragraph numbered 2, the period for current suspension of operations, fixed by Amendment No. 5 at 12 months from November 1, 1953, is further extended to June 1, 1955.

(c) In paragraph numbered 3, the entire period of suspension, fixed by Amendment No. 5 as from January 29, 1953, to November 1, 1954, is extended to June 1, 1955.

(d) In paragraph numbered 5, the date November 1, 1954, fixed by Amendment No. 5 as the end of the period of suspension of operations is replaced by the date June 1, 1955.

This amendment shall not be construed to increase the estimated total cost of the project nor the aggregate total amount which the Government may be required to contribute.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By O. P. Mitchell
Administrator, Defense Minerals
Exploration Administration

PERU MINING COMPANY

By Jos. H. Taylor
Vice President

ATTEST:

Adal V. Fleming
Assistant Secretary

Government's copy

EXPLORATION PROJECT CONTRACT
PERU MINING COMPANY
DOCKET NO. DMA-371

AMENDMENT NO. 5

It is agreed this 19th day of May, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Peru Mining Company, that Exploration Project Contract Idm-E67 (Docket No. DMA-371), dated July 18, 1951, as amended, is further amended, effective February 1, 1954, as follows:

In Amendment No. 4:

1. In paragraph numbered 1, delete "4 years" and substitute "4½ years."

2. In paragraph numbered 2, delete the words "for 6 months from November 1, 1953 or to May 1, 1954" and substitute "until November 1, 1954."

3. In paragraph numbered 3, delete the date "May 1, 1954" and substitute the date "November 1, 1954."

4. In paragraph numbered 5, delete the date "May 1, 1954" and substitute the date "November 1, 1954."

This amendment shall not be construed to increase the estimated total cost of the project nor the aggregate total amount which the Government may be required to contribute.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By O. Mitchendorf
Administrator, Defense Minerals Exploration Administration

PERU MINING COMPANY

By Jas. H. Taylor
Vice President

Attest:
Adah V. Fleming
Assistant Secretary

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
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Government's Copy

PERU MINING COMPANY
EXPLORATION PROJECT CONTRACT
DOCKET NO. DMA-371

AMENDMENT NO. 4

This agreement, entered into this 1st day of February, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Peru Mining Company, hereinafter called the "Operator," is an amendment of Exploration Project Contract Idm-E67, Docket No. DMA-371, dated July 18, 1951, as amended, and WITNESSETH THAT:

WHEREAS, the contract, as heretofore amended, requires the Operator to bring the project to completion within 3½ years from July 18, 1951, the date of the contract; and authorizes recess of the project work during the period July 18, 1953, to November 1, 1953; and

WHEREAS, the Operator did not resume work pursuant to the requirements of the contract on November 1, 1953, nor thereafter; and the work now is and remains in suspension, and the Operator represents that it will not or cannot be resumed and prosecuted to completion within the period limited by the contract; and

WHEREAS, under the provisions of the contract, the Government is unable to make any certification of discovery or development except "upon the completion of the exploration project or termination of the contract"; and the Government is unwilling to waive its inchoate percentage royalty;

NOW THEREFORE, IT IS AGREED AS FOLLOWS:

1. The period fixed for the completion of the work is increased from 3½ years to 4 years from July 18, 1951, the date of the contract.

2. The current suspension of operations beginning November 1, 1953, is approved by the Government and authorized to continue for 6 months from November 1, 1953, or to May 1, 1954.

3. No costs incurred by the Operator during the entire period of suspension, from Jan. 29, 1953, to May 1, 1954, are allowable as costs for contribution by the Government; and the Operator, at its own cost and expense, without contribution by the Government, shall do all things necessary and proper to preserve the work and any property in which the Government may have an interest. No equipment to the cost of which the Government has contributed and in which it has an interest shall be used by the Operator without the advance written approval of the Government, except to the extent necessary for the preservation of the work.

4. (a) That part of Article 14 of the contract which precedes the colon is amended to read as follows:

> "The Operator, regardless of any certification of discovery or development, and regardless of whether the Operator is the producer or has any interest in the land, shall pay to the Government a royalty on all minerals mined or produced from the land described in the contract within 15 years from the date of the contract, or until the total amount contributed by the Government, without interest, is fully repaid, whichever occurs first. Said royalty shall be a percentage of the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production (including any bonuses, premiums, allowances, or other benefits), in whatever form disposed of, including ore, concentrates, or metal, as follows":

(b) The words "10-year period" in the penultimate sentence of Article 14 are changed to read "15-year period."

5. If the work is not resumed on or before May 1, 1954, in the manner required to bring the project to completion within the time fixed by the contract, (a) all obligation of the Government to contribute to costs not then accrued under the provisions of the contract shall terminate, (b) the Operator shall promptly liquidate and account to the Government for its interest in any property to the purchase price of which it has contributed, but

(c) the Government's right to receive and the Operator's obligation to pay a percentage royalty on production shall be and are preserved.

IN WITNESS WHEREOF, these parties have executed this agreement in sextuplicate as of the day and year first above written.

THE UNITED STATES OF AMERICA

By O Mitteudorf
Administrator, Defense
Minerals Exploration
Administration

PERU MINING COMPANY

By Jos. H. Taylor

Vice President

Government's Copy

EXPLORATION PROJECT CONTRACT
PERU MINING COMPANY
DOCKET NO. DMA-371

AMENDMENT NO. 3

It is agreed this 9th day of July, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Peru Mining Company, each acting in consideration of the agreement of the other to the terms hereinafter set forth, that Exploration Project Contract Idm-E67, Docket No. DMA-371, dated July 18, 1951, as amended, between the parties hereto, be further modified and amended as of said date as follows:

1. In Article 3 of the contract form, the words "2 years" are changed to read "3½ years."

2. Wherever they appear in Article 14 of the contract form, the words "ten (10) years" are hereby changed to "twelve (12) years."

3. During the period July 18, 1953 to November 1, 1953, the project work may be recessed upon the Operator's written request provided there is no obligation on the part of the Government for any costs incurred by the Operator during the actual period of recess.

This amendment shall not be construed to increase the estimated total cost of the project nor the aggregate total amount which the Government may be required to contribute.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. Mitchell
Administrator, Defense Minerals
Exploration Administration

Attest:

Adah V. Fleming
Assistant Secretary

PERU MINING COMPANY

By Geo. H. Taylor
Vice President

No. 2

AMENDMENT OF CONTRACT: No Idm-E67

Contract Docket No. DMA 371X, dated July 18, 1951, between the United States of America and Peru Mining Company is hereby amended as follows:

Referring to the Amendment to the above contract, dated February 25, 1952, which is effective January 15, 1952, strike out the following: "effective January 15, 1952," and insert in lieu thereof the following: effective August 15, 1951.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may pay or the percentage of the costs which the Government may pay under the provisions of Article 11 of the contract form.

Dated March 25, 1952

PERU MINING COMPANY

By Jos. H. Taylor
Vice President

Attest

Adah V. Fleming
Assistant Secretary

UNITED STATES OF AMERICA

By
Executive Officer-DMEA

ADMENDMENT OF CONTRACT: No. Idm-E67

Contract Docket No. DMA 371X, dated July 18, 1951, between the United States of America and Peru Mining Company is hereby amended as follows, effective January 15, 1952:

Referring to Exhibit D - Labor and Supervision attached to Exploration Project Contract Form MF-200 delete the following:

"Underground-from $1.37½ per hour to $1.60½ per hour."
"Surface- from $1.30½ per hour to $1.60½ per hour."
Add the following:

| Occupational Classification | Hourly Rate | Occupational Classification | Hourly Rate |
|---|---|---|---|
| Laborer | $ 1.41 | Cager | $1.74 |
| Mucker | 1.49 | Repairman | 1.74 |
| Tool Nipper | 1.53 | Trackman | 1.74 |
| Crusherman | 1.53 | Motorman | 1.74 |
| Repair Helper | 1.53 | Pipeman | 1.74 |
| Toplander | 1.53 | Pumpman | 1.74 |
| Aerial Trammer | 1.53 | Steel Sharpener | 1.84 |
| Grizzlyman | 1.53 | Mechanic | 1.84 |
| Steel Sharpener Helper | 1.53 | Carpenter | 1.84 |
| Truck Driver | 1.53 | Diamond Driller | 1.84 |
| Machine Helper | 1.53 | Hoistman | 1.84 |
| Track Helper | 1.53 | Shaftman | 1.84 |
| Dragman | 1.74 | Electrician | 1.84 |
| Shovel Operator | 1.74 | Shiftboss | 1.89 |
| Machine Man | 1.74 | | |

Miners driving drifts under contract may be paid at the rate of $5.70 per foot of advance.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the government may pay or the percentage of the costs which the government may pay under the provisions of Article 11 of the contract form.

Dated February 25, 1952

PERU MINING COMPANY

By Jos. H. Taylor
Vice President

Attested Adah V. [illegible]
Assistant Secretary

UNITED STATES OF AMERICA

By [illegible]
Executive Officer, DMEA

Received by Division [illegible] 2/4/52

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

224 New Customhouse
Denver 2, Colorado

February 25, 1952

Memorandum

To: C. O. Mittendorf, Acting Administrator
Defense Minerals Exploration Administration

From: Executive Officer, Field Team, Region IV

Subject. Amendment to Contract Idm-E67, Docket DMA 371X, Peru Mining Company

Enclosed are the original and two copies of an amendment to the above contract. Copies of this amendment have been given to the operator, the Fiscal Officer, Region IV, and we have retained a copy for our files.

for W. H. Kerr
J. H. East, Jr.

Enclosures

FEB 11 1952

Mr. J. W. East, Jr.,
Executive Officer
DMEA Field Team, Region IV
224 New Customhouse Building
Denver 2, Colorado

Re: DMA Docket No. 371
Peru Mining Company
Exploration Contract No. Idm-E67

Dear Mr. East:

This will acknowledge receipt of your memorandum of January 25, 1952 transmitting three signed copies of contract dated December 5, 1951, between Peru Mining Company and Johnson Drilling Company, and an original and two signed copies of your approval of this contract.

We assume that you furnished the field fiscal office with copies of these documents, if needed by that office, inasmuch as you did not send four copies of this document to this office.

Sincerely yours,

C. O. Mittendorf

Acting Administrator
Defense Minerals Exploration
Administration

FEJohnson/bih
2/4/52
cc to: Docket
Admr's Reading File
Messrs. Chambers
Moulds
Johnson

Green bus

Docket DMA 371X
Contract Idm-E67

The contract dated December 5, 1951, between the Peru Mining Mining Company and the Johnson Drilling Company for carrying out certain specified work under the provisions of Exploration Project Contract Docket No. DMA 371X between the United States of America and Peru Mining Company is hereby approved.

This approval shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may pay, or the percentage of the costs which the Government may pay, under the provisions of Article 11 of the contract form.

Dated January 24, 1952.

jwo

UNITED STATES OF AMERICA

By J. H. Earnest
Executive Officer - DMA

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
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JAN 31 1952

Numbers

RANCH WELLS,
IRRIGATION WELLS

PIPE, PUMP JACKS,
WELL SUPPLIES

# JOHNSON DRILLING CO.

Box 528

Hot Springs, N. M.

WALTER JOHNSON, OWNER & MANAGER

Dec. 5-1951

Peru Mining co.
Hanover New Mexico,

Dear Sirs; In regard to our conversation about the well you want to drill on your property to use for an air shaft I wish to submit the following bid for your approval.

I will furnish A suitable drilling rig for the job all labor, fuel, cables, and repairs for same and drill A 12" hole and will try to hold hole to full 12" gauge to A depth of approximately 900 Ft.

Consideration for above work is to be not less than $9.00 per lineal foot drilled nor more than $10.50 per lineal ft. drilled depending on hardness of formation encountered and difficulties encountered in completing hole to your satisfaction.

Payment for above drilling operation is to be paid in the following manner,

Three quarters of $9.00 per ft. when each successive 100 ft. of hole is completed, balance due to be paid when hole is completedto 900 ft.

I am mailing 4 copies to you so you may sign one and return to me and keep 3 for your purposes;

Hoping this meets with your approval I remain,

Sincerely yours,

Johnson Drilling co.
By Walter Johnson

Accepted:

Jos. H. Taylor Sign
Vice-President, Peru Mining Company

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
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JAN 3 1952

MF-6
(April 1951)

Docket No. DMA 371X
Commodity Lead, Zinc & Copper
Idm-E67

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

G.A.O.
JUL 23 1951
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Index
No. Card
Card
Reviewed
8/31/51

# EXPLORATION PROJECT CONTRACT [1]

It is agreed this 18th day of July, 1951, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration, hereinafter called the "Government," and [2] Peru Mining Company
630 Fifth Avenue
New York, New York

hereinafter called the "Operator," as follows:

1. *Authority for contract.* This agreement is entered into under the authority of the Defense Production Act of 1950, pursuant to Mineral Order 5, entitled "Regulations Governing Government Aid in Defense Exploration Projects."

2. *Operator's property rights.* The exploration project shall be conducted on that certain property situated in the State of New Mexico, County of Grant described as follows: [3] Certain mining properties in the Central Mining District described in detail on attached Appendix I.

with respect to which the Operator represents and undertakes: [4]

(*a*) That he is the sole 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: None

(*b*) ~~That he is a lessee, in possession and entitled to possession, and the subordination agreement of the lessor is attached.~~

3. *Exploration project.* The Operator, within 30 days from the date of this contract shall commence work on a project of exploration for [5] lead, zinc, copper; shall prosecute the work efficiently, expertly, in a workmanlike manner, in accordance with good mining standards, with suitable and adequate equipment, materials, and labor, all properly designed to bring the project to completion within a period of [6] 2 years from the date of this contract. The exploration project and the work to be performed are more fully described on Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, is made a part of this contract.

4. *Performance of the work.* The work shall be performed by the Operator, under his sole direction and control: *Provided,* That with the consent of the Government and its written approval of the contract or contracts, all or any part of the work may be performed by the Operator through contract or contracts with independent contractors. 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.

5. *Fixtures and improvements.* 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. Attached hereto, marked "Exhibit 'B'," is a detailed list of additional facilities, buildings, and fixtures, to be purchased, installed, or erected by the Operator, with the estimated cost of each, to which the Government will contribute its agreed pro-rata share of the cost. The difference between the cost of such additional facilities, buildings, or fixtures, and the salvage value thereof at the conclusion of the work, shall be charged as a cost of the project to which the Government has contributed its pro-rata share.

6. *Operating equipment.* Attached hereto, marked "Exhibit 'C'," is a detailed list of operating equipment divided into categories of items to be rented, purchased, or furnished by the Operator, with the allowable rental, purchase price, or rental value, as the case may be, annexed to each. As to equipment purchased for the project, the Government will contribute its agreed pro-rata share of the cost thereof, and the difference between the cost and the salvage value at the conclusion of the work shall be charged as a cost of the project to which the Government has contributed its pro-rata share.

JUL 26 1951
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CONTRACT SERV. DIV.
G.A.O.

[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.
[4] Strike out the provision not applicable.
[5] Name of mineral.
[6] Not in excess of 2 years.

7. *Title to and disposition of property.* All facilities, buildings, fixtures, equipment, or other items costing more than $50 each, paid for or purchased with funds contributed jointly by the Operator and the Government, shall belong to the Operator and the Government jointly, in proportion to their respective contributions, and upon the termination of the contract, if they have any salvage value, shall be disposed of for their joint account unless the Government, in writing, waives its interest in any such items. The Government may require the dismantling, severance from land, and removal of any such items in order to realize its interest in the salvage value thereof, and the cost of any such removal and of the disposal of the items shall be for the joint account of the parties in proportion to their respective interests.

8. *Labor and supervision.* Attached hereto, marked "Exhibit 'D'," is an itemized schedule of labor, by numbers and classes (miners, muckers, millmen, etc.), and of supervisors, by numbers and positions, with the maximum wages or salaries that may be paid to each as an allowable cost of the project.

9. *Rehabilitation and repairs.* Attached hereto, marked "Exhibit 'E'," is a detailed schedule of existing facilities, buildings, installations, and fixtures, with a statement of the cost of any necessary rehabilitation or repairs to put into useful and operable condition, which cost shall be allowed as a cost of the project.

10. *Allowable costs of the project.* The allowable costs of the project in which the Government will participate are limited to the necessary, reasonable, direct costs of performing the exploration work, including the costs of materials, supplies, engineering, power, water, and utilities, including items of equipment costing less than $50 each; and the costs referred to in Articles 5, 6, 8, and 9, and the exhibits annexed to and referred to in the contract. Although the Government may pay part of the cost of new or additional facilities, structures, buildings, and equipment, only the depreciation on such items, computed as indicated in Articles 5 and 6, will be charged as a cost of the project. No items of general overhead, corporate management, interest, or any other indirect costs not expressly allowed by these regulations, 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.

11. *Participation by the Government.* At the end of the first full calendar month after the Operator has commenced work under the project, and at the end of each succeeding calendar month, the Operator shall submit to the Government a voucher for payment with a detailed statement of work done and allowable costs (as defined in Article 10 of this agreement) incurred, in a form and with supporting data acceptable to the Government. After approving the voucher, the Government shall pay to the Operator 50 percent of the sum of such costs incurred; *Provided,* That the aggregate total of all sums paid by the Government under this agreement shall not exceed $112,500, which is 50 percent of the agreed estimated total cost of this project, $225,000.

12. *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.

13. *Progress reports.* The Operator shall provide the Government with monthly reports of progress in form and content satisfactory to the Government, and upon the completion of the project or termination of the contract shall provide the Government with a comprehensive geologic and engineering report, including an estimate of ore reserves, to the best of his ability. Four copies of all reports shall be furnished to the Government.

14. *Repayment by Operator.* If, upon the completion of the exploration project or termination of the contract, the Government considers that a discovery or development has resulted from the work from which commercial production of ore may be made, the Government, within 6 months thereafter shall so certify to the Operator, particularly describing and delimiting its estimate of the discovery or the development. Thereafter, if and as ore is produced as a result of such discovery or development, the Operator and his successor in interest shall be and become obligated to pay to the Government a percentage royalty on the net smelter returns or other net proceeds realized from such ore, concentrates, or metal produced within ten (10) years from the date of this contract, until the total amount contributed by the Government, without interest, is fully repaid or said 10 years have elapsed, whichever occurs first, as follows:

Of net smelter returns or other net proceeds not in excess of eight dollars ($8.00) per ton of ore: One and one-half (1½) percent.

Of net smelter returns or other net proceeds in excess of eight dollars ($8.00) per ton of ore: One and one-half (1½) percent, plus one-half (½) percent additional for each full fifty cents ($0.50) in excess of eight dollars ($8.00) per ton of ore, but not in excess of a maximum of five (5) percent.

This obligation to repay from net returns or proceeds shall be and remain a claim and lien upon the property which is the subject of the exploration project and upon any production resulting from such discovery or development, in favor of the Government, until fully paid, or until said 10-year period has elapsed; and this claim and lien and the Government's right to repayment shall survive any termination of the contract, whether by completion of the exploration project or otherwise. This article is not to be construed as imposing any obligation on the Operator or his successor in interest to produce ore from any such discovery or development.

15. *No assignment of contract.* Without the written consent of the Government, the Operator shall not assign or otherwise transfer or hypothecate this contract or any rights thereunder.

16. *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 worthwhile 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 render to the Government a full and final accounting of his operations under the contract and his expenditures of money; shall dispose of any unused materials, supplies, and equipment for the joint account of the Operator and the Government in the proportion of their respective interests; and shall pay to the Government its pro-rata share of any money remaining.

Executed in ~~triplicate~~ sextuplet the day and year first above written.

Lone Mining Co
(Operator)

By Jas Atkell
President

THE UNITED STATES OF AMERICA

By [signature]
Administrator, Defense Minerals Administration

U. S. GOVERNMENT PRINTING OFFICE 16—64066-1

CWW SPM

## APPENDIX I

| Patented Claims | Survey Number | District | Section | Township | Range | Acres |
|---|---|---|---|---|---|---|
| Clifford | 1727 | 17 | 22 | 17 S | 12W | 20.205 |
| Traders | 1728 | 17 | 22 | 17 S | 12W | 15.66 |
| Beryl | 1994 | 17 | 22-23 | 17 S | 12W | 17.291 |
| Ruby | 1995 | 17 | 22-23 | 17 S | 12W | 20.661 |
| Las Cruces | 1995 | 17 | 22 | 17 S | 12W | 16.575 |
| Edmondson | 1995 | 17 | 22 | 17 S | 12W | 15.658 |
| Lenore | 1995 | 17 | 22-23 | 17 S | 12W | 18.746 |
| Peacock | 1995 | 17 | 22-23 | 17 S | 12W | 10.949 |
| Florence J. | 1994 | 17 | 23 | 17 | 12W | 5.023 |
| La Patrona | 1995 | 17 | 22-23 | 17 S | 12W | 20.661 |
| Unpatented Claims | | | | | | |
| John | | 17 | 22 | 17 S | 12W | 10.060 |
| Dan | | 17 | 22 | 17 S | 12W | 4.170 |

EXHIBIT A

The project is to consist of three general operations which are:

(1) Drifting and Crosscutting

(a) Approximately 4000' of drifting on the 625' level of the Kearney Mine to a point approximately 800' below the lower workings of the Grant County Mine.

| | |
|---|---|
| Labor @ $18.00 per foot | $ 72,000 |
| Supplies @ $12.00 per foot | 48,000 |

(b) Approximately 350' of crosscutting where necessary.

| | |
|---|---|
| Labor @ $18.00 per foot | 6,300 |
| Supplies @ $12.00 per foot | 4,200 |
| Total | $130,500 |

(2) Diamond Drilling

(a) Approximately 2200 feet of drilling from the surface as shown on accompanying map @ $4.00 per foot. $ 8,800

(b) Approximately 5400 feet of drilling from underground positions as shown on accompanying map @ $3.65 per foot. 19,710

Total $28,510

(3) Churn Drilling

At two points along the 4000 feet of drifting holes starting at about 12 inches in diameter and finishing at about 9 inches; must be drilled from the surface to connect with this drift to allow sufficient ventilation for the workmen in the breast of the drift. It is estimated that these two holes will average about 750 feet each or 1500 feet of drilling @ $15.00 per foot. $22,500

It is understood that none of the above work can be performed by independent contractors unless prior written approval from the Government has been received. This applies to the drilling particularly. (See Paragraph 4, Performance of the Work).

EXHIBIT B

Does not apply.

EXHIBIT C - Equipment

Rented

None

| Purchased | Approximate Costs | |
|---|---|---|
| 1 - Electric locomotive & charger | $6800.00 | |
| 1 - Shovel Roader | 3265.00 | |
| 1 - Jumbo | 3800.00 | |
| 4 - Power feed drifters | 4050.00 | $17,915.00 |
| Approximate Pipe Requirements | | |
| 2000' of 4" @ $1.17 | 2340.00 | |
| 4000' of 3" @ $0.73 | 2920.00 | |
| 2000' of 2" @ $0.33 | 660.00 | |
| 2000' of 1½" @ $0.25 | 500.00 | |
| 2500' of 1" @ $0.17 | 425.00 | |
| Miscellaneous valves | 480.00 | |
| 3000' Vent Tube @ $1.04 | 3120.00 | |
| 30 HP Motor and Blower | 2880.00 | |
| 20 One ton mine cars | 4000.00 | 17,325.00 |
| | | $35,240.00 |

| Supplies | Approximate Cost Per Foot | |
|---|---|---|
| Power | 4.08 | $17,748.00 |
| Powder | 3.50 | 15,225.00 |
| Bits | 2.00 | 8,700.00 |
| Rail | 1.00 | 4,350.00 |
| Exploders & Wire | .95 | 4,132.50 |
| Miscellaneous | .47 | 2,044.50 |
| Total | 12.00 | $52,200.00 |

EXHIBIT D - Labor and Supervision

Labor rates must conform with contract with Peru Local No. 890 of International Union of Mine, Mill and Smelter Workers.

These rates are:

Underground - from $1.37½ per hour to $1.60½ per hour
Surface - from $1.30½ per hour to $1.60½ per hour

Supervision (approximate allocation)

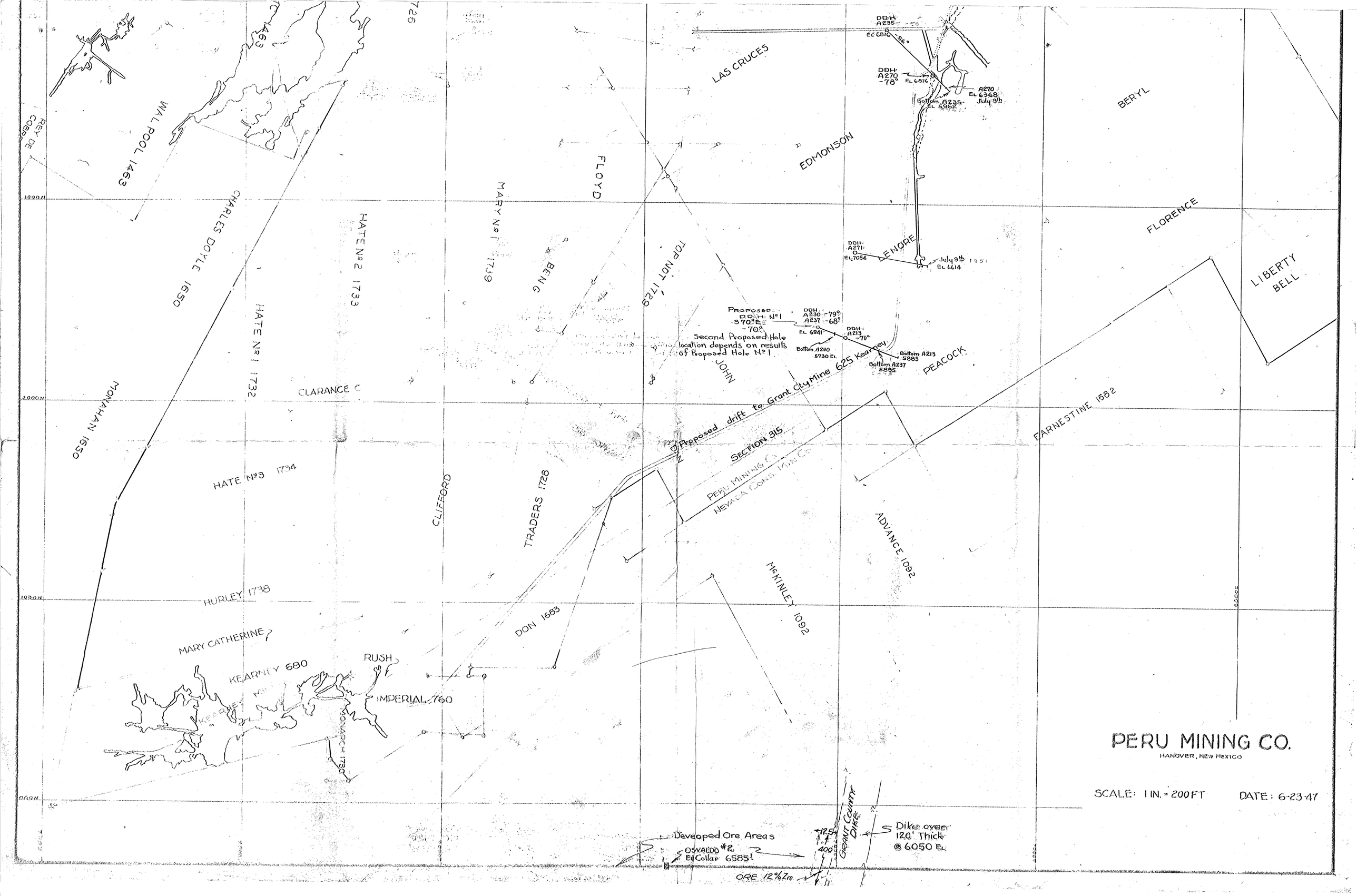
10% of Superintendence @ $550 per month
20% of Consultant Geologist @ $700 per month
10% of Foreman @ $450 per month
50% of Engineer @ $325 per month

EXHIBIT E

Does not apply.

## RECAPITULATION

| | |
|---|---|
| **Drifting and Crosscutting** | |
| Drifting 4000' @ $30.00 per foot | $120,000 |
| Crosscutting 350' @ $30.00 per foot | 10,500 |
| **Diamond Drilling** | |
| From Surface 2200 feet @ $4.00 per foot | 8,800 |
| From Underground 5400 feet @ $3.65 per foot | 19,710 |
| **Churn Drilling** | |
| From Surface 1500 feet @ $15.00 | 22,500 |
| **Equipment** | |
| Purchased | 35,240 |
| Supplies (Included in $30.00 per foot) | |
| **Engineering** | |
| Geologist, Engineers, etc. | 8,250 |
| Total | $225,000 |


PERU MINING CO.
HANOVER, NEW MEXICO
SCALE: 1 IN. = 200 FT
DATE: 6-23-47
LAS CRUCES
EDMONSON
BERYL
FLORENCE
LIBERTY BELL
ENORE
PEACOCK
EARNESTINE 1582
ADVANCE 1092
McKINLEY 1092
DON 1583
TRADERS 1728
CLIFFORD
FLOYD
MARY No 1 1729
BEN G
TOP NOT 1729
JOHN
HATE No 2 1733
HATE No 1 1732
HATE No 3 1734
CHARLES DOYLE 1650
MONAHAN 1650
WAL POOL 1463
CLARANCE C
HURLEY 1738
MARY CATHERINE
KEARNLY 580
RUSH
IMPERIAL 760
MONARCH 1730
DDH A235 -56°
EL 6876
DDH A270 -78°
EL 6876
A270 EL 6368 July 9th
Bottom A235 EL 5862
DDH A271 0
EL 7054
July 9th 1951
EL 6614
Proposed DDH No 1 S 70° E -70°
Second Proposed Hole location depends on results of Proposed Hole No 1
DDH A230 -79°
A237 -68°
EL 6941
DDH A213 -71°
Bottom A230 5730 EL
Bottom A213 5885
Bottom A237 5895
Proposed drift to Grant Cty Mine 625 Kearney
SECTION 315
PERU MINING CO.
NEVADA CONS. MIN. CO.
Developed Ore Areas
OSWALDO #2
Ex Collar 6585'
ORE 12% Zn
125
400
GRANT COUNTY DIKE
Dike over 120' Thick @ 6050 EL