OCT 20 1965

Western Development Company of Delaware
P. O. Box 1201
Santa Fe, New Mexico

Re: MMA-3826 (Lodi-Zinc)
Western Development Company
of Delaware
Bottom Dollar & Black Hornet Prospects
Santa Fe County, New Mexico
Contract 14a-4863

Gentlemen:

By the terms of the subject Exploration Project Contract and the certification of discovery or development dated September 4, 1956, all minerals mined or produced from September 29, 1955, to September 29, 1965, were subject to the Government's royalty as set forth in said contract.

As the period during which production was subject to royalty has now expired, the Government according to its present records retains no claim or lien against the property subject to the contract or any future production therefrom. We, therefore, are closing our books and records on this contract. Your attention, however, is called to the provisions of the contract which require the Operator to keep and preserve certain records for the periods indicated.

Sincerely yours,

(signed) FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

OCSelfridge/mm (9/29/65)
cc: Director's Reading File
Division File
Economic Geology File
Region III w/cy of inc. 63
✓ C. Curtin

Br. of Budget & Finance, 3408

OMR File
OMR Reading File
Mr. Selfridge
120M
Minerals Products Company
Mr. and Mrs. Frank Staplin
Mr. and Mrs. Reese F. Fulbarton

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

CERTIFICATION BY THE UNITED STATES OF AMERICA OF A DISCOVERY OR DEVELOPMENT UNDER AN EXPLORATION PROJECT CONTRACT

To: Mr. W. E. Sourwin, President
Western Development Company
of Delaware
Post Office Box 1881
Santa Fe, New Mexico

Pursuant to the provisions of Exploration Project Contract No. Idm-2081, dated September 29, 1955, Docket No. DMEA-1086, hereinafter called the "contract", between the Western Development Company of Delaware, a corporation, and the United States of America, hereinafter called the "Government"; to establish and fix the Government's percentage royalty on production and its lien thereon and on the land described in the contract, the Government considers and therefore certifies that discovery or development from which production may be made has resulted from the exploration work.

The nature of said discovery or development is described broadly or indicated as follows: Diamond drilling from the surface has shown the existence of lead-zinc ores occurring within a shear zone in monzonite.

Dated September 4, 1956

THE UNITED STATES OF AMERICA

By Frank E. Johnson
ACTING Administrator, Defense Minerals
Exploration Administration

WRGriswold/er 8/23/56
Copy to:
Docket
Mr. C. A. Fredell, Dr., MD, EPS
Mr. Gaskan, USBM Frank Lamb
Mr. Kiilsgaard, USGS
Adm R File
Op. Committee
Cont. Adm & Audit Div
Finance Office
Base Metals
Region III (2)
Mr. F. E. Johnson
Mr. W. R. Griswold
Mr. & Mrs. Frank Staplin, Santa Fe, N.Mex.
Mr. & Mrs. Reese P. Fullerton, Santa Fe, N.Mex.
Chrom.

Cont. ad. + audit div.

SEP - 4 -

Mr. W. E. Scorah, President
Western Development Company
of Delaware
Post Office Box 1201
Santa Fe, New Mexico

Re: Docket No. DMEA-3826 (Lead-Zinc)
Western Development Company
of Delaware
Bottom Dollar & Black Hornet
Prospects
Santa Fe County, New Mexico
Contract No. Idm-E883

Dear Mr. Scorah:

Transmitted herewith is a certification of discovery or development related to the Exploration Project Contract No. Idm-E883, dated September 29, 1955, on the lands described in the contract.

By the terms of the Exploration Project Contract and of the Certification, all production from the land described in the contract from September 29, 1955, the date of the contract, is subject to the Government's percentage royalty as set forth in the said contract until the sum of $4,733.05 which the Government has advanced as its participating interest is repaid, or until September 29, 1965, whichever occurs first.

Payments should be made to Mr. W. H. Traver, Executive Officer, DMEA Field Team, Region III, 224 New Customhouse Building, Denver 2, Colorado. Checks should be drawn in favor of the Defense Minerals Exploration Administration. The purchaser should be advised to deduct royalties from the amount due on each shipment and forward the checks to the Executive Officer.

Royalty payments to the Government should be accompanied by suitable evidence, such as copies of the settlement sheets, showing quantity and grade of the products sold, the name of the purchaser, and the price and charges, certified to be correct by the purchaser.

You are requested to notify Mr. Traver of any changes in ownership and production rights that might affect the Government's right to its percentage royalty. Also, if production ceases at any time for an extended period please notify Mr. Traver at six-month intervals that such is the case.

Sincerely yours,

Frank E. Johnson

ACTING Administrator

Enclosure

WRGriswold/er 8/23/56
Copy to:
Docket
Adrm R File
Op. Committee
Mr. C. A. Fredell, Dr.MD.,EPS
Mr. ~~Geehan, USBM~~ Frank Lamb
Mr. Kiilsgaard, USGS
Cont.Adm & Audit Div.
Finance Office
Base Metals
Region III (2)
Mr. F.E. Johnson
Mr. W. R. Griswold
Mr. & Mrs. Frank Staplin, Santa Fe, N. Mex.
Mr. & Mrs. Reese P. Fullerton, Santa Fe., N.Mex.
Chron.

SEP - 4 1956

Mr. Clarence A. Fredell, Acting Director
Materials Division
Emergency Procurement Service
General Services Administration
Washington 25, D. C.

Re: Docket No. DMA-3086 (Lead-Zinc)
Western Development Company
of Delaware
Bottom Dollar & Black Hornet
Prospects
Santa Fe County, New Mexico
Contract No. Idm-2883

Dear Mr. Fredell:

Enclosed is a copy of certification of discovery or development related to Exploration Project Contract No. Idm-2883.

The contract was dated September 29, 1955, with the Government participating to the extent of 50 per cent in an exploration project estimated to cost $16,710.00. Actual expenditures totalled $9,466.10, with the Government's share being half of such amount, or $4,733.05.

The total amount of work provided for under the contract consisted of 3,150 feet of diamond drilling. Work completed comprised 1,831 feet of diamond drilling.

The discovery consisted of lead-zinc ores occurring within a shear zone in monzonite. The estimated ore reserves were 33,000 tons with a grade of 2.05 oz. silver per ton, 5.3 per cent lead and 6.8 per cent zinc.

Sincerely yours,

Frank E. Johnson

ACTING Administrator

Enclosures

WRGriswold/er 8/23/56
Copy to:
Docket
Mr. Geehan, USBM
Mr. Kiilsgaard, USGS
Cont. Adm & Audit Div.
Admr R File
Op. Committee
Base Metals
Region III (2)
F. E. Johnson
W. R. Griswold
Chron.

Frank Lamb

SEP - 4 1956

Mr. Frank Staplin
and
Mrs. Mary L. Staplin

Santa Fe, New Mexico

Re: Docket No. DMA-3826 (Lead-Zinc)
Western Development Company
of Delaware
Bottom Dollar & Black Morest
Prospects
Santa Fe County, New Mexico
Contract No. Idm-1801

Dear Mr. and Mrs. Staplin:

For your information, we are enclosing a copy of a certification of discovery or development covering the cited property, which has been issued according to the provisions of the contract. We are also enclosing a copy of our letter of transmittal of this certification.

The above are in connection with the Consent to Lien signed by you on August 24, 1955.

Sincerely yours,

Frank E. Johnson

ACTING Administrator

Enclosures 2

WHGriswold/er rewritten
8/29/56 (8/22/56)
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Lamb, USBM
Mr. Kiilsgaard, USGS
Region III (2)
Mr. Chambers, DMA
Chron.

SEP - 4 1956

Mr. Reese F. Fullerton
and
Mrs. Loretta T. Fullerton

Santa Fe, New Mexico

Re: Docket No. DMA-3216 (Lead-Zinc)
Western Development Company
of Delaware
Bottom Dollar & Black Hornet
Prospects
Santa Fe County, New Mexico
Contract No. Ian-2813

Dear Mr. and Mrs. Fullerton:

For your information, we are enclosing a copy of a certification of discovery or development covering the cited property, which has been issued according to the provisions of the contract. We are also enclosing a copy of our letter of transmittal of this certification.

The above are in connection with the Consent to Lien signed by you on August 24, 1955.

Sincerely yours, W.H.Griswold rewritten
8/29/56 (8/22/56)

Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Lamb, USBM
Mr. Kiilsgaard, USGS
Mr. Chambers, DMA
Region III (2)
Chron.

Frank E. Johnson

ACTING Administrator

Enclosures 2

Building 20 - Federal Center
Denver 25, Colorado
August 18, 1959

EXTRA COPY
O. M. E.
RECEIVED AUG 21 1959
DATE | INITIALS | CODE
800

Mr. Zane E. Henderson
Secretary
Western Development Company of Delaware
Sena Plaza
Santa Fe, New Mexico

Re: Docket No. DMSA 3826 (Lead-Zinc)
Contract No. Idm-E883
Western Development Company of Delaware
(Bottom Dollar and Black Hornet Prospects)
Santa Fe County, New Mexico

Dear Mr. Henderson:

By your letter of February 20, 1958, to Mr. W. M. Traver you advised that the lease on the property subcontinated under the reference contract had been sold to the Minerals Products Company. It appears that an intermediary in the transaction was Western Mines, Inc.

As contract Idm-E883 was between the Government and Western Development Company of Delaware, it is necessary that our files contain a record of all changes in title to the property subcontinated under the contract. Therefore, we will appreciate it if you will forward two copies each of any and all instruments that have been executed transferring the property rights from Western Development Company of Delaware to the present holder.

Very truly yours,

Original signed by

J. W. Tommeni
Executive Officer, OGE
Field Team, Region III

JWT/cg

cc: Chem. Op. Comm. (2)
Reg. Corres. file Idm-E883
Chron.

DMEA
DEPARTMENT OF THE INTERIOR
FEB 1958
REGION III
DENVER, COLORADO

Western Development Company of Delaware

SENA PLAZA, SANTA FE, NEW MEXICO
TELEPHONE 3-5568

February 20, 1958

800

Mr. W. M. Traver, Executive Officer
Field Team, DMEA Region 324
New Customs House
Denver 2, Colorado

Re: DMEA Docket 3826 (Lead-Zinc),
Contract IDM-E883

Dear Mr. Traver:

Please be advised that our wholly owned subsidiary, Western Mines, Incorporated, has sold the lease which it had upon the Bottom Dollar Mine in the Cerrillos Basin of Santa Fe County, New Mexico. The above captioned contract was granted in connection with exploration on this property.

The Minerals Products Company, 3000 Cerrillos Road, Santa Fe, New Mexico, is the company which purchased this lease from us and they have, in accordance with the terms of the sale, assumed all obligations in connection with this contract.

Yours very truly,

WESTERN DEVELOPMENT COMPANY
of Delaware

Zane E. Henderson

Zane E. Henderson
Secretary

ZEH:bh

PHOTO CY TO
SEC OPR COMM-2
HARSHMAN
DMEA/DFC-2
CORRESP. E 883
3/4/58

Roy—

Government's Copy

RECEIVED
APR 27 1956

TERMINATION AGREEMENT

It is agreed this 13th day of April, 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Western Development Company of Delaware, hereinafter called the "Operator," parties to that certain Exploration Project Contract Idm-E883, Docket No. DMEA-3826, dated September 29, 1955, hereinafter called the "Contract," that:

1. Effective February 1, 1956, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

2. The Government shall contribute to allowable costs incurred prior to said effective date; and shall contribute to allowable costs incurred or to be incurred beginning with said effective date in performing winding-up and settlement actions provided for in the Contract, including the making and rendering of reports and accounts.

3. The Operator shall promptly perform all winding-up and settlement actions provided for in the Contract, including the rendering of the final report and account.

4. All rights of the Government provided for in the Contract with respect to a certification of discovery or development and a percentage royalty and lien for its payment are preserved.

5. The Operator hereby releases and agrees to save the Government harmless from all claims or demands under or arising out of said Contract, except as otherwise provided in this termination agreement.

IN WITNESS WHEREOF, these parties have executed this agreement as of the day and year first above written.

THE UNITED STATES OF AMERICA

By O P Mitchenry
Administrator, Defense Minerals
Exploration Administration

WESTERN DEVELOPMENT COMPANY OF DELAWARE

By Wm. G. Henderson
Secretary

Contract No. Idm-E 883

Docket No. DMEA 3326

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
September 29, 1955	III	New Mexico	Lead-Zinc

Name and Address of Operator:

Western Development Company of Delaware
P. O. Box 1201
Santa Fe, New Mexico

	Reserve	Obligation
Prior Amount		$8,555.00
Increase		
Decrease		3,621.95
Revised Amount		$4,933.05

Remarks:

Robert B. Adams, Chief
(Name)

Operations Control and Statistics Division
(Title)

Date Delivered to Bureau of Mines, Washington
7/18/56

98963

Government's copy

RECEIVED

OCT 18 1955

MF-200
(Revised June 1954)

Docket No. DMEA -3826

Commodity Lead-Zinc

Contract No. Idm-E 883

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this SEP 29 1955 day of ....., 195..., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Western Development Company of Delaware, a Delaware corporation, whose mailing address is P. O. Box 1201 Santa Fe, New Mexico, hereinafter called the "Operator," as follows:

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

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

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

(b) The Operator represents and undertakes that:

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

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

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

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

of the land (lessor, seller, optionor, etc.), are attached, as follows: Consent to Lien of owners.

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

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of lead-zinc. The work to be performed is described in Exhibit "A." The Operator on or before November 1, 1955, shall commence the work, and on or before March 31, 1956 (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall either have completed the work or shall have incurred allowable costs (see Article 6) in a sum not less than the estimated total allowable cost set forth in Exhibit "A."

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

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

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

ARTICLE 5. *Contribution by the Government.*—The estimated total allowable cost of the project, set forth in Exhibit "A," is the sum of $16,710.00. The Government shall contribute 50 percent of the allowable costs as they are incurred in a total sum not in excess of $8,355.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last

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

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

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

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

CATEGORY (2)—PERSONAL SERVICES.

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

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

Subcategory (c)—Labor.

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

CATEGORY (4)—OPERATING EQUIPMENT.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 13. *Changes and added provisions.*—

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

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

WESTERN DEVELOPMENT COMPANY
OF DELAWARE
(Operator)

By W. E. Scorah, Pres.

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

Zane E. Henderson
Secretary

[CORPORATE SEAL]

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

RECEIVED
OCT 1 9 1955

EXPLORATION PROJECT CONTRACT
WESTERN DEVELOPMENT COMPANY OF DELAWARE
DOCKET NO. DMEA-3826

ANNEX I

The land referred to in Article 2 of the contract form consists of the Southwest Quarter (SW$\frac{1}{4}$) of Section Thirty (30), in Township Fifteen (15) North, Range Eight (8) East, in the North Cerrillos Area, Santa Fe County, New Mexico, consisting of 160 acres, more or less.

The land is shown on the attached map entitled: "Figure 2 - Proposed Exploration, Western Development Company, Cash Entry 101 . . . Santa Fe County, New Mexico, DMEA-3826."

RECEIVED
OCT 1 0 1956

EXPLORATION PROJECT CONTRACT
WESTERN DEVELOPMENT COMPANY OF DELAWARE
DOCKET NO. DMEA-3826

EXHIBIT "A"

Description of the Work

The work consists of diamond drilling, not less than BX size, a total of ten holes from the surface. Eight holes shall be drilled to explore the Bottom Dollar Vein, and two holes shall be drilled to explore the Teresa Vein. The approximate locations, inclinations, directions and depths of these holes are shown on the attached map, Figure 2. It is expected that about 3,150 feet of diamond drilling will be required to complete the project.

The locations, directions, inclinations, and depths of all holes are subject to the approval of the Government.

Estimated Costs of the Project

Category (1) Independent Contracts

3,150 feet of diamond drilling @ $4.50/ft.	$14,175.00

Category (2) Personal Services

Subcategories (a) & (b) Supervision and Technical Services

1 - Supervising Engineer, 4 months @ $500.00/mo.	2,000.00

Subcategory (c) Labor

None

Category (3) Operating Materials and Supplies

(The one item listed below is the only item allowable under this category)

125 core boxes @ $1.00/box	125.00

Category (4) Operating Equipment

None

Category (5) Initial Rehabilitation and Repairs

None

Category (6) New Buildings, Fixtures, and Installations

None

Category (7) Miscellaneous

(The two items listed below are the only items allowable under this category)

60 samples assayed for silver, lead and zinc @ $3.50/sample	$ 210.00	
Payroll taxes and insurance	200.00	
Estimated Total Cost of Project		$16,710.00
Government's Participation @ 50%		$ 8,355.00

MF-203
Revised March 24, 1955

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AUG 29 1955

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator Western Development Co., of Delaware,
Docket No. DMEA- 3826
Contract No. Idm-E
Contract Date

CONSENT TO LIEN

To the United States of America:

Referring to that certain land in the County of Santa Fe, State of New Mexico, described as follows:1/

Southwest Quarter (SW¼) of Section Thirty (30), in Township Fifteen (15) North, Range Eight (8) East, containing 160 acres, more or less.

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

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

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom to secure the payment to the Government of a percentage royalty on production as may be provided for by the contract;2/ and represents and undertakes that there are no claims, liens, or encumbrances upon the undersigned's right, title, or interest in the land prior to that hereby granted to the Government other than the following:3/

None

3. Undertakes and agrees neither to commit any act nor assert any claim in conflict with the provisions of this Consent to Lien; and to give advance notice of the Government's rights under this Consent to Lien to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, or interest in the land; and

1/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in book _____ page _____ official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

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

3/ Write "none" if that is the case. Do not leave lines blank.

4. Consents to all amendments and assignments of the contract without notice thereof, and agrees that this Consent to Lien shall extend and apply thereto.

5. Added provision: _____

_____

_____

_____

_____

_____

_____

_____

Dated this 24 day of august, 1955.

Frank Slaglin [Seal]
Mary L. Slaglin [Seal]
Reese P. Fullerton [Seal]
Loretta T. Fullerton
} Owners

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

_____

[Corporate Seal]

Docket No. 3826

Commodity Lead-Zinc

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

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

Contract No. Idm-E 883

Date of Contract ~~xxxxxxxxxxxx~~ September 29, 1955

Name and Address of Operator:

Western Development Company of Delaware
P. O. Box 1201
Santa Fe, New Mexico

Amount of Government participation ____ $8,355.00

Percent of Government participation 50 %

Region: III State: New Mexico

E. R. Talbert
for J. L. Chambers, Chief
(Name)
Contract Administration and Audit Division

(Title)

Date Delivered to Bureau of Mines, Washington. 9/29/55

54458

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-E885, Docket DMEA-3826 (lead-zinc), dated September 29, 1955, with

Western Development Company of Delaware
P. O. Box 1201
Santa Fe, 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 Bottom Dollar, Black Hornet, and Teresa prospects located in Santa Fe County, New Mexico, during the period August 8, 1959, through August 13, 1962.

A certification of discovery or development was issued on September 4, 1956, and, in accordance with Article 8 of the contract, royalty is payable on all minerals produced from the land described in Article 2 of the contract for a period of 10 years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A Report of Review dated June 15, 1956, indicated accepted costs under the exploration contract amounting to $9,466.10 with the Government's contribution on a 50 percent basis being $4,733.05.

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 found the sales subject to the Government's royalty through August 7, 1959, to be $3,240.04. The royalty account as of August 7, 1959, was:

Total Royalty Payable	$162.00
Total Royalty Paid	162.00
Balance of Royalty Due	$ -0-

As of August 13, 1962, the royalty account of this project was found to be:

Total Royalty Payable	$162.00
Total Royalty Payable	162.00
Balance of Royalty Due	$ -0-

E. D. Talbert

E. D. Talbert, OME Auditor

August 20, 1962

Idm-8885 Western Development Company of Delaware DMEA-3826

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

This contract provides that the Operator, as principal if the producer or as surety if not the producer, shall pay to the Government a percentage royalty on all minerals produced from the land thereunder. The land under the contract consists of the SW¼ of sec. 30, T. 15 N., R. 8 E., N.M.P.M., 160 acres more or less in the north portion of the Cerrillos mining district. At the time the contract was executed, the Operator stated it was in possession by virtue of a December 31, 1954, lease from Frank and Mary L. Staplin and Reese P. and Lorretta T. Fullerton, all of Santa Fe, New Mexico. In consideration of the contract the landowners executed a Consent to Lien on August 24, 1955.

Exploration work under the contract was discontinued during January 1956 and formally terminated effective February 1, 1956, by an agreement dated April 13, 1956. During the exploration period Western Mines, Incorporated, a wholly-owned subsidiary of the Operator, made three shipments aggregating 160.776 dry tons to the American Smelting & Refining Company's mill at Deming, New Mexico. The $3,240.04 proceeds on these shipments (averaging Au .017 oz./ton, Ag 3.20 oz./ton, Pb 9.69%, Zn 10.37%, and Cu 0.27%) are covered by a prior Report of Royalty Review.

On June 2, 1955, the Operator assigned its lease to Western Mines, Incorporated, which later assigned its interest to Mineral Products Corporation, 708 Morningside Drive, S. E., Albuquerque, New Mexico, by an instrument dated November 25, 1957. This latter assignment was specifically "subject to the lien and obligation in favor of Defense Minerals Exploration Administration".

Inspections of the property and inquiries by regional DMEA and OME representatives disclosed no production from the property after termination of the exploration through January 27, 1960. In an August 13, 1962, reply to a MME Form 63 inquiry Mineral Products Company advised that neither change in property status nor production had occurred since January 27, 1960.

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 that all production from the property under the contract has been reported and proper royalty thereon paid; 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 additional royalty which might be disclosed.

Building 20 - Federal Center
Denver 25, Colorado

EXTRA COPY
O. M. E
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August 23, 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: DMEA-3826 (Lead-Zinc)
Contract Ida-E883
Western Development Company of Delaware
(Bottom Dollar and Black Hornet Prospects)
Santa Fe County, New Mexico

Attached is the original Report of Royalty Review on the subject property dated August 20, 1962 covering the period August 8, 1959 through August 13, 1962.

Original signed by

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. E883
Chron

August 20, 1962

Memorandum

To: Acting Field Officer, Region III

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

Subject: DMEA-3826 (Lead-Zinc)
Western Development Company of Delaware
Bottom Dollar and Black Hornet Prospects
Santa Fe County, New Mexico
Contract Idm-2883

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 8-20-62

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado
January 25, 1960

EXTRA COPY
O. M. E
RECEIVED FEB 2 1960
DATE INITIALS CODE
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DEPARTMENT OF THE INTERIOR
JAN 2 1960
REGION III
DENVER, COLORADO

Mr. John Franklin Mendel
Mineral Products Company
708 Morningside Drive, S. E.
Albuquerque, New Mexico

Re: Docket No. DMEA 3826 (Lead-Zinc)
Contract No. Idm-E883
Western Development Company
(Bottom Dollar & Black Hornet Prospects)
Santa Fe County, New Mexico

Dear Mr. Mendel:

In reference to the "Certification by the United States of America of a Discovery or Development under an exploration Project Contract" and the instructions in the Washington Office letter of transmittal of the Certification on the captioned project, please indicate your answer to the following questions and return one copy of the questionnaire immediately to this office.

Very truly yours,

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

1. Has the property been sub-leased or any change made in ownership other than this office has been notified? Yes ___ No No. If yes, please furnish details of the transaction on a separate sheet and include a true or signed copy of any instrument that was executed in conjunction with the matter.

2. Has there been production from the land subordinated under the referenced contract since January 1, 1959 ? Yes ___ No No. If yes, and shipments made, who was the purchaser? _____

3. Is any of the following material stockpiled? Yes ___ No No.

(a) Ore, Tons _____ Estimated grade _____
(b) Concentrates, lbs. _____ Estimated grade _____
(c) Low grade ore, tons _____ Estimated grade _____
Place stockpiled _____

Signed John F. Mendel

Title Vice President Date Jan 27 1960

Chmn (2)

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Executive Officer, OME Field Team, Region III, Denver, Colorado, pertaining to Contract I&m-2883, Docket No. DMSA 3826 (Lead-Zinc) dated September 29, 1955, with

Western Development Company
P. O. Box 1301
Santa Fe, New Mexico

for the purpose of determining the amount of royalty due the United States Government on the sale of lead-zinc ores produced from the Bottom Dollar Mine, located in Santa Fe County, New Mexico, for the period September 29, 1955 to August 7, 1959.

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

My review established the total sales of lead-zinc ores for this period to be $3,240.04, (See Summary Attached). Royalty due the United States Government at the contract rate of 5 percent is $162.00. The royalty paid and the balance due are as follows:

Total Royalty Due	$162.00
Total Royalty Paid	162.00
Balance Royalty Due	0

August 18, 1959

Donald T. Finch
Donald T. Finch
OME Auditor

OFFICIAL FILE COPY
O. M. E.
RECEIVED AUG 21 1959

DATE	INITIALS	CODE
8-21	gad	VVO
		800

STATUS OF PROJECT, DESCRIPTION OF REVIEW
AND REASONS THEREFOR

CONTRACT NO. IBM-8883 DOCKET NO. DMRA 3826

A Certification of Discovery or Development was issued on September 4, 1956, and accordingly royalty is payable on all production from the land described in Article 2 of the contract for a maximum period of 10 years from the date of the contract. A Report of Review in lieu of Final Cost Audit dated June 15, 1956, indicated accepted costs under the exploration contract amounting to $9,466.10, with Government contribution on a 50 percent basis being $4,733.05.

According to the Field Team's Semi-Annual Reports of Certified Project for the period June 20, 1956 to December 31, 1958, the property has remained inactive since the cessation of the exploration work. A memorandum from the examining engineer dated January 25, 1956, reports the shipment of 3 lots ore during the exploration operations.

My review included a tabulation and recomputation of all settlement sheets for ore sales to the American Smelting and Refining Company on file with the Executive Officer, reconciliation of reported production with examining engineer's memorandum, reconciliation of royalty paid with the records of the OSM Finance Office, Denver, Colorado.

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

(a) All reported production was reconciled with memorandum from the examining engineer.

(b) All reported production was supported by liquidation settlement sheets which were examined during the review.

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

CONTRACT NO. IBM-8883 DOCKET NO. DMEA 3826

WESTERN DEVELOPMENT COMPANY

SUMMARY OF PRODUCTION, SALES AND ROYALTY
For the Period September 29, 1955 to August 7, 1959

All Sales to American Smelting and Refining Company

Gross Weight; Pounds	334,780	
Moisture Content; Pounds	13,228	
Net Dry Weight; Pounds	321,552	
Net Dry Weight; Tons	160.776	
Gross Value		$4,868.53
Allowable Deductions		
Treatment Charges	$643.10	
Freight and Transportation Tax	701.88	
Haulage	283.51	
Total Allowable deductions		$1,628.49
Net Smelter Value, Subject to Royalty		$3,240.04
Average Value Per Dry Ton		$ 20.15
Royalty Percentage		5%
Total Royalty Due	$162.00	
Total Royalty Paid	162.00	
Balance of Royalty Due		0

MME Form 22
April 59

DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration

CHECK SHEET OF EXAMINING ENGINEER

Operator's Name Western Development Company

Address P. O. Box 1201

Santa Fe, New Mexico

Exploration Contract No. Ldm-8239 Docket No. DMEA 3826

BOTTOM DOLLAR MINE

			Check One Yes	Check One No
1.	(a)	Does the Operator stockpile ore subject to royalty repayment?		
	(b)	If so, is segregation and identification procedure adequate?		
2.	(a)	Does Operator commingle production subject to DMEA or OME royalties with exempt production?		
	(b)	If so, do you consider the allocation of the commingled production equitable?		
3.	(a)	Does the Operator stockpile mine or mill rejects (low grade ore, tailing, middlings, etc.) that may have potential value within the royalty payment period?		
	(b)	If so, are adequate records maintained on such material to protect the Government's interest?		
4.		Do you consider the assay controls in effect are adequate?		
5.		Do you consider that the manner of disposing of production gives the Government its fair royalty returns?		
6.		Do your periodic examinations of operations indicate the Operator is properly reporting his production of ores subject to DMEA or OME royalties?		
7.		Does the Operator buy from or sell to other Operators?		
8.		Comment on any item 2 (b) to 6 if answer is No.		

9. Remarks: Questions 1-7 Inclusive not applicable. Latest Information available is that contained in the "Statement in Lieu of Semi-Annual Report" dated March 3, 1959.

August 18, 1959
Date

Original signed by
J. W. TOWNSEND

Mining Engineer
Executive Officer, OME
Field Team, Region III

AUG 21 1959

Memorandum

To: Mr. Donald T. Finch, OME Auditor

(Signed) E. D. Talbert

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

Subject: Docket No. DMEA-3826 (Lead-Zinc)
Western Development Company
Contract No. Idm-8883

Your Report of Royalty Review on the subject contract is acceptable and distribution of the regional copies is authorized after changing the docket number in the first paragraph of the report to DMEA-3826.

AMAlley/ama
August 21, 1959

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

For Certificate of Deposit No. 83, dated January 20, 1956, giving royalty repayment of $38.23, see E-319.

For Certificate of Deposit No. 78, dated January 5, 1956, giving royalty repayment of $123.77, see E-53.

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

RECEIVED
JUN 18 1956

I have reviewed the Monthly Reports of:

Nashburn Development Company of Delaware
P. O. Box 1021
Santa Fe, New Mexico

pertaining to Exploration Project Contract No. IDm-[illegible], Docket No. DMEA-3026, for the months of November, 1955 to January, 1956, inclusive, and Termination Agreement dated April 13, 1956, covering a project for the exploration of lead and zinc on property known as Bottom Dollar and Tesoro Veins, located in Santa Fe County, New Mexico.

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

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

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

(b) a major portion ($8,239.50) of the costs incurred covered work performed at unit rates under independent contract;

(c) the Monthly Reports were supported by documentary proof of the costs incurred under the contract.

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

Total cost as billed by Contractor		$9,522.10
Exceptions: (Schedule attached)		
By DMEA Finance Officer	$ 0.00	
Herewith	46.00	46.00
Total Accepted Cost		$9,476.10

The contract calls for a 50 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Four thousand, seven hundred thirty-three, and 05/100ths Dollars

" $4,737.05 "

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

June 15, 1956

T. H. Breding, Auditor.

RECEIVED

JUN 18 1956

BUREAU OF INSPECTION

UNITED INSURANCE COMPANY OF DELAWARE

Contract No. [illegible] **Project No. [illegible]**

On reclaim for disallowance made on the November, 1955 MF-104, Operator attached copy of payroll report of Western Mines, Incorporated (a subsidiary of Western Development Company of Delaware.) This payroll shows a deduction of $4.00 for O.A.B. on the salary of A. C. Malting for the period November 1 to 15, (or 2% on $200.00) and that $500.00 of A. C. Malting's earnings are exempt from O.A.B. December documentation shows that all of A. C. Malting's earnings are exempt.

Based on information submitted by the Operator, following disallowances are made:

For November		
O.A.B. 2% on $300.00	$ 6.00	
State Unemployment 2.7% on $500.00	13.50	
Federal Unemployment .3% on $500.00	1.50	
Total for November		$21.00
For December		
O.A.B. 2% on $500.00	$10.00	
State Unemployment 2.7% on $500.00	13.50	
Federal Unemployment .3% on $500.00	1.50	
Total for December		$25.00
Total Disallowed		$46.00

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

JUN 19 1956

Mr. Thomas M. Breding
DMEA Auditor
224 New Customhouse
Denver 2, Colorado

Re: Report of Review
Western Development Company
of Delaware
Idm-X883, DMFA-3826

Dear Mr. Breding:

Receipt is acknowledged of the Washington copies of your Report of Review covering the referenced project.

In the fifth line of the introductory paragraph of the Schedule of Exceptions attached to the report it appears that the second reference to "$200.00" should be "$900.00". I have corrected the three Washington copies accordingly. If you concur please correct all other copies, after which normal distribution is authorized.

In the preparation of future Reports of Review, wherein reason (a) is applicable and exceptions are taken, the word "further" should be inserted between the words "possible" and "disallowances". The instructions on page 70 of the audit manual cover this point.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

EDTalbert/wb
June 19, 1956

Copy to: Docket
Admr. Reading File
Mr. Chambers

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

224 New Customhouse
Denver 2, Colorado

June 26, 1956

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3826 (Lead-Zinc) Contract Idm-E883, Western Development Company of Delaware, Santa Fe County, New Mexico - FINAL PAYMENT

Reference is made to our memorandum of April 3, 1956 whereby we forwarded Form MF-104, Operator's Monthly Progress Report and Voucher, for the month of January, 1956 and instructed you to withhold from reimbursement to the Operator the entire amount of the Government's contribution pending receipt of the Operator's final report and release of the Report of Review of contract expenditures by the Contract Administration and Audit Division.

The Operator's final report has been received, therefore, we recommend that final payment to the Operator be made on the following basis which is in conformance with the Report of Review of contract expenditures by the Contract Administration and Audit Division dated June 15, 1956 which was released to this office June 26, 1956.

Basis for Final Payment

Total Accepted Cost	$9,466.10
Government Participation at 50 Percent	4,733.05
Total Prior Payments	4,508.75
Balance Due the Operator	$ 224.30

$224.30
7/3/56

W. M. TRAVER

W. M. Traver

JWT:jy
cc: Reg. III MF-104 File E883
Sec. Op. Comm. (2)
Shaw
Townsend
Chron.

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

REVISED

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
APR 9 - 1956

Budget Bureau No. 42-R1036.5

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of January, 1956 Docket No. DMEA 3335 Contract No. IDM - 833
Operator's Name Western Development Company of Delaware Minerals Lead - Zinc
Address P. O. Box 1201, Santa Fe, New Mexico
Contract Amount, $ 16,710.00 Government Participation: 50 % Amount, $ 8,355.00

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	-0-	8,239.50	8,239.50			
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision	33.33	1,000.00	1,033.33			
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
Core Boxes	-0-	125.00	125.00			
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis	59.50	-0-	59.50			
Payroll Taxes	1.67	50.00	51.67			
Liability Insurance	.10	3.00	3.10			
(8) Contingencies (specify):						
TOTALS	94.60	9,417.50	9,512.10	94.60	9,417.50	9,512.10

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

Date Feb. 23, 1956 *Payee Western Development Company of Delaware

Per [signature] Title Secretary

*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:

$ No Payt

Signature [signature]
(Authorized Certifying Officer)

Date 4/4/56 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. Idm-E 863 in accordance with the terms of the contract.

Signature Woodie Mullan (A 47.45) Title Min. Engr Date Mar 16, 1956.

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: Berk

Signature W. M. Jones Title Executive Officer Date APR 3 1956

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)

REVISED

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
APR 9 - 1956

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of January 195 6 Docket No. DMEA 3926 Contract No. DMI 633
Operator's Name Western Development Company of Delaware Minerals Lead - Zinc
Address P. O. Box 1201, Santa Fe, 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~~ Supervision & ~~Crosscutting~~ Tech. Serv.	Hr.	33.33	1	1,033.33	3	-	4	2,000.00
Raising								
Shafts								
Winzes								
Drilling: Core	Ft.	-0-	0	8,233.50	1,831	4.50	1,190	4.50
Churn								
Auger								
~~Stripping~~ Core Boxes	Ea.	-0-	0	125.00	125	1.00	125	1.00
~~Trenching~~ Payroll Taxes		1.67	-	51.67				200.00
~~Test Pits~~ Liability Insu		.10	-	3.10				
Roads and Trails								
Samples	Assay	50.50	17	50.50	17	3.50	60	3.50
Total Distributed Costs		84.60	18	9,512.10				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		84.60		9,512.10				16,710.00

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 Feb. 23, 1956 Operator Western Development Company of Delaware

Per [signature] Title Secretary

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)

Remarks:

(For Government use only)

[signature]

INSTRUCTIONS

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

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

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

GPO 872894

RECEIVED
APR 9 - 1956

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

FINAL DISTRIBUTION
MADE APR 5 1956

Administrative Audit Difference Statement

Western Development Company of Delaware
P.O. Box 1201
Santa Fe, New Mexico

Date: April 4, 1956
Payee's Reference: January 1956

Gentlemen:

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

Amount Claimed $ 94.60

Difference * $

Amount Approved $ 94.60

The reason for the difference was due to:

* Withhold entire amount pending receipt of final report.

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

Very sincerely yours,

N. E. Stokes
Audit Section

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

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

RECEIVED
APR 9 - 1956

224 New Customhouse
Denver 2, Colorado

April 3, 1956

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3826 (Lead-Zinc), Contract Idm-8883, Western Development Company of Delaware (Cash Entry 101), Santa Fe County, New Mexico
Operator's Monthly Progress Report, for the period January 1956.

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 accomplished as authorized in the contract and payment is recommended for 50 percent of the amount as reported on Form MF-104, contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations.

Entire payment due the operator is to be withheld pending receipt of the Operator's final report and release of the final Audit Report by the Contract Administration and Audit Division. As $200.00 was previously withheld, the total amount withheld to date is now $247.15.

REMARKS:

Date of Report	February 28, 1956
Date Received in Field Office	March 5, 1956
Date Received in Region Office	March 19, 1956

Processing deferred by R.O. pending receipt of signed copies of Operator's Narrative Report.

W. M. Traver

W. M. Traver

RDB/vj
cc: Sec. Opr. Comm. (2)
Reg. III MF-104 File
J. F. Shaw
Chron.

RECEIVED
APR 9 - 1956

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
March 16, 1956

DMEA
Date Rec'd.
MAR 19 1956
BUREAU OF MINES
Denver, Colorado

Memorandum

To: Executive Officer, DMEA Field Team, Region III
Through: John F. Khar
Supervising Mining Engineer

From: W. D. McMillan

Subject: DMEA Docket 3826, Contract Idm-2883, Western Development Company of Delaware, Cash Entry 101, Santa Fe County, New Mexico. Revised Monthly Report for January, 1956.

During January, 1956, the only work done was splitting core of mineralized holes and analyses of same, with a study of the drill cores and analyses for an evaluation of the results of the exploration project.

In the revised report, charges for supervision, payroll taxes and insurance were reduced from a total of $536.00 to $94.30.

It is recommended that $47.15, which is 50 percent of the amount claimed of $94.30 be approved for payment.

Copies of a map and section through D. D. Hole No. 6, with revised computations of payroll taxes and insurance are enclosed.

W. D. McMillan
Mining Engineer

WDM/mr

cc 6
Idm-2883
Chron

DOCKET DEMA 3826 (Pb-Zn)

NARRATIVE REPORT - JANUARY, 1956

During the month of January under Docket DMEA 3826, lead-zinc exploration for Western Development Company of Delaware, on the Cash Entry 101, patented mining claim including the Bottom Dollar, Black Hornet and Teresa veins in the North Cerrillos Area, Santa Fe County, New Mexico was carried on, and the following items were completed:

1. Cores containing vein material from all of the completed drill holes were split and sent to the Socorro Assay Laboratory for lead and zinc assays. As per instructions from Mr. W. D. McMillan, Mining Engineer, Bureau of Mines, a copy of the analysis was sent to him, as well as a minus 1/4 inch size split of all the samples from the assay office. A copy and description of the assays are attached to this narrative report.

2. A thorough study of the resulting diamond drill cores and assays, from a geologic as well as economic standpoint, was made by Western Development Company of Delaware, representatives of the New Mexico Bureau of Mines, and an independent consultant. The results have been evaluated and a request for contract termination has been made to W. M. Traver, Executive Officer, DMEA, Field Team, Region III.

WESTERN DEVELOPMENT COMPANY
of Delaware

By [signature]
Secretary

DESCRIPTION AND ASSAYS OF DIAMOND DRILLING

Hole No. 1. Bottom Dollar Area

136' to 139' Altered and mineralized monzonite
1.52% Pb; 3.88% Zn; Vein width 1.8'

141' to 144' Altered and mineralized monzonite
0.20% Pb; 0.51% Zn; Width 1.8'

144' to 145' High grade sulfides 8" with some altered monzonite
13.75% Pb; 12.65% Zn; Vein width 0.6'

145' to 146.5' Altered and mineralized monzonite
0.17% Pb; 0.37% Zn; Width 0.9'

Hole No. 2. Bottom Dollar Area

206' to 208' Siliceous vein with Pb, Zn and Fe
0.22% Pb; 0.34% Zn; Width 1.0'

Hole No. 3. Bottom Dollar Area

120' to 124' Siliceous vein with Pb, Zn and Fe
7.4% Pb; 8.10% Zn; Vein width 2.0'

Hole No. 4. Bottom Dollar Area

160' to 162' Siliceous vein with Pb, Zn and Fe
0.40% Pb; 2.94% Zn

182' to 185' Siliceous vein with Pb, Zn and Fe
2.05% Pb; 6.10% Zn; Vein width 0.85'

Hole No. 5. Black Hornet Area

172' to 177' Altered monzonite (?) sulfides
0.50% Pb; 0.55% Zn

248' to 252' Altered monzonite (?) sulfides
0.14% Pb; 0.38% Zn

333' to 334' Altered monzonite and ZnS
0.28% Pb; 1.72% Zn

678' to 680' Altered monzonite, SiO_2 and Pb
0.10% Pb; 0.54% Zn

Hole No. 6. Bottom Dollar Area

150' to 158' Alternate bands altered monzonite and high grade Pb-Zn sulfides
1.40% Pb; 2.96% Zn; Vein width 6.4'

388' to 389' Siliceous vein matter and altered monzonite
0.40% Pb; 0.23% Zn

Hole No. 9 Teresa Vein

150' to 151' Siliceous vein matter with Pb, Zn and Fe
1.76% Pb; 2.61% Zn; Vein width 0.6'

157' to 158' Siliceous vein matter with Pb, Zn and Fe
0.21% Pb; 2.46% Zn; Vein width 0.6'

Hole No. 10. Teresa Vein

82' to 82.7' Monzonite and Pb stringers

3.16% Pb; 3.50% Zn; Vein width 0.5'

Note: Vein width calculated to approximate normal width considering dip and angle of holes. Holes No. 3 and No. 4 included for informational purposes only, as they are not included in the drilling program under Contract Idm-E883.

REVISED

Docket IMEA 3826 (Pb-2a)

COMPUTATION OF PAYROLL TAXES

F. I. C. A. Tax	2.00%
Federal Unemployment Tax	.30%
New Mexico Unemployment Tax	2.70%
Total:	5.00%

$33.33 monthly allowable for Supervision
5%
$ 1.67 Payroll Tax as claimed in Form MF 104

COMPUTATION OF INSURANCE

Workman's Compensation and Comprehensive Liability:
.30 per $100.00 of remuneration

$33.33 monthly allowable for Supervision
.30
$ .10 Insurance as claimed in Form MF104

RECEIVED
MAR 15 1956

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

Administrative Audit Difference Statement

Date: Jan 17, 1956
Payee's
Reference: Dec. 1955

Western Development Co. of
Delaware
P O Box 1201
Santa Fe, New Mexico

Gentlemen:

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

Amount Claimed $ 7,091.00

Difference $ 526.50

Amount Approved $ 6,564.50

The reason for the difference was due to:

Disallow:

Supervision & Technical Services	$500.00
Payroll Taxes	25.00
Liability Insurance	1.50
	$526.50

Insufficient documentation was found on the above three above items.

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
MAR 15 1956

224 New Customhouse
Denver 2, Colorado

March 12, 1956

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA-3826 (Lead-Zinc) Contract Idm-E883, Western Development Company of Delaware, Cash Entry No. 101, North Cerrillos District, Santa Fe County, New Mexico - Reinstatement of costs disallowed from November 1955 voucher

Enclosed are two copies of a memorandum to T. A. Christensen dated March 7, 1956 and two copies of an Administrative Audit Difference Statement pertaining to a reclaim of costs which were disallowed for the month of November, 1955.

W. M. Traver

Enclosures

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
FEB 13 1956

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of December, 1955 Docket No. DMEA 3826 Contract No. Idm 883
Operator's Name Western Development Company of Delaware Minerals Lead - Zinc
Address Box 1201, Santa Fe, New Mexico
Contract Amount, $ 16,710.00 Government Participation: 50 % Amount, $ 2,326.50

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	1,800.00	6,439.50	8,239.50			
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision	500.00	500.00	1,000.00			
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
Core Boxes	-0-	125.00	125.00			
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes	25.00	25.00	50.00			
Liability Insurance	1.50	1.50	3.00			
(8) Contingencies (specify):						
TOTALS	2,326.50	7,091.00	9,417.50	2,326.50	7,091.00	9,417.50
				11	526.50	526.50

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

Date 1/3/56 *Payee Western Development Company of Delaware

Per Wm. L. Henderson Title Secretary

*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: 6,564.50 8,891.00

$ 963.25

Signature [illegible]
(Authorized Certifying Officer)

Date 3/9/56 Vou. No. DMA 56-68

(See other side)

11 Previous Deductions
Note: Withheld 200.00

(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. Tdm-E233 in accordance with the terms of the contract.

Signature William Mullan ($1163.25) Title M.M. Engr Date Jan. 23, 1956

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. M. Lane Title Executive Officer Date FEB 6 1956

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

RECEIVED
FEB 13 1956

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of December 1955 Docket No. DMEA 3825 Contract No. IDM-883

Operator's Name Western Development Company of Delaware Minerals Lead - Zinc

Address Box 1201, Santa Fe, 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
Supervision &								
Drifting								
Crosscutting Tech.Serv.	Mo.	500.00	1	1,000.00	2	-		
Raising								
Shafts								
Winzes								
Drilling: Core	Ft.	1800.00	400	8,239.50	1831	4.50	3150	4.50
Churn								
Auger								
Stripping Core Boxes	00	-0-	-0-	125.00	125	1.00	125	1.00
Trenching Payroll Taxes	-	25.00	-	50.00	-	-		
Test Pits Liability Insu.	-	1.50	-	3.00	-	-		
Roads and Trails								
TOTAL DISTRIBUTED COSTS		2326.50		9,417.50				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		2,326.50		9,417.50				16,710.00

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 1/13/56 Operator Western Development Company of Delaware

Per [signature] Title Secretary

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)

[signature]

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

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

FINAL DISTRIBUTION
MADE FEB 9 1956

RECEIVED
FEB 13 1956

Administrative Audit Difference Statement

Date: February 9, 1956
Payee's Reference: Sec. 1255

Western Development Co. of Delaware
P O Box 1371
Santa Fe, New Mexico

Gentlemen:

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

Amount Claimed $ 6,326.50

Difference $

Amount Approved $ 6,326.50 *

The reason for the difference was due to:

* Withheld - $200.00 Pending receipt of drilling or pending resolution of matters relative to closing the account.

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

Very sincerely yours,

N. E. Stokes
Audit Section

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

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

RECEIVED
FEB 13 1956

224 New Customhouse
Denver 2, Colorado

February 6, 1956

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3826 (Lead-Zinc) Contract Idm-E883, Western Development Company, Cash Entry No. 1, North Cerrillos District, Santa Fe County, New Mexico. Operator's Monthly Progress Report, for the period December, 1955

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

It is deemed that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. Payment is recommended for 50 percent of the amount as reported on Form MF-104, contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations, except for the following deductions.

Withhold an amount of $200.00 pending resumption of drilling or, if drilling is not resumed, continue to hold this amount pending resolution of matters relative to closing the account.

Reconciliation with Amount Claimed by Operator on Form MF-104

Amount claimed by Operator on Form MF-104	$2,326.50
Government Participation at 50 percent	1,163.25
Amount withheld	200.00
Recommended payment to Operator	$ 963.25

Remarks

Date of Report	January 3, 1956
Date Received in Field Office	January 20, 1956
Date Received in Region Office	January 25, 1956

W. M. TRAVER

W. M. Traver

Enclosures
JDC:jy
cc: MF-104 File E883
Sec. Op. Comm. (2)
Shaw (2)
Townsend w/copy engr's report
Chron.

RECEIVED
FEB 13 1956

REGION III

DMEA
Date Rec'd.
JAN 25 1956
BUREAU OF MINES
Denver, Colorado

Building 20
Denver Federal Center
Denver 2, Colorado
January 25, 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw
Supervising Mining Engineer

From: W. D. McMillan

Subject: DMEA 3826, Idm-2883, Western Development Company, Cash Entry 101, North Cerrillos District, Santa Fe County, New Mexico - Progress report for December, 1955

Work performed under the subject contract was examined on December 13, 1955, accompanied by W. R. Sedrah, President, and A. C. Melting, Engineer of Western Development Company, at which date Hole No. 6 had been completed to its objective with a total depth of 400 feet. Eight feet of core was recovered from 150 to 158 feet on the Bottom Dollar structure consisting of bands of altered monzonite and siliceous lead-zinc veins, from which samples analyzed 1.40 percent lead and 2.96 percent zinc. This hole also cut 1 foot of less than 1 percent lead-zinc between 388 and 389 feet in an unnamed structure.

Since the December, 1955, examination the applicant has placed 3-inch by 3-inch by 4-foot stakes at the collars of each hole, has surveyed the collar elevations and has split the cores containing lead-zinc mineralization. Splits were analyzed at the Socorro Assay Laboratory, Socorro, New Mexico. Duplicates of the Minus ¼ inch material have been received and are being sent to the Bureau of Mines laboratory at Salt Lake City, Utah. Results of the Socorro Assay Laboratory are given below.

RECEIVED
FEB 1 3 1:53

REGION III

DMEA
Date Rec'd.
JAN 25 1956
BUREAU OF MINES
Denver, Colorado

Building 20
Denver Federal Center
Denver 6, Colorado
January 25, 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw
Supervising Mining Engineer

From: W. B. McMillan

Subject: DMEA 3686, Ida-1583, Western Development Company, Cash Entry 101, North Corrillos District, Santa Fe County, New Mexico - Progress report for December, 1955

Work performed under the subject contract was examined on December 13, 1955, accompanied by W. E. Scorah, President, and A. C. Malting, Engineer of Western Development Company, at which date Hole No. 6 had been completed to its objective with a total depth of 400 feet. Eight feet of core was recovered from 150 to 158 feet on the Bottom Dollar structure consisting of bands of altered monzonite and siliceous lead-zinc veins, from which samples analyzed 1.40 percent lead and 2.96 percent zinc. This hole also cut 1 foot of less than 1 percent lead-zinc between 388 and 389 feet in an unnamed structure.

Since the December, 1955, examination the applicant has placed 3-inch by 3-inch by 4-foot stakes at the collars of each hole, has surveyed the collar elevations and has split the cores containing lead-zinc mineralization. Splits were analyzed at the Socorro Assay Laboratory, Socorro, New Mexico. Duplicates of the Minus ¼ inch material have been received and are being sent to the Bureau of Mines laboratory at Salt Lake City, Utah. Results of the Socorro Assay Laboratory are given below.

Hole No.	(feet) Collar Elevation	Sample No.	(feet) Interval	Analyses Percent Lead	Zinc
1	6320	93	136-139	1.52	3.88
1	6320	94	141-144	0.80	0.51
1	6320	95	144-145	13.75	12.65
1	6320	96	145-146½	0.17	0.37
2	6320	97	206-208	0.82	0.34
3	6335	98	122-124	7.40	8.15
4	6335	99	160-162	0.40	2.94
4	6335	100	182-185	2.05	6.10
5	6260	101	172-177	0.50	0.55
5	6260	102	248-252	0.14	0.38
5	6260	103	332-334	0.28	1.72
5	6260	104	678-680	0.10	0.34
10	6380	105	82-82.6	3.16	3.50
9	6375	106	150-151	1.76	2.61
9	6375	107	157-158	0.81	2.46
6	6320	108	150-158	1.40	2.96
6	6320	109	588-589	0.40	0.83

Western Development Company has shipped three lots of ore to the American Smelting and Refining Company's mill at Deming, New Mexico. Settlement sheets have been received for Lots 1 and 2, for a total of 103 Net Dry Tons with average assays of 10 percent lead and 10 percent zinc. These lots were from the south drift on the 185-foot level of the Bottom Dollar Mine which was in ore for about 99 feet, and in being driven south in waste to reach Hole No. 3, with out 2 feet of ore assaying 7.40 percent lead and 8.15 percent zinc.

Western Development Company is at present undecided about drilling Holes Nos. 7 and 8 of the contract. If they decide not to drill them, they should submit a final report requesting termination of the contract.

Payment of $1163.85 is justified, this being 50 percent of the November cost. It is recommended that $200.00 be withheld until a final report is received.

One copy of the contractor's drill logs were received and are being retained in this office.

W. D. McMillan
Mining Engineer

WDM/mr
cc 6
Idm-8883
Chron.

Hole No.	(feet) Collar Elevation	Sample No.	(feet) Interval	Analyses Lead	Percent Zinc
1	6320	93	136-139	1.52	3.88
1	6320	94	141-144	0.28	0.51
1	6320	95	144-145	11.75	12.65
1	6320	96	145-146½	0.17	0.37
2	6320	97	206-208	0.28	0.34
3	6335	98	130-134	7.40	8.15
4	6335	99	160-164	0.10	2.94
4	6335	100	182-185	2.05	4.10
5	6260	101	172-177	0.58	0.55
5	6260	102	248-252	0.14	0.30
5	6260	103	333-334	0.28	1.72
5	6260	104	678-680	0.10	0.54
10	6300	105	82-82.6	5.16	3.50
9	6375	106	150-151	1.76	2.41
9	6375	107	157-158	0.81	2.46
6	6320	108	130-132	1.40	2.95
6	6320	109	368-369	0.46	0.23

Western Development Company has shipped three lots of ore to the American Smelting and Refining Company's mill at Deming, New Mexico. Settlement sheets have been received for Lots 1 and 2, for a total of 183 Net Dry Tons with average assays of 10 percent lead and 10 percent zinc. These lots were from the south drift on the 149-foot level of the Bottom Dollar Mine which was in ore for about 50 feet, and is being driven south in ore to reach Hole No. 5, with cut 5 feet of ore assaying 7.40 percent lead and 8.15 percent zinc.

Western Development Company is at present undecided about drilling holes Nos. 7 and 8 of the contract. If they decide not to drill them, they should submit a final report requesting termination of the contract.

Payment of $1163.85 is justified, this being 50 percent of the November cost. It is recommended that $100.00 be withheld until a final report is received.

One copy of the contractor's drill logs were received and are being retained in this office.

W. D. McMillan
Mining Engineer

WDM/mr
as 6
Ldn-8583
Chrono.

January 18, 1956

Mr. John F. Shaw
U. S. Bureau of Mines
Room 137, Building 20
Denver Federal Center
Denver 2, Colorado

Re: Docket DMEA 2836 (Lead-Zinc) - Contract Ida 8-883

Dear Mr. Shaw:

We submit herewith five copies of the following documents and data constituting the report for the month of December, 1955, in connection with the above contract:

Form MF - 104
Form MF - 104 A
Narrative Report with exhibits

Attached to the original copy of Form MF - 104 you will find a document of the charges as required by the instructions to the form.

If any further information is required, please advise us.

Very truly yours,

WESTERN DEVELOPMENT COMPANY
of Delaware

W. E. Scorah
President

WES/ph
Enc. 5 sets

[illegible]

[illegible]

January 19, 1955

Mr. John F. Shaw
U. S. Bureau of Mines
Room 117, Building 20
Denver Federal Center
Denver 2, Colorado

<u>Re: Public Law 733 (Pertinent) - Contract No. [illegible]</u>

Dear Mr. Shaw:

We submit herewith five copies of the following documents and data constituting the report for the month of December, 1954, in connection with the above contract:

Form BF - 104
Form BF - 104 A
Narrative Report with exhibits

Attached to the original copy of Form BF - 104 you will find a document of the changes as required by the instructions to Ms 2000.

If any further information is required, please advise us.

Very truly yours,

[illegible] [illegible] company
of Delaware

W. E. Roach
President

WER/jh
Enc. 5 sets

Docket DMEA 3826 (Pb-Zn)

NARRATIVE REPORT - DECEMBER, 1955

During the month of December, 400 feet of diamond drilling were completed under Docket DMEA 3826, lead-zinc exploration for Western Development Company of Delaware, on the Cash Entry 101, patented mining claim including the Bottom Dollar, Black Hornet and Teresa veins in the North Cerrillos Area, Santa Fe County, New Mexico.

The footage drilled is distributed as follows: (Note: refer to Exhibit "A" of November, 1955 report, and/or Figure 2 of original contract Docket DMEA 3826 (Pb-Zn)

Hole No. 6 - 400 ft. (hole completed to objective)

The results of the above hole are as follows (See Exhibit "D", December report attached):

Hole No. 6 recovered 8 ft. of core (150-158), Bottom Dollar Structure, containing vein material consisting of alternate bands of altered monzonite and siliceous lead and zinc veins. While there were streaks of excellent galena and sphalerite, the vein material can be only called fair. At 387 ft. of depth a one-foot structure was cored containing very minor sulfide.

Studies are still being made on No. 6 hole as well as the results obtained during November. The cores have been split and sent for assay (Pb and Zn). The laboratory has been instructed to send a split (minus 1/4 inch sizes) of the samples to Mr. McMillan, mining engineer, Bureau of Mines, Denver.

Location markers consisting of 3" x 3" x 4 ft. timbers have been placed on each hole as per Mr. McMillan's instructions. All cores have been indexed and are safely stored in a mill building on the property.

The approximate elevations of the collars of the holes now drilled are:

Hole No. 1 and 2	6320 ft.
Hole No. 3 and 4	6335 ft.
Hole No. 5	6260 ft.
Hole No. 6	6320 ft.
Hole No. 9	6375 ft.
Hole No. 10	6380 ft.

The drillers' log of No. 6 hole is included with this report.

After receiving our assay reports from the drilling that is now completed, we will be able to evaluate the results conclusively. The results will indicate from an economic standpoint whetheror not Holes No. 7 and No. 8 should be drilled.

Attached: Exhibit D - Map of No. 6 Hole

WESTERN DEVELOPMENT COMPANY OF DELAWARE

W. E. Farrar, President

Docket DMEA 3826 (Pb-Zn)

NARRATIVE REPORT - DECEMBER, 1955

During the month of December, 400 feet of diamond drilling were completed under Docket DMEA 3826, lead-zinc exploration for Western Development Company of Delaware, on the Cash Entry 101, patented mining claim including the Bottom Dollar, Black Hornet and Teresa veins in the North Cerrillos Area, Santa Fe County, New Mexico.

The footage drilled is distributed as follows: (Note: refer to Exhibit "A" of November, 1955 report, and/or Figure 2 of original contract Docket DMEA 3826 (Pb-Zn)

Hole No. 6 - 400 ft. (hole completed to objective)

The results of the above hole are as follows (See Exhibit "D", December report attached):

Hole No. 6 recovered 5 ft. of caps (181-186), Bottom Dollar formation, containing wide material consisting of alternate bands of pinkish carbonate and siliceous lead and zinc veins. While there were breaks of excellent galena and sphalerite, the vein material can be only called fair. At 387 ft. of depth a one-foot structure was found containing very minor veinlets.

Studies are still being made on No. 6 hole as well as the results obtained during November. The cores have been split and sent for assay (Pb and Zn). The laboratory has been instructed to send a split (about 1/4 inch slice) of the samples to Mr. McMillan, mining engineer, Bureau of Mines, Denver.

Location markers consisting of 3" x 3" x 4 ft. timbers have been placed on each hole as per Mr. McMillan's instructions. All cores have been indexed and are safely stored in a mill building on the property.

The approximate elevations of the collars of the holes now drilled are:

Hole No. 1 and 2	6320 ft.
Hole No. 3 and 4	6335 ft.
Hole No. 5	6260 ft.
Hole No. 6	6310 ft.
Hole No. 9	6375 ft.
Hole No. 10	6280 ft.

The drillers' log of No. 6 hole is included with this report.

After receiving our assay reports from the drilling that is now completed, we will be able to evaluate the results conclusively. The results will indicate from an economic standpoint whether or not Holes No. 7 and No. 8 should be drilled.

Attached: Exhibit D - Map of No. 6 Hole

WESTERN DEVELOPMENT COMPANY OF DELAWARE

_____, President

DOCUMENTATION OF CHARGES
REPORTED UNDER CATEGORIES 1, 2 AND 7
OF FORM MF-200

FEB 1 0 1956

Item 1 - Drilling Attached hereto are the drillers logs from MacPherson Drilling Company covering the drilling of 400 feet of hole.

Item 2 - Supervision The exploration contract MF-200 contained estimated costs of a supervising engineer at the rate of $500.00 per month for 4 months.

The accompanying form MS-104 requests reimbursement for the applicable portion of such cost of supervision for the month of December, 1955, and a certified copy of the payroll is attached hereto.

Item 7 - Miscellaneous The accompanying form MF-104 requests reimbursement for the applicable portion of payroll taxes and insurance related to the month of December, 1955, and the computation for payroll taxes and insurance is attached hereto.

The undersigned hereby certifies to the truth and accuracy of the foregoing.

WESTERN DEVELOPMENT COMPANY
of Delaware

President

DOCUMENTATION OF CHARGES
REPORTED UNDER CATEGORIES 1, 2 AND 7
OF FORM MF-200

Item 1 - Drilling: Attached hereto are the drillers logs from MacPherson Drilling Company covering the drilling of 400 feet of hole.

Item 2 - Supervision: The exploration contract MF-200 contained estimated costs of a supervising engineer at the rate of $500.00 per month for 4 months.

The accompanying form MF-104 requests reimbursement for the applicable portion of such cost of supervision for the month of December, 1955, and a certified copy of the payroll is attached hereto.

Item 7 - Miscellaneous: The accompanying form MF-104 requests reimbursement for the applicable portion of payroll taxes and insurance related to the month of December, 1955, and the computation for payroll taxes and insurance is attached hereto.

The undersigned hereby certifies to the truth and accuracy of the foregoing.

WESTERN DEVELOPMENT COMPANY
of Delaware

President

Computation of Payroll Taxes

F.I.C.A. Tax	2.00%
Federal Unemployment Tax	.30%
New Mexico Unemployment Tax	2.70%
Total:	5.00%

$500 monthly allowable for Supervision
5%
$ 25.00 Payroll Tax as claimed in Form MF104

Computation of Insurance

Workmen's Compensation and Comprehensive Liability: .30 per $100 of remuneration

$500 monthly allowable for Supervision
.30
$ 1.50 Insurance as claimed in Form MF104

Computation of Payroll Taxes

F.I.C.A. Tax	2.00%
Federal Unemployment Tax	.30%
New Mexico Unemployment Tax	2.70%
Total:	5.00%

$500 monthly allowable for Supervision
5%
$ 25.00 Payroll Tax as claimed in Form MF104

Computation of Insurance

Workmen's Compensation and Comprehensive Liability: .30 per $100 of remuneration

$500 monthly allowable for Supervision
.30
$ 1.50 Insurance as claimed in Form MF104

CORE DRILLING FOUNDATION TESTING SOIL SAMPLING, ETC.

MacPherson Drilling Company

MONTROSE, COLORADO

TELEPHONES 183 and 894-M P. O. BOX 447

FOR CUSTOMER'S USE ONLY	
Register No.	Voucher No.
Terms Approved	Rate Approved
Calculations Checked	
Footage Checked	
Adjustments	
Accounting Distributions	
Audited	Final Approval

INVOICE DATE: December 27, 1955 December Drilling
INVOICE NUMBER: Hour
CONTRACT: Western Development Company
TERMS: Contract
LOCATION: Near Santa Fe, New Mexico

HOLE NO.	FROM	TO	FOOTAGE	RATE	TOTAL
B D #5	0	400	400	4.75	1,900.00
Casing Charges					
B D#6 BX Case	0	5	5	1.75	8.75
AX Case	0	10	5	2.00	10.00
			To Balance		$1,918.75

Certified to be a true copy.
WESTERN DEVELOPMENT COMPANY OF DELAWARE

By Glen E. Henderson
Secretary

DMEA
Date Rec'd.
FEB 3 1956
BUREAU OF MINES
Denver, Colorado

DAILY PRESS 11-54-250

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

Month of November, 195 5 Docket No. DMEA 3826 Contract No. Idx-E-883
Operator's Name Western Development Company of Delaware Minerals Lead-Zinc
Address P. O. Box 1201, Santa Fe, New Mexico
Contract Amount, $ 16,710.00 Government Participation: 50 % Amount, $ 8,355.00

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	6,439.50	-	6,439.50			
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision	500.00		500.00			
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
Core Boxes	125.00		125.00			
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes	25.00		25.00			
Liability Insurance	1.50		1.50			
(8) Contingencies (specify):						
TOTALS	7,091.00		7,091.00	6,564.50		6,564.50

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

Date 12/8/55 *Payee Western Development Company of Delaware

Per Jane L. Henderson Title Secretary

*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:

$ 3282.25

Signature [illegible]
(Authorized Certifying Officer)

Date 1/13/56 Vou. No. DMA 56-58

(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. Idm-E 85 in accordance with the terms of the contract.

Signature William D. McMillan (9 709100) Title Mining Engineer Date Dec. 16, 1955

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE

Signature W. M. Graves Title Executive Officer Date DEC 28 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.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

RECEIVED JAN 23 1956

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of November 1955 Docket No. DMEA 3326 Contract No. Idm-R-883
Operator's Name Western Development Company of Delaware Minerals Lead-Zinc
Address P. O. Box 1201, Santa Fe, 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~~ Supervision &								
~~Crosscutting~~ Tech. Ser.	Mo.	500.00	1	500.00	1	-		
Raising								
Shafts								
Winzes								
Drilling: Core	Ft.	6,439.50	1,431	6,439.50	1,431	4.50	3,150	4.50
Churn								
Auger								
~~Stripping~~ Core Boxes	Ea.	125.00	125.00	125.00	125.00	1.00	125.	1.00
~~Trenching~~ Payroll Taxes	"	25.00	"	25.00	"	"	"	"
~~Test Pits~~ Liab. Ins.	"	1.50	"	1.50	"	"	"	"
Roads and Trails								
Total Distributed Costs		7,091.00		7,091.00				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		7,091.00		7,091.00				$ 16,710.00

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 December 8, 1955 Operator Western Development Company of Delaware

Per Jane C. Gardenson Title Secretary

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) William D. McMillan

INSTRUCTIONS

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

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

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

GPO 872894

RECEIVED
JAN 23 1956
FINAL DISTRIBUTION
MADE JAN 19 1956

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

Administrative Audit Difference Statement

Date: Jan 24, 1956
Payee's
Reference: Dec. 1955

Western Development Co. of
Delaware
P. O. Box 1201
Santa Fe, New Mexico

Gentlemen:

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

Amount Claimed $ 7,531.00

Difference $ 925.50

Amount Approved $ 6,601.50

The reason for the difference was due to:

Disallow:

Supervision & Technical services	$900.00
Payroll taxes	23.00
Mobility insurance	1.50
	$925.50

Insufficient documentation was furnished for the three above items.

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.

224 New Customhouse
Denver 2, Colorado

December 28, 1955

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3826 (Lead-Zinc) Contract Idm-E883, Western Development Company of Delaware, Cash Entry 101 Claim, North Cerrillos District, Santa Fe County, New Mexico - Operator's Monthly Progress Report for the period November, 1955

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

It is deemed that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. Payment is recommended for 50 percent of the amount as reported on Form MF-104, contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations, except for the following deductions.

Disallow

a) the amount of $500.00 claimed for "Supervision and Technical Services"

b) the amount of $25.00 claimed for payroll taxes

c) the amount of $1.50 claimed for Liability Insurance

Insufficient documentation was furnished by the Operator for the three above items. Total of disallowances is $526.50.

Reconciliation with Forms MF-104 and MF-104A

Amount claimed by Operator- - - - - - - -	$7,091.00
Amount disallowed- - - - - - - - - - - - - -	526.50
Approved project expenditures- - - - - -	$6,564.50

Recommended Government participation at 50 percent- - - - - - - - - - - - - - - $3,282.25

Remarks

Date of Report- - - - - - - - - - - - - December 8, 1955
Date Received in Field Office- - - - December 13, 1955
Date Received in Region Office- - - December 20, 1955

W. M. Traver

W. M. Traver

Enclosures
JDC:jy
cc: MF-104 File E883
Sec. Op. Comm. (2)
Shaw (2)
Townsend w/copy engr's. report
Chron.

DMEA
Date Rec'd
DEC 20 1955
BUREAU OF MINES
Denver, Colorado

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
December 19, 1955

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw
Supervising Mining Engineer

From: W. D. McMillan

Subject: DMEA 3626, Idm-[illegible], Western Development Company Cash Entry 101 claim, North Cerrillos District, Santa Fe County, New Mexico - Progress report for November 1955

The subject contract was examined on December 13, 1955, accompanied by W. K. Scorah, president, and A. C. Melting, engineer of Western Development Company.

Diamond core drilling was started November 1, 1955, and at the end of the month 7 holes with a total of 1,777 feet had been completed. Hole Nos. 3 and 4 had been drilled before the contract was received and payment is only claimed during November for Hole Nos. 1, 2, 5, 9 and 10 with a total of 1,431 feet.

Due to an error in locating these holes on the ground which were closer to the vein and at steeper angles, the total footage of the 5 holes was 219 feet less than the estimated total depth. Hole No. 5 was drilled at an angle of 40 degrees instead of 45 degrees in the contract, and had a total depth of 705 feet instead of 600 feet in the contract. This depth was required to cut the possible Bottom Dollar vein at a depth of 430 feet.

All of the holes drilled completed their objectives, and visual examination showed fair to good lead-zinc mineralization over vein thickness of 2 inches to 1 foot. In the veins core recovery was poor, and the cuttings were not recovered due to loss of circulating water but grains of galena were brought up in the core barrel.

The company is proceeding to split the core and have it analyzed. While only Hole Nos. 1, 2, 3 and 4 showed indications of lead-zinc commercial ore on the Bottom Dollar vein, both the Black Hornet and the Teresa may have commercial ore. In the Cerrillos District the ore shoots pinch and swell both horizontally and vertically. As an example, at the present 125-foot level of the Bottom Dollar

shaft has been in ore for 80 feet to the south and still has 70 feet to reach Hole No. 3, which cut 4 feet of zinc-lead mineralization (2 feet true thickness), while the drift to the north only got into ore grade material at 60 feet. Hole No. 1 with 8 inches of high-grade lead-zinc, with poor recovery, is 90 feet further north.

Western Development Company has shipped two carloads of sorted ore with a third being shipped today, to the A.S.R. Company mill at Deming, New Mexico, but have not as yet received the returns.

It is recommended that $3,545.50 be approved for payment, this being 50 percent of the November 1955 cost.

One copy of the contractor's drill hole logs were received and are being retained in this office.

W. D. McMillan
Mining Engineer

WDM:ph

cc 6
Idm-[illegible]83
Chron

NARRATIVE REPORT - NOVEMBER, 1955

During the month of November 1431 feet of diamond drilling were completed under Docket DMEA 3826, lead-zinc exploration for Western Development Company of Delaware on the Cash Entry 101, patented mining claim including the Bottom Dollar, Black Hornet and Teresa veins in the North Cerrillos Area, Santa Fe County, New Mexico.

The footage drilled is distributed as follows (Note: see Exhibit A):

Hole No. 1	148 ft.	(Hole completed to objective)
2	220 ft.	(Hole completed to objective)
3)	Drilled on company account prior to Contract date	
4)		
5	705 ft.	(Hole completed to objective)
9	148 ft.	(Hole completed to objective)
10	210 ft.	(Hole completed to objective)

The results of the above holes are as follows (Note: see Exhibits B and C):

Hole No. 1 recovered 8" of good lead-zinc core at 134 ft. of depth. Core recovery was poor; it was personally observed from the cuttings that slightly over two feet of drilling was in a sulfide bearing structure. No assays have been made from the results of this hole nor of the subsequent holes pending further megascopic examination.

Hole No. 2 recovered 2 ft. of core showing lead-zinc values at 206 ft. of depth. Visually, the lead-zinc values are not as high as in Hole No. 1.

Hole No. 3 and Hole No. 4 were done prior to the contract date of DMEA 3826, with results noted on Exhibit B.

Hole No. 5 recovered core indicating the extension of structures found in the Black Hornet shaft and the extension of the Bottom Dollar vein. None of the cores indicated commercial lead or zinc.

Hole No. 9 recovered 6" of silicious lead-zinc and iron core, as well as other minor lead indications, none of which appear to be commercial.

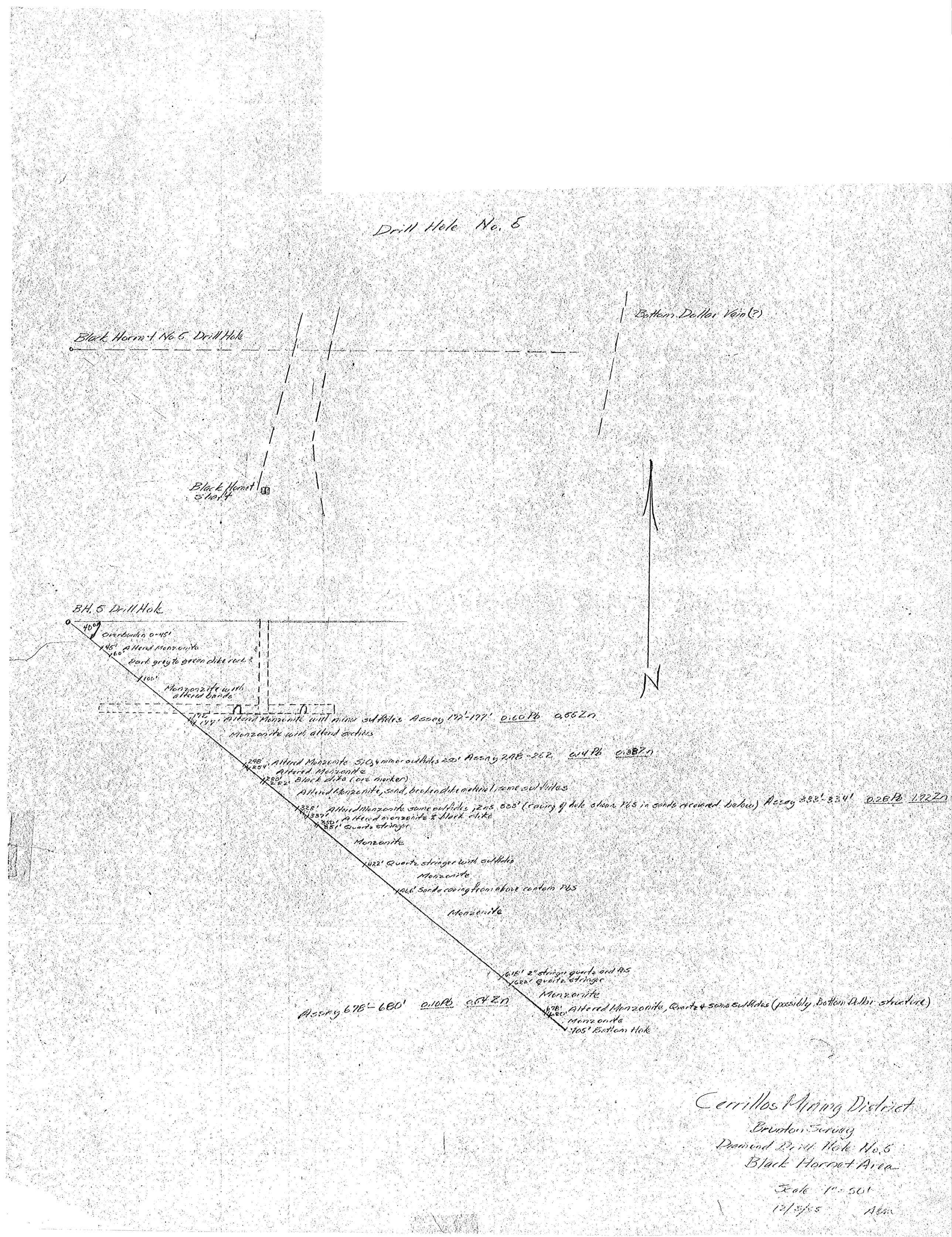
Hole No. 10 recovered 8" of vein material showing 2 inches of lead and zinc.

We have purchased core boxes and have preserved all the cores for inspection by the Federal Bureau of Mines and also the New Mexico Bureau of Mines. After the cores have been adequately studied and the findings recorded, assays of the mineralized sections will be made. At present Hole No. 6 is being drilled. The results obtained from this hole will determine whether or not further holes will be completed.

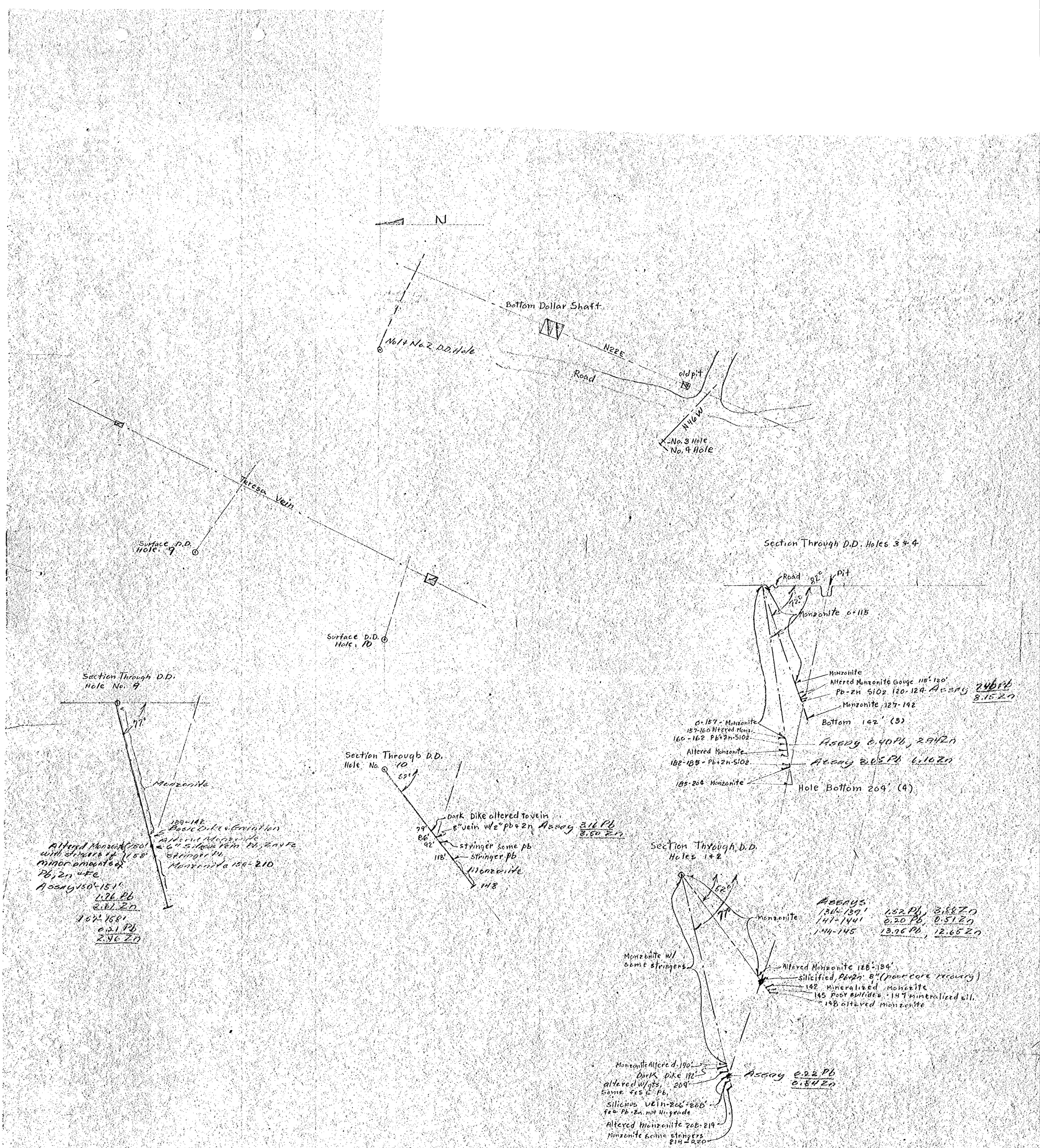
WESTERN DEVELOPMENT COMPANY
of Delaware

President

Attached: Exhibit A - Proposed Drilling Program
Exhibit B - Details Drill Holes No. 1, 2, 3, 4, 9, 10
Exhibit C - Details Drill Hole No. 5



Cerrillos Mining District
Brunton Survey
Diamond Drill Hole No. 5
Black Hornet Area
Scale 1" = 50'
12/5/65 AEM



Cerrillos Mining District

Brunton Surveys of Bottom Dollar Shaft w/ D. D. Holes

Scale 50' = 1 Inch

11/20/55

acm-jcs

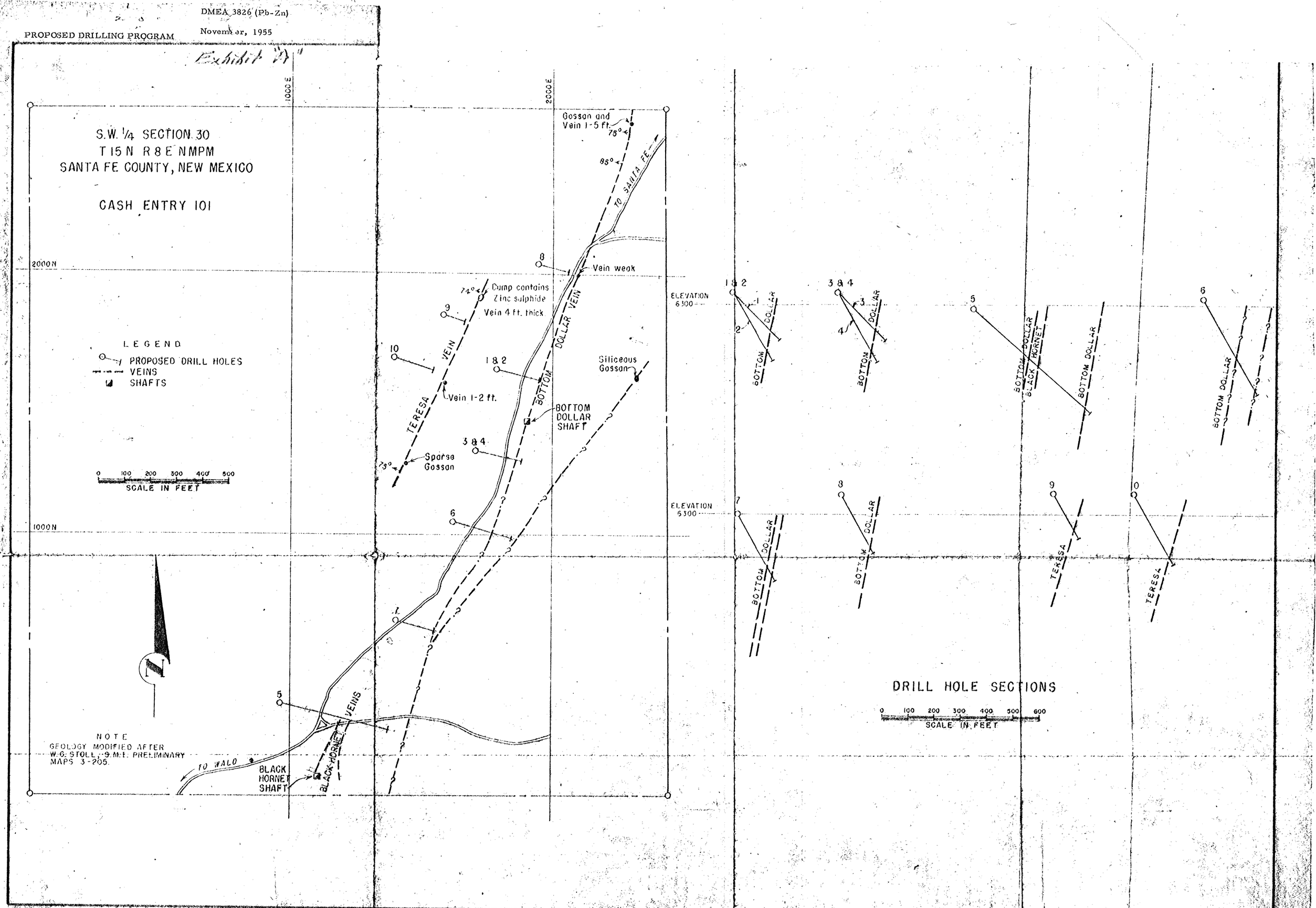
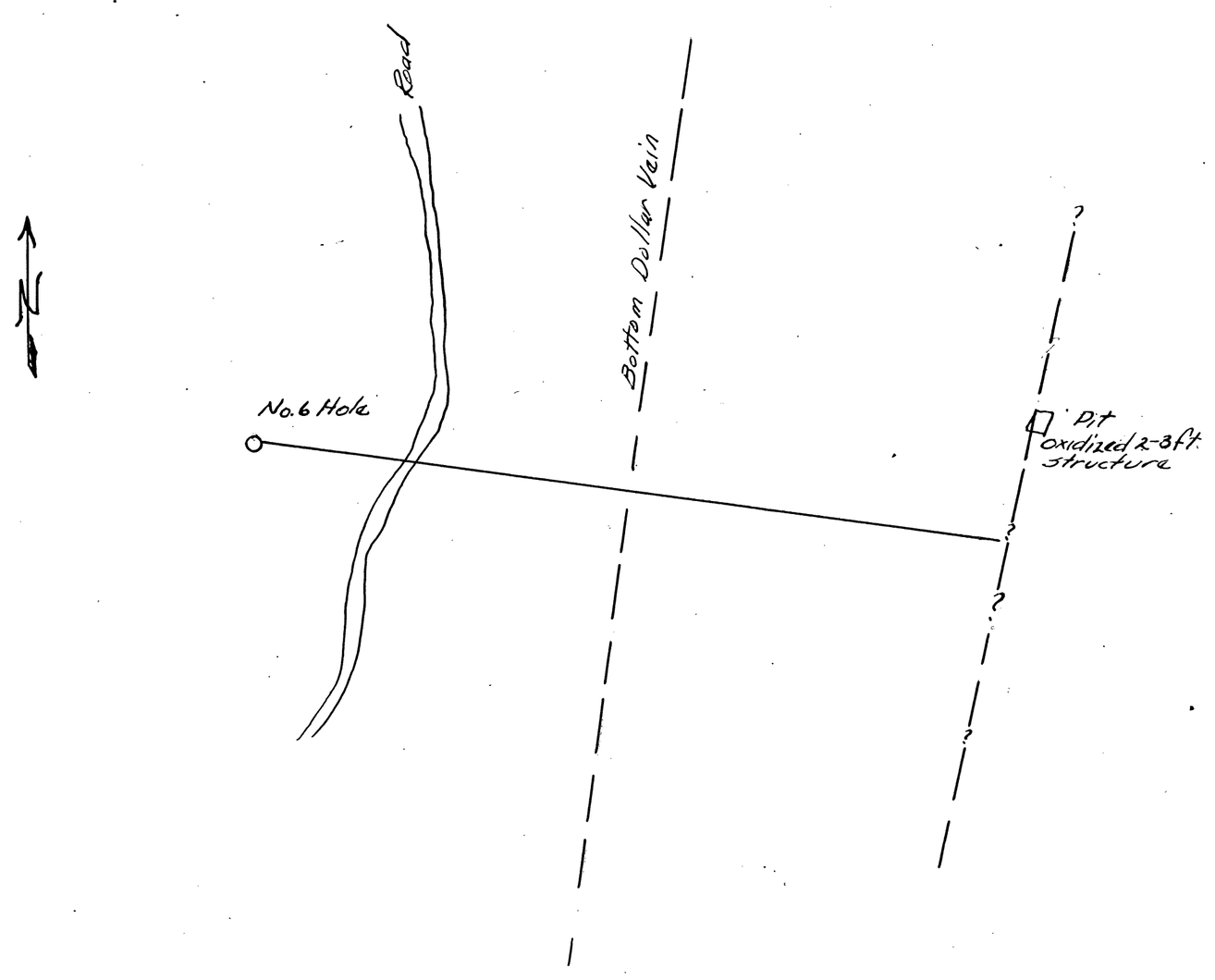


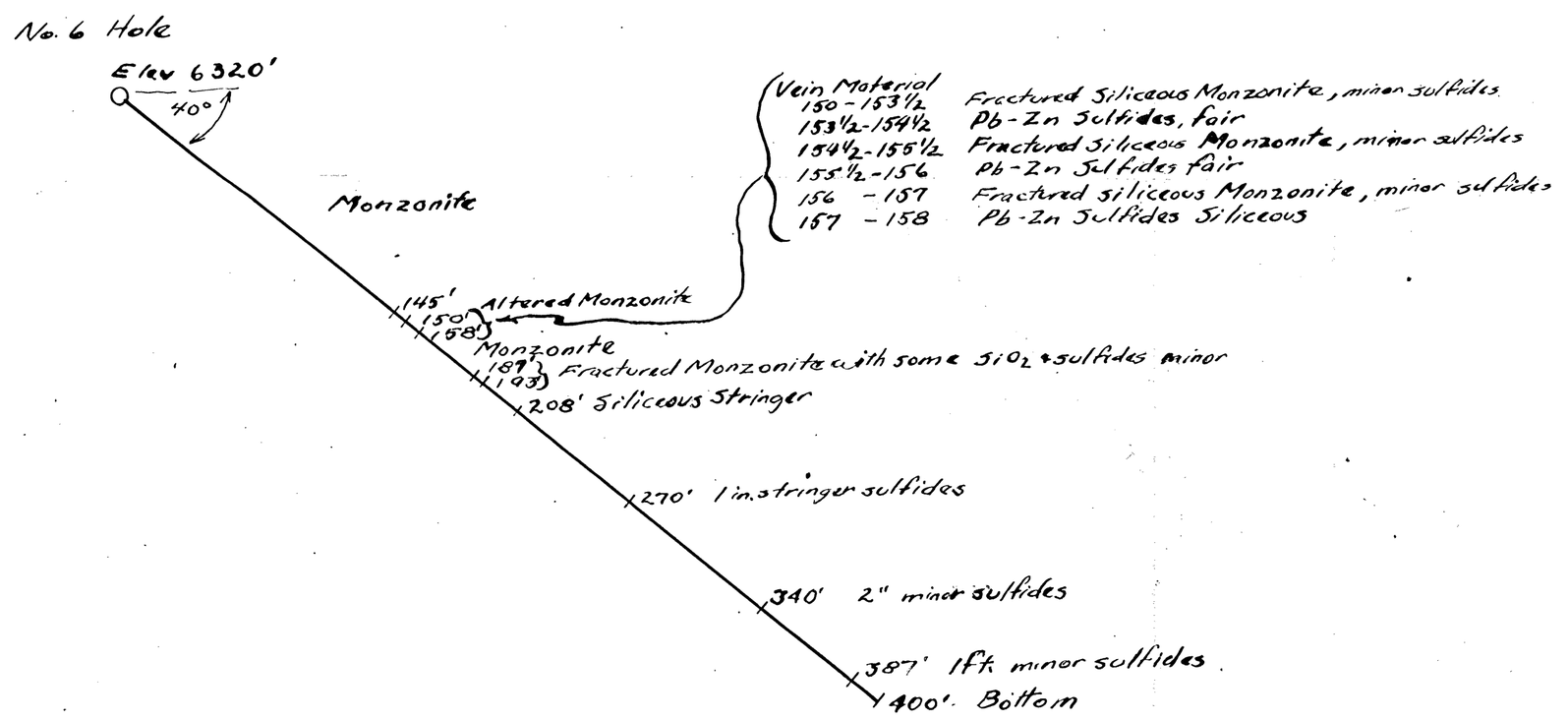
FIGURE 2 - PROPOSED EXPLORATION, WESTERN DEVELOPMENT COMPANY, CASH ENTRY 101, PATENTED MINING CLAIM, BOTTOM DOLLAR, BLACK HORNET, AND TERESA ZINC-LEAD VEINS, NORTH CERRILLOS AREA, SANTA FE COUNTY, NEW MEXICO. DMEA 3826

Diamond Drill Hole No. 6

D.M.E.A. 3826

Refer: Fig. 2 Proposed Exploration DMEA 3826





Western Development Company
of
Delaware
Cerrillos Mining District
Bounton Survey
Scale 1" = 50' Dec '50
ACM

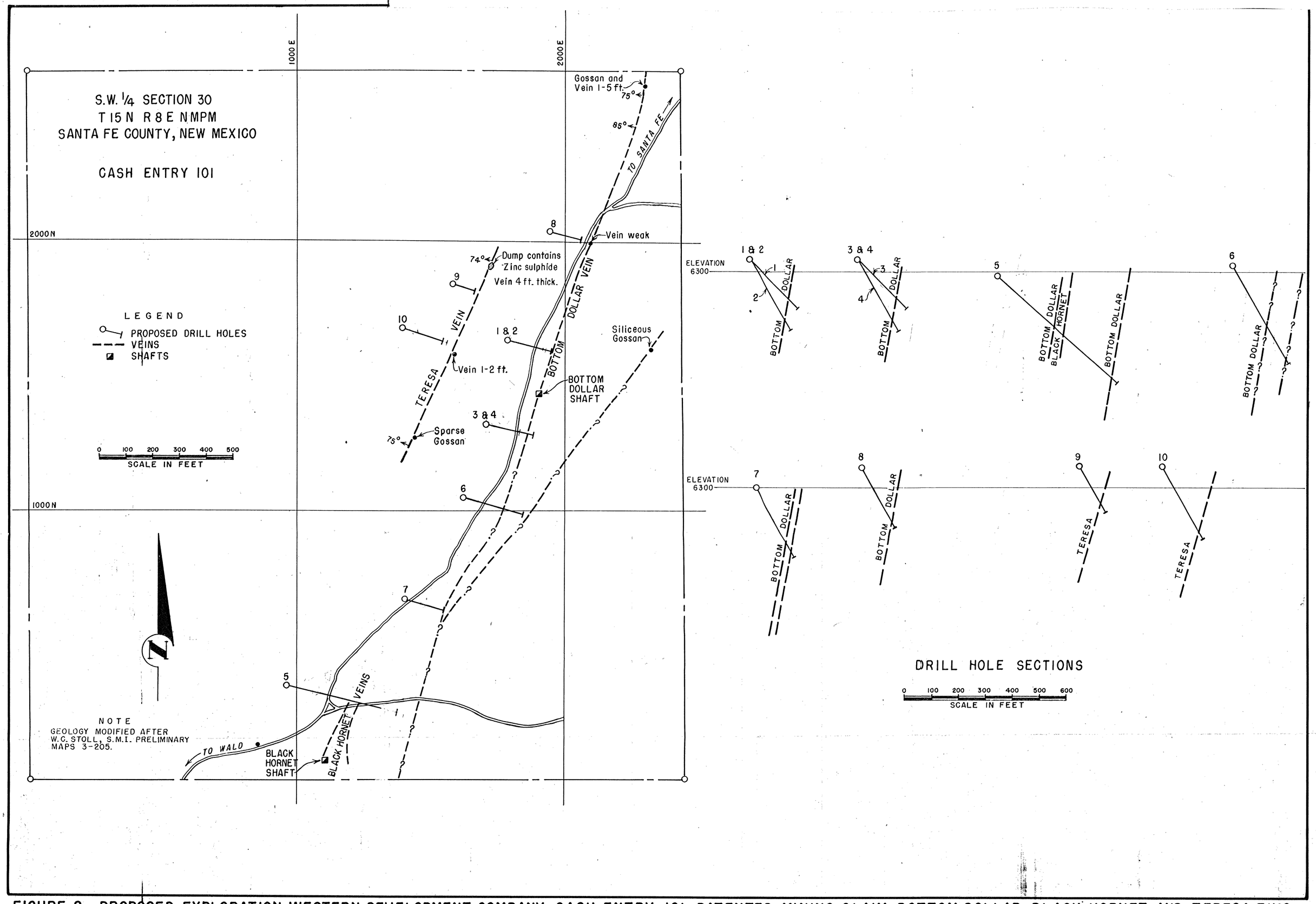


FIGURE 2 - PROPOSED EXPLORATION, WESTERN DEVELOPMENT COMPANY, CASH ENTRY 101, PATENTED MINING CLAIM, BOTTOM DOLLAR, BLACK HORNET, AND TERESA ZINC-LEAD VEINS, NORTH CERRILLOS AREA, SANTA FE COUNTY, NEW MEXICO. DMEA 3826