DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

RECEIVED
AUG 23 1957
D.M.E.A.

REPORT OF REVIEW

have reviewed the Monthly Reports of:

Food Machinery and Chemical Corporation
161 East 42nd Street,
New York 17, New York

ining to Exploration Project Contract No. Idm-E932, Docket No. DMEA-3943, uding Amendments Nos. 1 and 2, and Termination Agreement dated July 26, 1957, the months of July, 1956 to April, 1957, covering a project for the explora- on of Uranium on property known as Sec. 9, T 13 N, R 9 W, located in McKinley unty, New Mexico.

My review included an examination of the Monthly Reports (Form MP-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) the Monthly Reports were supported by documentary proof of the costs claimed under the contract provisions for contribution by the Government on the basis of actual costs incurred;

(c) a major portion ($21,648.69) of the costs incurred covered work performed at unit rates under independent contract; and

(d) the balance ($4,725.36) of the costs incurred were under a contract provision for payment by the Government on the basis of fixed unit costs for work actually performed.

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

Total cost as billed by Contractor		$29,021.14
Exceptions: (Schedule attached)		
By DMEA Finance Officer	$2,647.09	
Herewith	0.00	2,647.09
Total Accepted Cost		$26,374.05

The contract calls for a 75% participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Nineteen thousand, seven hundred eighty and 55/100ths Dollars

** $19,780.55 **

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.

August 21, 1957

T. H. Brading, Auditor

SCHEDULE OF EXCEPTIONS

FOOD MACHINERY AND CHEMICAL CORPORATION

CONTRACT IDM-E932 | DOCKET IMRA-3943

August, 1956

315 feet of core drilling @ $3.40 per foot	$1,071.00	
2% New Mexico School Tax	21.42	$1,092.42
214 feet of non-core drilling @ $1.20 per foot	$ 256.80	
2% New Mexico School Tax	5.14	261.94
529 feet @ $0.39 per foot (Incidental Allowance)		206.31

Footage drilled in excess of contract requirements

April, 1957

Operator claimed all incidental allowance @ $0.39 per foot. In accordance with Amendment No. 2 dated May 29, 1957, beginning with the ninth hole in Stage II, incidental allowance is reduced from $0.39 per foot to $0.20 per foot.

Incidental allowance claimed for 5,718 feet at $0.39 per foot	$2,230.02	
Incidental allowance per contract for 5,718 feet @ $0.20 per foot	1,143.60	
Amount Disallowed		1,086.42
Total Amount Disallowed		$2,647.09

Disallowances were made by Finance Officer and are approved by Auditor.

AUG 23 1957

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

Re: Report of Review
Idm-2932, DMEA-3943
Food Machinery and Chemical
Corporation

Dear Mr. Breding:

The recently submitted copies of the Report of Review covering the above-cited project are accepted and normal distribution is authorized.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Director
Contract Administration
and Audit Division

EDTalbert/wb
August 23, 1957

Copy to: Docket
Admr. Reading File
Mr. Chambers

224 New Customhouse
Denver 2, Colorado

August 26, 1957

Memorandum

To: T. A. Christensen

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

Subject: Docket DMEA-3943 (Uranium) Contract Idm-5932
Food Machinery and Chemical Corporation
(Sec. 9, T 13 N, R 9 W) McKinley County, New Mexico,
FINAL PAYMENT

Reference is made to our memorandum of June 26, 1957, whereby we transmitted the final Form MF-104, Operator's Monthly Report and Voucher, for the month of April, 1957, and requested that you withhold the amount of $500.00, from reimbursement to the Operator, pending resolution of matters prerequisite to closing the account.

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 reported project expenditures by the Contract Administration and Audit Division, dated August 21, 1957.

Basis for Final Payment

Total accepted cost----------	$26,374.05
Government participation at 75%--------	19,780.55
Total prior payments----------	19,280.55
Balance due the Operator----------	$ 500.00

Original signed by
E. N. HARSHMAN
E. N. Harshman

JDC:hmh
cc: Chmn. Op. Comm. (2)
Harshman
Healer
DMEA/DFC
DMEA/G.Jct.
Townsend
MF-104 file, Reg.III
Corres.file, Reg.III
Chron

$ 500 00

8/27/57 Dma 58-23

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
224 New Customhouse
Denver 2, Colorado

August 28, 1957

Memorandum

To: Chairman, Operating Committee, DMEA

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

Subject: Docket DMEA-3943 (Uranium) Contract Idm-E932
Food Machinery and Chemical Corporation (Sec. 9, T 13 N, R 9 W) McKinley County, New Mexico - FINAL PAYMENT

Enclosed are two copies of a memorandum to T. A. Christensen, dated August 26, 1957, relative to final payment under the terms of the subject contract.

E. N. Harshman

E. N. Harshman

Enclosures

9/3
C
Com 220
100
800

224 New Customhouse
Denver 2, Colorado

August 20, 1957

Memorandum

To: T. H. Breding, DMEA Auditor

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

Subject: Docket No. DMEA 3943 (Uranium), Contract No. Ism-[illegible], Food Machinery and Chemical Corporation (Westvaco Mineral Products Division) (Sec. 9, T 15 N, R 9 W), McKinley County, New Mexico

The subject Contract was terminated by mutual agreement before completion of all of the work originally provided for in the Contract, by a TERMINATION AGREEMENT, dated July 26, 1957, which was made effective May 1, 1957. A copy of the Termination Agreement is enclosed for your records.

The Operator has rendered a final engineering and geologic report and a final accounting, as required by the Contract. Therefore, final payment of the Operator's account is in order, contingent on release to this office of a Certificate and Report of Audit, or Report of Review of reported project costs, whichever the case indicates.

Acceptable units of work or service completed on a Fixed Unit Cost basis consisted of incidental allowance on 14,90[illegible] feet of drilling.

The sum of $500.00 was withheld from reimbursement to the Operator in processing the final accounting report, which was for the month of April, 1957.

Original signed by
J. W. TOWNSEND

J. W. Townsend

Enclosure

JWT:prl

cc: Chan. Op. Comm. - 2
Hershman
Townsend
Corres. file
Caron.

EXTRA COPY
RECEIVED
DATE
CODE

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 April, 1957 Docket No. DMEA 3943 Contract No. Dem-R 932
Operator's Name Food Mach. & Chem. Corp. (Westvaco Min. Prod.) Minerals Uranium
Address Star Route - Box 24 - Grants, New Mexico
Contract Amount, $ 71,920.00 Government Participation: 75 % Amount, $

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling	11,209.80	12,023.36	23,003.05		11,793.25	
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment					Adjusted for 100' excess non-core drilling for Sept. 1956.	
Sampling and Analysis						
Payroll Taxes					Not adjusted for footage to be reinstated by DMEA for August, 1956.	
Liability Insurance						
(8) Contingencies (specify): $0.39 per foot	3,281.46	2,809.95	6,018.09		2736.63	
TOTALS	14,491.26	14,833.31	29,021.14	~~13,404.84~~ 4-	~~14,529.88~~ 3,165.67	~~27,934.72~~ 3,165.67

RECEIVED JUL 1 1957 DMEA

I certify that the above bill is correct and just and that payment therefor has not been received.
Date 5/13/57 *Payee Food Machinery & Chemical Corp. Westvaco Mineral Products Div.
Per W. S. Carvender Title Mgr. of Exploration

*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.

(See instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:
2+ 1,605.00 1,605.00
$12,969.21 26,374.05
$10,953.63

Signature (Authorized Certifying Officer)
Date 6/27/57 Vou. No. DMA 57-142
(See other side)

4- Previously Disallowed
2+ Previously Reinstated Note: Withheld 50%

(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-E937 in accordance with the terms of the contract.

Signature Wm McMillan ($10,832.16) Title Min. Engr Date 5/21/47

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W H King Title Executive Officer Date JUN 26 1957

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of April 195[illegible] Docket No. DMEA 32[illegible]3 Contract No. [illegible]-[illegible]922

Operator's Name Food Mach. & Chem. Corp (Westvaco Mineral Prod.) Minerals Uranium

Address Star Route - Box 24 - Grants, 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								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core	per'	1,409.02	465	6,350.22	1,824	3.47	2[illegible],600	3.50
~~Churn~~ Plus 610	per'	9,891.79	8,035	16,412.73	13,597	1.22	16,100	1.25
~~Auger~~ Incidental	per'	3,201.45	8,414	6,016.09	15,631	0.39	3[illegible],700	0.39
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		14,601.26		29,021.14				Total Costs Authorized by Contract
Operating Equipment Purchased								71,920.00
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs								

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

Date May 13, 1957 Operator Food Machinery & Chem. Corp. Westvaco Mineral Prod. Div.

Per W. S. Carrender Title Mgr. of Exploration

Remarks: Adjusted for 180' excess non-core drilling for Sept., 1956.

Not adjusted for footage to be reimbursed by DMEA for August, 1956 voucher.

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

(Instructions on reverse)

(For Government use only)

RECEIVED JUN 1 1957 DMEA

Wm 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

FINAL DISTRIBUTION

MADE JUN 28 1957

U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION III
[redacted]

Administrative Audit Difference Statement

[redacted]

Date: [redacted]

Payee's Reference: [redacted]

[redacted]

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

Amount Claimed $ [redacted]

Difference $ [redacted]

Amount Approved $ [redacted]

[redacted] The reason for the difference was due to:

[redacted]

[redacted] [redacted] which was withheld from the [redacted] voucher.

[redacted] [redacted] 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

OFFICIAL FILE COPY
DMEA
RECEIVED JUL 1 1957

DATE	INITIALS	CODE
7/1	C	220
		100
		800

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

OFFICIAL FILE COPY
DMEA

224 New Customhouse
Denver 2, Colorado

June 26, 1957

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket-3943 (Uranium) Contract Idm-8932
Food Machinery and Chemical Corporation, Westvaco
Mineral Products Division (Sec. 9, T13N, R 9 W) McKinley County, New Mexico - Operator's Monthly
Progress Report for the month of April, 1957

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

Except as otherwise indicated below, we consider 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 on the following basis, contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations.

A sandstone lens or tongue which was cored in the interval from 197-219 feet in hole No. 2009-1400 was not identified as Poison Canyon sandstone, therefore the Engineer's report indicates that the core footage should be considered as non-core, at the non-core drilling rate. As the sandstone could not be positively identified prior to drilling, we consider that the Operator complied with the intent of the contract in coring the lens or tongue, which may or may not be a lens or tongue of Poison Canyon sandstone, therefore no disallowance or adjustment is necessary. A relative memorandum dated June 5, 1957, by Howard F. Albee, Geologist, is attached.

In conformance with Amendment No. 2 to the contract, beginning with the ninth hole drilled under Stage II all holes were drilled non-core throughout, and the Incidental Allowance for the

latter drilling was reduced from $0.39 per foot to $0.20 per foot. The Operator reported all Incidental Allowance at the higher rate, therefore the excess reported cost of Incidental Allowance, beginning with the ninth hole under Stage II, is disallowed as follows:

Hole No.	Acceptable Footage	Hole No.	Acceptable Footage
1000-2200	294	2600-3000	345
1800-2200	308	3800-3000	327
2400-2200	324	4000-3000	344
3400-2200	358	4800-3000	495
5000-2200	325	600-3800	251
400-3000	265	1400-3800	300
1200-3000	271	2200-3800	365
2000-3000	327	3000-3800	394
		3800-3800	425
Total			5718 feet

Disallowance:

Incidental Allowance reported for above 5718 feet at 0.39 per foot ---------- $2230.02
Acceptable Incidental Allowance for above 5718 feet at 0.20 per foot ---------- 1143.60
Amount to be disallowed ---------- $1086.42

Reinstate the amount of $500.00 which was withheld from the September, 1956 Voucher.

Withheld an amount of $500.00 pending resolution of matters which are prerequisite to closing the account. The approved contract work has been completed.

Reconciliation with Amount Reported by the Operator on Form MF-104 for April, 1957

Amount reported on Form MF-104 for April, 1957 ---------- $14,491.26
Amount to be disallowed ---------- 1,086.42
Total accepted cost for April, 1957 ---------- $13,404.84

Government Participation at 75 percent ---------- 10,053.63
Amount to be reinstated ---------- $500.00
Amount to be withheld ---------- 500.00
Net deduction or reinstatement ---------- 0.00

Balance due the Operator ---------- $10,053.63

Remarks:

Date of Report----------May 13, 1957
Date Received in Field Office----------May 20, 1957
Date Received in Region Office----------May 27, 1957

Reason for delay: Held pending execution of Amendment No. 2 which changes drilling specifications.

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

Enclosures

JDC:hmk
cc: Chmn. Op. Comm. (2)
EMKA, DFC
Barnhusen) w/copy of Engr's report
Townsend) and Albee memo of 6/5/57
MF-104 file, Reg. III
Chron.

UNITED STATES
DMEA DEPARTMENT OF THE INTERIOR
DEPARTMENT OF THE INTERIOR GEOLOGICAL SURVEY

JUN 7 - 1957
REGION III
DENVER, COLORADO

P. O. Box 300
Grand Junction, Colorado

IN REPLY REFER TO:

MINERAL DEPOSITS
RECEIVED
JUN 6 1957
GEOLOGICAL SURVEY
DENVER, COLORADO

June 5, 1957

Memorandum

To: Acting Executive Officer, DMEA Field Team, Region III

Through: J. William Hasler JWH
S. N. Marshman SNM
A. S. Konselman ASK

From: Howard F. Albee

Subject: Docket DMEA 3943 (Uranium), contract No. Ida-2 932, Food Machinery and Chemical Corporation, Westvaco Mineral Products Division (Sec. 9, T. 13 N., R. 9 W.) McKinley County, New Mexico

A recommendation is requested relative to payment for the cored interval from 197 to 219 feet in hole 2000-1400.

The cored interval of sandstone may be either a lense or a tongue from the underlying Poison Canyon sandstone. Some distance from the drill hole the sandstone in the upper cored interval may converge with the sandstone in the lower cored interval.

On recovery of the first sand in the drill cuttings it would not be possible to determine if it were from a lense high in the Brushy Basin or if it were from a local high in the Poison Canyon. Payment for the coring between 197 and 219 feet is therefore recommended.

Howard F. Albee
Howard F. Albee,
Geologist DMEA

FILE COPY
RECEIVED JUL 1 1957

DATE	INITIALS	CODE

HFA/nlr

Enclosure
1 copy graphic log of hole 2000-1400

DMEA
DEPARTMENT OF THE INTERIOR

MAY 27 1957
REGION III
DENVER, COLORADO

Building 20
Denver Federal Center
Denver 2, Colorado
May 24, 1957

REGION III

Memorandum

To: Acting Executive Officer, DMEA Field Team, Region III
Through: A. S. Rosenlund

From: W. D. McMillan

Subject: DMEA Docket 3943 (Uranium), Contract Idm-2932, Food Machinery and Chemical Corporation, Westvaco Mineral Products Company, Sec. 9, T. 13 N., R. 9 W., NMPM, McKinley County, New Mexico--Progress Report for the month of April, 1957.

OFFICIAL FILE COPY
DMEA
RECEIVED JUN 1 1957
DATE CODE

An inspection of progress during April, 1957 was made on May 6, 1957 accompanied by Wayne Cavender, manager of exploration for the operator.

Stage II drilling of 25 holes was completed. A summary of Stage II drilling is presented in Table No. 1.

The non-core and core footages were checked against Stewart Bros. and Parker Drilling Company logs and were found to be correct.

All work was performed according to the contract, with NX core, and all holes penetrating the Poison Canyon sandstone of the Jurassic Morrison Brushy Basin member. Twelve of the holes were deepened to penetrate the Westwater Canyon sandstone at Westvaco expense. Minor mineralization was found in three holes 4800-4400 in the upper Recapture shale, 3800-3800 and 3000-3000, localized in thin shales within or immediately below the Poison Canyon sandstone.

The operator's narrative report is adequate, with geologic-radiometric logs, location maps, MF-104s, and driller's invoice in quintuplicate, and one copy of the driller's logs, which are being retained in this office.

Approved costs are for 8086 feet of non-core drilling at $1.20/ft. ($9,631.20), 386 feet of core drilling at $3.40/ft. ($1,312.40), incidental allowance, 8412 feet at $0.39/ft. ($3,280.68) and 2 percent New Mexico School Tax ($218.87) at a total of $14,443.15.

It is recommended that 75 percent of the approved total cost, amounting to $10,832.36 be approved for payment.

The results of the exploration project do not indicate a discovery, and it is recommended that the contract be terminated.

Wayne McMillan
W. D. McMillan
Mining Engineer

cc: 6-Idm-2932-Chron.
Table No. 1 Attached.

Table No. 1 -- Summary Data on Stage II Drilling

Coordinates	Drilled Driller's Log			Alloy		Digalloy	
	Non-core	Core	Total	Non-Core	Core	Non-Core	Core
400-1400	335	10	345	300	5	35	5
1200-1400	224	57	281	224	57	---	---
2000-1400	353	62	415	259	40	94	22
3200-1400	275	40	315	275	39	---	1
4000-1400	416	19	435	283	9	133	10
4800-1400	294	186	480	287	186	7	---
200-2200	225	30	255	225	30	---	---
1000-2200	390	---	390	294		96	---
1800-2200	315	---	315	308		7	---
2400-2200	330	---	330	324		6	---
3400-2200*	480	---	480	358		122	---
5000-2200	495	---	495	325		170	---
400-3000	390	---	390	265		125	---
1200-3000	275	---	275	271		4	---
2000-3000	440	---	440	327		113	---
2600-3000	435	---	435	345		90	---
3200-3000	330	---	330	327		3	---
4000-3000	345	---	345	344		1	---
4800-3000	495	---	495	495		---	---
600-3800	260	---	260	251		9	---
1400-3800	420	---	420	300		120	---
2200-3800	440	---	440	365		75	---

OFFICIAL FILE COPY
DMEA
RECEIVED JUL 1 1957
DATE CODE

Table No. 1 -- Summary Data on Stage II Drilling (Cont.)

Coordinates	Drilled Driller's Log			Alloy		Bialloy	
	Non-core	Core	Total	Non-Core	Core	Non-Core	Core
3000-3800	455	---	455	394		61	---
3800-3800	520	---	520	425		95	---
4600-3800	365	80	545	455	80	10	---
Total	9402	464	9866	8086	386	1376	38

* This hole is plotted on Map No. 204 as a company-financed. This is a draftsman's mistake.

May 10, 1957

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

Re: Progress Report, April, 1957
Docket No. DMEA 3243 (Uranium)
Contract No. Idm-E 932
Food Machinery & Chemical Corp.
Westvaco Mineral Products Division
McKinley County, New Mexico
Section 9, T. 13 N., R. 9 W.

Dear Mr. Shaw:

During April, 1957, the Second Stage drilling program of 25 holes was initiated and completed. All holes were logged radiometrically and geologically and samples were labelled and stored.

All holes penetrated the Poison Canyon sandstone and twelve were deepened, at Westvaco expense, to penetrate the Westwater sandstone.

On April 25, in response to a request from Westvaco, the DMEA granted a change in the contract provisions to substitute non-core drilling for core drilling. Seventeen holes were affected by this change. Poor core recovery was the cause of the contract alteration.

A list of the completed holes is included with this report and descriptions are available from the logs.

Minor mineralization was encountered in three holes. In 4800-4900, the radioactivity occured in the upper Recapture shale. In 3200-3300 and 3500-3600, the mineralization was localized in thin shales within or immediately beneath the Poison Canyon. All mineralization was weak and thin.

The geologic logs show the irregular patterns of sedimentation in the Morrison sandstones. In three holes on the northern edge of the section, the Poison Canyon and Westwater have merged into one single thick sandstone. In another, 400-1400, the Poison Canyon is completely absent due to a pinch-out. Other noticeable sedimentary features are occasional thin sandstones above the Poison Canyon, thin irregular shale lenses in the sandstones and vice versa, and zones of the Poison Canyon that have a very high clay content.

In computing disallowances, the following factors were noted:

Hole 400-1400 --- only sand encountered correlates as Westwater. No Poison Canyon found.

Holes 2800-1400, 1600-1400, 4600-3800 --- contain sand lenses above Poison Canyon.

Holes 4800-1400, 4800-3000, 4600-3800 --- Poison Canyon has merged into Westwater.

Based on the drill information now available, the potential of Section 9 appears unfavorable.

Respectfully submitted,

W. S. Cavender

W. S. Cavender, Exploration Manager
Food Machinery & Chemical Corporation
Westvaco Mineral Products Division
Star Route - Box 2b
Grants, New Mexico

WSC:mdc

D.S.M.A. STAGE II DRILLING RESULTS
SECTION 9, T. 13 N., R. 9 W.
April, 1957

Hole Number	Total Depth	Non-core Footage	Core Footage	DMA Disallowances Non-Core	DMA Disallowances Core
400-1400	345	335	10	35	5
1200-1400	281	224	57	0	1
2000-1400	415	353	62	115	1
3200-1400	315	275	40	0	1
4000-1400	435	416	19	130	10
4800-1400	420	294	126	7	0
200-2200	255	225	30	0	0
1000-2200	390	390	0	95	0
1800-2200	315	315	0	7	0
2400-2200	330	330	0	6	0
3400-2200	480	480	0	122	0
5000-2200	495	495	0	170	0
400-3000	390	390	0	125	0
1200-3000	275	275	0	4	0
2000-3000	440	440	0	113	0
2800-3000	435	435	0	90	0
3200-3000	330	330	0	3	0
4000-3000	345	345	0	1	0
4800-3000	495	495	0	0	0
600-3800	260	260	0	9	0
1400-3800	420	420	0	120	0
2200-3800	440	440	0	75	0
3000-3800	455	455	0	61	0
3800-3800	520	520	0	95	0
4600-3800	545	465	80	10	0
	9026	9402	424	1394	18

Total Allowable non-core footage - 8008

Total Allowable core footage - 406

Official-Copy

STATEMENT

DATE May 10, 1957 19

NAME Westvaco Mineral Products

ADDRESS Box 24, Star Route

Grants, New Mexico

In Account With

Stewart Bros. & Parker

Drilling Company

Phone AT 7-4416 P. O. Box 154

GRANTS, NEW MEXICO

		Amount
Exploration drilling on your Section 9 during April, 1957 as follows:		
8,008 feet plug drilling @ $1.20 per ft.	$9,609.60	
406 feet core drilling @ $3.40 per ft.	1,380.40	
		$10,990.00
2% N. M. School Tax		219.80
TOTAL		$11,209.80

THANKS

STEWART BROS. & PARKER DRILLING CO.

BY H. M. Stewart

H. M. Stewart, Partner

OFFICIAL FILE COPY
DMEA
RECEIVED JUL 1 1957

224 New Customhouse
Denver 2, Colorado

June 26, 1957

EXTRA COPY
DMEA
RECEIVED
DATE | CODE
800

Mr. W. H. Williams, Vice President
Food Machinery & Chemical Corporation
Westvaco Mineral Products Division
161 East 42nd Street
New York 17, New York

Re: Docket DMEA-3943 (Uranium)
Contract 14s-2932
Food Machinery and Chemical
Corporation, Westvaco Mineral
Products Division
(Sec. 9, T13N, R9W)
McKinley County, New Mexico

Dear Mr. Williams:

Form NF-104, Operator's Monthly Report and Voucher for April, 1957, has been received in this office and is being processed for payment.

In accordance with the provisions of Amendment No. 2, the allowable cost of Incidental Allowance, beginning with the ninth hole drilled under Stage II, is reduced from $0.39 to $0.20 per foot. The excess cost for Incidental Allowance reported on Form NF-104 for April 1957, is disallowed.

The amount of $500.00 which was withheld from the September 1956 Voucher is reinstated, and an equal amount is withheld from the April, 1957 Voucher, pending release to this office of an Audit Report or Report of Review of the reported project expenditures by the Contract Administration and Audit Division, DMEA.

JDC:hmh
cc: Chmn. Cp. Comm. (2)
Harshman
Hasler
DMEA, DFC
DMEA, G.Jct.
Townsend
Corres. file, Reg. III
Chron.

Yours very truly,

Original signed by
W. H. KING
W. H. King
Executive Officer, DMEA
Field Team, Region III

cc: Mr. Wayne S. Cavender, Manager of Exploration
Food Machinery and Chemical Corporation
Box 24, Star Route, Grants, New Mexico

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

224 New Customhouse
Denver 2, Colorado

April 9, 1957

OFFICIAL FILE COPY
DMEA
RECEIVED APR 11 1957

DATE	INITIALS	CODE
4/11	C	220
12	Com	100
		800

Memorandum

To: Chairman, Operating Committee, DMEA

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

Subject: Docket DMEA-3943 (Uranium), Contract Idm-E932, Food Machinery and Chemical Corporation, Westvaco Mineral Products Division (Sec. 9, T 13N, R 9 W) McKinley County, New Mexico

Enclosed are two copies of a letter dated April 3, 1957, from the subject Operator, stating that no work was performed during the month of March, 1957. Accounting Forms MF-104 and MF-104A were not submitted by the Operator.

E. N. Harshman

E. N. Harshman

Enclosures

April 3, 1957

OFFICIAL FILE COPY
DMEA
RECEIVED
DATE | CODE

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

Re: Progress Report - March, 1957
Docket No. DMEA 3943 (Uranium)
Contract Idm-E 932
Food Machinery & Chemical Corp.
Westvaco Mineral Products Div.
Section 9, T. 13 N., R. 9 W.
McKinley County, New Mexico

Dear Sir:

The approved Second Stage drilling program was received by Westvaco during the month; however, no drilling was completed.

It is anticipated that the program will be started in the very near future.

Respectfully submitted,

W S Cavender

W. S. Cavender
Manager of Exploration
Food Machinery & Chemical Corporation
Westvaco Mineral Products Division
P. O. Box 250
Pocatello, Idaho

WSC:mdc

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

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

RECEIVED DEC 13 1956 D.M.E.A.

224 New Customhouse
Denver 2, Colorado

December 11, 1956

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket No. 3943 (Uranium), Contract No. Idm-E932 Food Machinery and Chemical Corporation, Westvaco Mineral Products Division (Sec 9, T13N, R9W) McKinley County, New Mexico

Enclosed are two copies of a letter dated December 5, 1956, from the subject Operator to Mr. John F. Shaw, covering progress for November, 1956. No DMEA contract work was performed during the period, therefore Forms MF-104 and MF-104A were not submitted by the Operator.

W. M. Traver

W. M. Traver

Enclosures

December 5, 1956

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

Re: Progress Report - November, 1956
Docket No. DMEA 3943 (Uranium)
Contract No. Idm - E 932
Food Machinery & Chemical Corp.
Westvaco Mineral Products Div.
Section 9, T. 13 N., R. 9 W.
McKinley County, New Mexico

Dear Sir:

During the month of November, no drilling was done on Section 9. The First Stage has been completed; however, the Second Stage proposal has not yet been submitted. Delay of the drilling program has been due to pending clarification by the DMEA of certain expenditures under the contract with Westvaco.

?

Respectfully submitted,

R. J. Hayden

R. J. Hayden, Project Engineer
Food Machinery and Chemical Corp.
Westvaco Mineral Products Division
P. O. Box 250
Pocatello, Idaho

RJH:mdc

DMEA
DEPARTMENT OF THE INTERIOR
DEC 10 1956
REGION III
DENVER, COLORADO

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

224 New Customhouse
Denver 2, Colorado

November 8, 1956

RECEIVED
NOV 13 1956
D.M.E.A.

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3943 (Uranium) Contract Idm-E932, Food Machinery and Chemical Corporation, Westvaco Minerals Products Division (Sec. 9, T. 13 N., R. 9 W.) McKinley County, New Mexico - Progress Report, October, 1956

Enclosed are two copies of a letter dated November 2, 1956, from the subject Operator which states that no work was performed under Contract Idm-E932 during October, 1956.

According to information contained in the Operator's letter, some drilling apparently was performed during September, 1956, completing Stage I. The Monthly Report and Voucher covering September, 1956 drilling has not been received in this office.

W. M. Traver

W. M. Traver

Enclosures

COPY

November 2, 1956

RECEIVED
NOV 16 1956
D.M.E.A.

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

Re: Progress Report - October, 1956
Docket No. DMEA 3943 (Uranium)
Contract No. Idm-E932
Food Mach. & Chem. Corp.
Westvaco Mineral Products Div.
Sec. 9, T. 13 N., R. 9 W.
McKinley County, New Mexico

Dear Sir:

During the month of October, no drilling was done on Section 9. The first stage has been completed; however, the second stage proposal has not yet been submitted. Delay of the drilling program has been due to clarification by the DMEA of certain clauses in the contract with Westvaco.

Respectfully submitted,

/S/ R. J. Hayden

R. J. Hayden, Project Engineer
Food Machinery and Chemical Corp.
Westvaco Mineral Products Division
P. O. Box 250
Pocatello, Idaho

RJH:mdc

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 September, 1956 Docket No. DMEA 3943 Contract No. Idm-E 932
Operator's Name Food Mach. & Chem. Corp. (Westvaco Min. Prod.) Minerals Uranium
Address P. O. Box 250 - Pocatello, Idaho
Contract Amount, $ 71,928.00 Government Participation: 75 % Amount, $

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	2,320.30	9,403.06	12,023.36			
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify): $0.39 per foot	626.34	2,183.61	2,809.95			
TOTALS	2,946.64	11,886.67	14,833.31	4248.21	11,586.67	16,134.88
				11-	2865.67	2865.67
						13,269.21

RECEIVED MAR 18 1957 D.M.E.A.

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

Date 1/29/57 *Payee Food Machinery & Chemical Corp. ~~Westvaco Mineral Products Div.~~

Per [signature] Title Mngr. of Exploration

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of: 8721.00 $3686.16

Signature [signature] (Authorized Certifying Officer)

Date 3/13/57 Vou. No. DMA 57-99

*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)

(See other side)

1 Previous Disallowance Note: Withheld 5000

(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-E93 in accordance with the terms of the contract.

Signature W. McMillan (#1982.40) Sr. Min. Engr Date 2/19/57

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE

Signature E. M. Hersman Title acting Executive Officer Date MAR 11 1957

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of September 1956 Docket No. DMEA 3943 Contract No. Idm-E 932
Operator's Name Food Machinery & Chemical Corp. (Westvaco Min Prod) Minerals Uranium
Address P. O. Box 250, Pocatello, Idaho

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core	per'	547.95	158	4,952.31	1428	3.47	1800	3.50
Plug bit	per'	1772.35	1448	7,071.05	5777	1.22	6300	1.25
Incidental	per'	626.34	1606	2,809.95	7205	0.39	8100	0.39
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		2,946.64		14,833.31				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								71,928.00
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS								

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 1/29/57 Operator Food Machinery & Chem. Corp. Westvaco Mineral Prod. Div.

Per [signature] Title Mngr. of Exploration

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]

RECEIVED MAR 18 1957 DMEA

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 MAR 14 1957

Administrative Audit Difference Statement

Food Machinery & Chemical Corporation
161 East 42nd Street
New York 17, N. Y.

Date: March 13, 1957
Payee's Reference: September 1957

Gentlemen:

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

Amount Claimed	$ 2,946.64	
Difference	$ 1,605.00	303.13
Amount Approved	$ 4,248.21	

The reason for the difference was due to:

Disallowances:

1. Claimed 1248 ft non-core drilling	1,772.35	
Allowable cost 1260 ft. non-core drilling	1,542.24	
Amount to be disallowed.		230.11
2. Incidental allowance		
Claimed 1606 ft @ 0.39 per ft.	626.34	
Allowable 1248 ft @ 0.39 per ft.	553.02	
		73.32
Total Amt. to be disallowed.		303.13

Reinstate:

1. 370 ft of core drilling at Inv. Cost.	1,289.10
2. 110 ft non-core drilling at Inv. Cost.	134.64
3. Incidental allowance for 480 ft drilling @ 0.39 per ft.	187.20
Total Amt. to be reinstated.	1,605.00

Withhold $500.00 pending resumption of Contract Work.

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

Very sincerely yours,

N. E. Stokes
Audit Section

OFFICIAL FILE COPY
DMEA
RECEIVED MAR 18 1957

DATE	INITIALS	CODE
3/18	C	200
18	Com	100
		500

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

224 New Customhouse
Denver 2, Colorado
March 11, 1957

Memorandum

To: T. A. Christensen

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

Subject: DMEA Docket 3943, (Uranium) Contract Idm-E932
Food Machinery and Chemical Corporation, Westvaco
Mineral Products Division (Sec. 9, T 13 N, R 9 W)
McKinley County, New Mexico - Operator's Monthly
Progress Report for the month of September, 1956

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

Except as otherwise indicated below, we consider 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 on the following basis, contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations.

Each of the four holes drilled during September, 1956 penetrated in excess of 10 feet below the base of the Poison Canyon sandstone, which is not in conformance with the contract terms as interpreted by this office. The excess drilling is as follows:

Hole No.	Core	Non-Core	Total Depth	Base of Poison Canyon	Max. Allow. Depth	Excess Core	Excess Non-core
400-4600	15	324	339	300	310	15	14
800-4600	55	395	450	301	311	0	139
1200-4600	45	347	392	374	384	0	8
1600-4600	73	397	470	403	413	15	42
Total	188	1463	1651		1418	30	203

Allowable core footage (188 ft - 30 ft)----158 feet
Allowable non-core footage (1463-203 ft)----1260 feet

The Operator made the proper adjustment on accounting forms MF-104 and MF-104A, for the excess core footage and costs, but due to an arithmetical error did not make proper adjustment for the excess non-core footage and costs. Disallowances are to be made as indicated below.

Disallowances:

1. Non-core drilling, amount reported,
   1448 feet at invoice cost of ———— $1,772.35
   Allowable cost 1260 feet at invoice
   cost, including N.M. School tax———— 1,542.24
   Amount to be disallowed———————— $ 230.11

2. Incidental Allowance, amount reported,
   1606 feet at $0.39 per foot———— 626.34
   Allowable cost, 1418 feet at Fixed Unit
   Cost of $0.39 per foot———— 553.02

   Amount to be disallowed———————— $ 73.32

Total Amount to be disallowed———————— $ 303.43

Results of recent drilling along and near the 4600 E line indicate that the Poison Canyon Sandstone may be lower stratigraphically in that area than had originally been interpreted; therefore, reinstatement is to be made as indicated below for drilling along the 4600 E line, which was disallowed from the August, 1956 voucher. The following relative correspondence is attached:

1. Copy of a letter dated November 27, 1956 from the Operator

2. Copy of a memorandum dated January 3, 1957 by Howard F. Albee, Geologist, U.S. Geological Survey.

Hole No.	Previously disallowed core drilling	Previously disallowed non-core drilling
3650-4600	100	43
4050-4600	100	35
4450-4600	100	22
4850-4600	70	10
Totals	370 feet	110 feet

Reinstate:

1. The cost of 370 feet of core drilling at invoice cost, including N. M. School tax ——— $1,283.16
2. The cost of 110 feet of non-core drilling at invoice cost, including N. M. School tax ——— 134.64
3. Incidental Allowance for 480 feet of drilling at Fixed unit cost of $0.39 per foot ——— 187.20

Total Amount to be reinstated ——— $1,605.00

Withhold an amount of $500.00 pending resumption of contract work. Stage I was completed during September, 1956.

Reconciliation with Amount Reported by the Operator on Form MF-104 for September, 1956

Amount reported on Form MF-104 for September, 1956 ———		$ 2,946.64
Amounts to be reinstated and disallowed		
Reinstate ———	$1,605.00	
Disallow ———	303.43	
Net reinstatement ———		$ 1,301.57
Total accepted cost ———		$ 4,248.21
Government participation at 75 percent ———		3,186.16
Amount to be withheld ———		500.00
Recommended payment to the Operator ———		$ 2,686.16

Remarks

Date of Report ——— January 29, 1957
Date Received in Field Office ——— February 1, 1957
Date Received in Region Office ——— March 6, 1957

Original signed by
E. N. HARSHMAN
E. N. Harshman

Enclosures

JDC;hh
cc: Chmn. Op. Comm. (2)
Shaw (2)
Harshman) w/copy of engr's report,
Townsend) Albee's Memo of 1-3-57, and
) Oper. letter of 11-27-56
MF-104 File E932
Chron.

C
O
P
Y

Grants, New Mexico
November 27, 1956

DMEA
DEPARTMENT OF THE INTERIOR
DEC 26 1956
REGION III
DENVER, COLORADO

Mr. Howard Albee
U. S. G. S.
P. O. Box 360
Grand Junction, Colorado

E932

Dear Howard:

As I told you on the phone yesterday, this Section 9 problem seems to keep coming back to haunt us. Since your last visit, we completed Stage One on the section and obtained some new information which I used to construct some new cross sections and correlations. From these, it can be shown that the original interpretation was incorrect and that the Poison Canyon sandstone is lower stratigraphically in the holes of the 4600 East line.

Hole 800-4600 was drilled to the Recapture Shale in order to provide a definite basis for correlation. As shown on the sections, the sandstone designated as Poison Canyon by the DMEA is only a stringer above the true Poison Canyon. Of course, the DMEA decision was determined without the benefit of the new information.

Last week in Denver, I discussed this matter with Harshmann and Bob King. Harshmann agreed with our new interpretation and said the DMEA would recalculate the disallowances.

In order to follow normal procedures, I am submitting the problem to you and am enclosing the cross sections. Except for the four new logs enclosed, all other logs should be available from Hasler. The other information that I showed Harshmann is not available for release, thus it is not enclosed.

If I can be of any further help, please let me know.

Best regards,

W. S. Cavender

WSC:mdc

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

P. O. Box 350
Grand Junction, Colorado

DMEA
DEPARTMENT OF THE INTERIOR
JAN 7 1957
REGION III
DENVER, COLORADO

OFFICIAL FILE COPY
DMEA
RECEIVED MAR 18 1957
INITIALS

January 3, 1957

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: J. William Hasler JWH. by WDZ
E. N. Harshman EMH
J. F. Shaw JFSaw

From: Howard F. Albee

Subject: Docket No. DMEA 3943 (Uranium), contract Idm-E 932, Food Machinery and Chemical Corporation, Westvaco Mineral Products Division (Sec. 9, T. 13 N., R. 9 W.), McKinley County, New Mexico.
Re-evaluation of allowable footage.

In a memorandum from me, dated October 10, 1956, depths to the base of the Poison Canyon sandstone were given in order that the allowable footages for payment purposes could be determined.

Since the memorandum was written, the operator has submitted additional stratigraphic information which shows that my interpretation of the Poison Canyon along the 4,600 east line may have been incorrect.

Hole 800-4600 was drilled into the Recapture member specifically for stratigraphic information. A cross-section carried north from this hole shows that the Poison Canyon is lower stratigraphically than had originally been interpreted. This additional interpretation is supported also by a National Lead Company cross-section that trends from a drill hole south of section 9 northerly into the Ambrosia Lake vicinity.

The mudstone that separates the Poison Canyon sandstone from the Westwater Canyon sandstone thins northerly from a thickness 60 feet at hole 800-4600 to 20 feet at hole 2000-4600. At hole 3250-4600 five thin mudstone splits are present, any one of which may mark the base of the Poison Canyon. Northerly from 3250-4600, hole 3650-4600 has two mudstone splits, hole 4050-4600 has one split, hole 4450-4600 has two splits, and hole 4850-4600 has one split. None of the holes north from 3250-4600 has been drilled to the Recapture, instead they are bottomed in sandstone (fig. 1). The holes, except hole 4850-4600 penetrated the sandstone through a thickness exceeding the usual thickness of the Poison Canyon.

DMEA 3943 1/3/57

Information was recently made available from a drill hole, drilled and logged by Kerr-McGee, that is located about 700 feet northeast from hole 4850-4600 (fig. 1). The hole was drilled to the Recapture and thus has good control on the contacts. The depth to the Poison Canyon sandstone substantiates the stratigraphic interpretation of the graphic sections shown in figure 1.

Inasmuch as the Poison Canyon sandstone is a poorly defined unit for which, in places, the upper and lower contacts cannot be picked without drilling to the Recapture, it is recommended that the drilling disallowances made for holes 3650-4600, 4050-4600, 4450-4600, and 4850-4600 be reconsidered and that allowances be made for the total depths of the holes.

Howard F. Albee
Howard F. Albee,
Geologist

HFA/mlr

Enclosure
(Fig. 1)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

REGION III DMEA
DEPARTMENT OF THE INTERIOR
FEB 26 1957
REGION III
DENVER, COLORADO

DMEA
DEPARTMENT OF THE INTERIOR
MAR 6 1957
REGION III
DENVER, COLORADO

Building 20
Denver Federal Center
Denver 2, Colorado

February 25, 1957

OFFICIAL FILE COPY
DMEA
RECEIVED MAR 18 1957

DATE	INITIALS	CODE

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw
Supervising Mining Engineer

From: W. D. McMillan

Subject: DMEA Docket 3943 (Uranium) Contract Idm-2932, Food Machinery and Chemical Corporation, Westvaco Mineral Products Division, Sec. 9, T. 13 N., R. 9 W., New Mexico Principal Meridian, McKinley County, New Mexico -- Progress report for September 1956

Inspection of progress during September 1956, was made on October 10, 1956, accompanied by Russel Hayden, project supervisor.

Four holes were drilled through the Poison Canyon member of the Jurassic Brushy Basin formation, completing Stage I of the contract. No uranium mineralization was found in any of the holes.

Steward Brothers and Parker Drilling Company showed the following footages of non-core and core drilling:

Hole Locations North	East	Non-core (feet)	Core (feet)	Total (feet)
400	4,600	324	15	339
800	4,600	395	55	450
1,200	4,600	347	45	392
1,600	4,600	397	73	470
Totals		1,463	188	1,651

Billed by Stewart Bros. and Parker Drilling Company:

1,448	non-core at $1.20	$1,737.60
158	core at $3.40	537.20
1,606	total	$2,274.80
	2 percent New Mex. school tax	45.50
		$2,320.30

Approved costs according to the statement are for 1,260 feet of non-core drilling at $1.20 per foot ($1,512.00), 158 feet of core drilling at $3.40 per foot ($537.20), New Mexico School tax at 2 percent ($40.98) and Incidental Costs--1,418 feet at $0.39 per foot ($553.08) a total of $2,643.70. All work and unit costs were within the contract specifications.

It is recommended that 75 percent of the total amounting to $1,982.40 be approved for payment.

The operator submitted geologic and radiometric logs, location maps, and statements of the drilling contract in quintuplicate. Only one copy of the drilling contractor's logs were received, which are being retained in this office.

W. D. McMillan
Mining Engineer

cc 6
Idm-RSIP
Chron.

WDM:ph

January 28, 195[illegible]

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

Re: Progress Report - September, 1956
Docket No. DMEA 3943 (Uranium)
Contract Idm-E 932
Food Machinery & Chemical Corp.
Westvaco Mineral Products Div.
Section 9, T. 13 N., R. 9 W.
McKinley County, New Mexico

Dear Sir:

During the month of September, 1956, the remaining portion of Stage I drilling was completed. Four holes were drilled and samples labelled and stored. Geologic and radiometric logs were prepared for each hole. The Poison Canyon sandstone was penetrated in each hole.

The completed holes are:

Hole Coordinates	Total Depth	Cored	Mineralization	DMEA Disallowance
400 - 4600	339	15	Barren	15 - Core 14 - NC
800 - 4600	450	55	Barren	139 - NC
1200 - 4600	392	45	Barren	8 - NC
1600 - 4600	470	73	Barren	15 - Core 42 - NC
	1651	188		30 - Core 203 - NC

Total allowable non-core footage - 1448

Total allowable core footage - 158

No mineralization was encountered in any of the holes.

The accompanying MF - 104's do not include the disallowances for August, 1956.

Respectfully submitted,

W. S. Cavender
Manager of Exploration
Food Machinery & Chemical Corp.
Westvaco Mineral Products Division
P. O. Box 250
Pocatello, Idaho

WSC:mdc

STATEMENT

DATE October 4, 19 56

NAME Westvaco Minerals Products

ADDRESS Box 24, Star Route

Grants, N. M.

In Account With

Stewart Bros. & Parker

Drilling Company

Phone AT 7-4416 P. O. Box 154

GRANTS, NEW MEXICO

OIL FILE COPY
OGCC
RECEIVED MAR 18 1957
DATE | INITIALS | COS.

		Amount
Drilling for the Month of September 1956 as follows. Section 9, T 13 N. R. 9 W.		
1,448 feet of plug drilling @ $1.20	$1,737.60	
158 feet of core drilling @ $3.40	$537.20	
	$2,274.80	$2,274.80
2% N. M. School Tax		45.50
		$2,320.30

STEWART BROS. & PARKER DRILLING CO.

BY H. M. Stewart

H. M. Stewart

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

Budget Bureau No. 42-R1036.5

RECEIVED SEP 31 1956 D.M.E.A.

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

Month of August, 1956 Docket No. DMEA 3943 Contract No. Ida E-932
Operator's Name Food Mach. & Chem. Corp. (Westvaco Min. Prod.) Minerals Uranium
Address Box 250, Pocatello Idaho
Contract Amount, $ 72,928.00 Government Participation: 75 % Amount, $

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling	8762.52	940.44	9703.06			
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify): 0.39 per ' for 5069'	1976.91	206.70	2183.61			
TOTALS	10739.53	1147.14	11886.67	7523.86	1147.14	8671.00

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

Date 9/5/56 *Payee Food Mach. & Chem Corp. Westvaco Min. Prod. Div.

Per Russell J. Hayden Title Project Engineer

*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:

$ 5680.40

Signature
(Authorized Certifying Officer)

Date 10/19/56 Vou. No. GRA 57-49

(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. Tdm-E932 in accordance with the terms of the contract.

Signature Wm McMullen ($8054.65) Title Min. Engr Date 9/17/56

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature [illegible] Title Acting Executive Officer Date OCT 17 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

RECEIVED OCT 31 1956 D.M.E.A.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of August 1956 Docket No. DMEA 3943 Contract No. Idm-E-932
Operator's Name Food Mach. & Chem. Corp (Westvaco Min. Prod.) Minerals Uranium
Address Box 250 Pocatello Idaho

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core	per'	3953.52	1140	4404.36	1270	3.47	1800	3.50
plug bit	per'	4809.10	3929	5298.70	4329	1.22	6300	1.25
Incidental	per'	1976.91	5069	2183.61	5599	0.39	8100	0.39
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		10,739.53		11,886.67				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								71,928.00
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS								

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 9/5/56 Operator Food Mach. & Chem Corp. Westvaco Min. Prod. Div.

Russell J. Hayden Title Project Engineer

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) A. T. McMullen

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

RECEIVED 31 1956 U.E.A.

FINAL DISTRIBUTION

MADE OCT 29 1956

Administrative Audit Difference Statement

Wood Machinery & Chemical Corporation
201 East 42nd Street,
New York 17, New York

Date: October 19, 1956
Payee's Reference: August 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	$	10,732.53
Difference	$	3,155.67
Amount Approved	$	7,572.86

The reason for the difference was due to:

Disallow:

(a) The inv. cost, including N. Y. school tax for 605 ft. of core drilling.	2,375.53
(b) The inv. cost, including N. Y. school tax for 224 ft of concrete drilling.	556.53
(c) Incidental allowance for 1089 ft of drilling @ $0.39 per ft.	223.61
Total Amount to be disallowed.	3,155.67

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 OCT 31 1956 D.M.E.A.

224 New Customhouse
Denver 2, Colorado

October 31, 1956

Memorandum

To: T. A. Christensen

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

Subject: DMEA Docket 3943 (Uranium) Contract Idm-E932, Food Machinery and Chemical Corporation, Westvaco Mineral Products Division (Sec. 9, T13N, R9W) McKinley County, New Mexico - Operator's Monthly Progress Report for the month of August, 1956

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

Except as otherwise noted below, 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. We recommend that payment to the Operator be made on the following basis, contingent on your verification of applicable rates and arithmetical accuracy of computations.

Because of indefinite geologic contacts indicated on the lithologic logs accompanying the August, 1956 monthly report, it was necessary to conduct a field examination of the drill core and cuttings in order to determine the allowability of drill footage and costs. In conformance with the attached field geologist's report and recommendations, core and non-core footage is to be disallowed as indicated in the tabulation below.

Hole No.	Total Depth	Base of Poison Canyon	Max. Allow Depth	Excess core	Excess N.C.
1000-600	300	295	300	0	0
1400-600	332	295	305	27	0
3850-600	355	282	292	63	0
4250-600	345	268	278	67	0
4650-600	490	263	273	100	117
5050-600	435	270	280	58	97

Hole No.	Total Depth	Base of Poison Canyon	Max. Allow Depth	Excess core	Excess N. C.
2000-4600	452	Not Present	452	0	0
3250-4600	470	Not Present	470	0	0
3650-4600	475	322	332	100	43
4050-4600	485	340	350	100	35
4450-4600	480	348	358	100	22
4850-4600	450	360	370	70	10
Excess footage to be disallowed- - - - - - -				685	324

Disallow

a) The invoice cost, including N.M. school tax, for 685 feet of core drilling- - - - - - $2,375.58
b) The invoice cost, including N.M. school tax, for 324 feet of non-core drilling- - - 396.58
c) Incidental allowance for 1009 feet of drilling at $0.39 per foot- - - - - - - - - - - - - 393.51
Total amount to be disallowed $3,165.67

Reconciliation with Amount Reported by the Operator on Form MF-104 for August, 1956

Total amount reported on Form MF-104 for August, 1956- -$10,739.53
Amount to be disallowed- 3,165.67
Total accepted cost for August, 1956- - - - - - - - - - $ 7,573.86

Government participation at 75 percent- - - - - - - $ 5,680.40

Remarks

Date of Report - - - - - - - - - - - - - September 5, 1956
Date Received in Field Office- - - - September 13, 1956
Date Received in Region Office- - - September 19, 1956

J. W. Townsend

J. W. Townsend

Enclosures
JDC:jy
cc: MF-104 File E932
Sec. Op. Comm. (2)
Shaw (2)
Harshman)
Hasler) w/copy engr's report & Geol. report
Townsend)
Chron.

MINERAL DEPOSITS
IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DMEA
DEPARTMENT OF THE INTERIOR
OCT 11 1956
REGION III
DENVER, COLORADO

P. O. Box [illegible]
Grand Junction, Colorado

OCT 11 1956
U. S.
GEOLOGICAL SURVEY
DENVER, COLORADO

Air Mail

Memorandum

To: Executive Director, DMEA Field Team, Region III

Through: J. William Hasler
C. H. [illegible]

From: Howard F. Blake

Subject: Allowable Storage, Docket DMA 1943 (Uranium), Contract Ida-E 332, Food Machinery and Chemical Corporation, Sec. 9, T. 15 N., R. 9 W., McKinley County, New Mexico

Drill cuttings and core from this project have been examined in the field and several USGS, AEC and independent geologists have been consulted.

It is my opinion, and also the opinion of other geologists that the Poison Canyon tongue is not continuous away from the type locality at the Poison Canyon mine. The sandstone converges with the Westwater member and other sandstones come in at the same stratigraphic position, that they too converge with the Westwater. In places there is no sand in the Brushy basin that can be stratigraphically correlated with the Poison Canyon tongue. This stratigraphic problem was not well known at the time of the initial field examination, and consequently was not adequately covered by the contract. Where sandstone, correlative to the Poison Canyon, is absent or where a drill hole penetrates a sandstone tongue near its pinchout, the bottom of the hole is indeterminable unless drilled into the Recapture shale.

A certain amount of drilling into the Westwater must be done before it is ascertained that no sandstone is present in the lower Brushy basin. The only definite means of correctly interpreting cross sections is to drill to the Recapture, inasmuch as there is little or no lithologic difference between the Brushy basin sandstone and the Westwater sandstone member of the Jurassic Morrison formation.

The location of the lower contact of the sandstone called Poison Canyon in the contract has been determined as follows:

Hole number	Contact with underlying shale
[illegible]	2[illegible]
[illegible]	2[illegible]
[illegible]	2[illegible]

DMEA 3943

10/10/56

RECEIVED OCT 31 1956 DMEA

Hole number	Contact with underlying shale
4250-600	268
4650-600	263
5050-600	270
2000-4600	None - No Jmb sandstone
3250-4600	None - No Jmb sandstone
3650-4600	322
4050-4600	340
4450-4600	346
4850-4600	360

These contacts, except in hole 1000-600, are considerably shallower than those given by the operator. For payment purposes it is recommended that the operator be allowed to drill at least 10 feet below the Brushy Basin sandstone contact in order that the hole not be stopped in a thin mud split. However, in the following holes no core was taken from the Poison Canyon" sandstone:

Coordinates	Coordinates
4650-600	4050-4600
5050-600	4450-4600
3650-4600	

The operator assumed that the lower sandstones were "Poison Canyon". We cannot recommend payment for footage, either core or non-core, for more than ten feet below the previously tabulated contact depths; however, it is recommended that payment be made for the footage, either core or non-core, to ten feet below these tabulated contacts.

In holes 3250-4600 and 2000-4600, where no "Poison Canyon" is present, it is recommended that payment be made for the footage, both core and non-core, to depth of 10 feet into the Recapture shale. In the process of drilling these holes the geologist may strongly suspect that no "Poison Canyon" is present because of the unusual thickness of the Brushy Basin shale before penetrating a sandstone; however, he can not be sure until the Recapture has been penetrated.

Holes 1000-600 and 1400-600 appear to be all right except that 1400-600 was drilled deeper than ten feet below the contact.

Howard F. Albee
Howard F. Albee,
Geologist

HFA/alr

DMEA
DEPARTMENT OF THE INTERIOR

SEP 19 1956
REGION III
DENVER, COLORADO

RECEIVED OCT 31 1956 D.M.E.A.

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
September 18, 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw JFS. by ASK
Supervising Mining Engineer

From: W. D. McMillan

Subject: DMEA Docket 3943 (Uranium) Contract Ida-8932, Food Machinery and Chemical Corporation, Westvaco Minerals Products Co., Sec. 9, T. 13 N., R. 9 W., NMPM, McKinley County, New Mexico -- Progress report for August 1956

An inspection of progress was made on September 5, 1956, accompanied by Russell J. Hayden, project supervisor.

Stewart Bros. and Parker Company's drill logs for twelve holes show 1140 feet of core-bit drilling and 3929 feet of plug bit drilling, the same as claimed by the operator.

Approved costs for August are:

1140 feet of core-bit drilling at $3.40 a foot	$3876.00
3929 feet of plug bit drilling at $1.20 a foot	4714.80
Total drilling	8590.80
2% New Mexico School Tax	171.82
Incidental allowances, 5069 feet at $0.39 a foot	1976.91
Total approved costs	$10739.53

The approved unit costs are less than the contract costs. It is recommended that 75 percent of the approved total costs amounting to $8054.65 be approved for payment.

The narrative report, location map and geologic logs are adequate. Core-bit drilling was done with BX bits. Only two of the 12 holes showed slight uranium mineralization.

The drilling contractor's logs and one set of the geologic logs are being retained in this office.

W. D. McMillan
Mining Engineer

WDM/mr cc: 6
Ida-8932 Chron

September 7, 1956

RECEIVED
OCT 31 1956
D.M.E.A.

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

Re: Progress Report
Docket No. DMEA 3943 (Uranium)
Contract Idn-1932
Food Machinery & Chem. Corp.
Westvaco Mineral Products Div.
Sec. 9, T. 13 N., R. 9 W.
McKinley County, New Mexico

Dear Sir:

Stage one drilling on section 9 continued during August with 12 holes being completed, bringing the total for the section to 14. All holes were logged geologically and radiometrically, and samples were labeled and stored. The accompanying map shows the hole locations, the total depths, the depths to the top and bottom of the Poison Canyon sandstone (the ore horizon), and whether or not the hole contained mineralization. Geologic logs for each hole are enclosed with this report. Each log includes a detailed description of the Poison Canyon core taken from the hole.

Drilling:

During the month 5069 feet were drilled with 1140 feet of coring and 3929 feet of plug. Cuttings samples were taken at 4 foot intervals down to the ore horizon. Below is a list of the completed holes. Detailed information is provided on the accompanying geologic logs.

Hole Co-ordinates	Total Depth	Cored Footage	Mineralization
1000-600	300	75	none
1400-600	332	97	none
3850-600	355	103	none
4250-600	345	105	none
4650-600	490	100	none
5050-600	435	58	none

Hole Co-ordinates	Total Depth	Cored Footage	Mineralization
2000-4600	452	100	slight
3250-4600	470	104	slight
3850-4600	475	100	none
4050-4600	495	100	none
4450-4600	400	100	none
4850-4600	450	98	none
12 holes	5959	1140	

Geology:

Our geologic interpretation of the drill hole information is shown on the cross sections accompanying this report (Drawing 9-3). An increase in thickness of the Brushy Basin sand along the 600 line between 800N-600E and 1000N-600E is thought to be an interesting structure and deserves future exploration. The sandstone in this area appears favorable both in thickness and grain size for a possible ore body.

In the interval between 3250-4600 and 4350-4600 the Poison Canyon sandstone and the Westwater merge. In these holes drilling extended below the Poison Canyon sandstone to enable correlation of the stratigraphic horizons.

Respectfully submitted,

R. J. Hayden

R. J. Hayden, Project Engineer
Food Machinery & Chemical Corporation
Westvaco Mineral Products Division
P. O. Box 250
Pocatello, Idaho

STATEMENT

DATE September 3, 1956 19

NAME Westvaco Mineral Products

ADDRESS Box 24, Star Route

Grants, New Mexico

RECEIVED OCT 31 1956 D.M.E.A.

In Account With

Stewart Bros. & Parker

Drilling Company

Phone AT 7-4416 P. O. Box 154

GRANTS, NEW MEXICO

	Amount
Exploration drilling on Section 9 during August, 1956 as follows:	
3,929 feet plug drilling @ $1.20 per foot $4,714.80	
1,140 feet core drilling @ $3.40 per foot 3,876.00	
	$8,590.80
2% N. M. School Tax	171.82
TOTAL	$8,762.62

THANKS

STEWART BROS. & PARKER DRILLING CO.

By H M Stewart

H. M. Stewart, Partner

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

DMEA
Date Rec'd
AUG 21 1956
BUREAU OF MINES
Denver, Colorado
RECEIVED
SEP 7 1956

Budget Bureau No. 42-R1036.5

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

Month of July 1956 Docket No. DMEA 3943 Contract No. Idm E -932
Operator's Name Food Mach. & Chem. Corp. (Westvaco Min. Prod.) Minerals Uranium
Address Box 250, Pocatello, Idaho
Contract Amount, $ 71,928.00 Government Participation: 75 % Amount, $

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	940.44	00.00	940.44			
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify): 0.39 per ft.--530'	206.70	00.00	206.70			
Totals	1147.14		1147.14	1147.14	—	1147.14

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

Date 8/2/56 *Payee Food Mach. & Chem. Corp. Westvaco Min. Products Div.

Per Russell J. Hayden Title Project Engineer

*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:

$ 860.36

Signature (Authorized Certifying Officer)

Date 8/27/56 Vou. No. DMEA 57-24

(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-E937 in accordance with the terms of the contract.

Signature [illegible] (for) Title WDR Min. Engr. Date 8/10/56

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature [illegible] Title Executive Officer Date AUG 23 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

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

RECEIVED
SEP 7 1956

Month of July 1956 Docket No. DMEA 3943 Contract No. Idm-E-932
Operator's Name Food Mach. & Chem. Corp. (Westvaco Min. Prod.) Minerals Uranium
Address Box 250, Pocatello, Idaho

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core	per '	450.84	130	450.84	130	3.468	1800	3.50
Plug bit	per '	489.60	400	489.60	400	1.224	6300	1.25
Incidental	per'	206.70	530	206.70	530	0.39	8100	0.39
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		1147.14		1147.14				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								71,928
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS								

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.

Food Mach. & Chem. Corp.
Date 8/2/56 Operator Westvaco Min. Products Div.
Per Russell J. Hayden Title Project Engineer

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) Leon 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

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

RECEIVED
SEP 7 1956

224 New Customhouse
Denver 2, Colorado

August 23, 1956

FINAL DISTRIBUTION
MADE SEP 5 1956

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3943 (Uranium) Contract Idm-E932, Food Machinery and Chemical Corporation, Westvaco Mineral Products Division (Sec. 9, T13N, R9W) McKinley County, New Mexico - Operator's Monthly Progress Report for the month of July, 1956

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 75 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.

A descrepancy is noted between the graphic log for hole No. 200-600 and the driller's log and other supporting data. The graphic log indicates that only 65 feet was cored in the hole, whereas the driller's log, drilling invoice and Operator's narrative report indicate that 75 feet was cored. The Operator has been requested to submit a corrected log for the hole, or, if the supporting data is in error, to make the proper adjustments of footage and costs on a subsequent voucher.

Remarks

Date of Report- - - - - - - - - - - - - - - - August 2, 1956
Date Received in Field Office- - - - - - - - August 6, 1956
Date Received in Region Office- - - - - - - August 21, 1956

W. M. TRAVER

W. M. Traver

Enclosures

JDC:jy
cc: MF-104 File E932
Sec. Op. Comm. (2)
Shaw (2)
Chron.

DMEA
Date Rec'd.
AUG 21 1956
BUREAU OF MINES
Denver, Colorado

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
August 20, 1956

Memorandum

RECEIVED
SEP 7 1956

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw for JFS.
Supervising Mining Engineer

From: W. D. McMillan

Subject: DMEA 3943 (Uranium) Contract IAm-2932, Food Machinery and Chemical Company, Westvaco Minerals Products Division, Sec. 9, T. 13 N., R. 9 W., NMPM, McKinley County, New Mexico - Progress report for July 1956

An inspection of progress was made on August 8, 1956, accompanied by Russel J. Hayden, project engineer and W. S. Cavender, geologist.

Drilling on the subject contract commenced on July 26, 1956, and two holes were completed on July 31, 1956.

Stewart Bros. and Parker drill logs show 400 feet of plug bit drilling and 130 feet of core bit drilling, the same as claimed by the operator.

Approved costs for July 1956 are:

400 feet of plug bit drilling at $1.20/ft.	$480.00
130 feet of core bit drilling at $3.40/ft.	442.00
2% New Mexico School Tax	18.44
Incidentals - 530 feet at $0.39	206.70
	$1147.14

It is recommended that 75 percent of the approved total or $860.36 be approved for payment.

The narrative report, location map, and geologic logs are adequate. Core bit drilling was done with BX bits. No mineralization was found. The drilling contractor's logs and one set of geologic logs are being retained in this office.

W. D. McMillan
W. D. McMillan
Mining Engineer

WDM/mr cc: 6
IAm-2932 Chron

Aug. 1, 1956

DMEA
Date Rec'd.

RECEIVED

AUG 21 1956

BUREAU OF MINES
Denver, Colorado

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

Re: Progress Report
Docket No. DMEA 3943 (Uranium)
Contract #Idm E932
Food Machinery & Chemical Corp.
Westvaco Mineral Products Div.
Sec. 9, T 13 N., R 9 W
McKinley County, New Mexico

Dear Sir:

Drilling on Sec. 9, T 13 N, R 9 W, commenced on July 26. Two holes were drilled during the month of July, logged radiometrically, and all samples were logged geologically, labelled and stored. For data on these holes, see Monthly Progress Map No. 9-1. Shown on this map are depths to the top and the bottom of the Poison Canyon sandstone, (the ore horizon in this area), total depths, and whether or not mineralization was encountered. For detailed logs of these holes, see the log sheets enclosed. The Poison Canyon sandstone was cored in all holes, and a detailed log of the sandstone accompanies the general geologic log.

Accompanying this report is the Monthly Progress Map 9-1.

Drilling

A total of 530 feet was drilled in this section during the month of July, of which 400 feet was plug drilling and 130 feet was core drilling. Three drill days were required to complete the two holes. All holes were drilled wet to the ore horizon and cored. Cuttings samples were taken at four foot intervals for the logging of formations above the ore horizon.

The following holes were completed during the month of July. Detailed information for the following table may be obtained in the geologic logs accompanying this report.

Hole Co-ordinates	Total Depth	Cored	Mineralization
200-600	260	75	none
600-600	270	55	none
TOTAL	530 feet	130 feet	

Geology

Since only two holes were drilled this month, information for geologic interpretations is insufficient.

Respectfully submitted,

R. J. Hayden

R. J. Hayden
Project Engineer
Food Machinery and Chemical Corp.
Westvaco Mineral Products Div.
P. O. Box 250
Pocatello, Idaho

STATEMENT

DATE August 1, 1956 19

NAME Westvaco Mineral Products

ADDRESS Box 24, Star Route

Grants, New Mexico

In Account With

Stewart Bros. & Parker

DRILLING CONTRACTORS

Phone ~~6-6145~~ AT7-4416 P. O. Box ~~245~~ 154

~~ODESSA, TEXAS~~

Grants, New Mexico

		Amount
Exploration drilling on Section 9 during July, 1956 as follows:		
400 feet plug drilling @ $1.20 per foot	$480.00	
130 feet core drilling @ $3.40 per foot	442.00	
		$922.00
2% New Mexico School Tax		18.44
TOTAL		$940.44

THANKS

STEWART BROS. & PARKER DRILLING CO.

By H. M. Stewart

H. M. Stewart, Partner

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

Mr. W. N. Williams, Vice President
Food Machinery and Chemical Corporation
(Westvaco Mineral Products Division)
161 East 42nd Street
New York 17, New York

Re: Docket No. DMEA-3943 (Uranium)
Contract No. Idm-E932
Sec. 9, T. 13 N., R. 9 W.
McKinley County, New Mexico

Dear Mr. Williams:

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

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

Your interest in the DMEA exploration program and participation therein are fully appreciated.

Sincerely yours,

C. O. Mittendorf

Administrator

Copy to: Federal Insurance Company

MChing/lmm 12-23-57 (9-6-57)
cc: Mr. Ching
Admr.'s Reading File
Contract Adm. & Audit Div.
DMEA FT Reg. 3 (2)

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

Mr. Stephen Plum, Assistant Secretary
Federal Insurance Company
90 John Street
New York 38, New York

Re: Docket No. DMEA-3943 (Uranium)
Contract No. Idm-E932
Food Machinery and Chemical Corporation
(Westvaco Mineral Products Division)
Sec. 9, T. 13 N., R. 9 W.
McKinley County, New Mexico

Dear Mr. Plum:

Enclosed is a copy of a self-explanatory letter of today to the Operator under the above-cited contract.

The property as set forth in the contract is covered by your Performance Bond, dated April 18, 1956, under the captioned name and contract number.

In the absence of certification, the Government retains no claim against the bonding company that assumed the responsibility for performance under the contract.

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosure

MChing/izm 12-23-57 (9-6-57)
cc: Mr. Ching
Admr.'s Reading File
Contract Adm. & Audit Div.
DMEA FT Reg. 3 (2)

Audit copy

TERMINATION AGREEMENT

It is agreed this 26th day of July, 1957, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Food Machinery and Chemical Corporation (Westvaco Mineral Products Division), hereinafter called the "Operator," parties to Exploration Project Contract 1dm-3993 (Docket No. DMEA-3943), dated March 21, 1956, as amended, hereinafter called the "Contract," that:

1. Effective May 1, 1957, 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 only to the allowable costs of work performed prior to said effective date.

3. The Operator shall promptly perform all winding-up and settlement actions provided for in the Contract.

4. All rights of the Government provided for in the Contract with respect to certification of discovery or development, percentage royalty and liens for its payment, records and audit, and all rights of the Government to recovery of any overpayment, 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 C O Mitteudorf
Administrator, Defense Minerals
Exploration Administration

FOOD MACHINERY AND CHEMICAL CORPORATION
(WESTVACO MINERAL PRODUCTS DIVISION)

By W. N. Williams

Title President

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

Official

Audit Copy

800

EXPLORATION PROJECT CONTRACT
FOOD MACHINERY AND CHEMICAL CORPORATION
DOCKET NO. DMEA-3943

Amendment No. 2

It is agreed this 29th day of May, 1957, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Food Machinery and Chemical Corporation, hereinafter called the "Operator," parties to that certain Exploration Project Contract No. DMe-[illegible], Docket No. DMEA-3943, dated March 21, 1956, hereinafter called the "Contract," that effective April 24, 1957, the contract, as amended, is further amended, as follows:

1. In Exhibit "A," under Description of the Work, beginning with the ninth hole drilled under Stage II and continuing until the project is completed or terminated, all holes specified for drilling shall be drilled non-core throughout, and the second and third paragraphs under General Provisions, shall not apply to said drilling. Cuttings from the Folsom Canyon sandstone segment (originally specified for coring) shall be collected at appropriate intervals for samples. The samples shall be checked for radioactivity and those indicating significant mineralization shall be analyzed chemically for uranium. A split of each sample analyzed shall be properly labeled and stored for the use of the Government. Upon completion of the project, all stored samples shall be disposed of by the Operator upon authorization of the Government.

2. In Exhibit "A," under Estimated Cost of the Project, Stages II and III, beginning with the ninth hole, the estimated costs for core drilling shall be available for non-core drilling and the maximum allowable average price is reduced from $3.50 to $1.25 per foot for non-core drilling. Also, beginning with the ninth hole in Stage II, the incidental allowance shall be reduced from $0.39 to $0.20 per foot of drilling.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate amount which the Government may be required to contribute, the fixed unit cost of any item of work, nor any item designated "maximum."

Executed in certuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. F. Mutteendorf
Administrator, Defense Minerals Exploration Administration

FOOD MACHINERY AND CHEMICAL CORPORATION

By W. M. Williams

Title Vice President

EXTRA COPY
DMEA
RECEIVED MAR 1 1957

DATE	INITIALS	CODE
		800

224 New Customhouse
Denver 2, Colorado

February 27, 1957

Mr. W. S. Cavender, Manager of Exploration
Food Machinery and Chemical Corporation
Westvaco Mineral Products Division
P. O. Box 250
Pocatello, Idaho

Re: Docket No. DMEA 3443 (Uranium)
Contract No. IAm-2932
Food Machinery and Chemical Corporation
Westvaco Mineral Products Division
(Sec. 9, T 15 N, R 9 W)
McKinley County, New Mexico

Dear Mr. Cavender:

Reference is made to your request of January 28, 1957 for the Government's approval for the drilling of twenty-eight (28) holes under Stage II of the Contract through the Westwater member instead of only penetrating the Poison Canyon member as presently provided for in the Contract.

The Government does not consider the Westwater member sufficiently favorable for ore deposition in significant quantities to warrant Government participation in the cost of drilling to penetrate that formation. Therefore, your request for the deeper drilling is denied.

The Government's approval for drilling under Stage II of the Contract to penetrate the Poison Canyon member of the Morrison formation, as provided for in the Contract, is as follows:

Coordinate Location of 25 Holes Approved
for Drilling Under Stage II

North - East	North - East	North - East
400 - 1400	1800 - 2200	3200 - 3000
1200 - 1400	2400 - 2200	4000 - 3000
2000 - 1400	3400 - 2200	4800 - 3000
3000 - 1400	5000 - 2200	600 - 3800
4000 - 1400	400 - 3000	1400 - 3800
4800 - 1400	1200 - 3000	2200 - 3800
200 - 2200	2000 - 3000	3000 - 3800
1000 - 2200	2600 - 3000	3800 - 3800
		4600 - 3800.

The above Stage II holes shall be drilled in conformance with all provisions in the Contract pertaining thereto.

The approximate locations of the twenty-five (25) approved holes are shown on the map entitled, "Figure 2. Map of Sec. 9, T. 13 N., R. 9 W. Showing Location of Proposed Stage II Drill Holes, Food Machinery & Chemical Corporation, Westvaco Mineral Products Division, McKinley County, New Mexico," which is attached hereto and made a part of this work approval.

Nothing in this work approval shall be construed to increase the estimated total cost of the project, the aggregate amount which the Government may be required to contribute, the fixed unit cost of any item of work, nor any item of allowable cost which is separately designated "maximum."

Very truly yours,

BMEA Field Team, Region III

By E. N. Harshman

E. N. Harshman
Acting Executive Officer

Enclosure

JWT:prl

cc: Chairman, Op. Comm. (4)
Finance Office, Reg. III
Amendment file, Reg. III
Harshman
Shaw (2)
Mesler
Townsend
Corres. file
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DEPARTMENT OF THE INTERIOR

DMEA

FEB 26 1957

REGION III
DENVER, COLORADO

MINERAL POSITS
REFER TO:

RECEIVED
FEB 25 1957
U.S.
GEOLOGICAL SURVEY
DENVER, COLORADO

EXTRA COPY
DMEA
RECEIVED MAR 1 1957

DATE	INITIALS	CODE

[illegible], January 25, 1957

[illegible] Field Team, Region III

Through: J. William [illegible]
[illegible] R. Barnes
J. [illegible]

Subject: Project No. [illegible] (Uranium, Contract No. [illegible]), Fred Anthony and Associal Corporation, Westwater Mineral Springs District, Sec. [illegible], T. 13 N., R. [illegible], McKinley County, New Mexico.

The operator requested by letter of January 22, 1957, approval for drilling under stage II of the contract. In connection with the approval the operator also requests that the holes to drilled to capture the westward member of the Morrison formation and that holes plotted to be drilled be converted to core-hole drilling to provide for the increased drilling depth.

Figure 1 was prepared from information made available through [illegible] U. S. Geological Survey. The map shows the known drilling and results in all of the sections around section 6. The information in sections 2 and 3 is not complete and the depth of drilling was only [illegible]. However, as the drilling in sections 4 and 5 bottomed in the westward member of the Morrison formation, the drilling in sections 2 and 3 probably and hopefully due to the proximity of the westward and are shallow to the north (Fig. 2, Contract Well, Contract [illegible]). Part of the holes in sections 2 and 3 were drilled through the westward. The result of testing the westward in these sections has been negative whether or not the [illegible] is underlain.

Some possibilities for the occurrence of the ledge in section 6 indicate [illegible] in the Grants basin. [illegible] extension of the Anderson [illegible] well of mineralized [illegible] in the westward, if so [illegible] to the Anderson [illegible] well. Because of the actions [illegible] from section 6 have been drilled with negative results it is apparent that the westward [illegible] mineralized [illegible] but probably [illegible] section 6. The

possibility of ore bodies in either the Brushy Basin or Westwater, however, still exists, but examination of figure 1 shows the probability of occurrence of such ore bodies, especially in the Westwater, to be poor.

Four drill holes in the section have penetrated the Westwater and bottomed in the Recapture. The logs of these holes show the color, lithology, and thickness of the Westwater to be favorable for the occurrence of ore bodies. However, all evidence in the area of section 9 points to the so called "Poison Canyon" sandstone as being the ore bearing host and not the Westwater. Therefore, the Westwater would not be favorable as a host rock.

Twenty-five holes have been drilled in section 9. Some of these holes did not go completely through the "Poison Canyon" sandstone because of confusion as to which Brushy Basin sandstone was the "Poison Canyon". The logs of the drill holes that did penetrate the "Poison Canyon", however, show it to be generally favorable as a uranium host rock in color, lithology, and thickness.

Inasmuch as the "Poison Canyon" is indicated as being the host rock in the area and large parts of the section have not been tested, 25 stage II drill holes are recommended to test the "Poison Canyon" sandstone only. The drill pattern recommended is shown on figure 2.

The coordinates of the recommended holes are;

North - East	North - East
400 - 1400	1200 - 3000
1200 - 1400	2000 - 3000
2000 - 1400	2600 - 3000
3000 - 1400	3200 - 3000
4000 - 1400	4000 - 3000
4800 - 1400	4800 - 3000
200 - 2200	600 - 3800
1000 - 2200	1400 - 3800
1800 - 2200	2200 - 3800
2400 - 2200	3000 - 3800
3400 - 2200	3800 - 3800
5000 - 2200	4600 - 3800
400 - 3000	

Three of the 28 holes shown on figure 2 are not recommended. The coordinates of these holes are N 2000 - E 600, N 3000 - E 600, and N 2600 - E 4600.

If less holes were drilled or, in effect, if the spacing were greater it would only serve to test the favorableness of the ore bearing sandstone, which has already been done. If more holes were necessary or, in

in effect, if the spacing had to be less to pick up a mineral deposit, then an ore body in that deposit would likely be too small to be economic.

Howard F. Albee

Howard F. Albee,
Geologist

HFA/mir

enclosures
Fig. 1 (12 copies)
Fig. 2 (24 copies)

January 28, 1957

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

DMEA
DEPARTMENT OF THE INTERIOR
FEB 1 1957
REGION III
DENVER, COLORADO

Re: Stage II Proposal
Docket No. DMEA 3943 (Uranium)
Contract Idm-E 932
Food Machinery & Chemical Corp.
Westvaco Mineral Products Div.
Section 9, T. 13 N., R. 9 W.
McKinley County, New Mexico

Dear Sir:

The footage disallowances for Stage I are now being determined and Westvaco wishes to submit the proposal for Stage II.

Recent exploration activities in the area surrounding Section 9 have indicated that the Westwater sandstone has a much greater potential as an ore bearer than it was considered to have at the time the DMEA application was submitted. Therefore, in view of this recent information, Westvaco would like to propose extension of the drilling depths to enable penetration of the Westwater. This additional cost could be defrayed by permitting the funds alloted to core drilling to be converted to non-core drilling. By drilling to the Westwater, the efficiency of the exploration program would be greatly increased.

The 28 proposed holes and their coordinates are:

	Est. Depths		Est. Depths
2000 - 600	415	2000 - 1400	415
3000 - 600	415	3000 - 1400	415
400 - 1400	415	4000 - 1400	415
1200 - 1400	415	4800 - 1400	425

	Est. Depths		Est. Depths
200 - 2200	415	3200 - 3000	425
1000 - 2200	415	4000 - 3000	425
1800 - 2200	415	4800 - 3000	425
2400 - 2200	415	600 - 3800	415
3400 - 2200	425	1400 - 3800	415
5000 - 2200	425	2200 - 3800	425
400 - 3000	415	3000 - 3800	425
1200 - 3000	415	3800 - 3800	425
2000 - 3000	415	4600 - 3800	425
2600 - 3000	425	2600 - 4600	470
		Total	11,790

In total, the proposed holes comprise 11,790 non-core feet. Under the provisions of the contract, Stage II is alloted $22,050 for 9,800 non-core feet and 2800 core feet. This allotment could be converted to 17,640 non-core feet (at $1.25 per foot). However, as the contract specifies 28 Stage II holes, Westvaco is requesting only that number with their estimated footage.

The proposed holes are placed in a pattern designed to cover any "open" areas. To date, the only mineralized holes found are 2000 - 4600 and 3250 - 4600.

Respectfully submitted,

W. S. Cavender

W. S. Cavender, Mgr. of Explor.
Food Mach. & Chem. Corp.
Westvaco Mineral Products Div.
P. O. Box 250
Pocatello, Idaho

WSC:mdc

EXPLORATION PROJECT CONTRACT
FOOD MACHINERY AND CHEMICAL CORPORATION
(WESTVACO MINERAL PRODUCTS DIVISION)
DOCKET NO. DMEA 3943
CONTRACT NO. IDM-E932

AMENDMENT NO. 1

It is agreed this 16th day of May, 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Food Machinery and Chemical Corporation, (Westvaco Mineral Products Division), hereinafter called the "Operator," parties to that certain Exploration Project Contract No. Idm-E932, Docket No. DMEA 3943, dated March 21, 1956, hereinafter called the "Contract," that the Contract is amended as follows, effective as of the date of the Contract:

> Referring to "Article 3" of Exploration Project Contract form MF-200 (Revised June 1954), the date fixed on or before which the Operator shall commence work is extended from April 15, 1956, to August 1, 1956.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be required to contribute, the fixed unit cost of any item of work, nor any item of allowable expense which is expressly designated "maximum."

Executed in sextuplet the day and year first above written.

UNITED STATES OF AMERICA

By W. M. Traver
W. M. Traver
Executive Officer, DMEA
Field Team, Region III

FOOD MACHINERY AND CHEMICAL CORPORATION (WESTVACO MINERAL PRODUCTS DIVISION)

By W. N. Williams

Title Vice President

(Seal)

COPY

224 New Customhouse
Denver 2, Colorado

May 15, 1956

Mr. R. J. Hayden, Project Engineer
Food Machinery and Chemical Corporation
Westvaco Mineral Products Division
P. O. Box 250
Pocatello, Idaho

Re: Docket DMEA 3943 (Uranium)
Contract Idm-E932
Food Machinery and Chemical Corporation
Westvaco Mineral Products Division
(Sec. 9, T. 13 N., R. 9 W.,)
McKinley County, New Mexico

Dear Mr. Hayden:

Reference is made to your letter of May 3, 1956, wherein you request a recess of operations pertaining to work under the subject contract until about August 1, 1956, to enable you to carry on more efficiently first Stage work under other DMEA contracts.

Inasmuch as no reportable work has been performed under the contract, we will prepare an amendment to extend the date on or before which work is to be commenced from April 15, 1956, to August 1, 1956.

If it becomes necessary, the date for completion of the project work will be extended for a comparable period at a later date upon your request.

When the amendment has been prepared, it will be forwarded to you for signature by an authorized official of the corporation.

Very truly yours,

/s/ W. M. Traver
W. M. Traver
Executive Officer
DMEA Field Team, Region III

DMEA
Date Rec'd.

MAY 10 1956

BUREAU OF MINES
Denver, Colorado

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
May 9, 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw
Supervising Mining Engineer

From: W. D. McMillan

Subject: DMEA Docket 3943 (Uranium) Contract Ida-2932,
Sec. 9, T. 13 N., R. 9 W. NMPM
DMEA Docket 3939 (Uranium) Contract Ida-2934,
Sec. 7, T. 13 N., R. 9 W. NMPM
Food Machinery and Chemical Company, Westvaco
Minerals Project Division, McKinley County, New Mexico

The subject contracts were examined on May 2, 1956, accompanied by Russell Hayden, representative of the applicant.

The only work done to date consists of topographic surveys and staking of Stage I drill holes on the proposed grids. An excellent job was done at company expense.

The applicant is requesting that they be permitted to recess drilling operations on the subject contracts until they have completed Stage I of Contract Ida-2933.

It is recommended that this request be granted.

W. D. McMillan
W. D. McMillan
Mining Engineer

WDM/mw
Ida-2932
Ida-2934
Chron

May 3, 1956

RECEIVED
JUN 11 1956
DMEA
Date Rec'd.

MAY 14 1956
BUREAU OF MINES
Denver, Colorado

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

Re: Request for Recess
Docket DMEA 3943 (Uranium)
Contract Idm-E932
Food Machinery Chemical Corporation
Westvaco Mineral Products Division
Section 9, T. 13 N., R. 9 W.
McKinley County, New Mexico

Dear Sir:

A recess of exploration operations is requested for Section 9, T. 13 N., R. 9 W., until about August 1, 1956. During this time exploration will be conducted on Section 29, T. 13 N., R. 9 W., and Section 7, T. 13 N., R. 9 W. The Company's reasons for requesting this recess are as follows:

1. It is felt that by concentrating our efforts on one section at a time a better evaluation of the sections will be gained.

2. By confining the first stage drilling and exploration to one section, greater over-all efficiency of personnel and equipment will be gained.

3. We will be able to utilize more efficiently the time between the completion of the first stage and authorization of the second stage in the two previously explored sections. Barring unforseen difficulties we will have completed by August 1, 1956, the first stage drilling on Section 7, Docket No. 3939, Contract

Idm-E934, and will be well along on the first stage drilling on Section 29, DMEA 3989, Contract Idm-E933. At that time we feel we will be in a position to most effectively conduct the first stage drilling on Section 9.

We will appreciate any consideration you may give this request.

Respectfully submitted,

R. J. Hayden

R. J. Hayden, Project Engineer
Food Machinery Chemical Corporation
Westvaco Mineral Products Division
P.O. Box 250
Pocatello, Idaho

Contract No. Idm-E 932

Docket No. 3943

DEPARTMENT OF THE INTERIOR

Terminated contract

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
March 21, 1956	III	New Mexico	Uranium

Name and Address of Operator: Food Machinery & Chem. Corp.
(Westvaco Mineral Products Div.)
161 East 42nd Street
New York 17, New York

	Reserve	Obligation
Prior Amount	0	53,946.00
Increase	0	0
Decrease	0	34,165.45
Revised Amount	0	19,780.55

Remarks:

ALLEN S. DAKAN
(Name)

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

Date Delivered to Bureau of Mines, Washington 9.10.57

9896

Government's copy

RECEIVED
APR 23 1956

MF-200
(Revised June 1954)

Docket No. DMEA 3943

Commodity Uranium

Contract No. Idm-E 932

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this MAR 21 1956 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] Food Machinery and Chemical Corporation, a Delaware Corporation (Westvaco Mineral Products Division), whose mailing address is 161 East 42nd Street, New York 17, New York, 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 (Figure 2)

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 McKinley, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] Lessee of [5] the rights to Uranium 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 and Agreement, - 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 Surface owners Nabor and Isabel O. Marquez claim right to uranium ores, based on disputed interpretation of mineral reservation in their deed from Operator's lessor.

(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: Attached performance bond is in lieu of Consent to Lien of Santa Fe Pacific Railroad Company and Subordination Agreement of ~~Consent to Lien of the Santa Fe Pacific Railroad Company~~ Nabor and Isabel O. Marquez.

(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 Uranium. The work to be performed is described in Exhibit "A." The Operator on or before April 15, 1956 shall commence the work, and on or before May 15, 1957 (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall ~~either~~ have completed the work, ~~or shall have incurred allowable costs (see Article 6) in a sum not less than the estimated total allowable cost set forth in Exhibit "A"~~ except as otherwise provided in Exhibit "A" with respect to stages of work.

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 $71,928.00. The Government shall contribute 75 percent of the allowable costs as they are incurred in a total sum not in excess of $53,946.00: *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. See Article 13

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. **See Article 13**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 13. *Changes and added provisions.*—

(a) Categories (2) through (7) of Article 6(a) are deleted

(b) To the extent that costs are set forth in Exhibit "A" as "Fixed Unit Costs" they are in lieu of the actual costs that otherwise would be allowable costs of the project under Article 6 of the contract. The Government will contribute to the Fixed Unit Costs as they accrue, on the basis of units of work actually performed. The fixed unit costs include all costs of the work necessary to complete the project.

(c) That part of the last sentence in the first paragraph of Article 6(a) commencing after the semicolon, is deleted.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By O. Mittendorf
Administrator, Defense Minerals
Exploration Administration

Food Machinery and Chemical Corporation
(Westvaco Mineral Products Division)
By W. N. Williams

Vice President

I, Harold Vogel, certify that I am the Assistant secretary of the corporation named as Operator herein; that W. N. Williams who signed this contract on behalf of the Operator, was then Vice 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.

Harold Vogel

[CORPORATE SEAL]

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

RECEIVED
APR 23 1956

EXPLORATION PROJECT CONTRACT
FOOD MACHINERY AND CHEMICAL CORPORATION
(WESTVACO MINERAL PRODUCTS DIVISION)
DOCKET NO. DMEA-3943

ANNEX I

The land referred to in Article 2 of the Contract consists of all of the land in sec. 9, T. 13 N., R. 9 W., N.M.P.M., McKinley County, New Mexico, within the exterior boundaries of said section extended vertically downward.

The land is shown on a map entitled "Figure 2. Sketch Map of Section 9 .....," attached hereto and made a part hereof.

FED.INS. CO. BOND NO. 7862492

STANDARD FORM 25
REVISED NOVEMBER 1950
PRESCRIBED BY GENERAL
SERVICES ADMINISTRATION
GENERAL REGULATION NO. 5

PERFORMANCE BOND

(See Instructions on Reverse)

DATE BOND EXECUTED

April 18, 1956

PRINCIPAL

FOOD MACHINERY AND CHEMICAL CORPORATION, a Delaware Corporation

SURETY

FEDERAL INSURANCE COMPANY, a New Jersey Corporation
of 90 John Street, New York 38, New York

PENAL SUM OF BOND (*express in words and figures*)	CONTRACT NO.	DATE OF CONTRACT
Fifty-Three Thousand, Nine Hundred forty-six ($53,946.00) Dollars	Idm-E 932 (DMEA Docket No. 3943)	March 21, 1956

KNOW ALL MEN BY THESE PRESENTS, That we, the PRINCIPAL and SURETY above named, are held and firmly bound unto the United States of America, hereinafter called the Government, in the penal sum of the amount stated above, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, executors, administrators, and successors, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH, that whereas the principal entered into a certain contract with the Government, numbered and dated as shown above and hereto attached;

NOW THEREFORE, if the principal shall well and truly perform and fulfill all the undertakings, covenants, terms, conditions, and agreements of said contract during the original term of said contract and any extensions thereof that may be granted by the Government, with or without notice to the surety, and during the life of any guaranty required under the contract, and shall also well and truly perform and fulfill all the undertakings, covenants, terms, conditions, and agreements of any and all duly authorized modifications of said contract that may hereafter be made, notice of which modifications to the surety being hereby waived, then, this obligation to be void; otherwise to remain in full force and virtue.

IN WITNESS WHEREOF, the above-bounden parties have executed this instrument under their several seals on the date indicated above, the name and corporate seal of each corporate party being hereto affixed and these presents duly signed by its undersigned representative, pursuant to authority of its governing body.

In Presence of:

WITNESS		INDIVIDUAL PRINCIPAL	
1.	as to		[SEAL]
2.	as to		[SEAL]
3.	as to		[SEAL]
4.	as to		[SEAL]

WITNESS		INDIVIDUAL SURETY	
1.	as to		[SEAL]
2.	as to		[SEAL]

Attest:

X [signature]
ASSISTANT SECRETARY

CORPORATE PRINCIPAL
FOOD MACHINERY AND CHEMICAL CORPORATION
BUSINESS ADDRESS
161 East 42 Street, New York, New York
BY [signature]
TITLE
Executive Vice President

AFFIX CORPORATE SEAL

(Attest:)

And [signature]
Edgar R. Heckman, Attorney-in-Fact

CORPORATE SURETY
FEDERAL INSURANCE COMPANY
BUSINESS ADDRESS
90 John Street, New York 38, N. Y.
BY [signature]
TITLE
Stephen Plum, Assistant Secretary

AFFIX CORPORATE SEAL

STANDARD FORM 25
NOVEMBER 1950 EDITION

EXECUTED IN SIX COUNTERPARTS

16—30441-2

The rate of premium on this bond is $10.00 per thousand.

Total amount of premium charged, $539.46

(The above must be filled in by corporate surety)

CERTIFICATE AS TO CORPORATE PRINCIPAL

I, M. E. Gilbert, certify that I am the assistant secretary of the corporation named as principal in the within bond; that Ernest Hart, who signed the said bond on behalf of the principal, was then Executive Vice President of said corporation; that I know his signature, and his signature thereto is genuine; and that said bond was duly signed, sealed, and attested for and in behalf of said corporation by authority of its governing body.

X M E Gilbert [CORPORATE SEAL]

INSTRUCTIONS

1. This form shall be used for construction work or the furnishing of supplies or services, whenever a performance bond is required. There shall be no deviation from this form except as authorized by the General Services Administration.

2. The surety on the bond may be any corporation authorized by the Secretary of the Treasury to act as surety, or two responsible individual sureties. Where individual sureties are used, this bond must be accompanied by a completed Affidavit of Individual Surety for each individual surety (Standard Form 28).

3. The name, including full Christian name, and business or residence address of each individual party to the bond shall be inserted in the space provided therefor, and each such party shall sign the bond with his usual signature on the line opposite the scroll seal, and if signed in Maine or New Hampshire, an adhesive seal shall be affixed opposite the signature.

4. If the principals are partners, their individual names shall appear in the space provided therefor, with the recital that they are partners composing a firm, naming it, and all the members of the firm shall execute the bond as individuals.

5. If the principal or surety is a corporation, the name of the State in which incorporated shall be inserted in the space provided therefor, and said instrument shall be executed and attested under the corporate seal as indicated in the form. If the corporation has no corporate seal the fact shall be stated, in which case a scroll or adhesive seal shall appear following the corporate name.

6. The official character and authority of the person or persons executing the bond for the principal, if a corporation, shall be certified by the secretary or assistant secretary, according to the form herein provided. In lieu of such certificate there may be attached to the bond copies of so much of the records of the corporation as will show the official character and authority of the officer signing, duly certified by the secretary or assistant secretary, under the corporate seal, to be true copies.

7. The date of this bond must not be prior to the date of the instrument in connection with which it is given.

U. S. GOVERNMENT PRINTING OFFICE 16—30441-2

RECEIVED
APR 23 1956

EXPLORATION PROJECT CONTRACT
FOOD MACHINERY AND CHEMICAL CORPORATION
(WESTVACO MINERAL PRODUCTS DIVISION)
DOCKET NO. DMEA-3943

EXHIBIT "A"

DESCRIPTION OF THE WORK

General Provisions

The work consists of exploration by core and non-core drilling to test the Poison Canyon sandstone of the Brushy Basin member of the Morrison formation.

Each hole shall be drilled non-core through the upper formations to a point approximately five feet above the upper contact of the Poison Canyon sandstone. Core drilling shall follow until the hole is bottomed in the underlying claystone at a point approximately five feet below the lower contact of the Poison Canyon sandstone. Drilling depths are expected to average 450 feet and the cored sections of the holes are expected to average 100 feet in length. The minimum size of core shall be BX. All holes shall be reamed and cased as necessary.

All core and cuttings from the cored section of drill holes shall be saved and checked radiometrically for uranium. Sections indicating significant mineralization shall be split for samples, and such samples shall be analyzed chemically for uranium. All the remaining core and cuttings saved shall be properly stored for inspection and disposition by the Government.

All drill holes shall be logged geologically and probed radiometrically, and the record of such logging and probing, together with certified copies of all assay certificates, shall be submitted with the Operator's monthly progress reports.

No hole shall be drilled closer than 100 feet to any boundary of the property.

The project work shall be supervised at all times by competent engineers or geologists.

The location, direction, inclination, and extent of all project work are subject to the approval of the Government.

The work is divided into three successive stages as described hereafter. The Operator shall complete Stage I, and shall perform as much of the work under Stages II and III as the Government approves in writing in advance.

Stage I

The locations of Stage I holes are indicated on the attached map (Figure 2). Drill 18 holes aggregating an estimated 8,100 feet in two discontinuous north-south rows as shown on said map. The two segments to the west are composed of 4 holes each, located 600 feet from the western boundary of the land, and the two segments to the east are composed of 5 holes each, located 660 feet from the eastern boundary of the land. The holes in each segment shall be spaced approximately 400 feet apart. The northernmost and southernmost holes of the two western segments shall be located approximately 200 feet from the northern and southern boundaries respectively. The corresponding holes of the two eastern segments shall be located approximately 400 feet from the northern and southern boundaries respectively. If more than 8,100 feet of drilling are required to complete any holes, under this Stage I, the additional footage and cost required may be transferred and deducted from Stage III footage upon the written approval of the Government.

Stage II

Forty-one tentative locations of Stage II holes are shown on the attached map (Figure 2). However, only 28 holes, aggregating an estimated 12,600 feet, shall be drilled. The pattern of drilling and locations of the holes to be drilled shall be based upon favorable indications resulting from Stage I drilling, and shall be approved in writing by the Government. Holes drilled in this Stage shall be at least 400 feet from any previously drilled hole. If more than 12,600 feet of drilling are required to reach the desired horizon in each hole, the additional footage and cost required may be transferred and deducted from Stage III upon the written approval of the Government.

Stage III

Drill not more than 28 holes aggregating not more than 12,600 feet to offset previously drilled holes that show significant mineralization. These holes shall be drilled at least 100 feet from any previously drilled hole.

RECEIVED
APR 23 1956

ESTIMATED COST OF THE PROJECT

STAGE I

Actual Costs:

Category (1) Independent Contracts		
6,300 feet non-core drilling @ $1.25/ft.	$7,875.00	
1,800 feet core drilling @ $3.50/ft.	6,300.00	
Categories (2) through (7) None	-	
		$14,175.00

Fixed Unit Costs: (See Article 13)

Incidental allowance for each foot of core and non-core drilling completed, 8,100 feet @ $0.39/ft.	$3,159.00	
40 chemical sample analyses @ $3.50/sample	140.00	
		$3,299.00
Estimated Total Cost of Stage I		$17,474.00

STAGE II

Actual Costs:

Category (1) Independent Contracts		
9,800 feet non-core drilling @ $1.25/ft.	$12,250.00	
2,800 feet core drilling @ $3.50/ft.	9,800.00	
Categories (2) through (7) None	-	
		$22,050.00

Fixed Unit Costs: (See Article 13)

Incidental allowance for each foot of core and non-core drilling completed, 12,600 ft. @ $0.39/ft.	$4,914.00	
60 chemical sample analyses @ $3.50/sample	210.00	
		$5,124.00
Estimated Total Cost of Stage II		$27,174.00

STAGE III

Actual Costs:

Category (1) Independent Contracts

9,800 feet non-core drilling @ $1.25/ft.	$12,250.00	
2,800 feet core drilling @ $3.50/ft.	9,800.00	
Categories (2) through (7) None	-	
		$22,050.00

Fixed Unit Costs: (See Article 13)

Incidental allowance for each foot of core and non-core drilling completed, 12,600 ft. @ $0.39/ft.	$4,914.00	
90 chemical sample analyses @ $3.50/sample	315.00	
		$5,229.00
Estimated Total Cost of Stage III.		$27,279.00

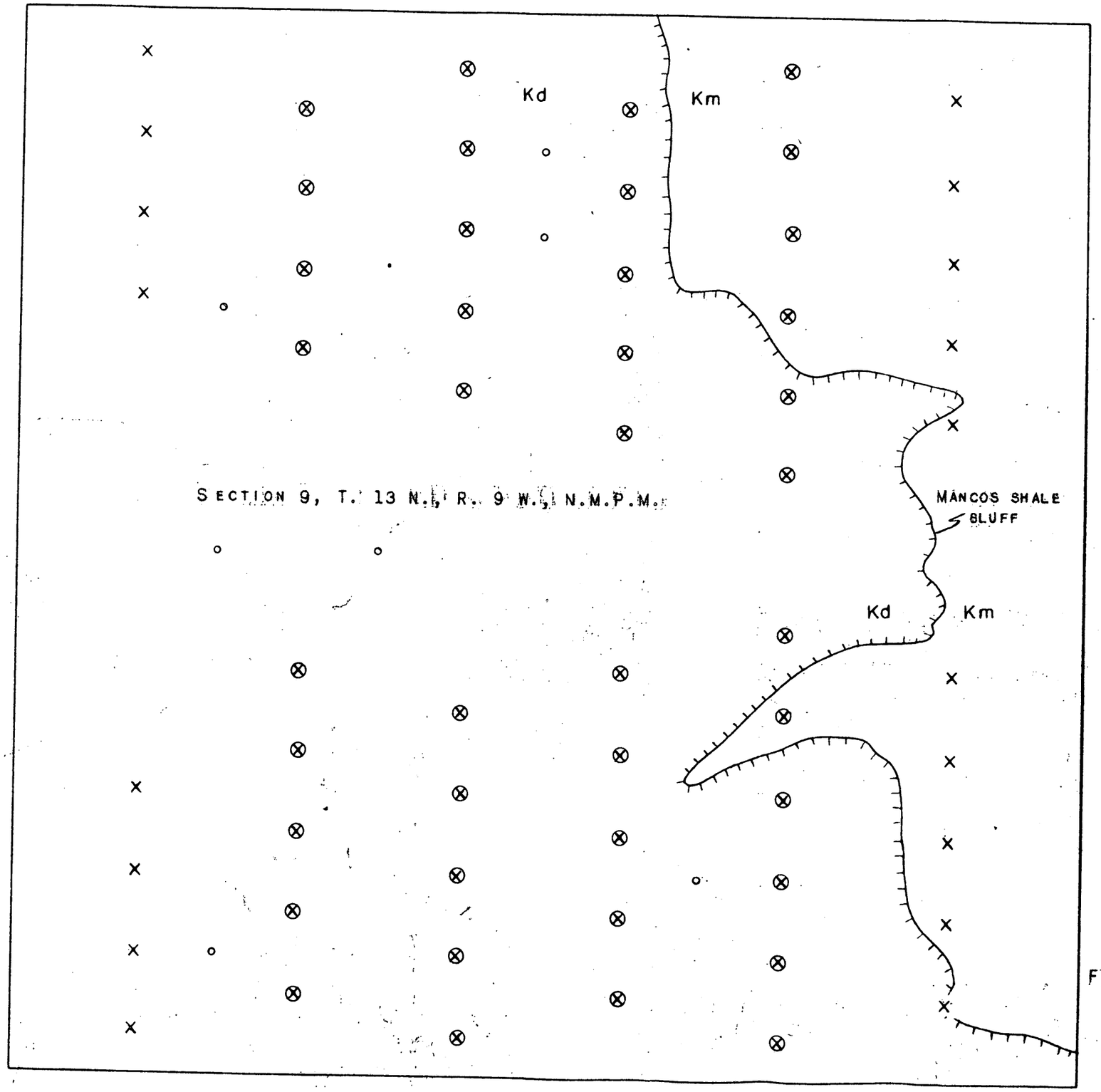
S U M M A R Y

Estimated Total Cost of Stage I	$17,474.00
Estimated Total Cost of Stage II	$27,174.00
Estimated Total Cost of Stage III	$27,279.00
Estimated Total Cost of Project (rounded) . . .	$71,928.00
Government Participation @ 75%	$53,946.00

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DEFENSE MINERALS EXPLORATION ADMINISTRATION
DOCKET 3943
JANUARY 1956

RECEIVED
FEB 27 1956



EXPLANATION

Km	CRETACEOUS MANCOS SHALE
Kd	CRETACEOUS DAKOTA FORMATION
○	EXISTING DRILL HOLE
×	LOCATION OF PROPOSED STAGE I DRILL HOLE
⊗	PROBABLE LOCATION OF STAGE II DRILL HOLE

RECEIVED
APR 23 1956

Note: GEOLOGY AND EXISTING DRILL HOLE LOCATIONS FROM APPLICANTS MAP.

N

600 0 1200 FEET

FIGURE 2. SKETCH MAP OF SECTION 9, T. 13 N., R. 9 W., N.M.P.M., SHOWING EXISTING DRILL HOLES, LOCATION OF PROPOSED STAGE I DRILL HOLES, AND PROBABLE LOCATION OF STAGE II DRILL HOLES, FOOD MACHINERY AND CHEMICAL CORPORATION, McKINLEY COUNTY, NEW MEXICO.

RECEIVED
FEB 27 1956

Docket No. 3943

Commodity Uranium

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 932

Date of Contract ~~or amendment~~: March 21, 1956

Name and Address of Operator:

Food Machinery and Chemical Corporation
(Westvaco Mineral Products Division)
161 East 42nd Street
New York 17, New York

Amount of Government participation $53,946.00

Percent of Government participation 75 %

Region: III State: New Mexico

E. A. Talbut
(Name)
for J. L. Chambers, Chief
Contract Administration and
Audit Division
(Title)

Date Delivered to Bureau of Mines, Washington. 3/21/56

54458