JUN 2 9 1961

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: DMRA-3989 (Uranium)
Food Machinery and Chemical Corporation
Sec. 29, T. 13 N., R. 9 W.
McKinley County, New Mexico
Contract Idm-E933

The records of the Washington office are in agreement with yours as stated in the first paragraph of your memorandum dated June 26, 1961, with reference to the subject contract.

Although the Report of Royalty Review dated September 7, 1960, showed an overpayment of royalty at that time amounting to $908.24, subsequent royalty remittances merely have been sufficient to fully liquidate the repayment obligation under the contract.

The amount of $908.24 has not been refunded and no refund is in order.

George C. Selfridge

CEFisher/ama
June 29, 1961

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

Building 20 - Federal Center
Denver 25, Colorado

EXTRA COPY
O. M. E
RECEIVED JUN 28 1961
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June 26, 1961

Memorandum

To: George C. Belfridge, Chief
Division of Field Operations, OME
Washington 25, D.C.

From: Hugh M. Connors, Acting Field Officer, OME, Region III

Subject: Docket No. DMRA 3989 (Uranium)
Contract No. Km-E933
Food Machinery and Chemical Corporation
(Westvaco Mineral Products Division)
(Sec. 29, T. 13 N., R 9 W.)
McKinley County, New Mexico

Our records indicate that the $423.80 received from the Operator for royalty due on Liquidation No. 946-E pays this account in full.

The Report of Royalty Review dated September 7, 1960 showed an overpayment of royalty at that time amounting to $908.24. If this amount was not repaid to the Operator the overpayment still exists.

Original signed by

Hugh M. Connors

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

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Building 20 - Federal Center
Denver 25, Colorado

March 3, 1961

R. C. Kirchman, President
KSN Company, Inc.
P. O. Box 327
Grants, New Mexico

Re: DMEA-3989 (Uranium)
Contract Idm-E933
Food Machinery & Chemical Corp.
(Sec. 29, T. 13 N., R. 9 W.)
McKinley County, New Mexico

Dear Mr. Kirchman:

This will acknowledge receipt of your letter dated March 1, 1961 requesting the balance due on the captioned contract.

Our records, which are subject to audit, are as follows:

Amount the Government contributed	$ 46,839.10
Royalty paid to date through Liquidation No. 806A	43,235.06
Balance due	$ 3,604.04

Yours very truly,

Original signed by

Hugh M. Connors
Acting Field Officer, OME
Region III

HMC/lm
cc Chief, Division of Field Operations, OME (2)
with copy of Operator's letter dated March 1, 1961
E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Royalty Corres. E933
Chron

KSN Co., Inc.

P. O. BOX 337
GRANTS, NEW MEXICO

R. C. KIRCHMAN
PRESIDENT

J. W. SPENCER
VICE PRES.

OME
DEPARTMENT OF THE INTERIOR
MAR 1
REGION III
DENVER, COLORADO

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DATE	INITIALS	CODE
	W. A. NORINE	
	SEC.-TREAS.	

March 1, 1961
Re: IDM E 933
(DMEA Docket no. 3969)

Executive Officer
OME Field from Region 3
Office of Mineral Exploration
Building 20 Denver Federal Center
Denver 25, Colorado

Dear Sir:

It is Our understanding that this loan balance was $ 8,048.18 at the time it was assumed by KSN Company, Inc.

Since then the following payments have been made by KSN Company, Inc.

Paid by Phillips Petroleum Co. on behalf of KSN Co.		$ 137.44
Paid by KSN Company	11/20/'60	527.13
" " " "	12/20/'60	520.51
" " " "	12/20/'60	1,063.81
" " " "	1/20/'61	851.51
" " " "	3/1/'61	1,343.77
	Total Paid	$ 4,444.17

This then would have the following balance:

$ 8,048.18
4,444.17 Less

$ 3,604.01 Balance

We would appreciate it very much if you would check your records and see if we concur in this matter.

Sincerely Yours,

R.C.Kirchman - Pres.
KSN Company, Inc.

E 933

Food Machinery

E-933

For royalty payment of $851.51, dated January 26, 1961, see transmittal letter file.

For royalty payments of $520.51 and $1,063.81, dated December 27, 1960, see transmittal letter file.

E-933

For royalty payment of $13,771.80, dated December 21, 1960, see transmittal letter file.

E-933

For royalty payment of $527.13, dated December 7, 1960, see transmittal letter file.

DEC 7 1960

Mr. C. N. Holmes
Assistant Manager
Mining and Milling Department
Phillips Petroleum Company
Bartlesville, Oklahoma

Re: DNMA-3989 (Uranium)
Food Machinery and Chemical Corporation
Sec. 29, T. 13 N., R. 9 W.
McKinley County, New Mexico
Contract Icm-E933

Dear Mr. Holmes:

Our Denver office has reported that the data and additional royalty mentioned in my letter of October 12, 1960, to you, have not been received.

Will you please give this matter your prompt attention so that the royalty account may be placed on a current basis.

Sincerely yours,

(signed) FRANK E. JOHNSON

Acting Director

FMMurphy/gla
12-6-60
cc to: Director's Reading File
CA&A Division
Region III (2)
Code 500
Docket
Chron

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Building 20 - Federal Center
Denver 25, Colorado

December 1, 1960

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Hugh M. Connors, Acting Field Officer, OME, Region III

Subject: DMEA-3989 (Uranium)
Contract Idm-E933
Food Machinery & Chemical Corp.
(Sec. 29, T. 13 N., R. 9 W.)
McKinley County, New Mexico

This responds to your memorandum dated November 22, 1960 on the subject contract. The data and additional royalty have not been submitted to this office as requested in the Acting Director's letter dated October 12, 1960.

Original signed by

Hugh M. Connors

HMC/lm
cc: Royalty Corres E933
Chron

NOV 22 1960

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: DMEA-3989 (Uranium)
Food Machinery & Chemical Corp.
Sec. 29, T. 13 N., R. 9 W.
McKinley County, New Mexico
Contract Idn-8933

This is with reference to the Acting Director's letter of October 12, 1960, to Mr. C. N. Holmes, Assistant Manager, Mining and Milling Department, Phillips Petroleum Company, Bartlesville, Oklahoma, regarding an adjustment of the royalty account on production from the above-referenced property.

If the data and additional royalty have not been submitted by December 1, 1960, will you kindly advise this office and we will again write Mr. Holmes.

George C. Selfridge

FMMurphy/gla
11-22-60
cc to: Director's Reading File
Review Committee
Docket
Code ~~500~~ 800
Chron

E-933

For royalty payment of $19.66, dated October 24, 1960, see transmittal letter file.

OCT 12 1960

Mr. G. N. Holmes, Assistant Manager
Mining and Milling Department
Phillips Petroleum Company
Bartlesville, Oklahoma

Re: DMEA-3989 (Uranium)
Food Machinery & Chemical Corp.
Sec. 29, T. 15 N., R. 9 W.
McKinley County, New Mexico
Contract Idm-8935

Dear Mr. Holmes:

Your letter dated September 22, 1960, file reference SM-504, addressed to our Denver office states that the land under the referenced contract has been subleased to KSN Company, Inc., and all ores mined thereon are to be sold to your company at AEC Circular 5 prices. We would appreciate it if you would continue to withhold the Government's royalty and pay it directly to our Region III office at Denver, Colorado, as was done in connection with the August 1960 settlement covered by liquidation No. 647-H.

The Atomic Energy Commission has informed us that final settlements with your company for the value of yellow cake are made currently and that there are no longer any redeterminations of value on a quarterly or other interim basis, as was mentioned in my letter to you dated April 11, 1960. An adjustment of the royalty account to the basis of the value of yellow cake sold from production during the period your company operated the mine now appears to be in order.

Please submit a statement showing the computation of the additional royalty due, together with your check for the amount thus redetermined, to Mr. R. M. Connors, Acting Field Officer, OME, Region III, Building 20, Denver Federal Center, Denver 25, Colorado.

Sincerely yours,

(signed) FRANK E. JOHNSON

Acting Director

CEFisher/ama
October 11, 1960

Copy to: Docket
Director's Reading File
CA & A Division
Acting Field Officer, Region III (2)

E-933

For royalty payment of $137.43, dated September 27, 1960, see transmittal letter file.

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PHILLIPS PETROLEUM COMPANY

BARTLESVILLE, OKLAHOMA

MINING AND MILLING DEPARTMENT

September 22, 1960

Re: Our SM-504
Docket No. DMEA 3989
Contract No. Idm - E933
Sec. 29-13N-9W
McKinley County, New Mexico

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

OME
DEPARTMENT OF THE INTERIOR
SEP 26 1960
REGION III
DENVER, COLORADO

Dear Mr. Townsend:

We wish to advise that we have subleased the captioned land to KSN Company, Inc., P. O. Box 327, Grants, New Mexico. During the term of the sublease, they will be the owner of all ores they mine from the captioned land and are to sell us the ore at Circular 5 prices.

KSN is to pay the DMEA royalty direct to your office beginning with September sales. We are paying the DMEA royalty for their behalf on August sales.

Should you have any questions, please advise.

Very truly yours,

C. N. Holmes

C. N. Holmes, Ass't Manager
Mining and Milling Department

CNH:DEF:iw
cc: KSN Company, Inc.
A. A. Ruoho (r) D. C. Arnold
T. M. Hipp

W.O. (2)

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Office of Minerals Exploration, Washington, D. C., pertaining to Contract No. Idm-E953, Docket No. DMEA-3989 (Uranium), dated March 21, 1956, with

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

for the purpose of determining the amount of royalty due the U. S. Government on sales of minerals from property located in Sec. 29, T.13N., R.9W., McKinley County, New Mexico, during the period October 11, 1958, through August 22, 1960.

A certification of discovery or development was issued on January 17, 1957, and, in accordance with Article 8 of the contract, royalty is payable on all minerals mined or produced from the land described in Article 2 of the contract for a period of 10 years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A Report of Review in lieu of final audit dated January 9, 1957, indicated accepted costs under the exploration contract amounting to $62,452.13 with the Government's contribution, on a 75 percent basis, being $46,839.10.

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

This review established the total sales of uranium ore for the period to be $431,997.71. Royalty due the Government at rates specified in the contract is $18,307.64.

A prior Report of Royalty Review found the sales subject to Government royalty through October 10, 1958, to be $115,671.04 which added to the sales for this subsequent period make a total of $547,668.75. The royalty account as of October 10, 1958, was:

Total Royalty Due	$ 5,783.56
Total Royalty Paid	5,783.56
Balance of Royalty Due	$ -0-

At August 22, 1960, the royalty account of this project, on an ore basis, was found to be:

Total Royalty Due	$24,091.20
Total Royalty Paid	24,999.44
Overpayment of Royalty	$ 908.24*

* This amount should be retained by the Government for offset against any additional royalty found to be due when value of the production based on the value of "yellow cake" is determined.

September 7, 1960

C. E. Fisher

C. E. Fisher OME Auditor

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

Food Machinery and Chemical Corporation performed the exploration work and conducted mining operations on the property until April 1959. By agreement effective April 24, 1959, Phillips Petroleum Company acquired all of Food Machinery's interest in the land, has continued mining operations, and has paid royalty to the Government based on the value of uranium ore mined.

During the period of its operations, Food Machinery sold ore to licensed processors and paid royalty to the Government based on actual sales proceeds determined according to AEC price schedules. In addition, royalty was paid on the amount of the initial production bonus received from the AEC. A prior Report of Royalty Review dated October 13, 1958, relates to operations by Food Machinery for the period ended October 10, 1958.

Phillips Petroleum has continued to pay royalty computed on the value of uranium according to the AEC price schedules, even though that company is a processor of uranium ore under license with the AEC and sells its product in the form of "yellow cake". By letter dated April 11, 1960, the Acting Director, Office of Minerals Exploration, advised Phillips Petroleum that the royalty payments being made by it would be accepted as preliminary payments subject to adjustment to the basis of the value of production sold in the form sold as provided by Article 8(c) of the exploration contract and that the Government also retained its right to require the payment of royalty on unsold production as provided in Article 8(d) of the contract. Phillips Petroleum has not made any royalty payments based on the value of the production in the form sold as of the date of this report.

My review included incorporation of the results of the prior review and the recomputation and tabulation of copies of all settlement sheets received in the Washington office in support of royalty payments received during the period subsequent to the prior review. This tabulation is filed with my audit work-papers and is summarized on the attached Schedule "A". Improper computations of royalty, due to the use of incorrect percentages and the failure to include haulage allowances in the base on which the royalty was computed, resulted in the net overpayment of royalty, on an ore basis, amounting to $908.24 as shown on Schedule "B".

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

(1) Inspection reports by field representatives of the Government and other information available in the Washington office files indicate that all production from the property is being reported for royalty purposes and proper royalty has been paid on an ore basis except as noted above; and

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

Schedule "A"

Idm-8933 | DMEA-3989

Food Machinery and Chemical Corporation

Summary of Production, Sales and Royalty

Operator	Food Machinery and Chemical Corporation			Phillips Petr.	Totals
Period	3/21/56 to 10/10/58	10/11/58 to 4/23/59	Total	4/24/59 to 8/22/60	3/21/56 to 8/22/60
Production					
Ore - SWT	6,601.3650	11,260.8350	17,862.2000	23,871.2600	41,733.4600
" - SDT	6,472.3690	11,024.7635	17,497.1325	23,370.7245	40,867.8570
U_3O_8 - Pounds	27,729.28	39,305.91	67,035.19	73,231.85	140,267.04
" - Pounds excess 4#/SDT	2,454.20	330.79	2,784.99	-0-	2,784.99
V_2O_5 - Pounds	7,440.45	-0-	-0-	-0-	7,440.45
Proceeds					
U_3O_8 - Base payments	$ 94,824.85	$122,598.12	$217,422.97	$198,962.63	$416,385.60
" - Excess 4#/SDT	1,840.70	248.09	2,088.79	-0-	2,088.79
Development allowance	13,864.67	19,652.97	33,517.64	36,307.11	69,824.75
Haulage allowance	5,140.82	7,836.65	12,977.47	12,206.30	25,183.77
V_2O_5	-0-	-0-	-0-	-0-	-0-
Total Receiving Station payments	$115,671.04	$150,335.83	$266,006.37	$247,476.04	$513,482.91
AEC Production Bonus	-0-	34,185.84	34,185.84	-0-	34,185.84
Total value subject to royalty	$115,671.04	$184,521.67	$300,192.71	$247,476.04	$547,668.75
Royalty Due	$ 5,783.56	$ 8,601.34	$ 14,384.90	$ 9,706.30	$ 24,091.20
Royalty Paid	5,783.56	9,128.72	14,912.28	10,087.16	24,999.44
Overpayment of royalty (Schedule "B")	$ -0-	$ 527.38	$ 527.38	$ 380.86	$ 908.24

Idm-E933

DMEA-3989

Food Machinery and Chemical Corporation
List of Royalty Overpayments and Underpayments

Settlement Reference		SDT ore	Proceeds	Per SDT	Royalty Settlement: Paid by Opr. Rate	Paid by Opr. Amount	Should be Rate	Should be Amount	Over-payt. (Under-payt.)	
		Operations of Food Machinery and Chemical Corporation								
A-1055		1,620.6085	$16,700.44	$10.31	5%	$835.02	3½%	$584.02	$250.50	
A-1061		695.307	7,091.64	10.20	5%	354.58	3½%	248.21	106.37	
A-1078		1,043.8725	17,563.54	16.83	5%	878.18		)		
	Add: Haulage		832.07					)		
			$18,395.61	17.62			5%	919.78)	(41.60)	
A-1097		466.522	$ 8,067.95	17.29	5%	403.40		)		
	Add: Haulage		372.04					)		
			$ 8,439.99	18.09			5%	422.00)	(18.60)	
A-1089		933.3305	$12,764.86	13.68	5%	638.24		)		
	Add: Haulage		743.02					)		
			$13,507.88	14.47			5%	675.39)	(37.15)	
A		912.0000	$ 5,307.84	5.82	5%	265.39	1½%	79.62	185.77	
B		405.0000	2,345.46	5.82	5%	117.27	1½%	35.18	82.09	$527.38
		Operations of Phillips Petroleum Company								
216E		490.451	$ 4,654.04	$ 9.49	3%	$139.62	2½%	$116.35	$ 23.27	
240F		1,447.1245	13,802.33	9.54	3½%	483.08	3%	414.07	69.01	
241F		573.557	6,178.82	10.77	4½%	278.05	4%	247.15	30.90	
308J		931.0415	7,792.78	8.37	2%	155.86	1½%	116.89	38.97	
379L		468.3145	4,464.52	9.53	3½%	156.26	3%	133.94	22.32	
380L		645.9325	6,963.75	10.78	4½%	313.37	4%	278.55	34.82	
443A		1,963.9615	18,723.77	9.53	3½%	655.33	3%	561.71	93.62	
547D		651.8115	5,455.79	8.37	2%	109.12	1½%	81.84	27.28	
564E		224.011	2,133.86	9.53	2%	42.67	3%	64.02	(21.35)	
598F		1,149.7885	12,405.28	10.79	4½%	558.23	4%	496.21	62.02	380.86
		Total net overpayment of royalty								$908.24

MME Form 22
April 59

DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration

CHECK SHEET OF EXAMINING ENGINEER

Operator's Name Food Machinery & Chemical Corp.

Address 161 East 42nd Street

New York 17, New York

Exploration Contract No. E 933 Docket No.

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

8-22-60
Date

Hugh M. Connors
Mining Engineer

Extra

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Building 20 - Federal Center
Denver 25, Colorado

September 13, 1960

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

Re: Docket DMEA-3989 (Uranium)
Contract Idm-E933
Food Machinery and Chemical Corporation
(Sec. 29, T. 13N., R. 9W.)
McKinley County, New Mexico

Gentlemen:

Enclosed is your copy of the Report of Royalty Review dated September 7, 1960 covering the period October 11, 1958 through August 22, 1960.

Yours very truly,

Original signed by

Hugh M. Connors
Acting Field Officer
OME, Region III

Enclosures
HMC/lm
cc: E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Chief, Division of Field Operations (2)
Royalty Corres E933
Chron

SEP 9 1960

Memorandum

To: Acting Field Officer, Region III

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

Subject: DMEA-3989 (Uranium)
Food Machinery and Chemical Corporation
Sec. 29, T.13N., R.9W.
McKinley County, New Mexico
Contract Ida-8933

Attached are the original and two copies of a Report of Royalty Review on the above cited project. If you concur in the facts stated in the report distribution should be made as follows:

(a) Original of the report to the Fiscal Section, Division of Administrative Services, Office of the Secretary, Department of the Interior, Washington 25, D. C.;
(b) One copy to the Operator; and
(c) One copy for your file.

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

Attachments

CEFisher/ama
September 9, 1960

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

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

OFFICIAL FILE COPY
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August 22, 1960

Memorandum

To: E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Washington 25, D. C.

From: Hugh M. Connors, Acting Field Officer, OME, Region III

Subject: Docket No. DMEA-3989 (Uranium)
Contract Idm-E933
Food Machinery and Chemical Corporation
(Sec. 29, T. 13 N., R. 9 W.)
McKinley County, New Mexico
Check Sheet of Examining Engineer

In accordance with your request of August 19, 1960 we are enclosing Check Sheet of Examining Engineer on the subject contract.

Hugh M. Connors

Hugh M. Connors

Attachments

AUG 19 1960

Memorandum

To: Acting Field Officer, Region III

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

Subject: DMEA-3989 (Uranium)
Food Machinery and Chemical Corporation
Sec. 29, T. 13 N., R. 9 W.
McKinley County, New Mexico
Contract Idm-E933

This Division is in the process of preparing a Report of Royalty Review for the subject contract based on records in the Washington office.

Please furnish an original and one copy of the Check Sheet of Examining Engineer relating to this contract.

CEFisher/ama
August 19, 1960

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

E-933

For royalty payment of $558.23, dated July 22, 1960, see transmittal letter file.

E-933

For royalty payments of $423.80 and $832.62, dated June 26, 1961, see transmittal letter file.

E-933

For royalty payment of $1,060.57, dated May 12, 1961, see transmittal letter file.

E-953

For royalty payment of $1,287.05, dated April 11, 1961, see transmittal letter file.

E-933

For royalty payment of $1,343.77, dated March 3, 1961, see transmittal letter file.

E-933

For royalty payment of $88.67, dated June 27, 1960, see transmittal letter file.

E-933

For royalty payment of $258.07, dated May 23, 1960, see transmittal letter file.

E-933

For royalty payment of $514.98, dated April 25, 1960, see transmittal letter file.

800

APR 11 1961

Mr. G. H. Holmes
Assistant Manager
Mining and Milling Department
Phillips Petroleum Company
Bartlesville, Oklahoma

Re: Docket No. DMRA-3989 (Uranium)
Rand Machinery and Chemical Corporation
Sec. 29, T. 15 N., R. 9 W.
McKinley County, New Mexico
Contract No. IAM-[illegible]

Dear Mr. Holmes:

Your letter of February 16, 1960, to Mr. J. W. Townsend has been referred to this office for reply.

With respect to the last paragraph of your letter, Article 8(a) of the subject contract provides that the Government's royalty shall be a percentage of the gross proceeds from the production sold, in the form sold, at the point of delivery, with allowance for certain deductions from the gross proceeds made by the buyer. Hence, the requirement to pay royalties on sales of yellow cake produced conforms to the contract provisions for repayment of the Government's contribution. We have never granted a contract contemplating a specific form in which the product would be sold.

Mr. Townsend's letter dated January 28, 1960, stated in part that "Royalty settlements to date are accepted as preliminary payments subject to adjustment when the value of production in the form sold has been determined on a quarterly or other interim basis." Substantial amounts of royalty have been received since February 1956, so that approximately 30 percent of the Government advance has now been paid.

In view of this satisfactory repayment record, we will continue to accept royalty payments as in the past, with the understanding that they are preliminary payments and the Government does not waive its rights to require computation of the amount due based on value of production in the form sold, as provided in Article 8(c) of the

Mr. G. P. Jones
Industrial Manager
Mining and Milling Department
Phillips Petroleum Company
Bartlesville, Oklahoma

Re: Docket No. 2673-L-63 (Gasoline)
Wood Industry and Construction Corporation
Sec. 7b, T. 17 N., R. 8 E.
Pittsburg County, Ken Jones
Contract No. 1-8-2133

Dear Mr. Jones:

Your letter of January 15, 1964, to Mr. [illegible] has been referred to this office for reply.

This refers to the last paragraph of your letter, which [illegible] the most convenient procedure that the Commission's Tulsa staff [illegible] to a particular of the gross proceeds from the production sale, in the form only, at the rate of delivery, with allowance for certain deductions from the gross proceeds made by the Tulsa staff, and regulations for particular on sales of natural gas produced conforms to the practical procedures for responsible to the Commission's constitution. We have never granted a contract containing a specific form in which the product would be used.

Mr. Cameron's letter dated January 15, 1964, suggests in part that "royalty settlements to date are founded on preliminary agreements subject to adjustment when the value of production in the form which has been determined on a quarterly or other interim basis." Substantial amounts of royalty have been received since February 1, 1964, in just proportionately to payment of the Commission's assessment has been made.

In view of this satisfactory requirement record, we will continue to accept royalty payments as in the past, with the understanding that they are preliminary payments and the Commission does not waive its rights to require computation of the amount due based on value of production in the form sold, as provided in Article 4(c) of the

contract, or to require the payment of royalty on unsold production computed in the manner provided in Article 8(d). However, final settlement will be required on all sales of yellow cake at the time final settlement is made with the AEC or any other purchaser.

Sincerely yours,

(signed) FRANK E. JOHNSON

Acting Director

FMMurphy/fw-4/11/60

cc: Docket
Dir.Read.File
Reg. III (2)
CAAA Division
Code 500
Chron.

E-933

For royalty payment of $56.28, dated March 28, 1960, see transmittal letter file.

Docket copy

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SOLICITOR
WASHINGTON 25, D. C.

MAR 1960

To: Acting Director
Office of Minerals Exploration

From: Associate Solicitor
Division of Mineral Resources

Subject: Docket No. DMEA-1989 (Uranium)
Food Machinery and Chemical Corporation
Sec. 29, T. 13 N., R. 9 W.
McKinley County, New Mexico
Contract No. Ida-2933

The undated memorandum on this subject, dictated March 16, 1960, inquires whether the Government should accept the new bond furnished by the Phillips Petroleum Company, assignee of the Operator, Food Machinery and Chemical Corporation.

This inquiry is evidently made because the bond recited that "the principal [Phillips Petroleum Company] entered into a contract with the Government . . .", when as stated in the memorandum "the Government has no contract with the company."

Pursuant to Article 8(g) of the contract with the Food Machinery and Chemical Corporation, the Government has a lien upon the land or the Operator's interest therein to secure the payment of its percentage royalty. Also under Article 8(h), the Operator is required to give notice of the Government's claim for royalty to any purchaser of the minerals produced from the land, and authorizes and directs such purchaser to pay the royalty directly to the Government. The assignment dated July 18, 1959, from the Food Machinery and Chemical Corporation to Phillips Petroleum Company then provides:

> "In accepting this assignment Phillips Petroleum Company assumes and agrees to fully perform the obligations imposed upon Lessee under the terms and provisions of the aforementioned Mining Lease and Agreement which may accrue subsequent to the effective date of this assignment and agrees to hold Food Machinery and Chemical Corporation free and harmless therefor.

Assignee accepts this assignment subject to such right as the United States Government may have to a percentage royalty on production from the above described lands under Exploration Project Contract No. Idm-2933 and such lien as the Government may have for the payment thereof."

In view of the provisions of the contract and assignment discussed above, it is believed that the bond is adequate security to insure payment of the Government's royalty and should be accepted.

Charles M. Soller
Associate Solicitor
Division of Mineral Resources

Date stamped: MAR 16, 1960

Memorandum

To: Acting Associate Solicitor, Division of Mineral Resources

From: Acting Director, Office of Minerals Exploration

Subject: Docket No. [illegible] (Revision)
Fund Machinery and Chemical Corporation
Sec. 29, T. 13 N., R. 9 W.
McKinley County, New Mexico
Contract No. [illegible]

After the completion of the exploration work and certification of the project as a discovery or development, the Operator assigned its interest in the lease covering the subject land to the Phillips Petroleum Company, effective as of April 24, 1959. The Operator, Fund Machinery and Chemical Corporation, furnished a performance bond in lieu of a concurrent up bond.

The prospect producer, Phillips Petroleum Company, has submitted a new performance bond in its name as principal for $25,315.00, the balance remaining to be repaid to the Government. The bond, in part, states:

> "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 herein attached; ..."

The Government has no contract with the Phillips Petroleum Company. Under this condition, should the Government accept the new bond?

signed) FRANK E. JOHNSON

Acting Director

Attachment

(KCSelfridge/bb (3/16/60)
Copy to: Director's File
Director's Reading File
Frank E. Johnson
G. C. Selfridge
E. Dallas Talbert

QUADRUPLICATE Treasury Department Circular No. 945 - Rev., Supp. 1 (Third Amendment). Promulgated Sept. 11, 1957 by Treasury Department, Fiscal Service.

CERTIFICATE OF DEPOSIT
Standard Form 219

2-24-60 (Date sent)

83 (Deposit No.)

Identification of Accountable Officer Affected

(1) Office Deposit Symbol: 313

(2) For Consolidated Abstract of Treasury Regional Office at (city and state): Denver, Colo.

(3) The Sum of $ 4,613.58

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

(4) Classification of Deposit

Account Symbol	Amount	Account Symbol	Amount
14X4401	$ 4,613.58		$

(6) Department or Agency and address whose accounts are credited, IF OTHER THAN depositing agency.

(5)
14-23-040
Office of Minerals Exploration
224 New Customhouse
Denver 2, Colorado

Depositor's title, Department or Agency and address. If deposit is made for another accounting entity, identify in (6).

(7) SPACE BELOW TO BE USED BY DEPOSITARY ONLY. I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

Donnette
(Authorized signature)

FEB 24 1960
(Date of credit in Treasurer's account)

Depositary will date, sign and forward to depositor.

E933	Food Mach. & Chem.	655.33
E984	Pinnacle Expl. Co.	1,605.01
E1115	P. C. Mining Corp.	63.66
E1127	Mid-Continent Uranium Corp.	1,094.39
E1127	Mid-Continent Uranium Corp.	1,052.40
E1163	Jenkins & Hand	142.79

DENVER BRANCH
FEDERAL RESERVE BANK
1960 FEB 24 PM 12 58
MAIL DEPT-2

EXTRA COPY
C. M. E.
RECEIVED FEB 26 1960
DATE ... S | CO...
900

Bldg 20 - Federal Center
Denver 25, Colorado

February 23, 1960

Memorandum

TO: Chairman, Operating Committee, CME

From: Executive Officer, CME Field Team, Region III

Subject: Docket No. DMEA-3989 (Uranium), Contract No. Idm-E933, Food Machinery & Chemical Corp (Sec. 29, T 13 N, R 9 W), McKinley County, New Mexico

In reference to your memorandum of January 25, 1960 and my letter to Mr. Fryhofer, Phillips Petroleum Company dated January 28, 1960, enclosed is the reply from Phillips Petroleum Company dated February 18, 1960, including stated enclosure of a settlement sheet and copy of their mining agreement with K.S.N. Company.

The matter is forwarded for reply direct to Phillips Petroleum Company or advice to this office as to how we should proceed.

Original signed by

J. W. Townsend

Enclosures 4

EXTRA COPY
O. M. E
RECEIVED FEB 25 1960
DATE | INITIALS | CODE

Bldg 20 - Federal Center
Denver 25, Colorado

February 23, 1960

Mr. C. N. Holmes, Assistant Manager
Mining and Milling Department
Phillips Petroleum Company
Bartlesville, Oklahoma

Re: Docket No. DMRA-3989 (Uranium)
Contract No. Idm-E933
Food Machinery & Chemical Corp
(Sec. 29, T 13 N, R 9 W)
McKinley County, New Mexico

Dear Mr. Holmes:

In reference to my letter to Mr. Fryhofer dated January 28, 1960, your reply of February 18, 1960 is being forwarded to the Washington Office, OME for advice on your request to pay royalty on the basis of crude-ore value rather than that of yellow cake.

You will hear further in the matter either direct from the Washington Office, OME, or through this office.

Very truly yours,

Original signed by

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

JWT:mb

cc: Chem. Op. Comm.
Royalty corres E933
Chron

E-933

For Certificate of Deposit No. 74, dated January 28, 1960, giving royalty payment of $273.52, see E-345.

JAN 25 1960

Memorandum

To: Executive Officer, GMK Field Team, Region III

From: Chairman, Operating Committee, GMK

Subject: Docket No. DMEA-3969 (Uranium)
Read Machinery and Chemical Corporation
(Westvaco Mineral Products Division)
Sec. 20, T. 13 N., R. 9 W.
McKinley County, New Mexico
Contract No. 14n-2933

On September 24, 1959, the Field Team submitted two copies of an assignment to Phillips Petroleum Company, effective April 24, 1959, of the land subcontracted under the terms of the subject contract.

Beginning with the month of May 1959, the settlement statements for ore produced from the property show Phillips Petroleum Company as both the seller and buyer of the ore.

Hence, it appears that royalty on production should be based on the value of yellow cake sold in the same manner as was arranged with Climax Uranium Company (Docket No. DMEA-3514, Contract No. 14n-2873) and Pacific Uranium Mines Company (Docket No. DMEA-3928, Contract No. 14n-2926).

For the background on the Climax Uranium case, please refer to our letter of June 9, 1958, to you, and for Pacific Uranium, your letter of November 4, 1959, to Union Carbide Nuclear Company.

George C. Selfridge

APPROVED:

P. F. Yopes

Member, Bureau of Mines

Harold Kirkemo

Member, Geological Survey

FMMurphy/gla 1-18-60

cc to: Director's Reading File
Operating Committee
Harold Kirkemo, USGS
Docket
Chron
Code 300

E-933

For Certificate of Deposit No. 66, dated December 30, 1959, giving royalty payment of $1,463.55, see E-522.

E-933

For Certificate of Deposit No. 54, dated November 24, 1959, giving royalty payment of $71.12, see E-381.

E-933

For Certificate of Deposit No. 45, dated October 20, 1959, giving royalty payment of $1,979.49, see E-866.

E-933

For Certificate of Deposit No. 34, dated September 23, 1959, giving royalty payment of $4,167.92, see E-520.

EXTRA COPY O. M. E. RECEIVED SEP 1 1959		
DATE		CODE
		800

Building 20 - Federal Center
Denver 25, Colorado

September 11, 1959

Mr. S. A. Lloyd
Office Manager
Westvaco Mineral Products Division
Food, Machinery, & Chemical Corporation
Box 1608
Pocatello, Idaho

Re: Docket No. DMEA 3989 (Uranium)
Contract No. Idm-E933
Food, Machinery, & Chemical Corporation
Sec. 29, T 13 N, R 9 W
McKinley County, New Mexico

Dear Mr. Lloyd:

We were informed today by Mr. D. E. Fryhofer of the Phillips Petroleum Company, that they had acquired the lease on the ground subordinated under Contract No. Idm-E933. He requested advice as to the balance due the Government under the contract.

The requested information cannot be released to him until our files contain authorization from Food, Machinery, & Chemical Corporation or appropriate instruments are on file transferring the property subordinated under the contract to Phillips Petroleum Company, therefore, please forward two copies of the instrument that was executed to affect the transfer.

Very truly yours,

Original signed by

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

cc: Mr. D. E. Fryhofer
Phillips Petroleum Company
Bartlesville, Oklahoma

JWT/cg

cc: Chmn. Op. Comm. (2)
Roy. Corres., E933
Hasler
Chron.

TRIPLICATE Treasury Department Circular No. 945 - Rev., Supp. 1 (Third Amendment). Promulgated Sept. 11, 1957 by Treasury Department, Fiscal Service.

CERTIFICATE OF DEPOSIT

Standard Form 219

Identification of Accountable Officer Affected	
(1) Office Deposit Symbol: 9013	(2) For Consolidated Abstract of Treasury Regional Office at (city and state): Denver, Colorado

6/18/59 (Date sent)

162 (Deposit No.)

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

(3) The Sum of $ 1,041.64

(4) Classification of Deposit

Account Symbol	Amount	Account Symbol	Amount
14X4401	$ 1,041.64		$

(6) Department or Agency and address whose accounts are credited, IF OTHER THAN depositing agency.

(5)
14-23-040
Office of Mineral Exploration
224 New Custom House
Denver 2, Colorado

Depositor's title, Department or Agency and address. If deposit is made for another accounting entity, identify in (6).

(7) SPACE BELOW TO BE USED BY DEPOSITARY ONLY. I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

Stanley Margrave (Mrs)
(Authorized signature)

(Date of credit in Treasurer's account)

Depositary will date, sign and forward to depositor for his retained copy.

E-933 Farm Machinery 1,04464

OFFICIAL FILE COPY
O. M. E.
RECEIVED JUN 22 1959

DATE	INITIALS	CODE
		800

DENVER BRANCH
FEDERAL RESERVE BANK

1959 JUN 18 PM 12 02

MAIL DEPT-2

E-933

For Certificate of Deposit No. 129, dated March 31, 1959, giving royalty payment of $1,710.79, see E-360.

224 New Customhouse
Denver 2, Colorado
March 24, 1959

800

Mr. J. H. Glassagen,
Manager of Accounting
Westvaco Mineral Products Division
Food Machinery & Chemical Corporation
Chrysler Building - East
161 East 42nd Street
New York 17, N. Y.

Re: Docket No. DMEA 3989 (Uranium)
Contract Idm-R933, Food Machinery
& Chemical Company
(Sec. 29, T. 13 N., R. 9 W.)
McKinley County, New Mexico

Dear Mr. Glassagen:

A check with the Atomic Energy Commission records indicates that we have not received three copies of the settlement sheet, nor the royalty due on Liquidation No. A-1072, which shipment reportedly was made late in December 1958. The AEC records show that the shipment consisted of 2,195.187 dry tons of ore with a U_3O_8 content of 8,443.00 pounds.

Will you please forward this office three copies of the settlement sheet and your check for the amount of royalty due. The check should be made payable to the Office of Minerals Exploration, which is the successor to DMEA.

Very truly yours,
Original signed by
J. W. TOWNSEND

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

EMC/rf
cc: Chem. Op. Comm. (2)
Romslo
Royalty file, R933
BAR file R-933
Chron.

TRIPLICATE Treasury Department Circular No. 945 - Rev., Supp. 1 (Third Amendment). Promulgated Sept. 11, 1957 by Treasury Department, Fiscal Service.

CERTIFICATE OF DEPOSIT
Standard Form 219

Identification of Accountable Officer Affected

(1) Office Deposit Symbol: 9013

(2) For Consolidated Abstract of Treasury Regional Office at (city and state): Denver, Colo.

3/13/59 (Date sent)

122 (Deposit No.)

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

(3) The Sum of $ 2,287.64

(4) Classification of Deposit

Account Symbol	Amount	Account Symbol	Amount
14X4401	$ 2,287.64		$ E-932

(6) Department or Agency and address whose accounts are credited, IF OTHER THAN depositing agency.

(5)
14-23-040
Office of Minerals Exploration
224 New Customhouse
Denver 2, Colo.

Depositor's title, Department or Agency and address. If deposit is made for another accounting entity, identify in (6).

(7) SPACE BELOW TO BE USED BY DEPOSITARY ONLY. I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

(Authorized signature)

MAR 13 1959

(Date of credit in Treasurer's account)

Depositary will date, sign and forward to depositor for his retained copy.

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAR 16 1959

DATE	INITIALS	CODE
3/16	C	220
		800
	13 PM 1	02

E-981	Mercury Uranium & Oil Corporation	$ 19.00
E-933	Food Machinery & Chemical Corp.	1,709.29
E-1198	Jen, Inc.	559.35
		$2,287.64

224 New Customhouse
Denver 2, Colorado

March 11, 1959

EXTRA COPY
O. M. E.
RECEIVED MAR 13 1959

DATE	INITIALS	CODE
		800

Mr. J. H. Glaessgen,
Manager of Accounting
Westvaco Mineral Products Division
Food Machinery & Chemical Corporation
Chrysler Building - East
161 East 42nd Street
New York 17, N. Y.

Re: Docket No. DMEA 3939 (Uranium)
Contract IGm-E933, Food Machinery
& Chemical Corporation
(Sec. 29, T 13 N., R. 9 W.)
McKinley County, New Mexico

Dear Mr. Glaessgen:

As noted in the First Report of Royalty Review forwarded you October 24, 1958, $1,736.70 is the amount of bonus royalty due the Government when you collect your production bonus from the Atomic Energy Commission.

If the production bonus has now been paid by the Atomic Energy Commission, will you please forward this office your check for $1,736.70, which amount will clear the total bonus royalty due.

Very truly yours,

Original signed by
J. W. TOWNSEND

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

RMC/ff

cc: Chmn.OP. Comm. (2)
Harshman
Romslo
Royalty file E933
Chron.

QUADRUPLICATE. Treasury Department Circular No. 945 - Rev., Supp. 1 (Third Amendment). Promulgated Sept. 11, 1957 by Treasury Department, Fiscal Service.

CERTIFICATE OF DEPOSIT

Standard Form 219

Identification of Accountable Officer Affected

(1) Office Deposit Symbol: 9013

(2) For Consolidated Abstract of Treasury Regional Office at (city and state) Denver, Colo.

2/26/59 (Date sent)

115 (Deposit No.)

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

(3) The Sum of $ 878.18

(4) Classification of Deposit

Account Symbol	Amount	Account Symbol	Amount
14X4401	$ 878.18		$

(6) Department or Agency and address whose accounts are credited, IF OTHER THAN depositing agency.

(5)
14-23-040
Office of Minerals Exploration
224 New Customhouse
Denver 2, Colo.

Depositor's title, Department or Agency and address. If deposit is made for another accounting entity, identify in (6).

(7) SPACE BELOW TO BE USED BY DEPOSITARY ONLY. I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

(Authorized signature)

FEB 26 1959
(Date of credit in Treasurer's account)

Depositary will date, sign and forward to depositor.

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAR 2 1959

DATE	INITIALS	CODE
3/3/59	S.G.	335
		800

1959 FEB 26 PM 12 04

E-933 Final
Drawing entry
Check
878.18

For Certificate of Deposit No. 91, dated December 30, 1958, giving royalty payment of $1,866.42, see E-827.

For Certificate of Deposit No. 84, dated November 28, 1958, giving royalty payment of $891.72, see E-649.

EXTRA COPY
O. M. E.
RECEIVED [illegible]

224 New Customhouse
Denver 2, Colorado

October 21, 1958

Mr. J. E. Glassagen,
Manager of Accounting
Westvaco Mineral Products Division
Food Machinery and Chemical Corporation
Chrysler Building East
161 East 42nd Street
New York 17, New York

Re: Docket DMEA 3989 (Uranium)
Contract Idm-E933
Food Machinery and Chemical Corp.
(Sec. 29, T 13 N, R 9 W)
McKinley County, New Mexico

Dear Mr. Glassagen:

This will acknowledge receipt of your check for $1,030.68, applicable to Liquidation No. A-1049.

The correct amount of royalty due the Government on Liquidation No. A-1049 is 5% of $21,747.67, which is $1,087.38. Will you please forward this office your check for $56.70, which is the balance of royalty due the Government for your August shipments.

Very truly yours,

Original signed by
E. N. HARSHMAN

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

HMC:jy

cc: Chm. Op. Comm. (2)
Harshman
OME, TUC
Royalty File E933
Chron.

TRIPLICATE Treasury Department Circular No. 945 - Rev., Supp. 1 (Third Amendment). Promulgated Sept. 11, 1957 by Treasury Department, Fiscal Service.

CERTIFICATE OF DEPOSIT
Standard Form 219

10/21/58 (Date sent)

64 (Deposit No.)

Identification of Accountable Officer Affected

(1) Office Deposit Symbol: 9013

(2) For Consolidated Abstract of Treasury Regional Office at (city and state): Denver, Colo.

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

(3) The Sum of $ 1,030.68

(4) Classification of Deposit

Account Symbol	Amount	Account Symbol	Amount
14X4401	$1,030.68		$

(6) Department or Agency and address whose accounts are credited, IF OTHER THAN depositing agency.

(5)
14-23-040
Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colo.

Depositor's title, Department or Agency and address. If deposit is made for another accounting entity, identify in (6).

(7) SPACE BELOW TO BE USED BY DEPOSITARY ONLY. I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

Bennett
(Authorized signature)

OCT 21 1958
(Date of credit in Treasurer's account)

Depositary will date, sign and forward to depositor for his retained copy.

E-933 Ford
Machinery &
Chemical Corporation 1, 030.68

OFFICIAL FILE COPY
O. M. E.
RECEIVED OCT 24 1958

DATE	INITIALS	CODE
10/24	C	220
		800

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

FIRST REPORT OF ROYALTY REVIEW

I have reviewed the files of the Executive Officer, OME Field Team, Region III, Denver, Colorado, pertaining to Contract Idm-1933, Docket DMEA 3989 (Uranium) dated March 21, 1956, with

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

for the purpose of determining the amount of royalties due the United States Government on the sale of Uranium bearing ores produced from Sec. 29, T 13 N, R 9 W, N.M. P.M., in the Grants-Bluewater Mining District, McKinley County, New Mexico, during the period March 21, 1956, through October 10, 1958.

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

My review established the total sales of Uranium bearing ores for this period to be $115,671.04. (See Schedule No. 1 attached.) Pending certification by Atomic Energy Commission for production bonus, will, when completed, add $34,734.24 to the value of the foregoing sales. Royalty due the United States Government at the contract rate of 5 percent is $5,783.56. Additional royalty of $1,736.70 will be due the Government when the Operator collects the A.E.C. production bonus.

The royalty paid and the balance due are as follows:

Total royalty due	$5,783.56
Total royalty paid	5,783.56
Balance Due	$ 0.00

(See Schedule No. 2 for additional royalty which will be due when Operator collects A.E.C. production bonus.)

Donald T. Finch
Donald T. Finch, OME Auditor

October 13, 1958

STATUS OF THE PROJECT, DESCRIPTION OF REVIEW
AND REASONS THEREFOR

CONTRACT NO. Idm-E933 DOCKET NO. EMEA-3989

The exploration work under the contract has been completed. A Certificate of Discovery or Development was issued on January 17, 1957, and according to the terms of the contract, royalty is payable on all minerals mined or produced from the land described in Annex I, Article 2, for a maximum period of 10 years from the date of the contract.

A Report of Review in lieu of final audit, dated January 9, 1957, indicated accepted costs under the exploration contract amounting to $62,452.13, with the Government's contribution on a 75 percent basis being $46,839.10.

The Operator advised that as of October 1, 1958, its application for A.E.C. production bonus was still pending.

My review included a tabulation and recomputation of all ore settlement sheets in the files of the Executive Officer, OME Field Team, Region III, for the period March 21, 1956 through October 10, 1958, and correspondence with the Chief of Accounting Branch, Finance Division, Field Operations Office, Atomic Energy Commission, Grand Junction, Colorado.

The producer's reported sales were reconciled with the production records maintained by A.E.C. Royalties paid were reconciled with the OME Finance Office, Denver, Colorado.

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

(a) All reported production was reconciled with records of the Atomic Energy Commission.

(b) The Examining Engineer is of the opinion all sales of production are accounted for.

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

Schedule No. 1

FOOD MACHINERY AND CHEMICAL COMPANY

CONTRACT Idm-E933 DOCKET IDMA 3989

SUMMARY OF PRODUCTION, SALES AND ROYALTIES

Purchaser	Lucius Pitkin, Inc.	Anaconda	Total
Period	3/21/56 to 2/25/58	2/26/58 to 10/10/58	3/21/56 to 10/10/58
Gross Weight, Pounds	91,660	13,111,070	13,202,730
Dry Weight, Pounds	88,821	12,855,916	12,944,737
Dry Weight, Tons	44.411	6,427.958	6,472.369
Assays: Average			
U_3O_8	.35	.2133	.2142
V_2O_5	-	Trace	Trace
Pounds U_3O_8	310.86	27,418.42	27,729.28
Base Payment U_3O_8	$1,088.07	$ 93,736.78	$ 94,824.85
Development Allowance	$ 155.44	$ 13,709.23	$ 13,864.67
Premiums:			
Excess of 4 lbs. U_3O_8 per Ton			
Excess Pounds U_3O_8	133.20	2,321	2,454.20
Amount of Premium @ 75¢ per excess lb.	$ 99.92	$ 1,740.78	$ 1,840.70
Haulage Allowance			
Number of Wet Tons	45.83	6,555.535	6,601.365
Average Allowance per Ton	.60	.78	.78
Amount of Haulage Allowance	$ 27.50	$ 5,113.32	$ 5,140.82
Pounds of V_2O_5	-	7,440.45	7,440.45
Payments V_2O_5	-	-	-
Total Receiving Station Payments	$1,370.93	$114,300.11	$115,671.04
A.E.C. Production Bonus (Collection pending certification by A.E.C.)	1,088.07	33,646.17	34,734.24
Total Value Subject to Royalty	$2,459.00	$147,946.28	$150,405.28
Average Value per Dry Ton	$ 55.37	$ 23.02	$ 23.24
Royalty Percentage	5%	5%	5%
Royalty Due	$ 68.55	$ 5,715.01	$ 5,783.56
Royalty Paid	68.55	5,715.01	5,783.56
Balance Royalty Due	$ 0.00	$ 0.00	$ 0.00

Note: See Schedule No. 2 for Balance of Royalty Due when A.E.C. Production Bonus collected.

The last liquidation settlement sheet in above is Anaconda No. A 1039 dated July 23, 1958.

The last Certificate of Deposit in above is 59-50 dated September 23, 1958.

Schedule No. 2

FOOD MACHINERY AND CHEMICAL COMPANY

CONTRACT Idm-E933 DOCKET EMRA 3989

SCHEDULE OF BALANCE OF ROYALTY THAT WILL BE DUE
WHEN OPERATOR COLLECTS A.E.C. PRODUCTION BONUS

Date 1958	Purchaser	Liquidation No.	Balance of Royalty
2/11	Lucius Pitkin, Inc.	4434	$ 54.40
2/26	Anaconda	A 985	615.21
3/26	Anaconda	A1005	854.29
4/26	Anaconda	A1023	212.80

Total Balance of Royalty Due when Operator Collects Production Bonus from Atomic Energy Commission $1,736.70

CHECK SHEET OF EXAMINING ENGINEER

Operator's Name **Food Machinery and Chemical Corporation (Westvaco Mineral Products Division)**

Address **P. O. Box 250**

Pocatello, Idaho

Sec. 29, T 13 N, R 9 W, NMPM - McKinley County, N. M.

Exploration Contract No. Idm-E933 Docket No. DMEA-3989

Uranium

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

8. Comment on any item 2(b) to 6, if answer is No.

* All shipments comprise blended ores from separate stockpiles of high- and low-grade material.

Date 10/10/58

T M Romslo

Mining Engineer

T. M. Romslo

OCT 21 1958

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

Re: Docket No. DMEA-3989 (Uranium)
Food Machinery & Chemical Corporation
Contract No. Idm-E933

Dear Mr. Finch:

Your Report of Royalty Review covering the referenced project is acceptable and normal distribution is authorized.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers
Contract Administration
and Audit Division

GMcCarthy/GMcC
October 21, 1958

cc: Docket
Director's Reading File
Mr. Chambers

224 New Customhouse
Denver 2, Colorado
September 23, 1958

800

Mr. J. H. Glaessgen, Manager of Accounting
Westvaco Mineral Products Division
Food Machinery and Chemical Corporation
161 East 42nd Street
New York 17, N. Y.

Re: Docket No. DMEA 3989 (Uranium)
Contract No. Idm-E933
Food Machinery and Chemical Corp.
(Sec. 29, T 13 N, R 9 W)
McKinley County, New Mexico

Dear Mr. Glaessgen:

Your checks for $904.46 and $339.08, which you stated covered the Government royalty on your June and July production on the captioned property, have been received. Please forward this office three copies of each settlement sheet covering the June and July production.

If the June proceeds amounted to $18,641.75, as stated in your letter of September 19, 1958, the royalty would be $932.09 instead of $904.46, which leaves a balance of $27.63 due the Government.

Please address all future correspondence, checks, and settlement sheets to Office of Minerals Exploration, Room 224, New Customhouse, Denver, Colorado.

Very truly yours,

Original signed by
E. N. HARSHMAN

E. N. Harshman

HMC:bh
cc: OME/Wash.D.C.(2)
Harshman
OME/TUC
Roy. File E-933
Chron.

TRIPLICATE Treasury Department Circular No. 945 - Rev., Supp. 1 (Third Amendment). Promulgated Sept. 11, 1957 by Treasury Department, Fiscal Service.

CERTIFICATE OF DEPOSIT
Standard Form 219

Identification of Accountable Officer Affected

(1) Office Deposit Symbol: 9013

(2) For Consolidated Abstract of Treasury Regional Office at (city and state): Denver, Colo.

9/23/58 (Date sent)

50 (Deposit No.)

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

(3) The Sum of $ 1,243.54

(4) Classification of Deposit

Account Symbol	Amount	Account Symbol	Amount
14X4401	$ 1,243.54		$

(6) Department or Agency and address whose accounts are credited, IF OTHER THAN depositing agency.

(5)
14-23-040
Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colorado

Depositor's title, Department or Agency and address. If deposit is made for another accounting entity, identify in (6).

(7) SPACE BELOW TO BE USED BY DEPOSITARY ONLY. I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

(Authorized signature)

SEP 23 1958
(Date of credit in Treasurer's account)

Depositary will date, sign and forward to depositor for his retained copy.

OFFICIAL FILE COPY
DMEA
RECEIVED SEP 26 1958
DATE
9/26
3.9
223
800

E-933	Food Machinery & Chemical Corporation	$ 339.08
E-933	Food Machinery & Chemical Corporation	904.46
		$1,243.54

1958 SEP 23 PM 11 47

224 New Customhouse
Denver 2, Colorado

800

September 5, 1958

Mr. J. H. Glaessgen, Manager of Accounting
Westvaco Mineral Products Division
Food Machinery and Chemical Corporation
161 East 42nd Street
New York 17, N. Y.

Re: Docket No. DMEA 3989 (Uranium)
Contract No. I6m-E933
Food Machinery and Chemical Corp.
(Sec. 29, T 13 N, R 9 W)
McKinley County, New Mexico

Dear Mr. Glaessgen:

Your letter of July 18, 1958, advised us that although requests had been made for AEC bonus payments, none have been received.

Please advise us of the progress of your application to receive such bonus payments from AEC. If you have been declared eligible to receive bonus payments, then royalty is due on the production listed in our letter of July 8, 1958, as well as any other production not reported.

Very truly yours,

Original signed by
J. W. TOWNSEND

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

MHM:bh
cc: Chmn. Op. Comm.(2)
Harshman
DMEA/TUC
Roy. File E-933
Chron.

For Certificate of Deposit No. 13, dated July 22, 1958, giving royalty payment of $1,482.09, see E-360.

FOOD MACHINERY AND CHEMICAL CORPORATION

CHEMICAL DIVISIONS

DMEA
DEPARTMENT OF THE INTERIOR

JUL 23 1958
REGION III
DENVER, COLORADO

161 EAST 42ND STREET
NEW YORK 17, N. Y.

July 18, 1958

Mr. J. W. Townsend
Alternate Acting Executive Officer
DMEA Field Team, Region III
U. S. Department of the Interior
Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colorado

800

Re: Docket No. DMEA 3989 (Uranium)
Contract No. IDm-E933
Food Machinery and Chemical Corp.
(Sec. 29, T 13 N, R 9 W)
McKinley County, New Mexico

Dear Mr. Townsend:

We have investigated the points mentioned in your letter of July 8, 1958 and find that application has been filed for bonus refund on ore removed from the above section.

We have not, however, received collection, even though we have made several requests for payment.

In view of this, we wish to defer making bonus royalty payments to you until we receive the payment for the amount applied for.

Very truly yours,

J. H. Glaessgen

J. H. Glaessgen

JHG:mw

Reg III NOTE: WILL INQUIRE AGAIN IN 30 DAYS.

PHOTO CY TO
LETTIER OPR COMM-2
HARSHMAN
DMEA/DFC
DMEA/TUC

ROYALTY FILE 8933

EXTRA COPY

RECEIVED

DATE 800

224 New Customhouse
Denver 2, Colorado

July 8, 1958

Mr. J. H. Glassagen, Manager of Accounting
Westvaco Mineral Products Division
Food Machinery and Chemical Corporation
161 East 42nd Street
New York 17, N. Y.

Re: Docket No. DMEA 3989 (Uranium)
Contract No. IAm-E933
Food Machinery and Chemical Corp.
(Sec. 29, T 13 N, R 9 W)
McKinley County, New Mexico

Dear Mr. Glassagen:

A review of your royalty account indicates that an amount of $1,736.80 is due as royalties on ARC bonus payments received or eligible for receipt by you on the following production:

LIQ. NO.	BONUS PAYMENT	BONUS ROYALTY DUE
A985	$12,304.72	$ 615.21
4494	1,090.07	54.50
A1005	17,085.86	854.29
A1014	4,256.09	212.80
	TOTAL:	$1,736.80

Your check in the amount of $1,736.80 should be made payable to Defense Minerals Exploration Administration and mailed at once to the Executive Officer, DMEA Field Team, Region III, 224 New Customhouse, Denver 2, Colorado.

Very truly yours,

Original signed by
J. W. TOWNSEND

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

MHM:bh
cc: Chairman, Op. Comm.(2)
Harshman
DMEA/DFC (2)
Royalty File
Chron.

E-933

For Certificate of Deposit No. 140, dated June 11, 1958, giving royalty payment of $1,177157, see E-445.

E-933

For Certificate of Deposit No. 126, dated April 29, 1958, giving royalty payment of $1,068.30, see E-522.

TRIPLICATE Treasury Department Circular No. 945 - Rev., Supp. 1 (Third Amendment). Promulgated Sept. 11, 1957 by Treasury Department, Fiscal Service.

CERTIFICATE OF DEPOSIT
Standard Form 219

4/15/58 (Date sent)

119 (Deposit No.)

Identification of Accountable Officer Affected

(1) Office Deposit Symbol: 9013

(2) For Consolidated Abstract of Treasury Regional Office at (city and state): Denver, Colo.

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

(3) The Sum of $ 812.06

(4) Classification of Deposit

Account Symbol	Amount	Account Symbol	Amount
14X4401	$ 812.06		$

(6) Department or Agency and address whose accounts are credited, IF OTHER THAN depositing agency.

E-925

(5) 14-23-040
Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colorado

Depositor's title, Department or Agency and address. If deposit is made for another accounting entity, identify in (6).

(7) SPACE BELOW TO BE USED BY DEPOSITARY ONLY. I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

L. Jones
(Authorized signature)

APR 15 1958
(Date of credit in Treasurer's account)

Depositary will date, sign and forward to depositor for his retained copy.

E-933 Food Machinery & Chemical Corp. 812.06

RECEIVED APR 18 19

DATE	INITIALS	CC
4/18/	J.H.	225

1958 APR 15 AM 11 50

EXTRA COPY
DMEA
RECEIVED 21
DATE CODE
800

224 New Customhouse
Denver 2, Colorado
April 15, 1958

Mr. L. R. Carbon
Westvaco Minerals Products Division
Food Machinery and Chemical Corp.
Chrysler Building East
161 East 42nd Street
New York 17, N. Y.

Re: Docket No. DMEA 3989 (Uranium)
Contract Idm-E933, Food Machinery and Chemical Corporation (Sec. 29, T13N, R9W) McKinley County, New Mexico

Dear Mr. Carbon:

We have received your letter of April 10, 1958, enclosing one copy of settlement sheet Liquidation No. A-985, covering 600.237 short tons of production, and your check for $812.06. Of this amount you intend that $744.89 be credited as royalties on 600.237 short tons of production and $67.17 be credited on 44.11 tons of production, the settlement sheet for which has not been submitted.

Your letter shows that royalty was computed excluding haulage allowance. Article 8 of the contract provides that the Government shall be paid a royalty on the value of ore sold, which includes all allowances, bonuses and premiums. Accordingly, the royalty due on production covered by settlement sheet Liquidation No. A-985 is $766.89. You submitted a payment of $744.89 for this production. A balance of $22 in additional royalties is due.

Your attention is called to this article of the contract so that future royalty will be based on the "gross proceeds" as defined in the contract.

Please provide this office with three copies of each settlement sheet with future royalty payments. We would also appreciate advice as to the status of your eligibility to receive AEC initial production payments.

Very truly yours,

Original signed by
E. N. HARSHMAN
E. N. Harshman
Acting Executive Officer
DMEA Field Team, Region III

MHM:dp
cc: Sec. Op. Comm. (2)) W/cy
Harshman) oper.
DMEA/DFC (2)) letter
Royalty) 4-10-58

FOOD MACHINERY AND CHEMICAL CORPORATION

WESTVACO MINERAL PRODUCTS DIVISION

CHRYSLER BUILDING EAST
161 EAST 42ND STREET
NEW YORK 17, N. Y.
TELEPHONE MURRAY HILL 7-7400

April 10, 1958

Defense Mineral Exploration Administration
Bureau of the Department of the Interior
Executive Officer
Denver, Colorado

Gentlemen:

We are enclosing our check in the amount of $812.06 as our first DMEA royalty payment re contract IDM-E933, Section T13N, R9W #29 which was calculated as follows:

44.411 short tons @ $30.25 gross = $1,343.43 @ 5% =	$ 67.17
600.237 short tons @ $24.81999 gross = $14,897.88 @ 5% =	744.89
Total DMEA royalty	$812.06

Please note that we have attached a copy of the ore settlement sheet from the Anaconda Company pertaining to the 600.237 short tons indicated in the above calculation. As soon as it is available, the ore settlement sheet from Lucius Pitkin (44.411 short tons) will be promptly mailed to complete your records.

Very truly yours,

WESTVACO MINERAL PRODUCTS DIVISION
Food Machinery and Chemical Corporation

L.R. Carbon
Manager of Accounting

LRC:js
Enc.

DMEA
DEPARTMENT OF THE INTERIOR
APR 1 1958
REGION III
DENVER, COLORADO

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

RECEIVED JAN 14 1957 D.M.E.A.

I have reviewed the Monthly Reports of:

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

pertaining to Exploration Project Contract No. Idm-E933, Docket No. [illegible], for the months of April, 1956 to October, 1956, inclusive, covering a project for the exploration of Uranium on property known as Sec. 29, T.13 N., R.9 W., located in McKinley County, New Mexico.

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

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

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

(b) the Monthly Reports were supported by documentary proof of the costs claimed under the contract provision for contribution by the Government on the basis of actual costs incurred;

(c) a major portion ($51,552.65) of the costs incurred covered work performed at unit rates under independent contract; and

(d) the balance ($10,899.48) 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		$62,497.64
Exceptions (schedule attached)		
By DMEA Finance Officer	$43.92	
Herewith	1.59	45.51
Total Accepted Cost		$62,452.13

The contract calls for a 75% participation of exploration expenses by the U. S. Government. Therefore, payment to the contractor by the Government in the amount of Forty-six thousand, eight hundred thirty-nine and 10/100ths Dollars

** $46,839.10 **

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.

T. H. Brading, Auditor

January 9, 1957

SCHEDULE OF EXCEPTIONS

FOOD MACHINERY AND CHEMICAL CORPORATION

Contract No. Idm-8933 | Docket DMRA-3989

MAY

CORE DRILLING

Amount claimed by Operator 968 feet @ $3.57 per foot	$3,454.76	
Operator reported 40 feet of core drilling on Hole C2		
Drillers' log shows 24 feet. Disallowed 16 feet		
968 feet claimed		
16 feet disallowed		
952 feet allowed at maximum $3.50	3,332.00	
Amount Disallowed		$122.76
In April Operator reported and was allowed 35 ft. @ $3.57	$124.95	
Maximum allowable 35 feet @ $3.50 per foot	122.50	
Amount Disallowed		2.45

NON-CORE DRILLING

Hole A7 Operator reported 183 feet of non-core drilling. Drillers' log shows 173 feet. Disallowed 10 ft. @ 75¢ per ft.	7.50	7.50
3 hours standby time is included in reported cost of non-core drilling. No specific allowance is made in contract for standby time. This is considered as a part of incidental allowance and is disallowed.		
3 hours standby time @ $12.00 per hour	36.00	
Operator has included the cost of one month water permit in the cost reported for non-core drilling. 94.64% of the acceptable footage reported is non-core; therefore, only 94.64% of the cost of water permit is acceptable. Amount to be disallowed: $100.00 minus $94.64	5.36	
New Mexico school tax on the amount reported for core drilling is $67.76. Operator reported $66.76 and the difference is reported with the cost of non-core drilling, thereby overstating that item $1.00, which is therefore disallowed.	1.00	

INCIDENTAL ALLOWANCE

Operator claimed 17,910 feet @ 18¢		
16 feet of core drilling disallowed		
10 feet of non-core drilling disallowed		
26 feet disallowed @ 18¢ per foot, or	4.68	47.04
TOTAL DISALLOWED MAY, 1956		$179.75
Operator adjustments		137.39
Balance Not Adjusted		$ 42.36

JUNE

Footage of 10 feet allowable maximum administratively determined as allowable penetration to penetrate through Todilto limestone interval which overlies Entrada sandstone formation. Disallowed excess of

12 feet @ 90¢ per foot	$ 10.80	
124 feet @ 75¢ per foot	93.00	
136 feet	$103.80	
New Mexico School Tax 2%	2.08	
	$105.88	
Incidental allowance		
136 feet @ 18¢ per foot	$ 24.48	
Disallowance for June		$130.36

JULY

Disallow 36 feet of non-core drilling for same reason as cited for June disallowance

136 feet at invoice cost plus 2% New Mexico school tax	$ 28.46	
Incidental allowance		
36 feet @ 18¢ per foot	6.48	
Disallowance for July		34.94
Total disallowance for June and July		$165.30
Disallowance for June and July as adjusted by Operator in August		163.74
Difference		$ 1.56

Total disallowances made by Finance Officer May through July	$345.05	
Adjustment made by Operator May through July	301.13	
Net disallowance made by Finance Officer not adjusted by Operator		$43.92

Disallowances made by Finance Officer were reviewed with Executive Officer by Auditor, who concurs in disallowances as established, with additions as noted below. Additional disallowances made by Auditor: -

New Mexico school tax at 2% claimed on following items, not disallowed by Finance Officer:

Non-core drilling 10 feet @ 75¢ per foot	$ 7.50	
Standby time, 3 hours @ $12.00 per hour	36.00	
Net amount disallowed on water permit	5.36	
	$48.86	
2%		.98

July disallowance of 36 feet non-core drilling established at average invoice cost plus New Mexico school tax		$28.46	
Actual disallowance should be			
10 feet @ 90¢	$ 9.00		
26 feet @ 75¢	19.50		
	$28.50		
2% New Mexico school tax	.57	29.07	
Difference			.61
Total Disallowance by Auditor			$1.59
			1.59
TOTAL DISALLOWED			$45.51

JAN 14 1957

Mr. Thomas H. Frading
DCAA Auditor
224 New Customhouse Building
Denver 2, Colorado

Re: Report of Review
Idm-7933, DCAA-3989
Food Machinery and
Chemical Corporation

Dear Mr. Frading:

Receipt is acknowledged of your Report of Review covering the above-cited project.

The Report is acceptable and normal distribution is authorized.

Sincerely yours,

Jay L. Chambers, Chief
Contract Administration
and Audit Division

WHorovies/wb
January 14, 1957

Copy to: Docket
Admr. Reading File
Mr. Chambers

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

OFFICIAL FILE COPY
DMEA
RECEIVED JAN 1957

DATE	INITIALS	CODE

224 New Customhouse
Denver 2, Colorado

January 18, 1957

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA 3989 (Uranium), Contract No. Idm-E933, Food Machinery and Chemical Corporation, Westvaco Mineral Products Division (Sec. 29, T 13 N, R 9 W), McKinley County, New Mexico - FINAL PAYMENT

Reference is made to our memorandum of December 5, 1956, whereby we transmitted the final form MF-104, Operator's Monthly Report and Voucher, for the month of October, 1956, 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 costs by the Contract Administration and Audit Division, dated January 9, 1957.

Basis for Final Payment

Total accepted cost ----------	$62,452.13
Government participation at 75% ------	46,839.10
Total prior payments ----------	46,340.29
Balance due the Operator ----------	$ 498.81.

Original signed by
W. M. TRAVER

W. M. Traver

JDC:prl

498.81

cc: Chairman, Op. Comm. (2)
Barshman
Shaw (2)

Townsend
Corres. E933
MF-104 file E933
Chron.

1/31/57 22224 57-79

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

OFFICIAL FILE COPY
DMEA
RECEIVED JAN 25 1957

DATE	INITIALS	CODE
1-25	C	220
"	Crow	100
January	22, 1957	800

224 New Customhouse
Denver 2, Colorado

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3989 (Uranium) Contract Idm-E933, Food Machinery and Chemical Corporation, Westvaco Mineral Products Division (Sec. 29, T. 13 N., R. 9 W.) McKinley County, New Mexico - FINAL PAYMENT

Enclosed are two copies of a memorandum to T. A. Christensen, dated January 18, 1957, relative to final payment under the terms of the subject contract.

W. M. Traver

W. M. Traver

Enclosures

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

Budget Bureau No. 42-R1036.5

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

Month of October, 1956 Docket No. DMEA 3989 Contract No. Idm-E 933
Operator's Name Food Mach. & Chem. Corp. (Westvaco Min. Prod.) Minerals Uranium
Address P.O. Box 250 - Pocatello, Idaho
Contract Amount, $ 91908.00 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	6425.08	45173.08	51598.16			
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	38.50	108.50	147.00			
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify): Incidental - 0.18/ft.	1504.26	9248.22	10752.48			
TOTALS	7,967.84	54,529.80	62,497.64	3013.34	54,440.80	62,453.72
					207.66	207.66

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

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

Date 11/7/56 *Payee Food Mach. & Chem. Corp. Westvaco Mineral Products

Per R. 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: 54 440.38 62,453.72
$ 5,510.00

Signature RRC
(Authorized Certifying Officer)

Date 12-7-56 Vou. No. DMA-57-63

(See other side)

* 500.00 — withheld

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E-933 in accordance with the terms of the contract.

Signature D. E. Redmon 597588 Title Mining Engr. Date Nov. 27, 56

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature For A. M. Tower Title Executive Officer Date DEC 5 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 DEC 13 1956 D.M.E.A.

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

Month of October 1956 Docket No. DMEA 3989 Contract No. Idm-E 933
Operator's Name Food Mach. & Chem. 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	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core	per'	0.00	0	7115.50	2033	3.50	2415	3.50
~~Chip~~ Plug bit	per'	6425.08	8357	44482.66	57703	0.771	57390	1.25
~~Auger~~ Incidental	per'	1504.26	8357	10752.48	59736	0.18	59805	0.18
Stripping								
Trenching								
~~Test Pits~~ Analysis/sample		38.50	11	147.00	42	3.50	130	3.50
Roads and Trails								
Total Distributed Costs		7,967.84		62,497.64				Total Costs Authorized by Contract
Operating Equipment Purchased								91,908.00
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 11/7/56 Operator Food Mach. & Chem. Corp. Westvaco Mineral Products

Per R. 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) D. E. Redmon

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

NAL DISTRIBUTION
MADE DEC 11 1956

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

Administrative Audit Difference Statement

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

Date: December 7, 1956
Payee's
Reference: October 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 $ 7,967.[illegible]

Difference $ 45.50

Amount Approved $ 8,011.[illegible]

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

The reason for the difference was due to:

$45.50 withheld in September 1956, report herewith reinstated.

$500.00 withheld pending resolution of matters pertaining to closing the account.

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

Very sincerely yours,

RRC

Randal R. Cooper
Fiscal Officer, Region III

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.

224 New Customhouse
Denver 2, Colorado

December 5, 1956

RECEIVED DEC 18 1956 D.M.E.A.

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3989 (Uranium) Contract Idm-E933, Food Machinery and Chemical Corporation, Westvaco Mineral Products Division (Sec. 39, T13N, R9W) McKinley County, New Mexico - Operator's Monthly Progress Report for the month of October, 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.

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 on the following basis, contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations.

Reinstate the amount of $45.50, the cost of 13 sample analyses at $3.50 per sample, which was disallowed from the September, 1956 voucher. Assay certificate for the 13 samples has been received and is attached to this report.

Withhold an amount of $500.00 pending resolution of matters relative to closing the account. The contract work has been completed.

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

Amount reported on Form MF-104 for Oct., 1956	$7,967.84
Amount to be reinstated	45.50
Total accepted cost	$8,013.34
Government participation at 75 percent	$6,010.00
Amount to be withheld	500.00
Recommended payment to the Operator	$5,510.00

Remarks

Date of Report - - - - - - - - - - - November 7, 1956
Date Received in Field Office - - November 15, 1956
Date Received in Region Office - -November 28, 1956

Original signed by
W. M. TRAVER

W. M. Traver

Enclosures

JDC:jy
cc: MF-104 File E933
Chm. Op. Comm. (2)
Shaw (2)
Harshman) w/copy of engr's. report
Townsend)
Chron.

REGION III

Memorandum

Building 20
Denver Federal Center
Denver 2, Colorado
November 27, 1956

DMEA
DEPARTMENT OF THE INTERIOR
NOV 28 1956
REGION III
DENVER, COLORADO

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shea
Supervising Mining Engineer

From: D. E. Redmon

Subject: DMEA Docket 3949 (Uranium) Contract Idm-8933, Food Machinery and Chemical Corp., (Westvaco Mineral Products Division, Sec. 29, T. 13 N., R. 9 W., NMPM) McKinley County, New Mexico. --Progress report for October 1956.

An inspection of progress of part 2 of stage II was made November 7, 1956, by D. E. Redmon, Bureau of Mines accompanied by R. J. Haydon, project engineer and W. S. Cavender, geologist.

Stewart Bros., and Parker Drilling Company logs show 8370 feet of drilling in 23 holes, of which 13 feet is disallowed for penetration of the underlying Entrada sandstone more than 10 feet. The driller's logs show 350 feet of core drilling but Contract Idm-8933 does not provide for core drilling in stage II so the cost of 8357 feet is approved at noncore rate.

Hole depths and disallowances, as listed in the operator's narrative report, have been checked and are correct.

Allowed October costs are as follows:

*Noncore (plug-bit) drilling--8357 feet at $0.769/ft.	$6,425.08
Incidental allowance, 8357 feet at $0.18/ft.	1,504.26
11 chemical analyses at $3.50 each	38.50
Total	$7,967.84

*Actual payment by the operator and includes the 2 percent New Mexico School Tax. Payment is less than contract allowed unit rate.

It is recommended that 75 percent of the total costs or $5975.88 be approved for payment.

Completed stage II drilling:

Stage II noncore footage (58 feet transferred to stage I)	15,942 feet
Noncore drilling reported	15,873 feet
Not used	69 feet

Of the 23 holes drilled in October, 9 have material of ore grade, 6 show uranium mineralization, and 8 are barren.

A suitable amount should be withheld pending receipt of a final report.

The drilling contractor's logs, and the radiometric and geologic logs are being retained in this office.

D. E. Redmon
D. E. Redmon
Mining Engineer

DER:sh
Enc.
cc: 6
Idm_8933
Chron

November 5, 1956

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

Re: Progress Report - October, 1956
Docket No. DMEA 3989 (Uranium)
Contract Idm-E 933
Food Machinery & Chemical Corp.
Westvaco Mineral Products Div.
Section 29, T. 13 N., R. 9 W.
McKinley County, New Mexico

Dear Sir:

During the month of October, the second portion of drilling of the Second Stage was completed. Twenty-six holes were drilled (23 under DMEA) and logged radiometrically and geologically. All samples were labelled and stored. In each hole, the Todilto limestone was cored at Westvaco expense if the cuttings showed any radioactivity. For hole data, see the accompanying map and drill logs. Detailed descriptions of the cores are shown on the inset sheets.

The completed DMEA holes are:

Hole Co-ordinates	Total Depth	Mineralization	DMEA Disallowance
1650 - 2400	305	O	2
1500 - 2800	290	M	0
1500 - 2700	295	B	3
1500 - 2500	280	B	0
1600 - 2800	305	M	1
1700 - 2700	320	B	0
1700 - 2500	320	O	0
1800 - 2300	340	O	3
1900 - 2500	335	M	0
2050 - 2300	351	O	0
2050 - 2400	351	B	0
1950 - 2400	340	O	1
2200 - 2300	371	M	0
2200 - 2400	350	M	2
2500 - 2400	305	B	0
2600 - 2350	392	O	0

Hole Co-ordinates	Total Depth	Mineralization	DMEA Disallowance
2700 - 2400	407	O	O
3000 - 2300	435	B	O
3000 - 2100	425	B	O
3100 - 2000	440	B	O
3100 - 2300	430	O	1
3200 - 2200	435	M	O
3300 - 2100	437	O	O
	8,370		13

Total allowable DMEA footage - 8,357

Westvaco holes are:

Hole Co-ordinates	Total Depth	Mineralization
2100 - 2100	360	B
2200 - 2200	360	SM
2350 - 2300	375	SM
	1,095	

Of the 23 DMEA holes, 9 are in ore, 6 are mineralized, and 8 are barren.

During the month, 8357 allowable feet were drilled, bringing the total for the Second Stage to 15,873 feet. Under the contract, 16,000 feet, minus any transferred footage, was authorized. As stated in the DMEA letter of August 27, 1956, 58 feet was transferred to Stage One, leaving a net of 15,942 feet. Therefore, 8357 feet will be entered for reimbursement on the accompanying forms, 104 and 104A. Because of the DMEA stipulation that no hole be initiated unless sufficient footage was available, a net remainder of 69 feet was not utilized.

Drilling results tend to indicate that the southern ore body becomes weak as it extends to the southeast. However, a study of the drill pattern reveals that the southwestern boundary is still undefined. The northern ore body is also undefined on its northern and eastern edges. Additional drilling will be done at Westvaco expense in an attempt to delineate these deposits.

As of this report, the drilling under the DMEA contract has been completed. In the near future, the final report for this project will be submitted to the DMEA.

Respectfully submitted,

R. J. Hayden

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

RJH:mdc

STATEMENT

DATE November 6, 1956 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 Section 29, DMEA during October, 1956 as follows:	
8,148 feet @ 75¢ per foot	$6,111.00
209 feet @ 90¢ per foot	188.10
	$6,299.10
2% New Mexico School Tax	125.98
TOTAL	$6,425.08

THANKS

STEWART BROS. & PARKER DRILLING CO.

By H. M. Stewart

H. M. Stewart, Partner

Grants Assay Office and Laboratories

ASSAY CERTIFICATE

GRANTS, NEW MEXICO Oct 8 1956

Sample No.	U3O8	V2O8	Lime	Copper	Pb	Zn	OTHER	OTHER
13586	0.296	3100 - 2100			401-402'			
13588	0.211	3100 - 2100			403-404'			
13591	0.976	3100 - 2100			406-407'			
13596	0.125	3100 - 2100			411-412'			
14501	0.145	1850 - 2400			316-317'			
14502	0.248	1850 - 2400			317-318'			
14503	0.188	1850 - 2400			318-319'			
14504	0.358	1850 - 2400			319-320'.			
14509	0.212	2700 - 2300			376-377'			
14514	0.224	2700 - 2300			382.6 - 383.6			
14519	0.139	2050 - 2300			325-326			

High Vanadium

Chemist

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

Grants Assay Office and Laboratories

ASSAY CERTIFICATE

GRANTS, NEW MEXICO Sept 12 1956

Sample No.	U3O8	V2O5	Lime	Copper	Pb	Zn	OTHER	OTHER
13266	0.208	3000-2200			379-380'			
13272	0.426	3000-2200			387-388'			
13273	0.578	3000-2200			388-389'			
13274	0.390	3000-2200			389-390'			
13275	0.796	3000-2200			390-391'			
13278	0.244	3000-2200			393-394'			
13294	0.174	1600-2700			282.7-283.7'			
13561	0.216	2800-2200			384-385'			
13567	0.706	2800-2200			390-391'			
13570	0.156	2800-2200			393-394'			
13573	0.178	1750-2400			300-301'			
13582	0.168	3100-2200			417-418'			
13583	0.226	3100-2200			418-419'			

Chemist

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

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

Budget Bureau No. 42-R1036.5

RECEIVED
NOV 8 1956
D.M.E.A.

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

Month of September, 1956 Docket No. DMEA 3969 Contract No. Idm-1933
Operator's Name Food Mach. & Chem. Corp. (Westvaco Min. Products) Minerals Uranium
Address Box 250 Pocatello Idaho
Contract Amount, $ 91908.00 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:					error in extension	
Drilling	4667.88	40505.20	45173.08		40637.98	45305.86
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	45.50	63.00	108.50			
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
Incidental-0.18/ft.	1096.56	8151.66	9248.22		8182.62	9279.18
TOTALS	5809.94	48719.86	54529.80	5764.44	48,883.60	44,648.04
					207.66	207.66
					48675.94	44,440.38
					$ 4323.33 5	

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

Date 10/2/56 *Payee Food Mach. & Chem. Corp. Westvaco Mineral Products

Per R.V. Hayden - use 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:

Signature
(Authorized Certifying Officer)

Date 10/29/56 Vou. No. 57-57

(See other side)

Previous Disallowance

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E 933 in accordance with the terms of the contract.

Signature D. E. Redmon #4323.3.3 Title Min Engr Date Oct. 19, 1956

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. M. Lacey Title Executive Officer Date OCT 24 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 1956

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

Month of September 1956 Docket No. DMEA 3989 Contract No. Idm-E933

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'	00.00	0	7115.50	2033	3.50	2415	3.50
Churn ~~plug bit~~	per'	4667.88	6092	38057.58	49346	.771	57390	1.25
Auger ~~Incidental~~	per'	1096.56	6092	9248.22	51379	.18		0.18
Stripping								
Trenching ~~Analysis/sample~~		45.50	13	108.50	28	3.50	80	3.50
Test Pits								
Roads and Trails								
Total Distributed Costs		5809.94		54529.80				Total Costs Authorized by Contract
Operating Equipment Purchased								91908.00
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 10/2/56 Operator Food. Mach. & Chem. Corp. Westvaco Mineral Products

Per R. V. Hayden WSE Title Project Engineer

Remarks On the August sheet, under "Units to Date"-- plug bit should read 43254, and incidental should read 45287.

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) W. E. Redmond

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 NOV 8 1956 D.M.E.A.

Administrative Audit Difference Statement

[illegible] Chemical Corporation
[illegible] Street
[illegible], New York

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

FINAL DISTRIBUTION

Gentlemen:

MADE NOV 6 1956

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

Amount Claimed $ [illegible]

Difference $ [illegible]

Amount Approved $ [illegible]

The reason for the difference was due to:

Discrepancy

[illegible] Chemical Analyses @ [illegible] each [illegible]

Assay certificates were not submitted.

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.

224 New Customhouse
Denver 2, Colorado

October 24, 1956

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3989 (Uranium) Contract Idm-E933, Food Machinery and Chemical Corporation, Westvaco Mineral Products Division (Sec. 29, T13N, R9W) 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.

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 on the following basis, contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations.

Disallow the cost of 13 chemical analyses at $3.50 per sample. Assay certificates were not submitted by the Operator.

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

Amount reported on Form MF-104 for Sept., 1956 - - -	$5,809.94
Amount to be disallowed, 13 chemical analyses at $3.50 each -	45.50
Total accepted costs for September, 1956	$5,764.44
Government participation at 75 percent	$ 4,323.33

Remarks

Date of Report - - - - - - - - - - - - - October 2, 1956
Date Received in Field Office- - - - October 12, 1956
Date Received in Region Office- - - October 22, 1956

Original signed by
W. M. TRAVER

W. M. Traver

Enclosures

JDC:jy
cc: MF-104 File E933
Chm. Op. Comm. (2)
Shaw (2)
Harshman)
Townsend) w/copy engr's report
Chron.

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
October 19, 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw
Supervising Mining Engr.

DMEA
DEPARTMENT OF THE INTERIOR
OCT 22 1956
REGION III
DENVER, COLORADO

From: D. K. Redman

Subject: DMEA Docket 3989 (Uranium) Contract Idm-8933, Food Machinery and Chemical Corporation, Westvaco Mineral Products Division, Sec. 29, T. 13 N., R. 9 W., N. M. P. M., McKinley County, New Mexico -- Progress report for September 1956

An inspection of progress of part 1 of Stage II was made October 12, 1956, by W. D. McMillan, Bureau of Mines, accompanied by R. J. Hayden, project engineer for the operator.

Stewart Bros. and Parker Drilling Co. logs show 6119 feet of drilling of which 258 feet is core-bit drilling and 27 feet is disallowed for penetrating the Entrada sandstone more than 10 feet. Contract Idm-8933 does not provide for core-bit drilling so the cost of 6092 feet is approved at plug-bit rate.

Hole depths and disallowances, as listed in the narrative report, have been checked and are correct.

Assay certificates were not included with the MF-184's. It is recommended that payment of 13 chemical assays be disallowed pending receipt of the necessary certificates showing hole distribution and footage interval.

Allowed costs are as follows:

*Plug-bit drilling - 6092 ft. at $0.766	$4667.88
Incidental allowance - 6092 ft. at $0.18 a ft.	1096.56
Total	$5764.44

*This is actual payment by the operator and includes the 2 percent New Mexico school tax. Actual payment is less than contract unit rate.

It is recommended that 75 percent of the total costs or $4383.33 be approved for payment.

The narrative report, location maps, and geologic and radiometric logs are adequate. Uranium ore grade material was found in eight holes (7 feet or more in 3 holes).

Mineralization was found in 3 holes, and seven holes were barren.

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

D. E. Redmon
Mining Engineer

DE/mr
cc: 6
Jan-1953
Chron

STATEMENT

Grants Assay Office and Laboratories

P.O. Box 532 Grants New Mexico

October 1 56

TO Westvaco Mineral Products

ADDRESS Star Rt. Box 24

Grants, New Mexico

Analytical Work for September, 1956

13	Chemical U_3O_8 Assays @ $3.5 each	$45	50
	Tax	0	91
	Total	$46	41

STATEMENT

DATE September 30, 1956 19

NAME Westvaco Mineral Products

ADDRESS Box 24, Star Route

Grant s, 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 Section 29, September, 1956 as follows:		
6,043 feet @ 75¢ per foot	$4,532.25	
49 feet @ 90¢ per foot	44.10	
	$4,576.35	
2% New Mexico School Tax	91.53	
TOTAL		$4,667.88

THANKS

STEWART BROS. & PARKER DRILLING CO.

By H M Stewart

H. M. Stewart, Partner

October 1, 1956

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

Re: Progress Report - September
Docket No. DMEA 3989 (Uranium)
Contract Idm-1933
Food Machinery & Chem. Corp.
Westvaco Mineral Products Div.
Sec. 29, T. 13 N., R. 9 W.
McKinley County, New Mexico

Dear Sir:

During the month of September the first portion of second stage drilling was completed. Eighteen holes were drilled and logged radiometrically and geologically. All samples were labeled and stored. In each hole the Todilto ore horizon was cored at Westvaco expense. For hole data see the accompanying map and drill logs. Detailed descriptions of the limestone cores are shown on the inset sheets.

The completed holes are: (* indicates ore thickness is seven feet or more)

Hole Co-ordinates	Total Depth	Cored Footage	Mineralization	DMEA Disallowance
1400-1950	265	--	Barren	2
1300-2050	260	--	Barren	1
1500-2050	280	5	Mineralized	2
1900-2100	326	--	Barren	--
2500-2100	377	10	Barren	--
2900-2100	410	10	Barren	--
1400-2150	265	10	Ore	--
1800-2200	325	10	Ore	--
2000-2200	340	20	Ore	--
2400-2200	377	10	Mineralization	--
2600-2200	390	10	Barren	1
2800-2200	410	50	Ore*	--
3100-2200	429	20	Ore*	--
1900-2300	335	13	Ore	--
2500-2300	395	20	St. Mineralization	19
1750-2400	320	20	Ore*	--
1700-2600	315	20	Barren	2
1600-2700	300	30	Ore	--
	6119	258		27

Total allowable DMEA footage - 6092

Westvaco holes are:

Hole Co-ordinates	Total Depth	Cored Footage	Mineralization
3200-2000	434	10	Barren
3300-2000	445	20	St. Mineralization
3100-2100	434	30	Ore*
3200-2100	429	20	St. Mineralization
2700-2300	401	25	Ore*
2800-2300	439	--	Ore
1850-2400	336	20	Ore*

Of the 18 DMEA holes, 8 are in ore, 3 are mineralized, and 7 are barren. Westvaco holes show 4 in ore, 2 mineralized, and 1 barren.

Drilled on 100 ft. spacings, the holes indicate the presence of two ore bodies, with the possibility that they are connected and actually one elongate deposit. Due to the spacings and insufficient drilling, ore tonnages cannot yet be accurately calculated. It is hoped that the remainder of the second stage drilling will provide enough additional information to allow reserve estimations.

As previously noted, Westvaco drilled 7 holes at company expense in order to better evaluate certain areas and establish a more reliable basis for locating future holes.

Geologic interpretations are limited due to insufficient information. To date, the only notable feature located is the roll or fault structure discussed in the August report.

The proposal for the remaining portion of second stage drilling has been submitted for approval.

Respectfully submitted,

RJ Hayden WSC

R. J. Hayden, Project Engineer
Food Machinery & Chem. Corp.
Westvaco Mineral Prod. Div.
P. O. Box 250
Pocatello, Idaho

RJH/ac

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 August, 1956 Docket No. DMEA 3989 Contract No. Idm E 933
Operator's Name Food Mach. & Chem. Corp. (Westvaco Min. Prod.) Minerals Uranium
Address Box 250 Pocatello Idaho
Contract Amount, $ 91908.00 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	1095.79	39542.19	40505.20			
Bulldozing						
Crosscutting	Total to Date adjusted for 172 ft.					
Drifting	of non-core disallowances at					
	0.772 per ft.					
(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	00.00	63.00	63.00			
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
Incidental-0.18/ft.	256.32	7926.30	8151.66			
	Total to Date adjusted for 172 ft.					
	disallowance at 0.18 per ft.					
TOTALS	1352.11	47531.49	48719.86	1,352.11	47,531.49	48,719.86
					207.66	207.66

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)

RECEIVED SEP 26 1956

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

47,323.83 48,512.20
$ 1514.08 48,675.94

Signature (Authorized Certifying Officer)

Date 9/24/56 Vou. No. DMA 57-38

(See other side)

1 Previous Disallowance

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. DMA-E 933 in accordance with the terms of the contract.

Signature Leon C. Mullen (#1014.08) Title Min. Engr. Date 9/17/56

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. M. Peavy Title Executive Officer Date SEP 21 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

Month of August 1956 Docket No. DMEA 3989 Contract No. Idm E 933
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'	00.00	0	7115.50	2033	3.50	2415	3.50
~~Churn~~ plug bit	per'	1095.79	1424	33389.70	42254	0.772	57390	1.25
~~Auger~~ incidental	per'	256.32	1424	8151.66	44287	0.18		0.18
Stripping								
Trenching								
~~Test Pits~~ Analysis/sample		00	0	63.00	18	3.50	80	3.50
Roads and Trails								
TOTAL DISTRIBUTED COSTS		1352.11		48719.86				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								91908.00
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.

By 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.

REMARKS: Adjusted for 172 ft. of non-core disallowances at 0.772 per ft. and 0.18 incidental

(Instructions on reverse)

(For Government use only) Wm. Mellon

RECEIVED
SEP 26 1956

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 SEP 24 1956

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

Administrative Audit Difference Statement

[illegible]

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

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

Amount Claimed $ [illegible]

Difference $ _____

Amount Approved $ [illegible]

The reason for the difference was due to:

[illegible]

RECEIVED
SEP 26 1956

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.

224 New Customhouse
Denver 2, Colorado

September 21, 1956

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3989 (Uranium) Contract Idm-E933, Food Machinery and Chemical Corporation, Westvaco Mineral Products Division (Sec. 29, 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.

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.

RECEIVED
SEP 26 1956

Reinstate: the amount of $500.00 which was withheld from the July, 1956 voucher. Stage II work has been approved and project drilling is in progress.

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

Amount reported -	$1,352.11
Government participation at 75 percent- - - - - - - - -	1,014.08
Amount to be reinstated- - - - - - - - - - - - - - - - - -	500.00
Recommended payment to Operator	$1,514.08

Remarks

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

W. M. TRAVER

W. M. Traver

Enclosures

JDC:jy

cc: MF-104 File E933
Sec. Op. Comm. (2)
Shaw (2)
Marshman)
Townsend) w/copy engr's report
Chron.

DMEA
PARTMENT OF THE INTERIOR

SEP 19 1956
REGION III
DENVER, COLORADO

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 JS by ADK
Supervising Mining Engineer

From: W. D. McMillan

Subject: DMEA Docket 3989 (Uranium) Contract IAm-5933, Food Machinery and Chemical Corporation, Westvaco Minerals Products Company, Sec. 29, T. 13 N., R. 9 W., NMPM, McKinley County, New Mexico — Progress report for August 1956

An inspection of progress of Stage II was made on September 5, 1956, accompanied by Russel J. Hughes, Project engineer for the applicant.

Stewart Bros. and Parker Drilling Co., logs show 1244 feet of plug-bit and 180 feet of core-bit drilling, or a total of 1424 feet. Contract IAm-5933 does not provide for core-bit drilling and the cost of 1424 feet of drilling is approved at plug-bit rates.

Approved costs are for 1424 feet of plug-bit drilling for which the operator paid $1095.79 (including the 2% New Mexico School Tax) and 1424 feet, at $0.18 a foot for incidentals, or $256.32, or a total of $1352.11.

It is recommended that 75 percent of the total approved costs amounting to a total of $1014.08 be approved for payment.

The narrative report and accompanying location maps, geologic and radiometric logs are adequate. Core-bit drilling was done with BX bits. Uranium ore grade material was found in one hole, slight mineralization in two holes, and barren material in one hole. Two copies of the drilling contractor's logs are being retained in this office.

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

WDM/mr
cc: 6
IAm-5933

Chron

September 7, 1956

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 3989 (Uranium)
Contract Idm-E933
Food Machinery & Chem. Corp.
Westvaco Mineral Products Div.
Sec. 29, T. 13 N., R. 9 W.
McKinley County, New Mexico

Dear Sir:

During the month of August second stage drilling began on section 29. Four holes were completed and logged radiometrically and geologically. All samples were labeled and stored. In each hole the ore horizon was cored at the expense of Westvaco. For hole data, see the accompanying map (No. 29-8) and drill logs. Detailed descriptions of the limestone cores are shown on the inset sets.

The completed holes are:

Hole Co-ordinates	Total Depth	Cored Footage	Mineralization
3000-2200	424	50	Ore-grade
2900-2300	418	55	Slight
1600-2500	295	45	Slight
1500-2600	287	30	Barren
Total	1424	180	

Ore was encountered in 3000-2200, an offset hole 100' north of ore hole 2900-2200. Hole 2900-2300, an offset 100' to the east, is slightly mineralized but is significant in that the top of the limestone is 21' lower than it is 100' to the west. This indicates a roll or fault, either of which is a favorable criterion for ore localization.

Holes 1600-2500 and 1500-2600 are 100' offsets from ore hole 1600-2600. 1600-2500 is only slightly mineralized; however, the limestone is considerably thinner than in the ore hole. Available information is not sufficient to determine the type or magnitude of the structure, but the localization of the ore in the thickest limestone closely resembles the mineralized rolls common in adjacent ore bodies.

The scaler assays of samples from hole 3000-2200 are as follows (chemical assays are not yet available):

Footage	Radiometric E U_3O_8
386-387	0.073
387-388	0.383
388-389	0.499
389-390	0.334
390-391	0.610
391-392	0.055
392-393	0.078
393-394	0.225
394-395	0.133
395-396	0.002

Continued drilling of the second stage is planned for the month of September.

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

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 29 during August, 1956 as follows:		
1,382 feet plug drilling @ 75¢ per foot	$1,036.50	
42 feet plug drilling @ 90¢ per foot	37.80	
		$1,074.30
2% N. M. School Tax		21.49
TOTAL		$1,095.79

THANKS

STEWART BROS. & PARKER DRILLING CO.

By H. M. Stewart

H. M. Stewart, Partner

Form MF-194 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
SEP 10 1956

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of July, 1956 Docket No. DMEA 3989 Contract No. Idn-1933
Operator's Name Food Machinery Chemical Corp. Westvaco Mineral Products Minerals Uranium
Address P.O.Box 250 Pocatello, Idaho
Contract Amount, $91,900.00 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	7,844.13	31,698.06	39,542.19			
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	45.50	17.50	63.00			
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify): Incidental 0.10/ft.	1,578.24	6,348.05	7,926.30			
TOTALS	9,467.07	38,063.62	47,531.49	9,432.93	38,063.62	47,496.55
				—	172.72	172.72

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

Date 7/31/56 *Payee Food Machinery Chemical Corp. Westvaco Mineral Products Division

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: 47,323.83

37,890.90
$6574.70

Signature
(Authorized Certifying Officer)

Date 8/29/56 Vou. No. DMA 57-25
(See other side)

Previous Disa
Note: Withheld 500.00

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Talm-E 93 in accordance with the terms of the contract.

Signature Wm. Mullen ($7100.90) for WSR Title Min. Engr Date 8/20/56

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. M. Lawer Title Executive Officer Date AUG 24 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

RECEIVED
SEP 10 1956

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of July 1956 Docket No. DMEA 3989 Contract No. Idm-E933

Operator's Name Food Machinery Chemical Corp. Westvaco Mineral Products 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 ft.	1,442.00	412	7,115.50	2,033	3.50	2,415	3.50
~~Churn~~ plug bit	"	6,402.13	8,356	32,426.69	42,002	.772	57,390	1.25
Auger								
Stripping								
Trenching								
~~Test Pits~~ Analysis	per sample	45.50	13	63.00	18	3.50	80	3.50
Roads and Trails								
Incidental @.18/ft.		1,578.24	8,768	7,926.30	44,035	.18		.18
TOTAL DISTRIBUTED COSTS		9,467.87	8,768	47,531.49				TOTAL COSTS AUTHORIZED BY CONTRACT 91,908.00
Operating Equipment Purchased								
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 7/31/56 Operator Food Machinery Chemical Corp. Westvaco Mineral Products Division

Per Russell J. Hayden Title Project Engineer

REMARKS:

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 872894

RECEIVED
SEP 10 1956

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

Administrative Audit Difference Statement

[redacted]

FINAL DISTRIBUTION
MADE SEP 5 1956

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]

The reason for the difference was due to:

[redacted]

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.

224 New Customhouse
Denver 2, Colorado

August 24, 1956

Memorandum

RECEIVED
SEP 10 1956

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3989 (Uranium) Contract Idm-E933, Food Machinery and Chemical Corporation, Westvaco Mineral Products Division (Sec. 29, 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, Operator's Narrative Report, and Engineer's Report for the above period.

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

It has been administratively determined that 10 feet is the maximum allowable penetration into the Entrada sandstone to assure penetration through the entire Todilto limestone interval which overlies the Entrada. Therefore, the excess footage beyond that depth in the following holes is disallowed.

Hole No.	Total Depth	Base of Todilto ls.	Drilling Below Todilto ls.	Excess Footage to be Disallowed Core	Non-core
100-2200	195	180	15	0	5
300-2200	205	192	13	0	3
2100-3000	365	339	26	0	16
2300-1400	350	338	12	0	2
3100-1400	426	406	20	0	10
Total footage to be disallowed- - - - - -				0	36

Disallow

Disallow 36 feet of non-core drilling at invoice cost plus 2% N. M. School Tax- - - -	$28.46
Disallow incidental allowance for 36 feet at $0.18 per foot- - - - - - - - - - - - - -	6.48
Total amount to be disallowed	$34.94

Withhold an amount of $500.00 pending possible resumption of drilling under Stage II. Stage I drilling was completed during July, 1956

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

Amount reported on Form MF-104- - - - - - - - - - - -	$9,467.87
Amount to be disallowed- - - - - - - - - - - - - - - - - - -	34.94
Total accepted cost for July, 1956- - - - - - - - - - - -	$9,432.93
Government participation at 75 percent- - - - - - - - -	$7,074.70
Amount to be withheld- - - - - - - - - - - - - - - - - - - -	500.00
Recommended payment to the Operator- - - - - - - -	$6,574.70

Note:

Approved aggregate core and non-core drilling, Stage I- - - - - - - - - - - - - - -	43,863
Aggregate Stage I drilling set up in contract- -	43,805
Non-core footage (plus incidental allowance) transferred from Stage II to Stage I- - - - - - - - - - - - - - - - -	58

Remarks

Date of Report - - - - - - - - - - - - - -	July 31, 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 E933
Sec. Op. Comm. (2)
Shaw (2)
Hasler w/copy engr's report
Townsend w/copy engr's report
Chron.

RECEIVED
SEP 10 1956

REGION III

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

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw
Supervising Mining Engineer

From: W. D. McMillan

Subject: DMEA Docket 3989 (Uranium) Contract IAm-1933, Food Machinery and Chemical Company, Westvaco Mineral Products Division, Sec. 29, T. 13 N., R. 9 W., N.M.P.M., McKinley County, New Mexico — Progress report for July 1956

An inspection of progress during July 1956 was made on August 9, 1956, accompanied by Russell J. Hayden, project supervisor, and W. B. Cavender, geologist.

Stewart Bros. and Parker Drilling Company logs show 8276 feet of plug bit drilling and 492 feet of core bit drilling in 26 holes, the same as reported on page 2 of the narrative report.

On MF-104A however, the operator reports 8356 feet of plug bit drilling and 412 feet of core bit drilling. Eighty feet of drilling in Holes 1300-2200, 1500-2200 and 2700-2200 (marked by asterisk) is not included, as the operator paid for that additional footage.

Approved costs are 8356 feet of plug bit drilling for which the operator charged $6,247.76 (See memorandum); 412 feet of core drilling at $3.50 a foot or $1442.00; incidental allowances 8768 feet at $0.18 a foot, or $1578.24; and New Mexico 2% school tax $154.37; 13 chemical analyses at $3.50 each, $45.50; a grand total of $9467.87.

It is recommended that 75 percent of the total approved costs or $7100.90 be approved for payment.

The narrative report and accompanying location map and geologic and radiometric logs are adequate. Ore grade uranium was found in two holes and strong uranium mineralization was found in 4 holes. The applicant is preparing a proposal for Stage II drilling.

The copies of drilling contractor's logs are being retained in this office.

W. D. McMillan
Mining Engineer

DMEA
Date Rec'd.

AUG 21 1956

BUREAU OF MINES
Denver, Colorado

RECEIVED
SEP 10 1956

REGION III

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

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw for WSK & HS
Supervising Mining Engineer

From: Albert S. Konselman

Subject: DMEA Docket 3989 (Uranium) Contract Iam-E933, Food Machinery and Chemical Company, Westvaco Mineral Products Division Sec. 29, T. 13 N., R. 9 W., N.M.P.M., McKinley County, New Mexico -- Progress report for July 1956

In reviewing progress report of July 1956, DMEA Docket 3989, Contract Iam-E933, driller Stewart Bros. and Parker did 8356 feet of plug drilling and properly charges, therefore, $6276.60. This does not include New Mexico school tax.

On Form MF-104A the operator, Food Machinery Chemical Corp., Westvaco Mineral Products Division, charged for 8356 feet of plug drilling the amount of $6402.13. This would include a tax item of $154.37 leaving $6247.76. It appears as though the operator has undercharges in the amount of $28.84.

Albert S. Konselman

Albert S. Konselman
Mining Engineer

ASK/mr

July 31, 1956

RECEIVED
SEP 10 1956

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 3989 (Uranium)
Contract Idm-E933
Food Machinery Chemical Corp.
Westvaco Mineral Products
Sec. 29, T. 13 N. R. 9 W.
McKinley County, New Mexico

Dear Sir:

The drilling program for July continued to the completion of first stage drilling without interruption. A total of 26 holes was drilled, logged radiometrically and all samples were geologically logged, labeled and stored. For data on these holes see Map No. 29-6. Shown on this map are depths of the top and bottom of the Todilto limestone (the ore horizon in this section), total depths of the holes drilled, and whether or not mineralization was encountered. For detailed logs of these holes, see the log sheets enclosed. In those holes in which the limestone was cored, an inset sheet gives a detailed description of the recovered core.

Accompanying this report are the following maps and diagrams:

Drawing No.	Illustrations
29-1 & 29-2	North-south Cross Sections
29-3	Structure Contour Map, Base of Todilto Limestone
29-6	Monthly Progress Map

DRILLING

A total of 8768 feet was drilled in this section during the month

of July, of which 8276 feet was plug drilling and 492 feet was core drilling. Twenty seven drill days were required to complete the 26 holes. All holes were drilled wet through the blow sand, and blown dry in an effort to drill the ore horizon dry in the plug holes. Most of the holes drilled in the month of July encountered water in either the Summerville or at the top of the Todilto limestone, which prevented further dry drilling.

The following holes were completed during the month of July, 1956. Detailed information on the following table is found in the geologic logs accompanying this report.

HOLE CO-ORDINATE	TOTAL DEPTH	FOOTAGE SAMPLED	FOOTAGE CORED	MINERALIZATION
2300-1400	350	26		none
2500-1400	366		26	none
2900-1400	392		30	slt. min.
3100-1400	426	20		none
3300-1400	423		40	none
100-2200	195	23		none
300-2200	205	22		none
500-2200	215	28		none
700-2200	230	24		slt. min.
1100-2200	245		25	none
1300-2200*	249		20	none
1500-2200*	275		30	none
1700-2200	307		30	mineralized
1900-2200	335	34		mineralized (strong)
2100-2200	355		30	mineralized
2300-2200	365	30		mineralized
2500-2200	380		40	ore grade
2700-2200*	395		30	mineralized
2900-2200	412		50	ore grade
1700-3000	300		31	none
2100-3000	365	25		slt. min.
2300-3000	360		40	none
2500-3000	375	18		none
2700-3000	385		20	none
2900-3000	438	limestone absent		none
3100-3000	425		50	none
TOTAL FOOTAGE	8768	250	492	

*These holes were core drilled to provide more lithologic information. The lithologic characteristics of this area were thought to be of sufficient importance to warrant Westvaco defraying the additional expense of core drilling these holes. This additional core totaled 80 feet.

GEOLOGY:

Items of geologic and economic interest encountered this month are several mineralized holes, including two ore-grade holes and a small structure in the north-east corner of the drilled area. (See Drawings 29-3 and 29-4). The relationships of the structure to the mineralized holes on the 2200 East line are not fully understood at present. There is some evidence of a north-south trending fault roughly along the 2200 East line. This fault might have been the mineralizing channel. The fault evidence consists of a non-mineralized breccia zone in the limestone and a repeated section in hole 1100-2200.

The Todilto ore horizon is completely absent in hole 2900-3000. The projected depth of the limestone was 393 feet and the hole was drilled to 438 feet without encountering the limestone. The limestone thinned appreciably approaching this hole from the south. This evidence leads to the belief that an old erosional surface is responsible for the absence of the limestone.

The results of the two holes containing ore were as follows:

HOLE NO.	FOOTAGE	RADIOMETRIC E U_3O_8	CHEM. % U_3O_8
2900-2200	363-364	0.081	
	369-370	0.017	
	370-371	0.030	
	371-372	0.110	
	374-375	0.122	0.152
	375-376	0.074	0.085
	376-377	0.102	0.118
	377-378	0.023	0.015
	378-379	0.125	0.143

HOLE NO.	FOOTAGE	RADIOMETRIC E U_3O_8	CHEM. % U_3O_8
2900-2200	379-380	0.394	0.484
	380-381	0.598	0.721
	381-382	0.726	0.826
	382-383	core lost	
	383-384	0.909	1.132
	384-385	0.532	0.676
	385-386	0.127	0.161
	386-387	0.043	0.048
	387-388	0.018	0.022
2500-2200	351-352	0.033	
	352-353	0.316	
	353-354	0.308	
	354-355	0.005	

This completes the proposed drilling for the first stage on section 29. It is felt that the favorable results of the drilling along the 2200 east line justifies further exploration and a proposal for a portion of the second stage to further explore this area will be submitted.

Respectfully submitted,

R. J. Hayden

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

STATEMENT

DATE July 25, 1956 19

NAME Westvaco Mineral Products

ADDRESS Box 24, Star Route

Grants, New Mexico

RECEIVED SEP 10 1956

In Account With

Stewart Bros. & Parker

DRILLING CONTRACTORS

Phone ~~XXXX~~ AT7-4416 P. O. Box ~~XXX~~ 154

~~ODESSA, TEXAS~~

Grants, New Mexico

		Amount
Exploration drilling on Section 29 during July, 1956 as follows:		
RIG #5 - SECTION 29		
1,860 feet @ 75¢ per foot	$1,395.00	
38 feet @ 90¢ per foot	34.20	
100 feet core @ $3.50 per foot	350.00	
		$1,779.20
RIG #7 - SECTION 29		
2,204 feet @ 75¢ per foot	$1,653.00	
146 feet core @ $3.50 per foot	511.00	
		2,164.00
RIG #11 - SECTION 29		
4,228 feet @ 75¢ per foot	$3,171.00	
26 feet @ 90¢ per foot	23.40	
166 feet core @ $3.50 per foot	581.00	
		3,775.40
		$7,718.60
2% N. M. School Tax		154.37
TOTAL		$7,872.97

THANKS

STEWART BROS. & PARKER DRILLING CO.

By H. M. Stewart

H. M. Stewart, Partner

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 June, 1956 Docket No. DMEA 3989 Contract No. Idm-E933
Operator's Name Food Machinery & Chem. Corp.(Westvaco Min. Prod.) Minerals Uranium
Address P. O. Box 250 Pocatello, Idaho
Contract Amount, $ 91,908.00 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	14,993.12	16,704.94	31,698.06			
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	17.50	00.00	17.50			
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify): Incidental Allowance per ft. @ .18	3,101.04	3,247.02	6,348.06			
TOTALS	18,111.66	19,951.96	38,063.62	17,981.30	19,951.96	37,933.26
				42.36		42.36

I certify that the above bill is correct and just and that payment therefor has not been received.
Date 7/5/56 *Payee Food Machinery & Chem. Corp. Westvaco Min. Products Div.
Per Russell J. Hayden 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)

RECEIVED AUG 30 1956

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of: 19,909.60 87,890.90
$ 13485.95
Signature
(Authorized Certifying Officer)
Date 8/15/56 Vou. No. DMA 57-20
(See other side)

Previous Disallowance

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E933 in accordance with the terms of the contract.

Signature W. W. McWilliams ($13,585.74) Title Min. Engr Date 7/31/56

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. M. Ingram Title Executive Officer Date AUG 13 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

Month of June 1956 Docket No. DMEA 3989 Contract No. Idm-E933
Operator's Name Food Machinery & Chem. Corp. (Westvaco Min. Products) 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 ft.	2,219.00	634	5,673.50	1,621	3.50	2,415	3.50
Churn ~~---~~ plug bit	"	12,774.12	16,594	26,824.56	33,646	.773	57,390	1.25
Auger								
Stripping								
Trenching								
Test Pits ~~---~~ Analysis	per samp.	17.50	5	17.50	5	3.50	80	3.50
Roads and Trails								
Incidental @ .18	per ft.	3,161.04	17,228	6,348.06	35,267	.18	59,805	.18
TOTAL DISTRIBUTED COSTS		18,111.66	17,228	38,063.62				TOTAL COSTS AUTHORIZED BY CONTRACT 91,908.00
Operating Equipment Purchased								
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 7/5/56 Operator Food Machinery Chem. Corp. 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)

Wm. Mullen

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AUG 30 1956

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

Administrative Audit Difference Statement

[illegible] Machinery & Chemical Corporation
[illegible] East [illegible] Street,
[illegible] Park 12, New York

Date: August 15, 1956
Payee's Reference: [illegible]

FINAL DISTRIBUTION
MADE AUG 16 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	$	[illegible]
Difference	$	130.30
Amount Approved	$	[illegible]

The reason for the difference was due to:

Disallow:

[illegible] ft. Core-Core drilling at invoice cost plus 2% New Mexico Gross Tax.	[illegible]
Incidental allowance for [illegible] ft. drilling @ 0.10 per ft.	[illegible]
Total Amount Disallowed.	130.30

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

Very sincerely yours,

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AUG 20 1956

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.

224 New Customhouse
Denver 2, Colorado

August 13, 1956

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3989 (Uranium) Contract Idm-E933, Food Machinery and Chemical Corp., Westvaco Mineral Products Division (Sec. 29, T13N, R9W) McKinley County, New Mexico - Operator's Monthly Progress Report for the month of June, 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. No documentation is required for work performed under contracts prepared on Form MF-200A, therefore we recommend that payment be made on the following basis, contingent on your verification of arithmetical accuracy within the report.

It has been determined administratively that 10 feet is the maximum allowable penetration into Entrada sandstone formation to assure penetration through the entire Todilto limestone interval which overlies the Entrada. Therefore, the excess footage beyond that depth in the following holes is disallowed.

Hole No.	Month Drilled	Total Depth	Bottom of Todilto ls.	Footage Drilled Below Todilto ls.	Footage subject to disallowance Core	Footage subject to disallowance Noncore
1100-200	May, 1956	165	154	11	0	1
1300-200	May, 1956	175	162	13	0	3
1600-200	May, 1956	210	199	11	0	1
2400-200	May, 1956	290	269	21	0	11
2900-200	May, 1956	330	314	16	0	6

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Hole No.	Month Drilled	Total Depth	Bottom of Todilto ls.	Footage Drilled Below Todilto ls.	Footage Subject to disallowance Core	Footage Subject to disallowance Noncore
3000-200	May, 1956	350	328	22	0	12
3300-200	May, 1956	367	351	16	0	6
3400-200	May, 1956	365	351	14	0	4
3800-200	May, 1956	395	383	12	0	2
4400-200	May, 1956	460	447	13	0	3
5000-200	May, 1956	535	524	11	0	1
300-600	June, 1956	112	98	14	0	4
700-600	June, 1956	140	128	12	0	2
1300-600	June, 1956	207	195	12	2	0
1900-600	June, 1956	277	261	16	0	6
2300-600	June, 1956	320	304	16	0	6
2500-600	June, 1956	337	323	14	0	4
2900-600	June, 1956	375	359	16	0	6
3700-600	June, 1956	440	428	12	0	2
1800-1000	May, 1956	290	270	20	0	10
2000-1000	May, 1956	295	284	11	0	1
2200-1000	May, 1956	320	308	12	0	2
3000-1000	May, 1956	400	385	15	0	5
3400-1000	May, 1956	425	414	11	0	1
3800-1000	May, 1956	457	444	13	0	3
4000-1000	June, 1956	480	468	12	0	2
500-1400	June, 1956	202	189	13	0	3
900-1400	June, 1956	230	215	15	0	5
1300-1400	June, 1956	250	239	11	0	1
200-1800	May, 1956	190	179	11	0	1
1600-1800	June, 1956	290	274	16	0	6
2000-1800	June, 1956	355	318	17	0	7
1600-2600	June, 1956	306	291	15	0	5
2000-2600	June, 1956	350	336	14	0	4
					2	136

Disallow 136 ft. of non-core drilling at invoice cost plus 2% N. M. School tax----------$105.88

Disallow incidental allowance for 136 ft. drilling at $0.18 per foot---------- 24.48

Total amount to be disallowed----------$130.36

Note: Due to an arithmetical error 16 feet of core drilling was disallowed from the May, 1956 voucher, whereas only 14 feet was subject to disallowance. Therefore, the excess 2 feet of core listed in the above tabulation is not disallowed herewith.

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

Amount reported on Form MF-104 for June, 1956	$18,111.66
Amount to be disallowed----------	130.36
Total accepted cost for June, 1956	$17,981.30

Government Participation at 75 percent---------$13,485.98

Remarks

Date of Report- July 5, 1956
Date Received in Field Office- - - - - - - - - - - July 30, 1956
Date Received in Region Office- - - - - - - - - August 6, 1956

W. M. TRAVER

W. M. Traver

Enclosures

JDC:jy
cc: MF-104 File E933
Sec. Op. Comm. (2)
Shaw (2)
Townsend)
Hasler) w/copy engr's report
Chron.

DMEA
Date Rec'd.

AUG 6 1956

BUREAU OF MINES
Denver, Colorado

REGION III

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

Memorandum

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

From: W. D. McMillan

Subject: Docket DMEA 3989 (Uranium) Contract Idm-E933, Food Machinery and Chemical Company, Westvaco Mineral Products Division, Sec. 29, T. 13 N., R. 9 W., NMPM, McKinley County, New Mexico -- Progress report for June 1956

Progress was checked on July 11, 1956 in company with Mr. McAlexander, geologist for the applicant.

During June a total of 54 holes were completed, logged radiometrically and all samples were logged geologically, labeled, and stored.

Data on these holes are shown on Map No. 936-B, with the depths of the top and bottom of the Todilto limestone, the total depths of the holes, and whether or not mineralization was encountered. Further details are given on the enclosed log sheets, and north-south cross-sections of all lines completed to the end of June, 1956. An isograd map of Section 29 is being prepared.

The drilling contractor's logs showed 17,228 feet of plug-bit drilling as compared with 16,594 feet claimed by the operator and 634 feet of core drilling, the same as claimed by the operator.

Approved costs for June are 16,594 feet of plug-bit drilling at $0.7698 a foot, or $12,774.12, 634 feet of core drilling at $3.50 a foot or $2219.00, incidental allowance, 17,228 feet at $0.18 a foot or $3104.86 and 5 chemical analyses at $3.50 each or $17.80, a total of $18,111.66.

At $0.773 a foot for plug-bit drilling, the total amount is $12,827.16 instead of $12,774.12, the amount claimed and approved.

It is recommended that 75 percent of the approved total amounting to $13,583.74 be approved for payment.

W. D. McMillan
Mining Engineer

WDM/mr
cc: 6
Idm-E933 - Chron

Site A - 3989 - Contract Idm-8933 - June Holes

Hole No. N.	E	Total Depth	Feet Cored	Feet Samp.
100	600	95	10	
300		112		22
500		119	20	
700		140		24
900		159	40	
1100		178	30	
1300		207	20	
1500		276		12
1700		238	10	
1900		277		26
2100		284	30	
2300		320		36
2500		337		26
2700		353	15	
2900		375		38
3000		377	30	
3100		382		30
3200		395	40	
3300		410		16
3400		410		24
3500		417	30	
3600		425		18
3700		440		24
3800		448	30	
3900		455		22
4000		465		24
4100		476	35	
4300		498		18
4500		503	30	
4000	1000	480		30
100	1400	172		20
300		179	30	
500		202		20
700		206	30	
900		230		22
1100		231	20	
1300		250		24
1500		258	30	
1700		277		26
2700		381		22
1600	1800	290		26
2000		335		28
2400		357		24
2800		393		20

800	2600	247		24
1000		248	30	
1600		306		26
1800		327	27	
2000		350		40
2200		353	27	
2400		374		18
2600		387	40	
2800		406		24
3000		418	30	
		17,[illegible]	654	766

claimed 16,994

July 5, 1956

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 3989 (Uranium)
Contract Idm-E933
Food Machinery Chemical Corporation
Westvaco Mineral Products
Section 29, T. 13 N., R. 9 W.

Dear Sir:

The drilling program for the month continued without interruption. A total of 54 holes were drilled, logged radiometrically and all samples were geologically logged, labelled and stored. For data on these holes see Map No. 936-B. Shown on this map are depths of the top and bottom of the Todilto limestone (the ore horizon in this area), total depths of the holes drilled, and whether or not mineralization was encountered. For detailed logs of these holes see the log sheets enclosed. In those holes in which the limestone was cored, an inset sheet gives a detailed description of the recovered core.

Accompanying this report are north-south cross sections of each row of drill holes thus far completed.

DRILLING:

A total of 17,288 feet was drilled on the section during the month of June, of which 16,594 feet was plug drilling and

634 feet was core drilling. Forty-four drill days were required to complete the 56 holes. Two holes (2100-600 and 2700-600) were deepened to locate the limestone. All holes are being drilled wet through the blow sand, and blown dry in an effort to drill the ore horizon dry in the plug holes. Most of the holes in the southeast quarter of the area encountered water at or near the contact at the top of the Todilto which prevented drilling the ore horizon dry.

The following holes were completed during the month of June 1956. Detailed information of the following table may be found in the geologic logs following this report.

Hole No.	T. D.	Ft. Cored	Ft. Sampled	Mineralization
100-600	95	10		none
300-600	112		22	none
500-600	119	20		none
700-600	140		24	none
900-600	159	40		none
1100-600	178	30		none
1300-600	207	20		none
1500-600	276		12	none
1700-600	238	10		none
1900-600	277		26	none
2100-600	284	30		none
2300-600	320		36	none
2500-600	337		26	none
2700-600	353	15		none

Hole No.	T. D.	Ft. Cored	Ft. Sampled	Mineralization
2900-600	375		38	none
3000-600	377	30		none
3100-600	382		30	none
3200-600	395	40		none
3300-600	410		16	none
3400-600	410		24	none
3500-600	417	30		none
3600-600	425		18	none
3700-600	440		24	none
3800-600	448	30		none
3900-600	455		22	none
4000-600	465		24	none
4100-600	476	35		Slt.
4300-600	498		18	none
4500-600	503	30		none
4000-1000	480		30	none
100-1400	172		20	none
300-1400	179	30		none
500-1400	202		20	none
700-1400	206	30		none
900-1400	230		22	none
1100-1400	231	20		none
1300-1400	250		24	none
1500-1400	258	30		none
1700-1400	277		26	none

Hole No.	T. D.	Ft. Cored	Ft. Sampled	Mineralization
2700-1400	381		22	none
1600-1800	290		26	none
2000-1800	335		20	none
2400-1800	357		24	none
2800-1800	393		20	none
800-2600	247		24	none
1000-2600	248	30		none
1600-2600	306		26	ore
1800-2600	327	27		mineralized
2000-2600	350		40	none
2200-2600	353	27		none
2400-2600	374		18	none
2600-2600	387	40		none
2800-2600	406		24	none
3000-2600	418	30	—	none
Total	17,228	634	746	

Items of geologic interest encountered this month are small anticlinal structures, mineralization and absence of limestone in one hole.

Mineralization was found associated with a small anticlinal structure at 4100-600 and ore grade rock at 1600-2600. The mineralization at 4100-600, however, was very slight and the depth to the ore horizon excessive to be of much concern at the present time. Hole number 1400-2050, drilled prior to DMEA

drilling, was mineralized as much as .14% eU308. This hole is located south and west of 1600-2600 in the general direction of trends of ore bodies in this area. No holes have as yet been drilled between these two strongly mineralized holes.

The Todilto ore horizon was completely absent in hole number 15(0-600. The hole was drilled to a depth of 60 feet below the projected horizon in an attempt to locate the limestone. The absence of the limestone in this hole, and the extreme irregularity of the top of the Todilto in this vicinity would suggest a pre-Summerville erosional surface or a fossil Karst topography. The surrounding holes do not reveal any evidence of major faulting.

Hole number 1600-2600 was drilled and stron mineralization indicated by probing with an Atomic Engineering Tomcat and an Eberline Mine Evaluation type instrument. The. U.S.G.S. gamma logging machine indicated some ore grade and strong mineralization while the AEC scintillation equipment recorded ore grade rock as high as .6% eU308. Since this was a plug drilled hole in bad ground that caved readily it was felt that the results of the scaler assay of the cuttings could not be considered decisive in umpiring the descrepency. Consequently a three foot offset hole was drilled and cored at the Company's expense. The core through the mineralized zone was assayed radiometrically and chemically with the following results.

Depth	Radiometric eU_3O_8	Chemical U_3O_8
268-269	.033	.481
269-270	.381	.481
270-271	.018	
282-283	.072	
283-283.6	.209	.305
283.6-284.4	.659	.800
284.4-285	.272	.400
285-286	.076	.101
286-287	.005	

The eU3O8 interpretation is based on a curve plotted from limestone samples taken from an adjoining section.

A replica of the mineralized zone of holes 1600-2600, 4300-600, 2600-1800, 2800-1800, taken from AEC probe log is included in this report.

Respectfully submitted

R. J. Hayden

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

STATEMENT

FROM Grants Assay Office

P.O. Box 532 Grants New Mexico

June 29 19 56

TO Westvaco Min. Dev.

ADDRESS Star Rt. Box 24 Grants New Mexico

CITY

TERMS

5	Wet U308		20	00
		Tax		40
		Total	20	40

J. Gurney Jr

STATEMENT

DATE July 1, 1956 19

NAME Westwoo Mineral Products

ADDRESS Box 24, Star Route

Grants, New Mexico

In Account With

Stewart Bros. & Parker

DRILLING CONTRACTORS

Phone [redacted]7-4416 P. O. Box [redacted] 154

[redacted]

Grants, New Mexico

		Amount
Exploration drilling on Section 29 during June, 1956 as follows:		
RIG #3 - SECTION 29		
4,018 feet @ 75¢ per foot	$3,037.50	
132 feet @ 90¢ per foot	118.80	
202 feet core @ $3.50 per foot	707.00	$3,863.30
RIG #7 - SECTION 29		
6,047 feet @ 7 5¢ per foot	$4,535.25	
309 feet @ 90¢ per foot	278.10	
432 feet core @ $3.50 per foot	1,512.00	6,325.35
RIG #11 - SECTION 29		
6,016 feet @ 75¢ per foot	$4,512.00	
80 feet @ 90¢ per foot	72.00	4,584.00
		$14,742.65
2% N. M. School Tax		294.85
TOTAL		$15,037.50

THANKS

STEWART BROS. & PARKER DRILLING CO.

By [signature]
E. M. Stewart, Partner

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.5

RECEIVED
JUL 2 - 1956

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of May, 1956 Docket No. DMEA 3989 Contract No. Idm-E933
Operator's Name Food Machinery & Chem. Corp. (Westvaco Min. Div.) Minerals Uranium
Address P.O. Box - 250 Pocatello, Idaho
Contract Amount, $21,908.00 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	16,620.90	216.75	16,837.65			
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): Incidental Allowance per foot of core & non-core @ $.18	3223.80	27.90	3251.70			
TOTALS	19844.70	244.65	20,089.35	19,664.95	244.65	19,909.60

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

Date June 2, 1956 *Payee Food Machinery & Chem. Corp. Westvaco Min. Prod. Div.

Per R. 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:

$ 17,748.71

Signature RRa
(Authorized Certifying Officer)

Date 6/26/56 Vou. No. DMA-56-126

(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-E 937 in accordance with the terms of the contract.

Signature W. O. McMillan ($14,662.99) Title Min. Engr. Date 6/15/56

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. M. Mace Title Executive Officer Date JUN 25 1956

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

RECEIVED
JUL 2 - 1956

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of May 6 1956 Docket No. DMEA 3989 Contract No. Idm-E933
Operator's Name Food Mach. & Chem. Corp. (Westvaco Min. Prod. Div. 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	Authorized by Contract: Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core	per ft	3454.76	968	3,579.71	1003	3.57	2415	3.50
plug ~~Churn~~ bit	per ft	13166.14	16942	13,257.94	17,062	.777	57,390	1.25
Auger								
~~Stripping~~ Incidental	per ft	3223.80	17,910	3251.70	18,065	.18	59,805	.18
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		19,844.70		20,089.35				Total Costs Authorized by Contract
Operating Equipment Purchased								91,908.00
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 June 2, 1956 Operator Food Machinery Chemical Corp. Westvaco Mineral Products Div.

Per R. J. Hayden Title Project Engineer

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)

Moore & Mulla

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

Dna 56-126

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

RECEIVED
JUL 2 - 1956

Administrative Audit Difference Statement

[illegible] Factory & Central Corp.
[illegible] Street
New York 17, New York

Date: [illegible] 1956
Payee's Reference: [illegible] 1956

FINAL DISTRIBUTION

Contract

MADE JUN 29 1956

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

Amount Claimed $ [illegible]

Difference $ [illegible]

Amount Approved $ [illegible]

The reason for the difference was due to:

Disallowance

Core Drilling

Claimed for May 900 ft. @ $3.57 per ft. [illegible]
Allowable cost for 452 ft. as follows
allowable contract cost @ $3.50 (.05 fee)
disallowed for hole C-2. Claimed 50 ft. core-
drilling whereas Driller's log shows only 20 ft) [illegible]
Amount to be disallowed [illegible]

Ft. claimed for April 1956, 55 ft. @ $3.57 [illegible]
Less, allo cost, 55 ft. @ $3.50 per ft. [illegible]
Amount to be disallowed [illegible]
Total Core Drilling costs to be disallowed [illegible]

(See attached sheet)

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

Very sincerely yours,

[illegible]
N. E. Stokes
Audit Section

[illegible] Chief, Region III

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

Non - Core Drilling:

1. Claimed 183 ft. drilling in hole A-7 whereas driller's log shows 173 ft. Disallow 10 ft. @ .75 per ft. 7.50

2. 3 hrs standby time is included in reported cost.., for non-core drilling. As there is no specific provision for stand-by time in contract, the following is considered to be a part of incidental allowance and is to be disallowed. 3 hrs standby time @ $12.00 36.00

3. Claimed the cost of one month water permit in the cost reported for non-core drilling. 94.64% as the acceptable footage reported is non core, therefore, only 94.64% of the cost of the water permit is acceptable. Amount to be disallowed 100.00 minus 94.64 - 5.36

4. New Mexico School Tax on the amount reported for core drilling is 67.76. Only 66.76 was reported. The difference of 1.00 was reported with the cost of non-core drilling and is therefore, to be disallowed - 1.00

Total non-core drilling costs to be disallowed 49.86

Incidental Allowance

10 ft. of non-core drilling and 16 ft. core drilling is disallowed in this report. Incidental allowance for this footage, 26 ft. @ 18 per ft. 4.68

Total amount to be disallowed 179.75

Randel R. Cooper
Fiscal Officer
Region III

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

224 New Customhouse
Denver 2, Colorado

June 25, 1956

Memorandum

RECEIVED
JUL 2 - 1956

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Doclet 3989 (Uranium) Contract Idm-E933, Food Machinery and Chemical Corporation (Sec. 29, T13N, R9W, NMPM) McKinley County, New Mexico - Operator's Monthly Progress Report for the month of May, 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, except for the following deductions.

DISALLOWANCES

Core drilling

Amount reported by Operator on Form MF-104 for the month of May, 1956, 968 feet at $3.57+ per foot----------$3,454.76
Allowable cost for 952 feet at the maximum allowable contract cost of $3.50 per foot. (16 feet is disallowed for hole C-2. The Operator reports 40 feet core whereas the driller's log shows only 24 feet)---------- 3,332.00
Amount to be disallowed----------$ 122.76

Amount reported by Operator on Form MF-104 for April, 1956, 35 feet at $3.57----------$124.95
Acceptable cost, 35 feet at $3.50 per foot----------122.50
Amount to be disallowed----------$2.45*

Total core drilling cost to be disallowed----------$ 135.21

*This amount should have been, but was not disallowed from the April, 1956 voucher. Therefore, the disallowance is made herewith.

Non-core drilling

A review of the documentation for non-core drilling indicates that the following disallowances are in order:

1. Ten feet of non-core drilling reported for hole No. A-7 is disallowed. The Operator reports 183 feet of non-core drilling in this hole, whereas the driller's log shows only 173 feet.
Disallow 10 feet at $0.75 per foot----------$7.50

2. 3 hours standby time is included in the reported cost for non-core drilling. As there is no specific provision in the contract for standby time, the following amount is considered to be a part of the incidental allowance and is to be disallowed.
Disallow 3 hours standby time at $12.00 per hour----------36.00

3. The Operator has included the cost of one month water permit in the cost reported for non-core drilling. 94.64 percent of the acceptable footage reported is non core, therefore, only 94.64 percent of the cost of the water permit is acceptable.

Amount to be disallowed, $100.00
minus $94.64----------5.36

4. New Mexico School Tax on the amount reported for core drilling is $67.76. The Operator reported only $66.76. The difference of $1.00 was reported with the cost of non-core drilling and is, therefore, to be disallowed----------1.00

Total non-core drilling costs to be disallowed----------$49.86

Incidental Allowance

Ten feet of non-core drilling and sixteen feet of core drilling is disallowed this report. Incidental allowance for this footage, 26 feet at $0.18 per foot is disallowed---------- 4.68

Total amount disallowed---------- $ 179.75

Reconciliation with Amount Reported on Form MF-104 for May, 1956

Amount reported by Operator----------$19,844.70
Disallowances:
Core drilling----------$125.21
Non-core drilling---------- 49.86
Incidental allowance---------- 4.68
179.75
Total Accepted Cost----------$ 19,664.95
Government Participation at 75 Percent-------$ 14,748.71

Note: In addition to the disallowances listed above, the inspecting engineer recommends that 30 feet of core drilling be disallowed in hole C-11. However, a check of the Operator's records and the driller's log for the hole shows the footage reported to be correct, and therefore acceptable. Hole C-12 was also checked and found to be properly reported by the Operator.

Remarks

Date of Report----------June 2, 1956
Date Received in Field Office---------- June 13, 1956
Date Received in Region Office---------- June 20, 1956

W. M. TRAVER

W. M. Traver

Enclosures

JDC:jy
cc: MF-104 File X933
Sec. Op. Comm. (2)
Shaw (2)
Townsend w/copy engr's report
Chron.

RECEIVED
JUL 2 - 1956

DMEA
Date Rec'd.
JUN 20 1956

BUREAU OF MINES
Denver, Colorado

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
June 19, 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw
Supervising Mining Engineer

From: W. D. McMillan

Subject: Docket DMEA 3989, (Uranium) Contract Idm-8933,
Food Machinery and Chemical Company
Westvaco Mineral Products Division,
Sec. 29, T. 13 N., R. 9 W., NMPM, McKinley County, New Mexico --
Progress report for May, 1956

Progress was checked on June 6, 1956 in company with Russel J. Hayden, Superintendent for the applicant.

During May a total of 57 holes were completed on north-south lines with 29 holes on the 200 foot east coordinate, 19 holes on the 1000 foot east coordinate, and 9 holes on the 1800 foot coordinate at the locations specified in the contract on Stage I. Some of the specified holes on these lines were not drilled. Exploration on June 6 had been started on the intervening 400 foot lines and the lines in the western part of the section.

In the narrative part of the report the applicant submitted a table showing the location of the holes with total depth and the footages cored in 29 of the 57 holes. Slight mineralization was reported in 9 of the core holes.

The operator's total for the total depths of the holes was 17,910 feet and for the footage cored 968 feet.

A check of Stewart Bros. and Parker Drilling Company logs showed the following discrepancies.
Hole 1800-200- 203 feet instead of 213 feet
Hole 4400-200- Core bit drilling of 40 feet is for Hole 4200-200
Hole 200-1800- Core bit drilling of 40 feet should be 26 feet according to drill log
Hole 2200-100- Reported core bit drilling of 30 feet not shown on drill log

These discrepancies in reported core bit drilling and the drill logs amount to 44 feet. The approved core bit drilling is, therefore, 924 feet.

The difference between the total corrected footage of 17,900 feet and the approved core bit drilling of 924 feet is 16,976 feet, which is approved for plug bit drilling although the contractor claims 16,942 feet, a difference of 66 feet.

Approved costs for May are for 16,876 feet of plug bit drilling at $0.77 a foot ($13,112.65), 924 feet of core bit drilling at $3.50 a foot ($3,234.00), and for incidentals 17,800 feet at $0.18 a foot, ($3,204.00), with a total of $19,550.65.

Government participation at 75 percent would be $14,662.99.

A map showing the location of all holes drilled to the end of May, Stewart Bros. and Parker's statement for May, 1956, geologic logs are with each copy.

Copies of the drill logs are being retained in this office.

W. D. McMillan
Mining Engineer

WDM/mr
cc: 6
Idm-2933
Chron

June 2, 1956

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

RECEIVED
JUL 2 - 1956

Re: Progress Report
DMEA Docket No. 3989 (Uranium)
Contract Idm-E933
Food Machinery & Chemical Corp.
Section 29, T. 13 N., R. 9 W.

An uninterrupted drilling program continued through the month. A total of 57 holes was drilled, logged geologically and radiometrically, the samples are labled and stored. For data on these holes see map 936-A. Shown on this map are depths of the top and bottom of the Todilto limestone, (the ore horizon in this area), total depths of the holes drilled, and whether or not mineralization was encountered. For detail of these holes see the log sheets enclosed. For those holes in which the limestone was cored an inset sheet accompanies each geologic log. This inset sheet gives a detailed description of the drill core.

A structure contour map of the base of the Todilto limestone is being constructed and a detailed cross section of each north-south row of drill holes is being drawn as the drilling progresses. One such cross section accompanies this report for the 200 east line. This is the only line completed to date.

Also a complete general information map is being prepared similar to the monthly progress map. (Drawing No. 936-A)

Items of geologic interest thus far encountered by drilling are mineralization associated with fluorite and recrystallization of fractured limestone. A small roll and thickening in the vicinity of 3400 to 3600 north 200 east is indicated by the cross section. The features mentioned above will be more fully understood as to their relationship to possible ore deposits as stage one of the drilling program progresses.

No samples were submitted for chemical analyses during the month as those samples checked by radiometric equivalent did not give results of a magnitude that would justify chemical assaying.

The following holes were completed during the month of May 1956. Detailed information of the following table may be found in the geologic logs accompanying this report.

Hole Co-ordinate	Total Depth	Feet Cored	Feet Sampled	Mineralization
1100-200	165		28	
1200-200	160	30		
1300-200	175	30		slight
1400-200	180	30		
1600-200	210		30	
1800-200	213	30		
2000-200	230		30	
2200-200	250	40		slight
2400-200	290		20	slight
2600-200	283	40		
2800-200	310		30	
2900-200	330	30		
3000-200	350		30	

Hole Co-ordinate	Total Depth	Feet Cored	Feet Sampled	Mineralization
3100-200	345	40		
3200-200	366		24	slight
3300-200	357	30		slight
3400-200	365		40	
3500-200	370	40		slight
3600-200	380		30	
3700-200	378	30		slight
3800-200	395		30	
3900-200	400	40		
4000-200	415		30	
4200-200	437			
4400-200	460	40		
4600-200	470		30	
4800-200	496	30		
5000-200	535		30	
200-1000	178		22	slight
400-1000	180	40		
600-1000	204		30	
800-1000	207	23.		
1000-1000	226		24	
1200-1000	237	35		
1400-1000	254		26	
1600-1000	260	28		
1800-1000	290		32	
2000-1000	295	30		
2200-1000	320		40	
2400-1000	333	30		
2600-1000	350		30	
2800-1000	370	30		
3000-1000	400		24	
3200-1000	401	40		
3400-1000	425		24	slight
3600-1000	431	29		
3800-1000	457		32	
200-1800	190		22	
800-1800	214		20	
1000-1800	225	23		
1200-1800	245		22	
1400-1800	263	30		
1800-1800	308	30		
2200-1800	345	30		
2600-1800	374	30		
3000-1800	406	30		
600-1800	207	30		
Total	17,910	968	760	

Sixty-two drill days were required to complete the 57 holes. Considerable difficulty was encountered in drilling hole number 5000-200 due to lost circulation. All holes are being drilled wet through the blow sand in order to make the walls stand. The ore horizon is drilled dry whenever possible. In the southeast portion of the area ground water was great enough to require wet drilling through the ore horizon.

A total of 17,910 feet was drilled at an average direct drilling cost of $.928 per foot, of which 16,942 feet was plug drilling and 968 feet was core drilling.

An uninterrupted drilling program is expected to continue in compliance with this contract throughout the coming month.

Respectfully submitted,

R. J. Hayden

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

STATEMENT

DATE June 2, 1956 10

RECEIVED
JUL 2 - 1956

NAME Westvaco Mineral Products

ADDRESS Box 24, Star Route

Grants, New Mexico

In Account With

Stewart Bros. & Parker

DRILLING CONTRACTORS

Phone [redacted] 287-4416 P. O. Box [redacted] 154

[redacted]

Grants, New Mexico

		Amount
Exploration drilling during May, 1956 as follows:		
Rig #5 Section 29		
3,234 feet @ 75¢ per foot	$2,425.50	
66 feet @ 90¢ per foot	59.40	
200 feet core @ $3.50 per foot	700.00	
1½ hours standby time @ $12.00 per hour	18.00	
		$ 3,202.90
Rig #7 Section 29		
5,843 feet @ 75¢ per foot	$4,382.25	
2 feet @ 90¢ per foot	1.80	
683 feet core @ $3.50 per foot	2,391.50	
		6,781.55
Rig #11 Section 29		
7,435 feet @ 75¢ per foot	$5,576.25	
362 feet @ 90¢ per foot	325.80	
83 feet core @ $3.50 per foot	290.50	
1½ hours standby time @ $3.50 per hour	15.00	
		6,210.55
One Month Water Permit		100.00
		$16,295.00
2% New Mexico School Tax		325.90
TOTAL		$16,620.90

THANKS

STEWART BROS. & PARKER

BY H. H. Stewart

H. H. Stewart, Partner

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.5

RECEIVED
MAY 28 1956

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of April, 1956 Docket No. DMEA 3989 Contract No. Idm-E933
Operator's Name Food Machinery & Chemical Corp. Westvaco Minerals Uranium
Address Box 250- Pocatello, Idaho - Min. Product Div.
Contract Amount, $ 91,908.00 Government Participation: 75% Amount, $

ITEMS OF COSTS	FOR OPERATOR'S USE Costs			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	216.75		216.75			
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): Incidental allowance for each foot core & non-core	27.90		27.90			
TOTALS	244.65		244.65	244.65	—	244.65

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

Date 5/3/56 *Payee Food Machinery Chemical Corp. Westvaco Mineral Products Division.

Per R. 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:

$183.49

Signature [illegible]
(Authorized Certifying Officer)

Date 5/23/56 Vou. No. DMA 56-110

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E 93 in accordance with the terms of the contract.

Signature Wm. Mullem (P 186.30) Title Mining Engr. Date May 14, 1956

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature [illegible] Title Acting Executive Officer Date MAY 21 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

RECEIVED
MAY 28 1956

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of April 1956 Docket No. DMEA 3989 Contract No. Idm-E933
Operator's Name Food Mach. Chem. Corp. Westvaco Min. Dev. Minerals ~~Uranium~~
Address P.O. Box 250 Pocatello, Idaho Division

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 Bit	per ft.	124.95	35	124.95	35	3.57	2415	3.50
plug ~~Churn~~ bit	per ft.	91.80	120	91.80	120	.76½	57390	1.25
Auger								
~~Stripping~~ incidental	per ft.	27.90	155	27.90	155	7.48	59,805	.18
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		244.65	155	244.65				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								91,908.00
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.

Food Mach. & Chem. Corp.
Westvaco Mineral Products
Date May 3, 1956 Operator Division

Per R. 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.

REMARKS: Incidental unit costs to date includes surveying of drill locations for all proposed first stage drill hole.

(Instructions on reverse)

(For Government use only) 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

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

RECEIVED
MAY 28 1956

224 New Customhouse
Denver 2, Colorado

FINAL DISTRIBUTION
MADE MAY 24 1956

May 21, 1956

Memorandum

To: T. A. Christensen

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

Subject: DMEA Docket 3989 (Uranium) Contract Idm-E933, Food Machinery and Chemical Corporation (Sec. 29, T 13 N, R 9 W) McKinley County, New Mexico - Operator's Monthly Progress Report for the month of April, 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.

Remarks

Date of Report----------May 3, 1956
Date Received in Field Office---------- May 14, 1956
Date Received in Region Office--------- May 15, 1956

J. W. Townsend

J. W. Townsend

Enclosures
JDC:jy
cc: MF-104 File E933
Sec. Op. Comm. (2)
Shaw (2)
Chron.

RECEIVED
MAY 28 1956

III

Building 20
Denver Federal Center
Denver 2, Colorado
May 14, 1956

DMEA
Date Rec'd.
MAY 15 1956
BUREAU OF MINES
Denver, Colorado

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: W. D. McMillan
Through: John F. Shaw, Supv. Min. Engr.

Subject: DMEA Docket 3989 (Uranium) Contract Idm-8933, Food Machinery and Chemical Co., Westvaco Minerals Project Division, Section 29, T. 13 N., R. 9 W., N.M.P.M., McKinley County, New Mexico — Progress Report for April 1956.

Work on the subject contract was started on April 25, 1956, and an inspection of progress was made on May 2, 1956 accompanied by Russell Hayden, representative of Westvaco Minerals Project Division of Food Machinery and Chemical Company.

One hole was completed with one drill in April, and the data pertaining to this hole are given below:

Hole No.	Plug-Bit Feet	Core-Bit Feet	Total Feet
A-1	120	35	155

On May 4, 1956, a second drill was operating, and the applicant plans on adding another three drills. Work on the other two contracts of this company Idm-8932 and Idm-8934 will be recessed until completion of Idm-8933. Work done on these contracts consisting of the necessary surveying for the location of Stage I holes was started the middle of April and were inspected on May 2, 1956. The operator claimed 35 feet of core-bit drilling at $3.57 a foot ($124.95) and 120 feet of plug-bit drilling at $0.765 a foot ($91.80) and incidentals 155 feet at $0.18 per foot, ($27.90), a total of $244.65.

The contract cost for 35 feet core-bit drilling is $3.50 a foot or $122.50. Contract cost for plug-bit drilling of 120 feet is $1.25 a foot or $120.00, but the drill contractors invoice claimed only $0.75 a foot, or $ 90.00. The amount claimed for incidentals of 155 feet at $0.18 a feet or $27.90 is according to the contract. The corrected total approved is $240.40, a difference of $4.25 less than the amount claimed. (4.25 N.M. School tax is allowable)

It is recommended that 75 percent of the corrected total or $180.30 be approved for payment.

The drilling contractor's invoice, driller's log, radiometric log and section map are attached to each copy of the operator's report.

The progress report is highly satisfactory with complete copies of all the data and maps which few companies furnish us.

W. T. McMillan
Mining Engineer

enclosures

as 4
IDM-8933
Chron.

WDM/ah

May 3, 1956

RECEIVED
MAY 28 1956

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

Re: Progress Report
DMEA Docket No. 3989 (Uranium)
Contract Idm-E933
Food Machinery Chemical Corporation
Section 29, T. 13 N., R. 9 W.
McKinley County, New Mexico

Surveying of the proposed drill holes on Section 29, T. 13 N., R. 9 W., was started on April 23 and completed on April 27, 1956. All first stage drill holes have been surveyed in by transit and chain, and marked with a one inch by two inch survey stake bearing the co-ordinate number. The co-ordinates began with 00N. and 00E. at the southwest corner of Section 29. Elevations were leveled in and recorded. A base map for the section has been prepared showing location of the proposed holes, elevations of the collars, and co-ordinates. A second base map showing the location of the hole drilled during April, the total depth of the hole, and the depth of the top and bottom of the Todilto limestone.

Hole No. 100N. - 200E. was drilled to the depth of 155 feet. Twenty-five feet of Todilto limestone was cored from 120 to 145 feet and 10 feet of Entrada was also penetrated. The limestone appeared favorable from the standpoint of known criteria in that it was fractured and re-crystalized. It also contained considerable

amounts of fluorspar and calcite. The core was logged in detail, (see inset sheet) and stored at the field office in Grants, New Mexico for future reference. The hole was geologically logged and radiometrically probed. No count above normal background was encountered. An uninterrupted drilling program in accordance with the first stage of the contract is planned for May.

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 May 3, 1956 19

NAME Westvaco Mineral Products Co

ADDRESS Box 24, Star Route

Grants, New Mexico

RECEIVED
MAY 29 1956

In Account With

Stewart Bros. & Parker

DRILLING CONTRACTORS

Phone ~~XXXXXXX~~ 27-4416 P. O. Box ~~XXXX~~ 154

~~XXXXXXXXXXXXX~~

~~Grants, New Mexico~~

	Amount
Exploration drilling on your Section 29 during April, 1956 as follows:	

Date	Hole No.	Plug	Core
4/30	1000/200	120	35

120 feet @ 75¢ per foot	$ 90.00
35 feet @ $3.50 per foot	122.50
	$212.50
2% N. M. School Tax	4.25
TOTAL	$216.75

THANKS

STEWART BROS. & PARKER DRILLING CO.

Box 2449 Phone 6-6143

ODESSA, TEXAS

DRILL LOG

CLIENT Westvaco DATE Apr 30, 1956

PROPERTY Section 29 HOLE No. 1000/200 19

RIG No. 11 DRILLER Dave Hannum

FROM	TO	FORMATION AND REMARKS
0	80	Brown Sand
80	1 20	Red Shale & Sandstone
120	148	Limestone
148	155	Sandstone
	155	SHOW TD ON COMPLETION

PLUGGED FROM 0 TO 120

SAMPLED FROM XXX TO XXX

CORED FROM 120 TO 155

STAND BY TIME (IF ANY)

(FOR OFFICE USE)

JUL 1 8 1961

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

Re: USEA-3989 (Uranium)
Food Machinery and Chemical Corporation
Sec. 29, T. 13 N., R. 9 W.
McKinley County, New Mexico
Contract EAC-8933

Gentlemen:

This is to advise that the final payment made by KEM Co., Inc., completes repayment in full of the Government's participation of $46,839.10 in the above-referenced exploration contract for uranium. As a result of the repayment, the Government retains no lien or claim against the property or any future production therefrom.

Sincerely yours,

George Fumich, Jr.

Director

Enclosure

FMMurphy/gla
7-14-61
cc to: Director's Reading File
CAAA Division
Region III (2)
Docket
Code 500

JUL 1 3 1961

The Commonwealth Insurance Company of New York
150 William Street
New York 38, New York

Re: [illegible]A-1989 (Uranium)
Nord Machinery and Chemical Corporation
Sec. 29, T. 13 N., R. 9 W.
McKinley County, New Mexico
Contract [illegible]-1933

Gentlemen:

The total amount advanced by the Government under the terms of the captioned contract was repaid by June 22, 1961. Therefore, effective as of that date, the Government herewith releases your Performance Bond No. [illegible]76, dated March [illegible], 1960, and Rider, dated April 18, 1961, submitted as surety in connection with the subject contract.

Sincerely yours,

George Fumich, Jr.

Director

Copy to:

Mr. C. H. Holmes
Assistant Manager
Mining and Milling Department
Phillips Petroleum Company
Bartlesville, Oklahoma

Mr. R. C. Kirchman
President
KMC Co., Inc.
P. O. Box 127
Grants, New Mexico

PMMurphy/gla 7-14-61
cc to: Director's Reading File
CA&A Division
Region III (2)
Docket
Code 500

Mr. R. C. Kirchman
President
Kirt Co., Inc.
P. O. Box 327
Grants, New Mexico

Re: NMEA-3939 (Uranium)
Food Machinery and Chemical Corporation
Sec. 29, T. 13 N., R. 9 W.
McKinley County, New Mexico
Contract Idn-2933

Dear Mr. Kirchman:

This is to advise that your check in the sum of $421.88, submitted with your letter of June 22, 1961, completes repayment in full of the Government's participation of $[illegible],239.10 in the above-referenced exploration contract for uranium. As a result of the repayment, the Government retains no lien or claim against the property or any future production therefrom.

Sincerely yours,

George Fumich, Jr.

Director

Copies to:

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

Mr. C. M. Holmes
Assistant Manager
Mining and Milling Department
Phillips Petroleum Company
Bartlesville, Oklahoma

FMurphy/gla 7/14/61
cc to: Director's Reading File
Div. of Com. Adm.—
Region III (2)
Docket
Code 500

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

APR 2 5 1961

Mr. T. A. Lain
Phillips Petroleum Company
Mining and Milling Department
Bartlesville, Oklahoma

Re: DMEA-3989 (Uranium)
Food Machinery and Chemical Corporation
Sec. 29, T. 13 N., R. 9 W.
McKinley County, New Mexico
Contract Idm-2933

Dear Mr. Lain:

This is to acknowledge your letter of April 18, 1961, transmitting a Rider, effective April 10, 1961, to Phillips Petroleum Company's Performance Bond No. 302474 relating to the subject contract. The Rider is acceptable to the Government.

Sincerely yours,

(signed) FRANK E. JOHNSON

Acting Director

FMMurphy/gla
4-24-61
cc to: Director's Reading File
Region III (2) w/2 cys Mr. Lain's letter, 1 cy Rider
Contract Adm. & Audit Div. w/cy Rider
Fiscal Section, w/cy Rider
Code 500
Docket

Contract Division's copy

OFFICIAL FILE COPY
O. M. E.
APR 21 1961

R I D E R

Rider to be attached to and form a part of Bond No. 302474, wherein PHILLIPS PETROLEUM COMPANY, is named as Principal and THE COMMONWEALTH INSURANCE COMPANY OF NEW YORK as Surety, in the sum of $23,315.89, in favor of the United States of America, dated March 1, 1960, Performance Bond - Exploration Project - Contract No. Idm-E933 (IMEA) Docket No. 3989.

IT IS HEREBY STIPULATED AND AGREED that the amount of the above Bond be and the same is hereby decreased from Twenty-Three Thousand, Three Hundred Fifteen Dollars and Eighty-Nine Cents ($23,315.89) to Three Thousand Six Hundred Four Dollars and Eight Cents ($3,604.08) such change in amount to have effect as of and from the 10th day of April, 1961; on and after which date said Principal and Surety shall be liable under said bond for loss sustained by the Obligee during the period such change shall continue in effect, only to the extent by which such decreased amount exceeds loss, if any, covered by said bond which shall have been sustained by the Obligee prior to such decrease.

IN WITNESS WHEREOF said Principal and Surety have caused this Rider to be signed by its respective duly authorized officers and their corporate seals to be hereunto affixed this 10th day of April, 1961.

PHILLIPS PETROLEUM COMPANY

/s/ R. B. Stewart

By _____
Vice President

F. Arnold
Secretary

THE COMMONWEALTH INSURANCE COMPANY OF NEW YORK

/s/ M. M. Lannan

By _____
Attorney-in-Fact

Power of Attorney

The Commonwealth Insurance Company of New York

HOME OFFICE—150 WILLIAM STREET—NEW YORK 38

Know All Men By These Presents:

That THE COMMONWEALTH INSURANCE COMPANY OF NEW YORK, in pursuance of authority granted by resolution of the Board of Directors dated September 28, 1955, which said resolution has not been amended nor rescinded and of which the following is a true and complete copy:

"RESOLVED that the President or any Vice-President or Secretary may appoint Resident Vice-Presidents, Resident Assistant Secretaries and Attorneys-in-Fact in any State, Territory or Federal District to represent this company and to act on its behalf within the scope of the authority granted to them in writing, which authority may include the power to make, execute, seal and deliver on behalf of this company as surety and as its act and deed any and all bonds and undertakings of suretyship and other documents that the ordinary course of surety business may require; and any such Resident Vice-President, Resident Assistant Secretary or Attorney-in-Fact may be removed and the authority granted him revoked by the President or any Vice-President or Secretary or by the Board of Directors."

does hereby nominate, constitute and appoint:

J. J. Quinn or Tom R. Weaver or M. M. Lannan, Bartlesville, Oklahoma,

its true and lawful Attorney in Fact, to make, execute, seal and deliver for and on its behalf, as surety:

any and all bonds and undertakings of suretyship, provided no such bond or undertaking shall be in the penalty of more than FIVE HUNDRED THOUSAND AND NO/100 ($500,000.00) DOLLARS.

And the execution of such bonds or undertakings, in pursuance of these presents shall be as binding upon the said Company, as fully and amply, to all intents and purposes, as if they had been duly executed and acknowledged by the regularly elected officers of the said Company in their own proper persons.

All authority hereby conferred shall expire and terminate without notice at midnight of May 1, 1962.

In witness whereof, THE COMMONWEALTH INSURANCE COMPANY OF NEW YORK has caused these presents to be signed by its Vice-President or Secretary and its corporate seal to be hereto affixed this 11th day of April 1960.

Attest: THE COMMONWEALTH INSURANCE COMPANY OF NEW YORK

C. E. Havekotte, Assistant Secretary (SEAL)

By G. W. Dyer, Secretary

STATE OF Missouri
COUNTY OF Jackson } ss.

On this day, before the subscriber, a Notary Public in and for said County and State, duly commissioned and qualified, came the above named officer of THE COMMONWEALTH INSURANCE COMPANY OF NEW YORK, to me personally known to be the individual and officer who executed the preceding instrument, and he acknowledged the execution of the same, and being by me duly sworn, deposeth and saith, that he is the said officer of the Company aforesaid, and that the seal affixed to the preceding instrument is the corporate seal of the said Company, and that the said corporate seal and his signature as such officer were duly affixed and subscribed to the said instrument by the authority and direction of the said Company.

In witness whereof, I have hereunto set my hand and affixed my official seal, at Kansas City, Missouri this 11th day of April 1960.

(SEAL)

My commission expires May 30, 1961, Kathryn Clutter, Notary Public

I, the undersigned, Assistant Secretary of THE COMMONWEALTH INSURANCE COMPANY OF NEW YORK, do certify that the original POWER OF ATTORNEY, of which the foregoing is a full, true and correct copy, is still in full force and effect.

In testimony whereof, I have hereunto subscribed my name as Assistant Secretary, and affixed the corporate seal of the Company, this 13th day of April 1961.

C. E. Havekotte, Assistant Secretary

APR 29 1960

Federal Insurance Company
90 John Street
New York 38, New York

Attention: Stephen Finn, Assistant Secretary

Re: [illegible] (Standard)
Steel Machinery and Chemical Corporation
Sec. 25, T. 15 N., R. 9 W.
McKinley County, New Mexico
Contract No. [illegible]

Dear Mr. Finn:

In reply to your letter of April 15, 1960, the Government has accepted a new surety guaranteeing the performance under the terms of the subject contract. Hence, effective March 1, 1960, the Federal Insurance Company's Bond No. 7062401 and rider thereto effective April 15, 1959, are herewith released.

Sincerely yours,

(signed) FRANK E. JOHNSON

Acting Director

FMMurphy/gia/hb (4/28/60)

Copy to: Director's Reading File
Region III (X) w/2 cys incoming letter
Docket
CMAA Division
Code 300
Chrono.

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

Mr. C. H. Holmes
Assistant Manager
Mining and Milling Department
Phillips Petroleum Company
Bartlesville, Oklahoma

MAR 8 1960

Re: Docket No. IMRA-3989 (Uranium)
Food Machinery & Chemical Corporation
Sec. 29, T. 13 N., R. 9 W.
McKinley County, New Mexico
Contract No. Ldm-E933

Dear Mr. Holmes:

This is to acknowledge receipt of the Phillips Petroleum Company's Performance Bond, executed March 1, 1960, in the sum of $23,315.89, submitted with your letter of March 4.

The bond is acceptable to the Government as a guaranty covering the balance due the Government for its royalty percentage under the terms of the subject contract. The bond in the amount of $68,931.00 submitted by the Food Machinery & Chemical Corporation is herewith released effective February 29, 1960.

For your information, our accounts show the balance to be $23,315.89 as of March 7, 1960.

Sincerely yours,

Frank E. Johnson

Acting Director

cc: Mr. Clarence Peterson
Food Machinery & Chemical Corporation
Chrysler Building East
161 East 42nd Street
New York 17, New York

FMMurphy/gla 3-8-60
cc to: Director's Reading File
CA&A Division
OME Field Team, Region III (2) w/2 cc Phillips Petroleum Company letter 3/4/60
Code 500
Docket
Chron

EXTRA COPY
O. M. E
RECEIVED FEB 1 1960
DATE | INITIALS | CODE
800

Building 20 - Federal Center
Denver 25, Colorado
January 28, 1960

Mr. D. E. Fryhofer
Phillips Petroleum Company
Bartlesville, Oklahoma

Re: Docket No. DMRA 3989 (Uranium)
Contract No. Ldm-E933
Food Machinery & Chem. Corp.
(Sec. 29, T 13 N, R 9 W)
McKinley County, New Mexico

Dear Mr. Fryhofer:

Reference is made to Article 8(e) of the captioned contract which provides that the Government's royalty shall be a percentage of the gross proceeds from the production sold, in the form sold.

You sell the production in the form of yellowcake so the royalty should be based on the price you receive for yellowcake instead of the value of ore before milling as shown in A.E.C. Circular 5.

Royalty settlements to date are accepted as preliminary payments subject to adjustment when the value of the production in the form sold has been determined on a quarterly or other interim basis.

Very truly yours,

Original signed by

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

EMC:ltm

cc: Chem. Op. Comm. (2)
Roy. Corres. E933
Chron.

JUN 1 1959

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

Re: Docket No. DMRA-3989 (Uranium)
Food Machinery and Chemical Corporation
(Westvaco Mineral Products Division)
Sec. 29, T. 13 N., R. 9 W.
McKinley County, New Mexico
Contract No. Ldm-E933

Dear Mr. Plum:

By letter dated May 27, 1959, the Food Machinery and Chemical Corporation submitted to us, in triplicate, an executed rider decreasing from $68,931.00 to $32,968.46 the penal sum of the surety Bond No. 7852491 under the referenced contract. Their letter requested that the duplicate executed copy of the rider be endorsed as to acceptance and returned to you for completion of your records.

The duplicate copy, endorsed as to acceptance, is enclosed.

Sincerely yours,

(signed) FRANK E. JOHNSON
Acting Director

Enclosure

Copy to:
Food Machinery and Chemical Corporation
Attention: C. E. Taylor, Insurance Manager

EDTalbert/ama
May 29, 1959

Copy to: Docket
Director's Reading File
CA & A Division
OME Field Team, Region III (2)
w/2cc incoming letter

FOOD MACHINERY
AND CHEMICAL
CORPORATION

WESTVACO MINERAL PRODUCTS DIVISION

Orig. ltr + orig. + 1cy rider to 700

CHRYSLER BUILDING EAST
405 EAST 42ND STREET
NEW YORK 17, N. Y.
TELEPHONE MURRAY HILL 7-7400

RECEIVED MAY 28 1959

800

May 27, 1959

Mr. Frank E. Johnson, Acting Director
United States Department of the Interior
Office of Mineral Exploration
Washington 25, D.C.

Re: Dock No. DMEA-3089 (Uranium)
Food Machinery and Chemical Corporation
(Westvaco Mineral Products Division
Sec. 29, T. 13 N., R. 9 W
McKinley County, New Mexico
Contract No. Idm-E933

Dear Sir:

Referring to your letter of April 16, 1959 addressed to Mr. Stephen Plum, Assistant Secretary of Federal Insurance Company regarding Bond No. 7862491, we are enclosing herewith executed Decrease Rider to be attached to Bond No. 7862491 decreasing same from $68,938.00 to $32,068.46, in triplicate.

The Federal Insurance Company have requested that the duplicate executed copy of this Rider be accepted by you and subsequently returned to them for completion of their records.

Yours very truly,
FOOD MACHINERY AND CHEMICAL CORPORATION
WESTVACO MINERAL PRODUCTS DIVISION

C.E. Taylor, Insurance Manager

AB
Encls. (3)

Copy to:
March & McLennan, Inc.
70 Pine Street
New York 5, New York
Attention: Mr. Kenneth R. Gesner

FEDERAL INSURANCE COMPANY

Into Which Has Been Merged (July, 1953)

UNITED STATES GUARANTEE COMPANY

CHUBB & SON, Managers 90 John Street, New York 38, N. Y.

Rider to be attached to and form a part of Bond No. 7862491, wherein FOOD MACHINERY AND CHEMICAL CORPORATION, is named as Principal and FEDERAL INSURANCE COMPANY as Surety, in the sum of $68,931.00, in favor of the United States of America, dated April 18th, 1956, Performance Bond - Exploration Project - Contract No. Idm-E933 (DMEA) Docket No. 3989.

IT IS HEREBY ~~STIPULATED~~ AND AGREED that the amount of the above Bond be and the same is hereby decreased from SIXTY EIGHT THOUSAND, NINE HUNDRED THIRTY ONE AND 00/100 ($68,931.00) DOLLARS to THIRTY TWO THOUSAND, NINE HUNDRED SIXTY EIGHT AND 46/100 ($32,968.46) such change in amount to have effect as of and from the 15th day of April 1959; on and after which date said Principal and Surety shall be liable under said bond for loss sustained by the Obligee during the period such change shall continue in effect, only to the extent by which such decreased amount exceeds loss, if any, covered by said bond which shall have been sustained by the Obligee prior to such decrease.

IN WITNESS WHEREOF said Principal and Surety have caused this Rider to be signed by its respective duly authorized officers and their corporate seals to be hereunto affixed this 11th day of May, 1959.

FOOD MACHINERY AND CHEMICAL CORPORATION

By: B. W. Wanderer
Assistant Secretary

FEDERAL INSURANCE COMPANY

BY: Stephen Plum
Stephen Plum, Assistant Secretary

AND: Mary E. Asplund
Mary E. Asplund, Attorney-in-Fact

(SIX COUNTERPARTS)

EXTRA COPY
O. M. E.
RECEIVED MAY 28 1959

DATE	INITIALS	CODE

CITY, COUNTY & STATE OF NEW YORK, ss:

On this [illegible] day of [illegible] 19[illegible], before me personally [illegible] and [illegible] to me known, who, being by me duly sworn, did depose and say that they reside in [illegible] and [illegible] respectively; that they are [illegible] and [illegible] respectively of the **FEDERAL INSURANCE COMPANY**, the corporation described in and which executed the annexed instrument; that they know the corporate seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order and authority of the Board of Directors of said corporation, and that they signed their names thereto by like order and authority.

DOROTHY C. WINTERS
NOTARY PUBLIC, State of New York
No. 31-9709915
Qualified in New York County
Commission Expires March 30, 1960

Sworn to and Acknowledged before me on the date above written

Dorothy C. Winters

(Notary's Signature, Description and Seal)

Certified Copy of Resolution Authorizing Execution of Bonds

At a regular meeting of the Board of Directors of the **FEDERAL INSURANCE COMPANY**, duly held at the office of the Company in New York, N. Y. on the 8th day of September, 1958, a quorum being present, on motion it was unanimously

"RESOLVED, That Percy Chubb 2nd, President, or Nathan Mobley or Junius L. Powell or James G. Cannon or Thos. R. Dew or Ernest W. Fields or Alexander Kerner or George F. Meredith, Vice Presidents of this Company, or Joseph J. Magrath, Secretary of this Company, AND Frederick C. Gardner or Donald H. Haeseker or John C. Harden or Richard G. Hight or Willis Koenig or Arthur A. Kuhne or Fred Moran or Horace C. Neville or Stephen Plum or Davis Quinn or Daniel F. Randolph or George C. Josephson, Assistant Secretaries of this Company OR that any one of said persons AND Howard A. Anderson or Mary E. Asplund or Richard L. Boyle or Thomas H. Fairfield or Marie C. Gotthard or Edgar R. Heckman or M. C. Hoefer or Emily Kraft or Walter LaForge or John MacGregor or Adelaide Natale or Richard D. O'Connor or Donald E. Rapp or Matilda Smith, who are hereby appointed Attorneys-in-Fact of this Company for the purposes specified in this resolution; be and they are hereby authorized to jointly execute under their respective designations, in this Company's name and to affix its corporate seal to, and deliver for and on its behalf, as surety thereon or otherwise, bonds or obligations given or executed in the course of this Company's business, and any instruments amending or altering the same, and consents to the modification or alteration or assignment of any instruments referred to in said bonds or obligations, and the execution of any and all instruments in this Company's name and on its behalf as surety thereon or otherwise by such persons in the authorized manner and under their respective designations, under the seal of this Company, in pursuance of the authority hereby conferred, shall be valid and binding upon this Company."

Financial Statement of Federal Insurance Company as of June 30, 1958

Assets	
United States Government Bonds	$ 55,337,894
State and Municipal Bonds	21,475,007
Other Bonds	7,061,270
Preferred and Guaranteed Stocks	5,788,868
Common Stocks	52,475,770
Capital Stock of Vigilant Insurance Company	13,209,020
Capital Stock (97%) of The Colonial Life Insurance Company of America	4,532,919
Total Investments (note)	159,880.748
Cash	8,951,943
Premiums Receivable	13,231,942
Reinsurance Recoverable on Paid Losses	468,105
Other Assets	4,263,681
Total	186,796,419
Deduct: Premiums over 90 days due and other non-admitted assets	3,637,676
Reinsurance Premiums Payable	5,275,856
	8,913,532
Total Admitted Assets	$177,882,887

Liabilities and Surplus to Policyholders	
Unearned Premiums	$ 43,906,450
Outstanding Losses and Claims as Estimated by Company	27,335,578
Dividend Payable September 8	617,583
Taxes and Expenses	3,472,089
Funds Held under Reinsurance Treaties	3,351,047
Non-Admitted Reinsurance	5,146,470
Total Liabilities	83,829,217
Capital Stock—$4 Par Value—3,087,916 shares	12,351,664
Surplus	48,083,758
Unrealized Appreciation of Investments	33,618,248
Surplus to Policyholders (note)	94,053,670
Total Liabilities and Surplus to Policyholders	$177,882,887

Note: Investments are valued in accordance with requirements of the National Association of Insurance Commissioners. On the basis of market values at June 30, 1958 for all investments other than affiliates, Consolidated Total Investments would be increased by $638,463 and Surplus to Policyholders would be $94,692,133.

Consolidated investments valued at $7,575,166 are deposited with government authorities as required by law.

Certification

CITY, COUNTY & STATE OF NEW YORK, ss:

I, GEORGE C. JOSEPHSON Assistant Secretary of the **FEDERAL INSURANCE COMPANY**, do hereby certify that I have compared the foregoing resolution with the original thereof as recorded in the Minute Book of said Company, and that the same is a correct and true copy of the whole of said original resolution and that said resolution has not been modified or rescinded; that the Company is duly and legally incorporated under the laws of the State of New Jersey and has complied with the provisions of the Act of Congress August 13, 1894, as amended, allowing certain corporations to be accepted as Surety on bonds; that the Company is duly licensed in each of the States of the United States of America, Alaska, Hawaii and Puerto Rico to transact a Fidelity and Surety business; and that the above statement of such Company's assets and liabilities is true and correct.

Given under my hand and seal of said Company at the City of New York, this 11 day of May, 19[illegible]

George C. Josephson

Assistant Secretary

Form 11158F Rev. (9-58)
F5709 (2M)

Contract Adm.& Audit Division

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

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

Pursuant to the provisions of Exploration Project Contract No. Idm-F933, dated March 21, 1956, Docket No. DMEA-3989, hereinafter called the "contract," between the Food Machinery and Chemical Corporation (Westvaco Mineral Products Division), a Delaware corporation, and the United States of America, hereinafter called the "Government"; to establish and fix the Government's percentage royalty on production and its lien therefor and on the land described in the contract, the Government considers and therefore certifies that discovery or development from which production may be made has resulted from the exploration work.

The nature of said discovery or development is described broadly or indicated as follows:

Core and non-core drilling on the land described in Article 2 of the contract penetrated deposits of uranium ore in the Todilto limestone of Jurassic age. The principal ore values were found in the central area of the property.

Dated: JAN 17 1957

THE UNITED STATES OF AMERICA

By O P Mattendorf
Administrator, Defense Minerals
Exploration Administration

MChing/gla 1-9-57
cc to: Operator (original)
Federal Insurance Company
Contract Adm.& Audit Division
DMEA Field Team, Region III (2)
Finance Office
Docket
Rare and Misc.Metals Division
Admr.'s Reading File
Operating Committee
Frank D. Lamb, Rm. 3608
T. H. Kiilsgaard, Rm. 5224
F. E. Johnson
Mr. Ching

JAN 17 1957

Mr. [illegible] Williams
Vice President
Food Machinery and Chemical Corporation
(Ostrace Mineral Products Division)
241 East 42nd Street
New York 17, New York

re: Docket No. [illegible]A-3989 (Uranium) Contract No.Idm-E933
Sec. 29, T. 13 N., R. 9 [illegible]
McKinley County, New Mexico

Dear Mr. Williams:

Enclosed is a "Certification by the United States of America of a Discovery or Development Under an Exploration Project Contract." This certification covers all the land described in Article 2 of the subject contract.

By the terms of the exploration project contract and of the certification, all minerals mined or produced from March 21, 1956, to March 21, 1966, are subject to the Government's percentage royalty as set forth in the contract until the amount contributed by the Government is repaid.

Payments should be made to Mr. [illegible] Traver, Executive Officer, AEC Field Team, Region III, 721 New Customhouse Building, Denver 2, Colorado. Checks should be payable to the Defense Minerals Exploration Administration. The purchaser should be advised to deduct the royalties from the amount due on each shipment and forward the check directly to the Executive Officer. Any bonus payments or allowances received by you from the sale of ore are considered to be a part of the purchase price to which the Government's royalty applies. Royalty payments to the Government should be accompanied by suitable evidence, such as copies of settlement sheets, showing quantity and grade of the products sold, the name of the purchaser, and the price and charges, certified to be correct by the purchaser.

You are requested to notify Mr. Traver of any changes in ownership or production rights that might have any effect on the Government's right to its percentage royalty. Also, if production ceases at any time for an extended period, please notify Mr. Traver at six-month intervals that no production has been made, when that is the case.

Sincerely yours,

C. O. Ellwood

Administrator

Enclosure

Frank H. Lamb, Rm. 3608
T. F. Villgrand, Rm. 5221
Field Team, Region III (2)
Rare & Misc. Metals Division
R. [illegible] Johnson
Mr. [illegible]

Mchinc/ala 1-9-57
cc to: Federal Insurance Company
90 John Street, New York 38, N. Y.
Adm.'s Reading File
Operating Committee
Contract Adm. & Audit Division

SCD

JAN 17 1957

Federal Insurance Company
90 John Street
New York 38, N. Y.

Re: Docket No. [illegible]A-3919 (Drawing)
Contract No. [illegible]-1933
Food Machinery and Chemical Corporation
(Westvaco Mineral Products Division)
Sec. 29, T. 13 N., R. 9 W.
McKinley County, New Mexico

Gentlemen:

For your information, a certification of discovery or development has been issued to the operator as a result of the exploration program under the above-referenced 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.

We are enclosing the following for your records:

1. A copy of a "Certification by the United States of America of a Discovery or Development Under an Exploration Project Contract."

2. A copy of the transmittal letter to Mr. W. S. Williams, Vice President, Food Machinery and Chemical Corporation, (Westvaco Mineral Products Division), 161 West 42nd Street, New York 18, New York.

Sincerely yours,

C. O. Mitchell

Administrator

Enclosures

MWing/gla 1-9-57
cc to: Admr.'s Reading File
Operating Committee
Contract Adm. & Audit Division
Frank D. Lamb, Rm. 3608
C. W. Hillegeard, Rm. 5224
Field Team, Region III (2)
Forest Misc. Metals Division
T. L. Johnson
Mr. Ching

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

RECEIVED
OCT 26 1956

224 New Customhouse
Denver 2, Colorado

October 24, 1956

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

Re: Docket No. DMEA 3989 (Uranium)
Contract No. 16m-2953
Food Machinery and Chemical Corporation
(Westvaco Mineral Products Division)
(Sec. 29, T 13 N, R 9 W)
McKinley County, New Mexico

Dear Mr. Hayden:

In reference to your request of October 1, 1956, this confirms approval from this office by telephone on October 15, 1956, for you to drill twenty-three (23) additional holes under the provisions of Stage II of the Contract as follows:

Requested Coordinate Location of Holes	Estimated Depths
1400 N. - 2800 E.	275
1500 N. - 2800 E.	285
1500 N. - 2700 E.	285
1500 N. - 2500 E.	285
1600 N. - 2800 E.	295
1700 N. - 2700 E.	310
1700 N. - 2500 E.	310
1800 N. - 2300 E.	320
1900 N. - 2500 E.	335
2050 N. - 2300 E.	345
2050 N. - 2400 E.	350
2050 N. - 2500 E.	355
2200 N. - 2300 E.	355
2200 N. - 2400 E.	355
2300 N. - 2400 E.	385
2600 N. - 2350 E.	390
2700 N. - 2400 E.	390
3000 N. - 2300 E.	420

Requested Coordinate Location of Holes	Estimated Depths
3000 N. - 2100 E.	420
3100 N. - 2000 E.	430
3100 N. - 2300 E.	430
3200 N. - 2200 E.	450
3300 N. - 2100 E.	440
	2195

All holes are approved for drilling at the requested locations except as follows:

The proposed drill hole at coordinates 2050 N. - 2500 E. is to be moved southwest to coordinates 1950 N. - 2400 E. The proposed drill hole at coordinates 1400 N. - 2800 E. is not to be drilled unless at least one of the proposed holes at coordinates 1500 N. - 2700 E. and 1500 N. - 2800 E. is mineralized. In the event that the proposed hole cannot be drilled at coordinates 1400 N. - 2800 E. under the foregoing qualification, then a hole may be drilled at coordinates 1650 N. - 2400 E. in lieu thereof.

The approval of drilling the above listed twenty-three (23) holes in their entirety is further qualified as follows: If there is insufficient footage remaining within the total footage available for Stage II drilling to enable completion of the twenty-third hole to its objective, the hole will not be started.

The locations of the approved holes are shown on the map entitled, "Figure 1. -- Sketch Map of Part of Section 29, T. 13 N., R. 9 W., N.M. P.M., Showing Existing Holes and Location of Proposed Stage II Drill Holes, Food Machinery and Chemical Corporation, McKinley County, New Mexico," which is attached hereto and made a part of this confirmation of work approval.

Nothing in this confirmation of work approval shall be construed to increase the total estimated 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 expressly designated "maximum."

Very truly yours,

DMEA Field Team, Region III

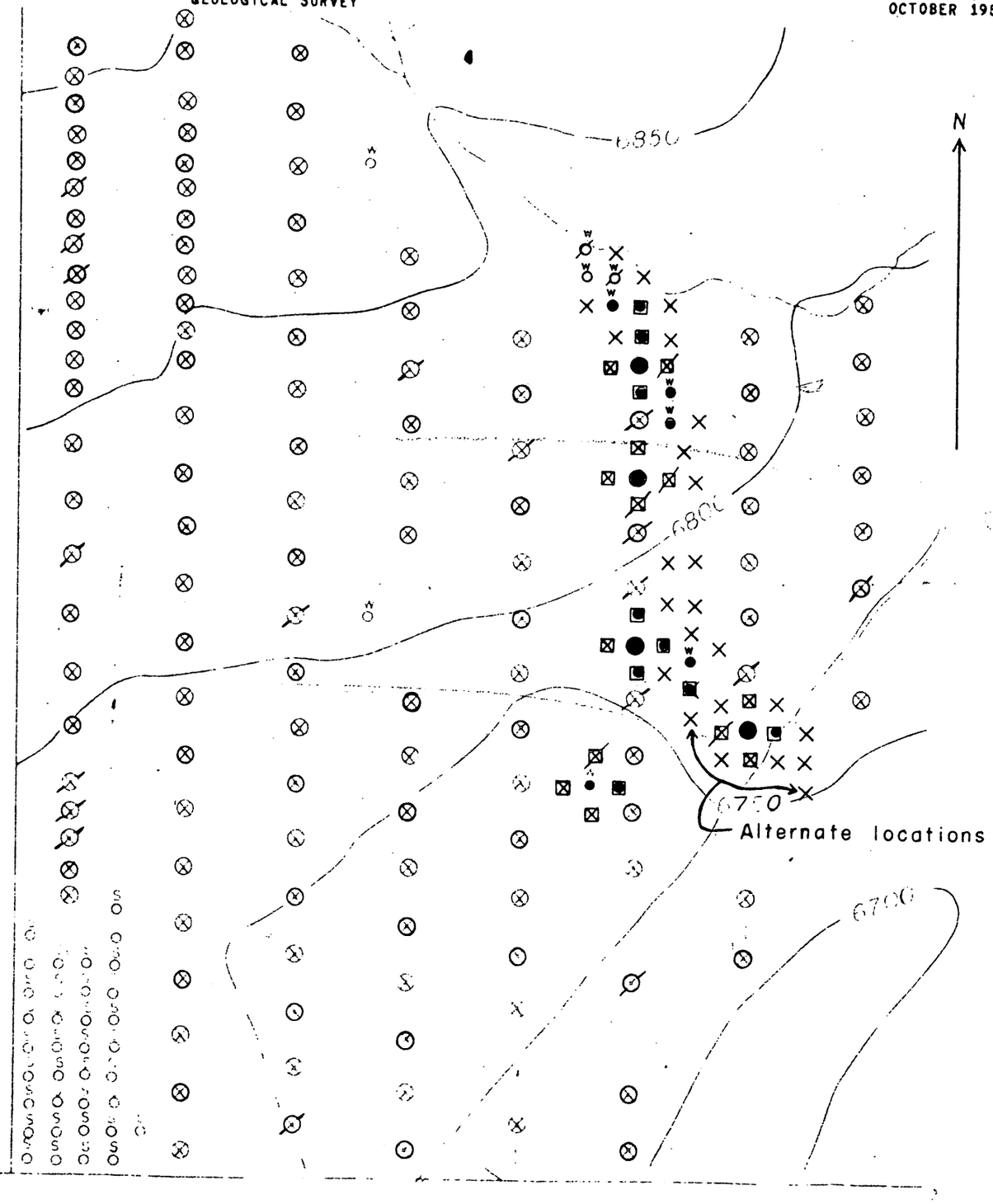
By W. M. Traver
W. M. Traver

By E. M. Harshman
E. M. Harshman

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

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DEFENSE MINERALS EXPLORATION ADMINISTRATION
OCTOBER 1956 DOCKET 3989



N

EXISTING DRILL HOLE DRILLED BY APPLICANT

EXISTING DRILL HOLD DRILLED BY PREVIOUS OWNER

COMPLETED STAGE I DRILL HOLE (BARREN)

COMPLETED STAGE I DRILL HOLE (MINERALIZED)

COMPLETED DRILL HOLE (ORE-0.20% U_3O_8 OR BETTER)

COMPLETED STAGE II DRILL HOLE (BARREN)

COMPLETED STAGE II DRILL HOLE (MINERALIZED)

COMPLETED STAGE II DRILL HOLE (ORE BEARING)

PROPOSED STAGE II DRILL HOLE

NOTE: LANDLINES, TOPOGRAPHY, AND HOLE LOCATIONS FROM APPLICANTS MAP. PROPOSED HOLE LOCATIONS MODIFIED FROM APPLICANTS MAP.

500 0 1500 FEET

CONTOUR INTERVAL 50 FEET
DATUM FROM APPLICANTS MAP

FIGURE 1.--SKETCH MAP OF PART OF SECTION 29, T.13 N., R.9 W., N.M.P.M., SHOWING EXISTING HOLES AND LOCATION OF PROPOSED STAGE II DRILL HOLES, FOOD MACHINERY AND CHEMICAL CORPORATION, MCKINLEY COUNTY, NEW MEXICO.

IN REPLY REFER TO:

MINERAL DEPOSITS
DMEA
RECEIVED
OCT 18 1956
U. S.
GEOLOGICAL SURVEY
DENVER, COLORADO

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DMEA
DEPARTMENT OF THE INTERIOR
OCT 22 1956
REGION III
DENVER, COLORADO

RECEIVED
OCT 26 1956

P. O. Box 100
Grand Junction, Colorado

October 15, 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: J. William Hasler L.M.B. for J.W.H.
L. B. Hershman
John F. Shaw

From: Howard F. Albee

Subject: Request for remainder of stage II, docket DMEA 3989 (Uranium), contract DMA-4 933, Food Machinery and Chemical Corporation, Westvaco Mineral Products Division, Sec. 29, T. 13 N., R. 9 W., McKinley County, New Mexico.

The Westvaco Mineral Products Division has requested 23 stage II drill holes for a total footage of 8,195 feet. These 23 drill holes constitute the remainder of stage II. The total allowable footage for stage II was originally 16,000 feet, from which 238 feet of non-core footage was transferred to stage I. The first half of stage II totaled 7,516 feet. The 7,516 feet plus the transferred 238 feet leaves the total allowable footage at 8,246 feet.

Of the 22 stage II drill holes presently drilled, 9 are ore holes, 4 of which contain 7 feet or more of ore grade rock, 5 are mineralized, and 8 are barren. Of the holes drilled in the vicinity of this request other than the stage II holes presently drilled, 9 are in ore, four of which contain 7 feet or more of ore grade rock, 7 are mineralized, and 3 are barren. These total 30 holes, of which 18 are ore grade and 12 are mineralized, that presently appear to be concentrated mainly in two ore deposits.

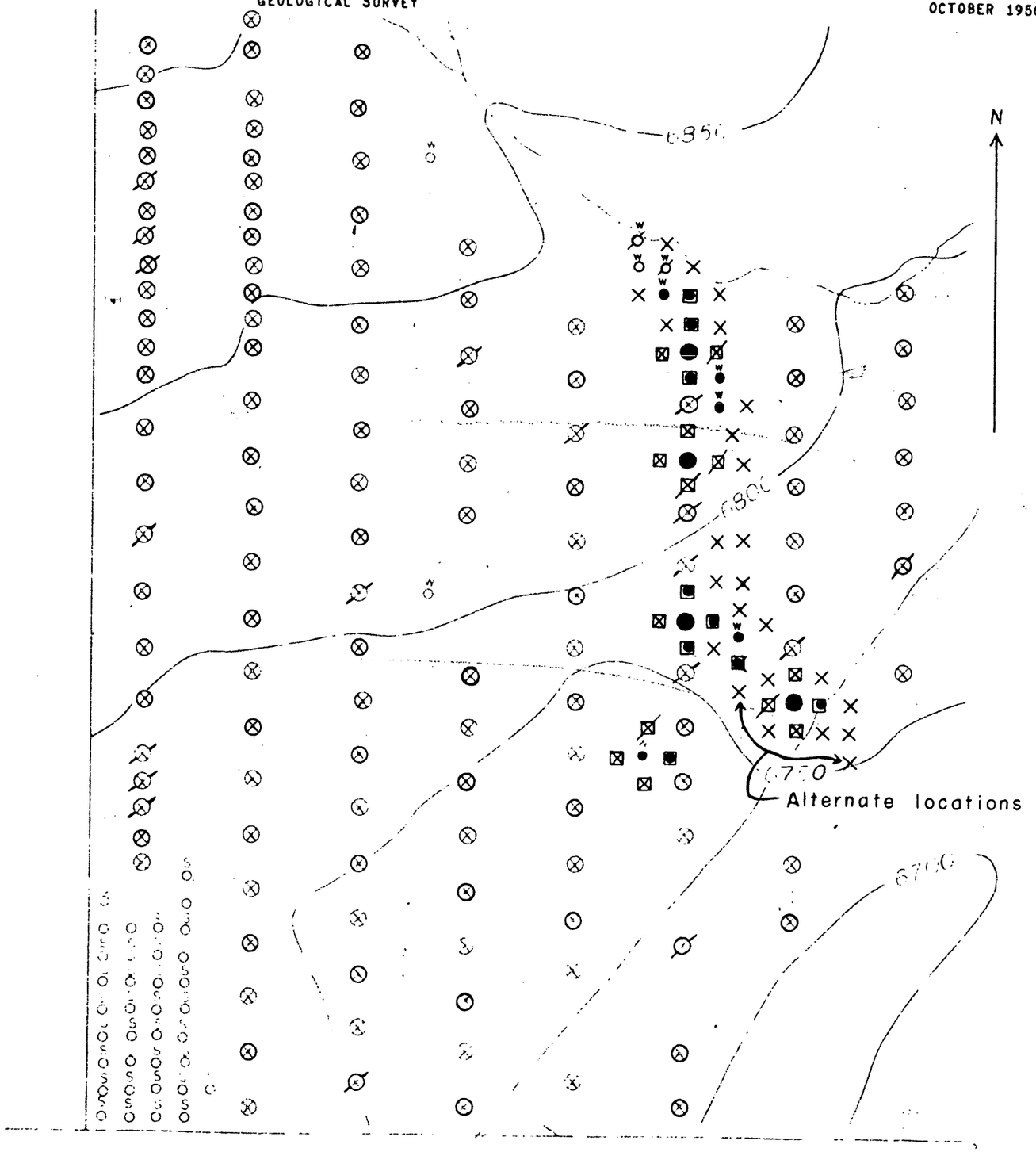
The proposed second half of the stage II drilling is designed to test the two ore deposits for northerly and southerly extensions and partly for extension of ore between the two deposits. The program seems well founded and is recommended with two exceptions. The proposed drill hole at coordinates 2050N - 2500E should be moved southwest to coordinates 1950N - 2400 east. The proposed drill hole at coordinates 1400N - 2800E should not be drilled unless one of the proposed holes at coordinates 1500N - 2700E and 1500N - 2800E is mineralized. In the event that the proposed hole cannot be drilled at coordinates 1400N - 2800E then a hole should be drilled at coordinates 1050N - 2400E.

Howard F. Albee
Howard F. Albee,
Geologist

HFA/mlr

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DEFENSE MINERALS EXPLORATION ADMINISTRATION
OCTOBER 1956 DOCKET 3989



EXISTING DRILL HOLE DRILLED BY APPLICANT

EXISTING DRILL HOLD DRILLED BY PREVIOUS OWNER

COMPLETED STAGE I DRILL HOLE (BARREN)

COMPLETED STAGE I DRILL HOLE (MINERALIZED)

COMPLETED DRILL HOLE (ORE-0.20% U_3O_8 OR BETTER)

COMPLETED STAGE II DRILL HOLE (BARREN)

COMPLETED STAGE II DRILL HOLE (MINERALIZED)

COMPLETED STAGE II DRILL HOLE (ORE BEARING)

PROPOSED STAGE II DRILL HOLE

NOTE: LANDLINES, TOPOGRAPHY, AND HOLE LOCATIONS FROM APPLICANTS MAP. PROPOSED HOLE LOCATIONS MODIFIED FROM APPLICANTS MAP.

500 0 1500 FEET

CONTOUR INTERVAL 50 FEET
DATUM FROM APPLICANTS MAP

FIGURE 1.--SKETCH MAP OF PART OF SECTION 29, T.13 N., R.9 W., N.M.P.M., SHOWING EXISTING HOLES AND LOCATION OF PROPOSED STAGE II DRILL HOLES, FOOD MACHINERY AND CHEMICAL CORPORATION, McKINLEY COUNTY, NEW MEXICO.

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

RECEIVED
SEP 10 1956

[illegible] New Customhouse
Denver 2, Colorado

September [illegible], 1956

Mr. Russell Hayden, Geologist
Food Machinery and Chemical Corporation
Westvaco Mineral Products Division
P. O. Box 250
Pocatello, Idaho

Re: Docket No. DMEA [illegible] (Uranium)
Contract No. Idm-[illegible]
Food Machinery and Chemical Corporation
(Westvaco Mineral Products Division)
(Sec. 29, T 1[illegible] N, R 9 W)
McKinley County, New Mexico

Dear Mr. Hayden:

In reference to your request of August 9, 1956 to Mr. John F. Shaw, this confirms verbal approval by the Government on August 29, 1956 for you to drill twenty-one (21) holes under Stage II of the contract at locations as follows:

Stage I holes at coordinates

2900 N - 2200 W,
2900 N - 2800 W,
1900 N - 2200 W,
1600 N - 2600 W and
1400 N - 2050 W

will be offset, on not less than 100-ft. spacing, by four (4) offset holes each, 1 North, 1 South, 1 East, and 1 West. Also a hole may be drilled at coordinates

1750 N - 2400 W

which will offset mineralized holes at coordinates

1700 N - 2200 W and
1800 N - 2600 W.

In addition the proposed hole at coordinate

3100 N - 2200 E

may be drilled only if the hole drilled 100 feet North of Stage I hole at coordinate 2500 N - 2200 E is found to be mineralized.

The above described holes shall be drilled in compliance with all provisions in the contract pertaining thereto. The locations of the holes are shown on the map, "Figure 1. -- Sketch Map of Part of Section 19, T. 13 N., R. 9 W., N.M.P.M., Showing Existing Holes and Location of Proposed Stage II Drill Holes, Food Machinery and Chemical Corporation, McKinley County, New Mexico," which is attached hereto and made a part of this work approval.

Nothing in this confirmation of 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, or any item of allowable cost which is expressly designated "maximum."

Very truly yours,

DMEA Field Team, Region III

W. M. Traver

W. M. Traver

E. M. Harshman

E. M. Harshman

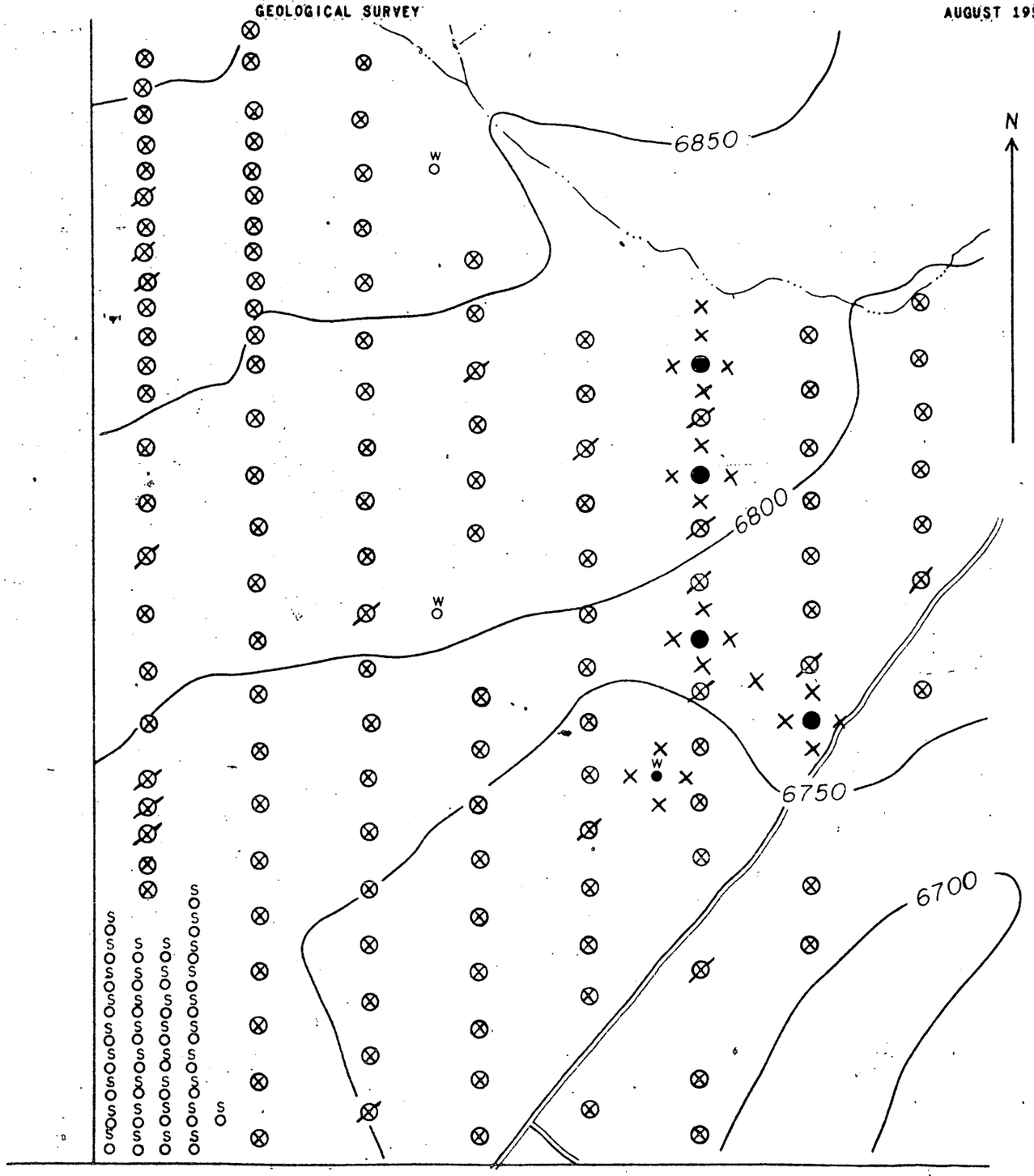
Enclosure

JWTjprl

cc: Chairman, O. & Comm. (4)
Finance Office, Region III
Amendment File, Region III
Harshman
Shaw (2)
Shasler
Townsend
Corres. File
Chron.

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DEFENSE MINERALS EXPLORATION ADMINISTRATION
AUGUST 1956 DOCKET 3989



EXISTING DRILL HOLE DRILLED BY APPLICANT

EXISTING DRILL HOLD DRILLED BY PREVIOUS OWNER

COMPLETED STAGE I DRILL HOLE (BARREN)

COMPLETED STAGE I DRILL HOLE (MINERALIZED)

COMPLETED DRILL HOLE (ORE-0.20% U_3O_8 OR BETTER)

PROPOSED STAGE II DRILL HOLE

NOTE: LANDLINES, TOPOGRAPHY, AND HOLE LOCATIONS FROM APPLICANTS MAP.

500 0 1500 FEET

CONTOUR INTERVAL 50 FEET
DATUM FROM APPLICANTS MAP

FIGURE 1.--SKETCH MAP OF PART OF SECTION 29, T.13 N., R.9 W., N.M.P.M., SHOWING EXISTING HOLES AND LOCATION OF PROPOSED STAGE II DRILL HOLES, FOOD MACHINERY AND CHEMICAL CORPORATION, McKINLEY COUNTY, NEW MEXICO.

IN REPLY REFER TO:
MINERAL DEPOSITS
DMEA
RECEIVED
AUG 29 1956
U. S.
GEOLOGICAL SURVEY,
DENVER, COLORADO

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
P. O. Box 300
Grand Junction, Colorado

RECEIVED
SEP 10 1956

August 26, 1956

DMEA
DEPARTMENT OF THE INTERIOR
AUG 30 1956
REGION III
DENVER, COLORADO

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: J. William Hasler
E. N. Barnaby

From: Howard F. Albee

Subject: Request for stage II, DMEA docket 3[illegible]9 (Uranium), contract Dmc-2 933, Food Machinery and Chemical Corporation, Westvaco Mineral Products Division, Sec. 2[illegible], McKinley County, New Mexico

The Westvaco Mineral Products Division has requested 22 stage II non-core drill holes for a total footage of 7,70[illegible] feet.

Four offset holes are proposed to be drilled 100 feet north, south, east, and west from each of the holes at the following coordinates, (fig. 1): 2900N-2200E, 2500N-2200E, 1900N-2800E, 1600N-2600E, and 1400N-2050E. Inasmuch as these holes have penetrated ore-grade material as indicated by gamma ray logs (USGS Barnaby on all but 1400N-2050E) it is recommended that the offsets be drilled. The proposed hole at coordinates 1750N-2400E is recommended as an offset between mineralized holes at coordinates 1700N-2200E and 1800N-2600E. The northernmost proposed hole at coordinates 3100-2200 is recommended only if the offset hole at coordinates 3000-2200 is drilled first and is found to be mineralized.

Sufficient footage remains to complete the stage II drilling as requested and recommended.

J. William Hasler
for
Howard F. Albee
Geologist

HFA/mlr

DMEA
DEPARTMENT OF THE INTERIOR
AUG 30 1956
REGION III
DENVER, COLORADO

RECEIVED
SEP 10 1956

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
August 28, 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw
Supervising Mining Engineer

From: W. D. McMillan

Subject: DMEA Docket 3589 (Uranium) Contract Idm-8933, Food Machinery and Chemical Corp., Westvaco Minerals Products Division, Sec. 29, T. 13 N., R. 9 W., N.M.P.M., McKinley County, New Mexico -- Proposal for Stage II drilling

The proposal for Stage II drilling at the subject docket was inspected on August 8, 1956, with R. J. Hayden, Project Engineer, and W. S. Cavender, Geologist, representing the applicant.

This proposal consists of offsetting at 100-foot intervals two core holes and three strongly mineralized holes with a total of 20 holes and approximately 694 feet of non-core drilling. In addition, two non-offset holes at 3100-2200 and 1750-2400 were proposed with a total of 74 feet of non-core drilling. Hole 3100-2200 is 200 feet north of core hole 3000-2200 and hole 1750-2400 is between two mineralized holes.

The proposal for Stage II drilling is well presented, with adequate data for the reasons. All 22 holes have been surveyed and marked with 2 by 2-inch stakes.

The examining team recommends approval of all holes except 3100-2200, pending the results from hole 3000-2200.

This proposal is only part of Stage II of the contract, and another proposal may be submitted after completion of the 22 holes.

George McMillan
W. D. McMillan
Mining Engineer

WDM/mr
cc: 9
Idm-8933
Chrono

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

RECEIVED
AUG - 6 1956

224 New Customhouse
Denver 2, Colorado

CERTIFIED MAIL

August 2, 1956

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

Re: Docket DMEA 3989 (Uranium)
Contract Idm-8933
Food Machinery & Chemical Corp.
Westvaco Mineral Products Division
(Sec. 29, T 13 N, R 9 W),
McKinley County, New Mexico

Dear Mr. Hayden:

In reference to your request dated July 30, 1956 and consistent with provisions in the Contract, this constitutes the Government's approval for the transfer of sufficient non-core footage from Stage II to Stage I to enable completion of the authorized 138 Stage I drill holes to their stated objectives.

Nothing in this approval for transfer of drill footage from Stage II to Stage I shall be construed to increase the estimated total cost of the project, the aggregate amount which the Government may be required to contribute, nor any item of allowable cost which is expressly designated "maximum."

Very truly yours,

JWT:prl

DMEA Field Team, Region III

By W. M. Traver
W. M. Traver
Executive Officer

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

w/copy of Operator's request of July 30.

RECEIVED
AUG - 6 1956
DMEA
Date Rec'd.
AUG 1 1956
BUREAU OF MINES
Denver, Colorado

July 30, 1956

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

Re: Request for adjustment of
non-core drilling
Docket DMEA 3989
Contract Idm-E 933 (Uranium)
Food Machinery & Chemical Corp.
Westvaco Mineral Products Div.
Section 29, T. 13 N., R. 9 W.
McKinley County, New Mexico

Dear Sir:

In the first stage of contract No. Idm-E 933 the non-core drilling on section 29 will exceed the quota by 620 feet. Also 382 feet of core drilling will not be utilized. Permission is requested to credit the excess 382 feet to the deficit 620 feet and to transfer the remaining 238 feet from the second stage non-core drilling. If this request is not acceptable, it is then requested that the entire 620 feet of non-core drilling be transferred from the second stage to the first stage.

In either case the cost of the first stage of the contract including the requested additional 620 feet will not exceed the estimated cost of the non-core drilling for the first stage.

Respectfully submitted,

R. J. Hayden

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

Contr[illegible] No. Idm-E933

Docket No. 3959

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 & Chemical Corp
161 East 42nd Street
New York 17, New York.

	Reserve	Obligation
Prior Amount	0	$68,931.00
Increase	0	0
Decrease	0	$22,091.90
Revised Amount	0	$46,839.10

Remarks:

ALBEN S. DAKAN
(Name)

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

Date Delivered to Bureau of Mines, Washington 1/31/57

98963

Government's copy

RECEIVED

APR 23 1956

MF-200
(Revised June 1954)

Docket No. DMEA - 3989

Commodity Uranium

Contract No. Idm-E 933

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 3)

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, [7] un 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 Isabella Marquez claim right to uranium ores, based on disputed interpretationof 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: ~~Consent to Lien of Santa Fe Pacific Railroad Company~~ Attached performance bond is in lieu of Consent to Lien of Santa Fe Pacific Railroad Company and Subordination Agreement of Nabor and Isabella 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 March 1, 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 3) in a sum not less than the estimated total allowable costs 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 $91,908.00 The Government shall contribute 75 percent of the allowable costs as they are incurred in a total sum not in excess of $68,931.00: *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.
and 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 C O Mittendorf
Administrator, Defense Minerals
Exploration Administration

FOOD MACHINERY AND CHEMICAL CORPORATION (WESTVACO MINERAL PRODUCTS DIVISION)
(Operator)

By W. N. Williams

Title 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

EXPLORATION PROJECT CONTRACT
FOOD MACHINERY AND CHEMICAL CORPORATION
(WESTVACO MINERAL PRODUCTS DIVISION)
DOCKET NO. DMEA-3989

RECEIVED
APR 23 1956

ANNEX I

The land referred to in Article 2 of the contract consists of all of sec. 29, T. 13 N., R. 9 W., N.M.P.M., McKinley County, New Mexico, lying within the exterior boundaries of said section and extending vertically downward.

The land is shown on a map entitled "Figure 3. Sketch Map of Part of Section 29 . . .," attached hereto and made a part hereof.

FED.INS. CO. BOND NO. 7862491

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
Sixty-Eight Thousand, nine hundred thirty-one ($68,931.00) Dollars	Idm-E 933 (DMEA Docket No. 3989)	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:

W. E. Gilbert
ASSISTANT SECRETARY

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

AFFIX CORPORATE SEAL

(Attest)

And Edgar R. Heckman
Edgar R. Heckman, Attorney-in-Fact

CORPORATE SURETY
FEDERAL INSURANCE COMPANY
BUSINESS ADDRESS
90 John Street, New York 38, N.Y.
BY
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, $ 689.31

(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.

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-3989

EXHIBIT "A"

Description of the Work

General Provisions

The work consists of exploration by core and non-core drilling to test the Todilto limestone of Jurassic age.

As hereinafter described, certain holes shall be cored through the Todilto limestone interval and the remaining holes shall be drilled non-core throughout. Where coring is required, the minimum size of core shall be BX. Non-core holes shall be of sufficient diameter to permit efficient radiometric probing. All holes shall be reamed and cased as necessary.

In the case of cored intervals through the Todilto limestone, the core and cuttings from such intervals shall be saved. In the case of non-core holes, the cuttings from the Todilto limestone shall be collected and sacked at 2-foot intervals and properly labeled. All core and cuttings saved shall be checked radiometrically for uranium. Material indicating significant mineralization shall be split for samples, and such samples shall be analyzed chemically for uranium. All the remaining core and cuttings, or splits thereof, 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 to the Government with the Operator's monthly progress reports.

Access roads and drill sites shall be prepared with a D-7 bulldozer or equivalent unit.

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

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

Stage I

Prepare access roads and drill sites. The locations and estimated depths of 138 Stage I holes are shown on the attached map (Figure 3). Drill 67 holes, partly non-core and partly core, and drill 71 holes non-core throughout.

The drill holes are expected to range from 100 feet to 555 feet and to average approximately 317 feet in depth. The cored intervals are estimated to average approximately 36 feet per hole and to total 2,415 feet in 67 holes. Non-core drilling is estimated to total 41,390 feet. In the event these estimated footages are insufficient to reach the specified horizon in any hole, additional footage and cost may be transferred from Stage II, if approved in writing by the Government.

The 138 holes shall be located along 8 staggered north-south rows spaced 400 feet apart and starting 200 feet from the western boundary of the land. The holes in each row shall be spaced 200 feet apart except that as indicated on Figure 3, some of the holes in the first and second rows shall be spaced only 100 feet apart.

Stage II

Prepare access roads and drill sites, and drill not more than 50 non-core holes aggregating not more than 16,000 feet to offset previously drilled holes that show significant mineralization. These holes shall be drilled at least 50 feet from any previously drilled hole.

Estimated Cost of the Project

Stage I

Actual Costs

Category (1) Independent Contracts

41,390 feet non-core drilling @ $1.25/ft.	$51,737.50	
2,415 feet core drilling @ $3.50/ft.	8,452.50	
32 hours bulldozing @ $12.50/hr.	400.00	
Categories (2) through (7)		
None		$60,590.00

Fixed Unit Costs (See Article 13)

Incidental allowance for each foot of core and non-core drilling completed, 43,805 feet @ $0.18/ft.	$ 7,884.90	
80 chemical sample analyses @ $3.50 each sample	280.00	$ 8,164.90
Estimated Total Cost of Stage I		$68,754.90

Stage II

Actual Costs

Category (1) Independent Contracts

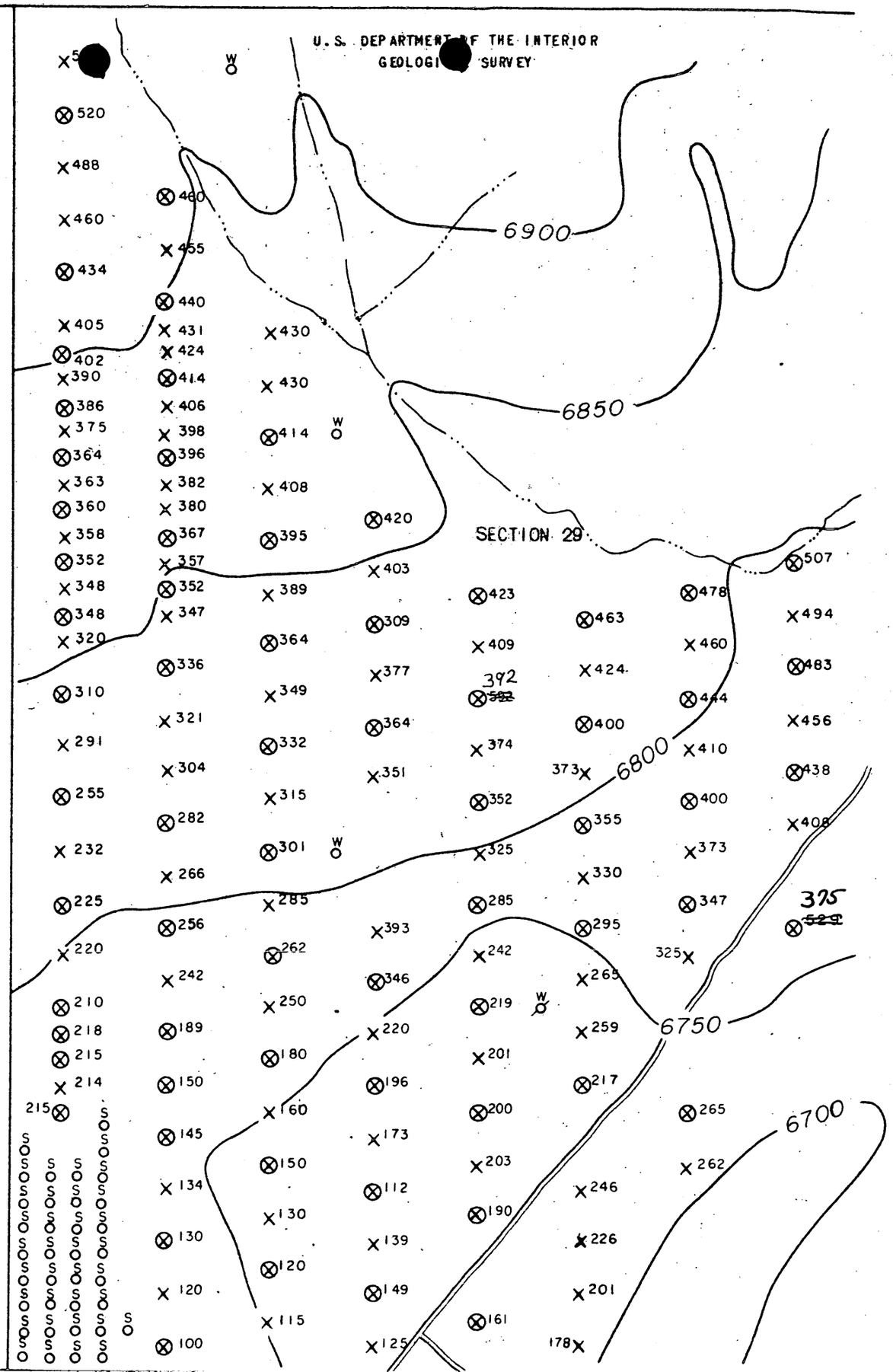
16,000 feet non-core drilling @ $1.25/ft.	20,000.00	
8 hours bulldozing @ $12.50/hr.	100.00	
Categories (2) through (7)		
None		20,100.00

Fixed Unit Costs (See Article 13)

Incidental allowance for each foot of core and non-core drilling completed, 16,000 feet @ $0.18/ft.	2,880.00	
50 chemical sample analyses @ $3.50 each sample	175.00	3,055.00
Estimated Total Cost of Stage II		$23,155.00

S U M M A R Y

Estimated Total Cost of Stage I	$68,754.90	
Estimated Total Cost of Stage II	23,155.00	
Estimated Total Cost of Project (rounded)		$91,908.00
Government Participation @ 75%		$68,931.00



EXPLANATION

W	EXISTING DRILL HOLE (BARREN) DRILLED BY APPLICANT
W	EXISTING DRILL HOLE (MINERALIZED) DRILLED BY APPLICANT
S	EXISTING DRILL HOLE DRILLED BY PREVIOUS OWNER
414	PROPOSED STAGE I DRILL HOLE CORED THROUGH TODILTO (NUMBER INDICATES ESTIMATED TOTAL DEPTH)
363	PROPOSED STAGE I DRILL HOLE (PLUG BIT) (NUMBER INDICATES ESTIMATED TOTAL DEPTH)

Note: LAND LINES, TOPOGRAPHY, AND HOLE LOCATIONS FROM APPLICANTS MAP.

N

500 0 1500 FEET

CONTOUR INTERVAL 50 FEET
DATUM FROM APPLICANTS MAP

FIGURE 3. SKETCH MAP OF PART OF SECTION 29, T. 13 N., R. 9 W., N.M.P.M. SHOWING EXISTING DRILL HOLES AND LOCATION OF PROPOSED STAGE I DRILL HOLES, FOOD MACHINERY AND CHEMICAL CORPORATION, McKINLEY COUNTY, NEW MEXICO.

Docket No. 3989

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 933

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 $68,931.00

Percent of Government participation 75 %

Region: III State: New Mexico

E. R. Talbert
(Name)

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

Date Delivered to Bureau of Mines, Washington. 3.21.56

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