OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Washington office pertaining to Contract Idm-E981, Docket DMEA-4214 (copper), dated July 27, 1956, with

Mercury Uranium & Oil Company
600 Coal Avenue, S. W.
Albuquerque, New Mexico

for the purpose of determining the amount of royalty due the U. S. Government on sales of minerals from property referred to as San Pedro Mine located in Santa Fe County, New Mexico, during the period December 1, 1960, through October 23, 1961.

A certification of discovery or development was issued on September 6, 1957, and, in accordance with Article 6 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 dated August 7, 1957, indicated accepted costs under the exploration contract amounting to $58,881.66 with the Government's contribution, on a 50 percent basis, being $29,440.83.

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 copper ore for the period to be $7,541.94. Royalty due the Government at rates specified in the contract is $377.11.

A prior Report of Royalty Review found the sales of copper and manganese ores subject to Government royalty through November 30, 1960, to be $11,992.45 which added to the sales for this subsequent period make a total of $19,534.39. The royalty account as of November 30, 1960, was:

Total Royalty Due	$597.88
Total Royalty Paid	573.12
Balance of Royalty Due	$ 24.76

At October 23, 1961, the royalty account of this project was found to be:

Total Royalty Due	$974.99
Total Royalty Paid	974.99
Balance of Royalty Due	$ -0-

October 25, 1961

E. D. Talbert, OME Auditor

Idm-E981 Mercury Uranium & Oil Company DMEA-4214

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

The Operator under the exploration project contract terminated its lease of the property effective August 10, 1958, by notice dated May 19, 1958. Effective August 26, 1958, the property was leased to Tom B. Scartaccini, Golden via Sandia Park, New Mexico. During mid-1961 the property was optioned to Allison Mines, Inc., Box 13388, Phoenix, Arizona.

From the date of the contract until termination of its lease, no sales of production were made by the Operator. From September 1958 through June 1961 shipments of copper ores were made by Tom B. Scartaccini to the A. S. & R. Company's smelter at El Paso, Texas. During 1959 a shipment of manganese ore also was made to the McBride Blending Company, Deming, New Mexico. Allison Mines, Inc., made only one shipment, a carload lot during August 1961 to the El Paso Smelter of the A. S. & R. Company.

This review included a recomputation and tabulation of the settlement sheets applicable to sales of copper ores during the period subsequent to the prior review. The tabulation is filed with my audit work papers, but is summarized together with the findings of prior reviews, as follows:

	This Review	Prior Reviews		Totals
Ores	Copper	Copper	Manganese	
Short Dry Tons	304.52	503.37	15.95	821.82
Proceeds	$10,144.74	$15,927.99	$645.10	$26,717.83
Allow. Deductions	2,602.80	4,580.64	-	7,183.44
Subject to Royalty	$ 7,541.94	$11,347.35	$645.10	$19,534.39
Royalty Payable	$ 377.11	$ 565.62	$ 32.26	$ 974.99

The last settlements included in the foregoing summary were nos. 1700, dated July 21, 1961, and 2184, dated September 1, 1961, covering shipments by Tom B. Scartaccini and Allison Mines, Inc., respectively.

The $24.76, stated in the December 6, 1960, Report of Royalty Review as a balance of royalty due, was paid by Mr. Scartaccini on December 8, 1960.

On October 3, 1961, the San Pedro Mine was inactive and Mrs. Chrystine W. Williams, one of the owners of the property, informed the Acting Field Officer, OME Region III, that the Allison Mines, Inc., had given up its option after making only the one shipment included in the summary findings above.

Under the provisions of the contract the Operator, Mercury Uranium & Oil Company, remains as surety for payment of the Government's percentage royalty on any mineral production even though it is not the producer.

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

(1) The files indicate that all production has been accounted for and proper royalty thereon paid;

(2) The property is presently inactive; and

(3) 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.

NMF

Operator's name and address

Mr. [illegible]

Company No.

Prepared by (Signature)

/s/ Hugh M. Connors

Yes	No	
		1. (a) [illegible]
		(b) [illegible]
		2. (a) [illegible]
		(b) [illegible]
		3. (a) [illegible]
		(b) [illegible]
		4. [illegible]
		5. [illegible]
		6. [illegible]
		7. [illegible]
		8. [illegible]
		[illegible]
		[illegible]
		[illegible]
		[illegible]

August [illegible]

Comment on items 1(b), 2[illegible]

The property was mined last [illegible] to the smelter. We received [illegible]

EXTRA COPY O. M. E RECEIVED OCT 30 1961		
DATE	INITIALS	CODE
		800

Building 20 - Federal Center
Denver 25, Colorado

October 27, 1961

Mercury Uranium and Oil Company
600 Coal Avenue, S. W.
Albuquerque, New Mexico

Re: Docket No. DMEA-4214 (Copper)
Contract Idm-E981
(San Pedro Mine)
Santa Fe County, New Mexico

Gentlemen:

Enclosed is a copy of the Report of Royalty Review on the subject contract dated October 25, 1961 covering the period December 1, 1960, through October 23, 1961, which shows that no royalty is due the Government at this time.

Yours very truly,

Original signed by

Hugh M. Commors
Acting Field Officer, OME
Region III

Enclosure
HMC/lm
cc Chief, Division of Field Operations, OME
E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Royalty Corres E981
Chron

EXTRA COPY
O. M. E
RECEIVED OCT 30 1961

DATE	INITIALS	CODE

Building 20 - Federal Center
Denver 25, Colorado

October 27, 1961

Memorandum

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

From: Acting Field Officer, OME, Region III

Subject: Docket No. DMEA-4214 (Copper)
Mercury Uranium and Oil Company
(San Pedro mine)
Santa Fe County, New Mexico
Contract Idm-E981

Enclosed is the original of the Report of Royalty Review on the subject property dated October 25, 1961 covering the period December 1, 1960, through October 23, 1961.

Original signed by

Hugh M. Comnora

Attachment
HMC/lm
cc Chief, Division of Field Operations, OME
E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Royalty Corres. E981
Chron

OCT 2 5 1961

Memorandum

To: Acting Field Officer, Region III

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

Subject: DMEA-4214 (Copper)
Mercury Uranium & Oil Company
San Pedro Mine
Santa Fe County, New Mexico
Contract Idm-E981

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

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

As evidence of your concurrence, a copy of your letter transmitting the copy of the report to the Operator should be furnished 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

EDTalbert/ama
October 25, 1961

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

OCT 19 1961

Memorandum

To: Acting Field Officer, Region III

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

Subject: DMEA-4214 (Copper)
Mercury Uranium & Oil Company
San Pedro Mine
Santa Fe County, New Mexico
Contract Idm-8981

This Division is preparing a Report of Royalty Review on the subject contract. Accordingly, your submission of an original and one copy of MME Form 22, Check Sheet of Examining Engineer, will be appreciated.

EDTalbert/ama
October 19, 1961

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

Building 20 - Federal Center
Denver 25, Colorado

EXTRA COPY
O. M. E.
RECEIVED OCT 19 1961

DATE	INITIALS	CODE
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October 16, 1961

Memorandum

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

From: Acting Field Officer, OME, Region III

Subject: Docket No. ~~DMEA~~-4214 (Copper)
Contract ~~Lda~~ 1981
Mercury Uranium & Oil
(San Pedro mine)
Santa Fe County, New Mexico

On October 3, 1961 the San Pedro mine was inactive. I talked to Mrs. Charystine W. Williams one of the owners of the subject property. She informed me the Allison Mines Inc. had given up their option on the property and the only shipment made by Allison Mines Inc. was smelter lot no. 2184 on which we received royalty.

Attached is a copy of a letter from R. Russell Rager in reply to my letter to Mercury Uranium and Oil Company dated September 20, 1961.

Original signed by

Hugh M. Connors

Attachment

Opr. attorney (Rager) ltr. states landowners terminated lease on May 9, 1958.

E-981

For royalty payment of $51.95, dated September 22, 1961, see transmittal letter file.

Building 20 - Federal Center
Denver 25, Colorado

September 20, 1961

Mercury Uranium and Oil Company
600 Coal Avenue, S. W.
Albuquerque, New Mexico

Re: Docket No. DMEA-4214 (Copper)
Contract Lim-8961
(San Pedro mine)
Santa Fe County, New Mexico

Gentlemen:

It has come to our attention that the captioned property is now being operated by Allison Mines Inc.

In accordance with the contract, will you please furnish this office two copies of the agreement the present Operator has with you to mine and remove ore from this property.

Yours very truly,

Hugh M. Connors
Acting Field Officer, OME
Region III

E-981

For royalty payment of $10.18, dated July 27, 1961, see transmittal letter file.

E-981

For royalty payment of $17.15, dated June 1, 1961, see transmittal letter file.

E-981

For royalty payment of $40.79, dated May 19, 1961, see transmittal letter file.

E-981

For royalty payment of $30.41, dated April 18, 1961, see transmittal letter file.

E-981

For royalty payment of $42.24, dated March 31, 1961, see transmittal letter file.

E-981

For royalty payment of $28.70, dated March 22, 1961, see transmittal letter file.

E-981

For royalty payments of $13.52 and $20.43, dated February 23, 1961, see transmittal letter file.

E-981

For royalty payment of $16.88, dated February 10, 1961, see transmittal letter file.

E-981

For royalty payment of $24.78, dated January 20, 1961, see transmittal letter file.

E-981

For royalty payment of $16.91, dated January 17, 1961, see transmittal letter file.

E-981

For royalty payment of $27.75, dated December 23, 1960, see transmittal letter file.

E-981

For royalty payment of $24.76, dated December 15, 1960, see transmittal letter file.

E-981

For royalty payment of $18.49, dated December 7, 1960, see transmittal letter file.

E-981

For royalty payment of $16.93, dated November 28, 1960, see transmittal letter file.

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-E981, Docket No. DMEA-4214 (Copper), dated July 27, 1956, with

Mercury Uranium and Oil Company
600 Coal Avenue, S. W.
Albuquerque, New Mexico

for the purpose of determining the amount of royalty due the U. S. Government on sales of minerals from property referred to as San Pedro Mine located in Santa Fe County, New Mexico, during the period October 2, 1959, through November 30, 1960.

A certification of discovery or development was issued on September 6, 1957, and, in accordance with Article 6 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 August 7, 1957, indicated accepted costs under the exploration contract amounting to $58,881.66 with the Government's contribution, on a 50 percent basis, being $29,440.83.

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 copper and manganese ores for the period to be $4,902.34. Royalty due the Government at rates specified in the contract is $244.40.

A prior Report of Royalty Review found the sales subject to Government royalty through October 1, 1959, to be $7,090.11 which added to the sales for this subsequent period make a total of $11,992.45. The royalty account as of October 1, 1959, was:

Total Royalty Due	$353.48
Total Royalty Paid	360.98
Overpayment of Royalty	$ 7.50

At November 30, 1960, the royalty account of this project was found to be:

Total Royalty Due	$597.88
Total Royalty Paid	573.12
Balance of Royalty Due	$ 24.76

C. E. Fisher

December 6, 1960

C. E. Fisher, OME Auditor

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

The Operator named in the contract did not sell any production from the property between the date of the exploration contract and August 10, 1958, when it surrendered its lease on the property. Mining operations have been conducted by Tom B. Scartaccini under terms of a lease and agreement entered into August 26, 1958. He sells copper ore to American Smelting and Refining Company, El Paso, Texas. In addition, one sale of manganese ore was made during 1959 to McBride Blending Company, Deming, New Mexico.

My review included the recomputation and tabulation of copies of settlement sheets received in support of royalty payments applicable to the sales of copper ore and a computation of the royalty due on the sale of the manganese ore. This tabulation is filed with my audit work papers and is summarized on the attached Exhibit "A".

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 in the Washington office files indicate that all production since the date of the exploration contract has been accounted for and proper royalty has been received except as indicated on Exhibit "A"; 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.

Exhibit "A"

Idm-E981 | Mercury Uranium and Oil Company | DMEA-4214

Summary of Production, Sales and Royalty

	Copper Ore	Manganese Ore	Totals
Production			
Short wet tons	516.71	?	
Short dry tons	503.37	13.93	
Sales			
Value	$15,927.99	$645.10	$16,573.09
Allowable deductions:			
Freight	(3,935.86)	-0-	(3,935.86)
Other	(644.78)	-0-	(644.78)
Amount subject to royalty	$11,347.35	$645.10	$11,992.45
Royalty due	$ 565.62	$ 32.26	$ 597.88
Royalty paid	573.12	-0-	573.12
Balance of royalty due	$(7.50)	$ 32.26	$ 24.76*

* Comprised of the following:

Sales of manganese ore (fall of 1959)		$ 32.26
Overpayments:		
Liquidation No. 2744	$ 4.64	
" " 2789	2.86	7.50
Net balance of royalty due		$ 24.76

MME Form 22
April 59

DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration

CHECK SHEET OF EXAMINING ENGINEER

Operator's Name Mercury Uranium and Oil Company

Address 600 Coal Ave., S. W.

Albuquerque, New Mexico

Exploration Contract No. Idm E981 Docket No. DMEA 4214

			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.		

Prepared by

11-28-60
Date

Mining Engineer
Hugh M. Connors

Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E.
RECEIVED DEC 19 1960
DATE
12/19 cal 210 800

December 15, 1960

Mercury Uranium and Oil Company
600 Coal Avenue, S. W.
Albuquerque, New Mexico

Re: Docket No. DMEA-4214 (Copper)
Contract Idm-E981
Mercury Uranium & Oil Company
(San Pedro mine)
Santa Fe County, New Mexico

Gentlemen:

Enclosed is a copy of the Report of Royalty Review on the subject contract dated December 6, 1960 covering the period October 2, 1959, through November 30, 1960.

You will note the Report shows balance of Royalty due $24.76, but we have Mr. Scartaccini's check No. 30 dated December 8, 1960 in the amount of $24.76 so the Royalty account is in balance.

Yours very truly,

Hugh M. Connors
Acting Field Officer
OME, Region III

Enclosure

HMC/lm
cc E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Chief, Division of Field Operations OME (2)
Royalty Corres. E981
Chron

Building 20 - Federal Center
Denver 25, Colorado

EXTRA COPY
RECEIVED

December 15, 1960

Memorandum

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

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

Subject: Docket No. DMEA-4214 (Copper)
Contract Idm-E981
Mercury Uranium & Oil Company
(San Pedro mine)
Santa Fe County, New Mexico

Attached is the original Report of Royalty Review on the subject property dated December 6, 1960 covering the period October 2, 1959, through November 30, 1960.

Original signed by

Hugh M. Connors

Attachment

HMC/lm
cc Chief, Division ofField Operations (2)
E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Royalty Corres E981
Chron

EXTRA COPY O. M. E RECEIVED DEC 5 1960		
DATE	IN	CODE
		800

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-4214 (Copper)
Contract Idm-E981
Mercury Uranium & Oil Company
(San Pedro mine)
Santa Fe County, New Mexico

This is to advise that this office has not received the $24.76 from the subject Operator, which was requested in the Acting Director's letter by certified mail to Mr. Scartaccini dated October 26, 1960.

Original signed by

Hugh M. Connors

E-981

For royalty payment of $13.57, dated November 4, 1960, see transmittal letter file.

OCT 26 1960

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Tom B. Scartaccini
c/o Mr. Eugene Scartaccini
Golden via Sandia Park
New Mexico

Re: DMEA-4214 (Copper)
Marcury Uranium & Oil Company
San Pedro Mine
Santa Fe County, New Mexico
Contract Idm-8981

Dear Mr. Scartaccini:

Reference is made to your letter dated October 10, 1960, and previous correspondence with our Denver, Colorado, office relative to royalty due the Government on a shipment of manganese ore during the latter part of 1959.

As was explained in Mr. Connor's letter to you dated August 10, 1960, Article 4(e) of the contract provides that transportation charges paid by the Operator are not deductible in arriving at the gross proceeds on which the Government's percentage royalty is based. Inasmuch as you paid the transportation on this shipment, the amount of such charge is not a deductible item in computing the amount of royalty due the Government.

Accordingly, the royalty due on this shipment is $52.26, which is 5% of the gross proceeds of $645.10 received by you. However, a review of your account discloses an overpayment of $7.50, which amount was shown as additional royalty applicable to lots 2744 and 2789 by the American Smelting and Refining Company and paid to the Government on a settlement dated February 13, 1959, for lot 56. This represents an overpayment for the reason that the royalty was properly computed and paid when initial settlements were made for lots 2744 and 2789. Therefore, the net amount of overdue royalty is $24.76 ($52.26 less $7.50).

I trust that you will promptly remit to the Acting Field Officer, OME, Region III, Building 20, Denver Federal Center, Denver, Colorado, the sum of $24.76 in order to place your account on a current basis.

Sincerely yours,

(signed) FRANK E. JOHNSON

Acting Director

CEFisher/ama
October 26, 1960

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

E-981

For royalty payment of $11.24, dated October 18, 1960, see transmittal letter file.

Building 20 - Federal Center
Denver 25, Colorado

EXTRA COPY
O. M. E
RECEIVED 1960

DATE	INITIALS	CODE
		800

October 18, 1960

Mr. Tom B. Scartaccini
c/o Mr. Eugene Scartaccini
Golden Via Sandia Park
New Mexico

Re: Docket No. IMCA-4214 (Copper)
Contract No. Idm-E981
Mercury Uranium & Oil Company
(San Pedro Mine)
Santa Fe County, New Mexico

Dear Mr. Scartaccini:

Your letter dated October 10, 1960 is being forwarded to our Washington Office for reply as we believe sufficient time has been allowed you for the payment of $32.26 in past due royalty.

Yours very truly,

Original signed by
TMR

For
Hugh M. Connors
Acting Field Officer
OME, Region III

HMC/lm
cc Chief, Division of Field Operations (2)
Royalty Corres. E981
Chron

Freedom, N.M. Santa
Park N. Mex.

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O. M. E
RECEIVED JUN 20 1960
DATE | INITIALS | CODE

United States
Department of the Interior
Office of Mineral Exploration
Building 20 - Federal Center
Denver 25, Colorado

Docket No DMEP-4214 (Cuprous)
Contract No. 10M-[illegible] 81 MERCURY URANIUM
& Oil Company San [illegible] MINE
SANTA FE COUNTY, NEW MEXICO

Dear Sir.
This is in Reference to your letter regarding Freight Charges of Shipment of Manganese ore, I am still under the impression that this Freight Charges should be deducted before computing the Royalty. Before I will mail for a check for the Royalty, I would to talk to the owner of the San Pedro mine, I have been unable to do so, for reason that he is out of the state at present time, as soon as he gets back, I will talk to him, and what ever he says, I will

Freedom, N.M.
Santa Fe
Park N. Mex.

EXTRA COPY
O. M. E
RECEIVED DEC 20 1960
DATE | INITIALS | CODE

United States
Department of the Interior
Office of Minerals Exploration
Building 20 - Federal Center
Denver 25, Colorado

Docket No DMER-4214 (Copper)
Contract No. 10M-E481 MERCURY URANIUM
+ Oil Company San Pedro MINE
SANTA FE COUNTY, NEW MEXICO

Dear Sir.
This is in Reference to your letter regarding freight charges of shipment of Manganese ore, I am still under the impression that this freight charges should be deducted before computing the Royalty. Before I will mail for a check for the Royalty, I would to talk to the owner of the San Pedro mine, I have been unable to do so, for reason that he is out of the state at present time, as soon as he gets back I talk to him, and what was his says, I will

go along with him, after all he is the owner of the mine and then will mail you a check, and settle this matter.

Sincerely Yours
Tom B. Scartaccini

Ransome	Kelly
Kerns	
Mullen	Drake

??

Sept. 21. 1960
Golden, Colo.

EXTRA COPY
O. M. E
RECEIVED SEP 28 1960

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United States
Department of the Interior

Dear Sir:

In reply to your letter of the 12th. Since Tom has been corresponding with you over this matter. All I can say I'll bring this matter to him, when he gets back. As this out right at the present, but as soon as he returns I'll have him contact you and try and straighten this matter out.

I Thank you

Eugene Scartaccini

WD.(2)

E 981

E-981

For royalty payment of $12.94, dated September 14, 1960, see transmittal letter file.

800

Building 20 - Federal Center
Denver 25, Colorado

September 12, 1960

CERTIFIED MAIL

Mr. Tom B. Scartaccini
c/o Mr. Eugene Scartaccini
Golden Via Sandia Park
New Mexico

Re: Docket No. DMEA-4214 (Copper)
Contract No. Idm-E981
Mercury Uranium & Oil Company
(San Pedro Mine)
Santa Fe County, New Mexico

Dear Mr. Scartaccini:

We have had no reply to our letter to you dated August 10, 1960 in which we requested $32.26 for past due Royalty on ore sold from the captioned property.

If we do not receive $32.26 before October 12, 1960 we will refer the matter to our Washington office for such action as they deem necessary to protect the Government's interest.

Yours very truly,

Original signed by

Hugh M. Connors
Acting Field Officer
OME, Region III

HMC/lm
cc Chief, Division of Field Operations (2)
Royalty Corres. E981
Chron

E-981

For royalty payment of $13.16, dated September 2, 1960, see transmittal letter file.

E-981

For royalty payment of $10.97, dated August 18, 1960, see transmittal letter file.

E-981

For royalty payment of $11.44, dated August 15, 1960, see transmittal letter file.

Building 20 - Federal Center
Denver 25, Colorado

EXTRA COPY O. M. E RECEIVED AUG 12 1960		
DATE	INITIALS	CODE
		800

August 10, 1960

CERTIFIED MAIL

Mr. Tom B. Scartaccini
c/o Mr. Eugene Scartaccini
Golden Via Sandia Park
New Mexico

Re: Docket No. DMEA-4214 (Copper)
Contract No. Idm-E981
Mercury Uranium & Oil Company
(San Pedro Mine)
Santa Fe County, New Mexico

Dear Mr. Scartaccini:

This has further reference to your letter of August 6, 1960 regarding the freight charges on the shipment of manganese ore.

The contract specifies as follows:

> "Article 6 (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, 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. ------ "

From the forgoing, you will note that the Government's Royalty

applies to the gross settlement ($645.10) and the Royalty due the Government is $32.26 as shown in our letter June 29, 1960.

Will you please forward this office your check for $32.26 to balance your Royalty account.

Yours very truly,

Original signed by

Hugh M. Connors
Acting Field Officer
OME, Region III

HMC/lm
cc: Chief, Division of Field Operations (2)
Royalty Corres. E981
Chron

Golden Spike
Sandia Park
N. M.

EXTRA COPY
O. M. E
RECEIVED AUG 12 1960

DATE	INITIALS	CODE

United States
Department of The Interior
Office of Minerals Exploration
Building 20 - Federal Center
Denver 25, Colorado

Mr. Hugh Connor
Acting Field Officer
Office, Region III

Refering to the Roylty due The Government on the sale of Manganese ore. should be computed after the Freight charges, the carrier is independent truck operator. as the ore was only test sample the buyer send me the full amount of the gross value of their manganese ore, so He did not deduct the Freight that was the reason for me paying the trucker. I hope this will clear up this matter, so I can mail a check, for the due amount.

Sincerly
Tom B. Scarlaccino

E-981

For royalty payment of $14.02, dated August 9, 1960, see transmittal letter file.

E-981

For royalty payment of $13.32, dated August 3, 1960, see transmittal letter file.

EXTRA COPY O. M. E. RECEIVED JUL 5 1960		
DATE	INITIALS	CODE
		800

Building 20 - Federal Center
Denver 25, Colorado

June 29, 1960

CERTIFIED MAIL

Mr. Tom B. Scartaccini
c/o Mr. Eugene Scartaccini
Golden Via Sandia Park
New Mexico

Re: Docket No. DMRA-4214 (Copper)
Contract No. Ida-E981
Mercury Uranium & Oil Company
(San Pedro Mine)
Santa Fe County, New Mexico

Dear Mr. Scartaccini:

Thank you for your letter of June 17, 1960 in which you stated that you had paid for the hauling on the shipment of manganese ore.

The Royalty due the Government on the sale of the manganese ore, is $32.26 which is computed as follows:

Gross Settlement	Dry Tons	Value Per Ton	Royalty Rate	Royalty Due
$ 645.10	$ 13.93	$ 46.31	5%	$ 32.26

Will you please forward this office your check for $32.26 to bring your Royalty account into balance.

Yours very truly,

Original signed by

Hugh M. Connors
Acting Field Officer
OME, Region III

HMC/lm
cc: Chief, Division of Field Operations (2)
Royalty Correspondence N981
Suspense
Chron

EXTRA COPY
O. M. E
RECEIVED JUL 5 1960

DATE	INITIALS	CODE

June 17 1960
Golden Via Sandia
Park ~~N. Mex.~~

United States
Department of The interior
office of Minerals Exploration
Building 20 - Federal Center
Denver 25 Colorado

I am sorry that you have not
Received my ans. of letter dated april
15 - 1960, which I wrote But
had some one else mailed it for
me. What happend they must lost it
so in the meantime I have been gone
just Returned and found another
Reg. letter dated May 31-1960
So here is the same ans. I
Paid the Hauling by check $111.44
if not satisfied I will send you
the Cancelled check for Proof.
Hoping we can Clear up the matter,

Very Truly Yours
B. Scartaccini

OME
DEPARTMENT OF THE INTERIOR
JUN 24 1960
REGION III
DENVER, COLORADO

E-981

For royalty payment of $10.41, dated June 27, 1960, see transmittal letter file.

E-981

For royalty payment of $11.73, dated June 20, 1960, see transmittal letter file.

E-981

For royalty payment of $10.01, dated June 10, 1960, see transmittal letter file.

Building 20 - Federal Center
Denver 25, Colorado

EXTRA COPY O. M. E RECEIVED JUN 3 1960		
DATE	INITIALS	CODE
		800

May 31, 1960

CERTIFIED MAIL

Mr. Tom E. Scartaccini
c/o Mr. Eugene Scartaccini
Golden Via Sandia Park
New Mexico

Re: Docket No. [illegible] (Copper)
Contract No. [illegible]
Mercury Uranium & Oil Company
(San Pedro Mine)
Santa Fe County, New Mexico

Dear Mr. Scartaccini:

We have had no reply to our letter to you dated April 15, 1960 requesting advice as to who paid the hauling charges of $8.00 per ton on the shipment of Manganese in the fall of 1959.

Will you please advise if the $[illegible] for hauling was paid by you or the McBride Blending Company of Deming, New Mexico. We must have this information to compute the Royalty due the Government.

Very truly yours,

Original signed by

Hugh M. Commons
Acting Field Officer
OGM, Region III

HMC/lm
cc: Chief, Division of Field Operations (2)
Royalty Corres E981
Chron

E-981

For royalty payment of $6.90, dated May 23, 1960, see transmittal letter file.

E-981

For royalty payment of $9.81, dated May 11, 1960, see transmittal letter file.

E-981

For royalty payment of $15.35, dated March 17, 1960, see transmittal letter file.

Building 20 - Federal Center
Denver 25, Colorado

March 10, 1960

EXTRA COPY
O. M. E.
RECEIVED MAR 14 1960

DATE	INITIALS	CODE
		800

CERTIFIED MAIL

Mr. Tom B. Scartaccini
c/o Mr. Eugene Scartaccini
Golden Via Sandia Park
New Mexico

Re: Docket No. IMRA-4214 (Copper)
Contract No. Ida-E981
Mercury Uranium & Oil Company
(San Pedro mine)
Santa Fe County, New Mexico

Dear Mr. Scartaccini:

We have been informed that the McBride Blending Company of Deming, New Mexico under a working agreement with you, made one shipment of manganese ore from the subordinated ground during the Fall of 1959.

We understand that the shipment contained 31,203 dry pounds of ore assaying 32.5% manganese.

Will you please forward this office three (3) copies of the settlement sheet for this ore. When we receive the settlement sheets, we will calculate the amount of royalty due the Government and advise you.

Very truly yours,

Original signed by

J. William Hasler
Member, OME Field Team
Region III

HMC/ms

cc: Chmn. Op. Comm. (2)
Roy corres E981
Chron
Suspense

E-981

For royalty payment of $10.83, dated March 9, 1960, see transmittal letter file.

E-981

For royalty payment of $22.04, dated March 2, 1960, see transmittal letter file.

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

CERTIFICATE OF DEPOSIT
Standard Form 219

2-17-60 (Date sent)

81 (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, Colorado

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

(3) The Sum of $ 549.72

(4) Classification of Deposit

Account Symbol	Amount	Account Symbol	Amount
14X4401	$ 549.72		$

(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.

Bonnett
(Authorized signature)

FEB 17 1960
(Date of credit in Treasurer's account)

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

E-981	Mercury U. & Oil Co.	14.40
E-987	Hamilton, et al & Simpson	430.37
E-1181	New Idria Mng. & Chem. Co.	104.95
		549.72

DENVER BRANCH
FEDERAL RESERVE BANK
1960 FEB 17 PM 12 43
MAIL DEPT-2

EXTRA COPY
O. M. E
RECEIVED JAN 20 1960

DATE	INITIALS	CODE
		800

E981

Jan. 15-60
Golden Sun Sandia Park
New Mexico

United States Department
of Interior Office of Minerals Exploration
Building 120 - Federal Center
Denver 25 Colorado

Dear Mr. J. W. Townsend,

Referring to your letter of Jan. 11-60 about the ore stockpiled at the San Pedro mine, dated back to Feb. 20-59,

This ore was shipped in small lots, to the El Paso smelter, which I am sure you have a copy of all shipments, we are in the process of shipping some ore in the near future if the weather permits, at this time we have been unable, on account the snow, to get trucks to haul.

Hoping this will answer your question on this matter, and more information you wish, will be glad furnish.

Very Truly Yours

Tom B. Scartaccini

DMEA Geol
Mercury Uranium

981

EXTRA COPY O. M. E. RECEIVED JAN 14 1960		
DATE	INITIALS	CODE
		800

Building 20 - Federal Center
Denver 25, Colorado
January 11, 1960

CERTIFIED MAIL

Mr. Tom B. Scartaccini
c/o Mr. Eugene Scartaccini
Golden Via Sandia Park
New Mexico

Re: Docket No. DMEA 4214 (Copper)
Contract No. Idm-E981
Mercury Uranium & Oil Company
(San Pedro mine)
Santa Fe County, New Mexico

Dear Mr. Scartaccini:

We have had no reply to our letter to you dated October 7, 1959, in which we requested to know what disposition had been made of the 45 tons of hand sorted ore, estimated to contain 10 percent copper, which was stockpiled as of February 20, 1959, the date of our last semiannual inspection of the San Pedro Mine.

We presume that the ore in question has been shipped since you have shipped many lots to the smelter since that time, but we would like your advice on the matter, and to know if there is any ore presently stockpiled on the property.

Very truly yours,

Original signed by

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

HMC:ltm

cc: Chem. Op. Comm. (2)
Roy. Corres. E981
Chron.

EXTRA COPY
O. M. E
RECEIVED JAN 14 1960

DATE	INITIALS	CODE
		800

CHARLES F. WILLIAMS
MINING ENGINEER
110 CAMINO DE LA PINA
SANTA FE, N. M.

OME
DEPARTMENT OF THE INTERIOR
JAN 11 1960
REGION III
DENVER, COLORADO

January 9, 1960

Mr. J. W. Townsend
Executative Officer, OME
Building 20 - Federal Center
Denver 25, Colorado

Re: Docket No. DMEA 4214
Contract No. Idn-E981
Mercury Uranium & Oil Co.
(San Pedro Mine)
Santa Fe County, N. M.

Dear Mr. Townsend:

Reference is made to your letter of January 7th in the matter of our lease in favor of Mr. Tom B. Scartaccini on the subject San Pedro mine.

Mr. Scartaccini's lease is being renegotiated and modified to encourage the construction of a mill on the premises. When the revised lease is completed, I shall mail a copy to your office.

Shipments of ore to the El Paso smelter were suspended in August, 1959, when the AS&R plant was struck. It is expected that shipments will be resumed as soon as the weather permits.

Mr. Scartaccini's permanent address is

420 Amherst Drive NE, Albuquerque, New Mexico

however, as he is living at the mine property, he had best be addressed

c/o Mr. Eugene Scartaccini, Golden via Sandia Park, NM.

At any time information is required relative to the San Pedro operation, please call on me - I shall be happy to oblige.

Very truly yours,

Charles F. Williams

Chairman (2)

EXTRA COPY O. M. E RECEIVED JAN 14 1960		
DATE	INITIALS	CODE
		800

Building 20 - Federal Center
Denver 25, Colorado
January 7, 1960

Charles F. & Chrystine W. Williams
110 Calle La Paza
Santa Fe, New Mexico

Re: Docket No. DMEA 4214 (Copper)
Contract No. Lm-E981
Mercury Uranium and Oil Company
(San Pedro Mine)
Santa Fe County, New Mexico

Dear Mr. and Mrs. Williams:

Our letter to Mr. Tom E. Scartacini, addressed to 420 Amherst Drive, Albuquerque, New Mexico, was unclaimed and has been returned to us.

Will you please advise if the Lease and Agreement dated the 26th day of August 1958 between you and Mr. Scartacini is still valid. We would also like to know the present status of the San Pedro Mine.

Very truly yours,

Original signed by

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

BMC:ltm

cc: Chem. Op. Comm. (2)
Roy. Corres. E981
Chron.

EXTRA COPY
O. M. E.
RECEIVED NOV 19 1959

DATE	INITIALS	CODE
		800

Building 20 - Federal Center
Denver 25, Colorado
November 16, 1959

CERTIFIED MAIL

Mr. Tom B. Scartacini
420 Amherst Drive, N. E.
Albuquerque, New Mexico

Re: Docket No. DMRA 4214 (Copper)
Contract No. Ida-8981
Mercury Uranium & Oil Company
(San Pedro mine)
Santa Fe County, New Mexico

Dear Mr. Scartacini:

We have had no reply to our letter to you dated October 7, 1959, in which we requested to know what disposition had been made of the 45 tons of hand sorted ore, estimated to contain 10 percent copper, which was stockpiled as of February 20, 1959, the date of our last semiannual inspection of the San Pedro Mine.

We presume that the ore in question has been shipped since you have shipped many lots to the smelter since that time, but we would like your advice on the matter, and to know if there is any ore presently stockpiled on the property.

Very truly yours,

Original signed by

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

EMC:ltm

cc: Chem. Op. Comm. (2)
Reg. Corres. E981
Chron.

EXTRA COPY
O. M. E.
RECEIVED OCT 12 1959

DATE	INITIALS	CODE
		800

Building 20 - Federal Center
Denver 25, Colorado

October 7, 1959

Mr. Tom B. Scartaccini
420 Amherst Drive, N. E.
Albuquerque, New Mexico

Re: Docket No. DMRA 4214 (Copper)
Contract No. Idm-E981
Mercury Uranium & Oil Company
(San Pedro Mine)
Santa Fe County, New Mexico

Dear Mr. Scartaccini:

Our last semiannual inspection of the San Pedro mine was made on February 20, 1959. The report on that inspection indicated that there were 45 tons of hand sorted ore, estimated to contain 10 percent copper, stockpiled.

You have shipped many lots to the smelter since that time, and we would like to know if the 45 tons of ore mentioned in the report have been shipped. We would also like to know if there is any ore presently stockpiled on the property.

Will you please advise.

Very truly yours,

Original signed by

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

RMC:ltm

cc: Chem. Op. Comm. (2)
Roy. Corres. E981
Chron.

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Executive Officer, OME Field Team, Region III, Denver, Colorado, pertaining to Contract Min-2981, Docket No. DMRA 4214 (Copper) dated July 27, 1956, with

Tom B. Scartacini, Lessee
Golden, New Mexico
Via Sandia Park
Formerly Mercury Uranium and Oil Company
Albuquerque, New Mexico
(Charles F. Williams et al, Owners)

for the purpose of determining the amount of royalties due the United States Government on the sale of copper ores produced from the San Pedro Mine, located in Santa Fe County, New Mexico, during the period July 27, 1956 to October 1, 1959.

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

My review established the total sales of copper ores for this period to be $7,090.11 (See Schedule attached). Royalty due the United States Government at the contract rates of 1½ percent to 5 percent is $353.48. The royalty paid and the balance due are as follows:

Total Royalty Due	$353.48
Total Royalty Paid	360.98
Balance Due (Overpayment)	[illegible]

October 2, 1959

Donald T. Finch
Donald T. Finch
OME Auditor

EXTRA COPY
O. M. E.
RECEIVED OCT 5 1959

DATE	INITIALS	CODE

STATUS OF PROJECT, DESCRIPTION OF REVIEW AND REASONS THEREFOR

CONTRACT NO. IDM-8581 DOCKET NO. DMEA 4214

A Certificate of Discovery or Development was issued on September 6, 1957, and accordingly royalty is payable on all production from the land described in Article 2 of the contract for a maximum period of 10 years from the date of the contract. A Report of Review in lieu of Final Cost Audit dated August 7, 1957, indicates accepted costs under the exploration contract of $58,881.66, with the Government's contribution on a 50 percent basis being $29,440.83.

According to a letter to the Executive Officer of the Field Team, Region III, dated September 8, 1958, from Manuel A. Sanchez, Attorney at Law, the Mercury Uranium and Oil Company surrendered its lease on the property on May 9, 1958, effective as of August 10, 1958.

The property was subsequently leased to Mr. Scartassini, who began the sale of ore to the American Smelting and Refining Company in September 1958.

My review included a tabulation and recomputation of all liquidation settlement sheets covering the sale of ore in the files of the Executive Officer, GME Field Team for the period July 27, 1956 to October 1, 1959, reconciliation of ore production with the Field Team's Semi-Annual Reports issued during the period and reconciliation of royalty payments received with the records of the GME Finance Office, Denver, Colorado.

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

(a) All reported production was adequately supported by copies of Liquidation Settlement Sheets issued by the purchaser of the ore who made royalty payments direct to the Government.

(b) Production was reconciled with the Field Team's Semi-Annual Reports for Certified Projects.

(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.

TOM B. SCARTACINI
GOLDEN, NEW MEXICO VIA SANDIA PARK
FORMERLY MERCURY URANIUM AND OIL COMPANY

CONTRACT NO. IDM-E981 DOCKET NO. DMEA 4214

SUMMARY OF PRODUCTION, SALES AND ROYALTY
For the Period July 27, 1956 to October 1, 1959

All Sales to American Smelting and Refining Company

Gross Weight, Pounds		621,100	
Moisture Content, Pounds		13,672	
Dry Weight, Pounds		607,428	
Dry Weight, Tons		303.714	
Gross Value		$9,641.97	
Less:			
Freight and Hauling	$2,286.58		
Reset charge	6.28		
Umpire Fees	53.00		
Representation	202.00		
Sampling	4.00		
Total Deductible Charges		$2,551.86	
Net Smelter Value			$7,090.11
Average Value Per Ton		$ 23.34	
Average Royalty Percentage		4.9855%	
Total Royalty Due		$ 353.48	
Total Royalty Paid		360.98	
Overpayment			$ 7.50

Schedule of Overpayment

1958			
October 29	Liquidation No. 2744	4.64	
November 3	Liquidation No. 2789	2.86	
			$ 7.50

The last liquidation settlement sheet included in above data is No. 1514, dated August 3, 1959. The last certificate of Deposit is 60-16, dated August 6, 1959.

MME Form 22
April 59

DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration

CHECK SHEET OF EXAMINING ENGINEER

Operator's Name Tom B. Scartecini, Lessee

Address Golden, New Mexico Via Sandia Park
Formerly Mercury Uranium and Oil Company
~~Albuquerque, New Mexico~~
(Charles F. Williams et al, Owners)

Exploration Contract No. Idm-8981 Docket No. DMEA 4214

SAN PEDRO MINE
Santa Fe County, New Mexico

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

9. Remarks - The latest information available is contained in the Semiannual Report of Certified Project for the period July 1, 1958 through December 31, 1959.

Original signed by
J. W. TOWNSEND
Mining Engineer

October 1, 1959
Date

J. W. Townsend
Executive Officer

MME Form 22
April 59

DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration

EXTRA COPY O. M. E. RECEIVED OCT 19 1959		
DATE	INITIALS	CODE

CHECK SHEET OF EXAMINING ENGINEER

Operator's Name Tom R. Scartacini, Lessee
Address Golden, New Mexico Via Sandia Park
Formerly Mercury Uranium and Oil Company
Albuquerque, New Mexico
(Charles F. Williams et al, Owners)

Exploration Contract No. Idm-2981 Docket No. DMEA 4014

SAN PEDRO MINE
Santa Fe County, New Mexico

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

9. Remarks - As of this date, lessee of the property has made royalty payments to the Government on shipments to August 3, 1959. The latest information available relative to questions 1 - 7 inclusive, is contained in the Semiannual Report of Certified Project for the period July 1, 1958 to December 31, 1958.

Original signed by
J. W. TOWNSEND
Mining Engineer
J. W. Townsend
Executive Officer, OME
Field Team, Region III

October 9, 1959
Date

Rec'd w/Reference Slip stating "This is as far as Mr. Townsend would go. /s/ Finch"

OCT 6 1959

Memorandum

To: Mr. Donald T. Finch, CME Auditor

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

Subject: Docket No. DMEA-4214 (Cooper)
Mercury Uranium and Oil Company
Contract No. Idm-E981

The Check Sheet of Examining Engineer accompanying the Report of Royalty Review on the subject project is incomplete in that questions Nos. 1 to 7 have not been answered. It would seem that such information is available as a result of Mr. Belser's examination for the Semi-Annual Report of Certified Project for the period July 1, 1958, through December 31, 1958, reported as made on February 20, 1958 (presumably 1959 was intended). The check sheet reference to the period as July 1, 1958, through December 31, 1959, obviously is a typographical error.

The Report of Royalty Review is approved and normal distribution is authorized; however, it would be appreciated if you would obtain and forward a completed check sheet in duplicate.

CEFisher/ama
October 6, 1959

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

E-981

For Certificate of Deposit No. 16, dated August 6, 1959, giving royalty payment of $35.01, see E-969.

E-981

For Certificate of Deposit No. 8, dated July 22, 1959, giving royalty payment of $28.04, see E-520.

E-981

For Certificate of Deposit No. 164, dated June 23, 1959, giving royalty payment of $44.85, see E-520.

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

5/28/59 (Date sent)

153 (Deposit No.)

Identification of Accountable Officer Affected

(1) Office Deposit Symbol: 9013

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

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

(3) The Sum of $ .78

(4) Classification of Deposit

Account Symbol	Amount	Account Symbol	Amount
14X4401	$ .78		$

(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.

H. Figg
(Authorized signature)

MAY 28 1959
(Date of credit in Treasurer's account)

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

E-981 Mining
Uranium .78

DENVER BRANCH
FEDERAL RESERVE BANK

1959 MAY 28 PM 12 45

MAIL DEPT-2

OFFICIAL FILE COPY
O. M. E.
RECEIVED JUN 1 1959

DATE	INITIALS	CODE
		800

E-981

For Certificate of Deposit No. 151, dated May 22, 1959, giving royalty payment of $36.52, see E-877.

[illegible] New Customhouse
Denver 2, Colorado
April 9, 1959

Mr. Charles F. Williams
110 Camino De La Fuente
Santa Fe, New Mexico

Re: Docket No. [illegible] (Copper)
Contract [illegible]
Mercury Uranium & Oil Company
(San Pedro mine), Santa Fe County,
New Mexico

Dear Mr. Williams:

This will acknowledge receipt of your letter dated April 8, 1959, regarding the royalty provisions of the captioned contract.

Your letter to the American Smelting and Refining Company dated March 18, 1959, copy of which you forwarded this office, was correct in stating that the overpayment of royalty to DMEA on lot Nos. 260 and 261 was $12.36.

In accordance with Article 6(a) of the contract, the hauling, representation, weights and sampling are allowable deductions since they are paid for by the smelter and are shown on the settlement sheets.

Very truly yours,

Original signed by
J. W. TOWNSEND

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

HMC/ff
cc: Chmn. Op. Comm. (2))
Nomslo) w/copy of letter from Williams dated April 8, 1959
Royalty file E981
Chron.

EXTRA COPY
O. M. E.
RECEIVED APR 15 1959
DATE | INITIALS | CODE
800

[illegible] returns from the ASAR [illegible] Pero [illegible] the San Pedro [illegible] by our [illegible], Mr. [illegible] indicate that the Government's 5% royalty [illegible] net returns paid [illegible].

[illegible] has become [illegible] San Pedro [illegible] only a small fraction of the [illegible] the royalty [illegible] of the [illegible] also [illegible], [illegible] net returns to the [illegible] carried on at a loss.

Mr. Scortecci hopes that [illegible] and the others expect to continue the [illegible] prospect. Any assistance your office can [illegible] interpretation of the contract will be to the [illegible] concerned. Please let me have your views on [illegible] interpretation of Article 6 (C) of the [illegible] with regard to the [illegible] of the Government's [illegible] basis of net returns plus freight charges [illegible].

Sincerely yours,

E-981

For Certificate of Deposit No. 129, dated March 31, 1959, giving royalty payments of $18.05 and $19.82, see E-360.

E-981

For Certificate of Deposit No. 127, dated March 24, 1959, giving royalty payment of $14.72, see E-345.

E-981

For Certificate of Deposit No. 122, dated March 13, 1959, giving royalty payment of $19.00, see E-933.

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

3/9/59 (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 $ 172.33

(4) Classification of Deposit

Account Symbol	Amount	Account Symbol	Amount
14X4401	$172.33		$

(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 - 9 1959
(Date of credit in Treasurer's account)

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

E-1124	Leadville Lead	147.95
E-981	Mercury Uranium & Oil Co.	24.38
		$172.33

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAR 12 1959

DATE		CODE
3/12	C	220
		800

TRIPLICATE Treasury Department Circular
Rev., Supp. 1 (Third Amendment), Promulgated Sep
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.

2/17/59 (Date sent)

109 (Deposit No.)

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

(3) The Sum of $ 57.21

(4) Classification of Deposit

Account Symbol	Amount	Account Symbol	Amount
14X4401	$ 57.21	E 961	$

(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.

(Authorized signature)

FEB 17 1959

(Date of credit in Treasurer's account)

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

E-981 Mercury Uranium
& Oil Company $57.21

1959 FEB 17 PM 12 10

NO. 945-
11, 1957

OFFICIAL FILE COPY
O. M. E.
RECEIVED FEB20 1959

DATE	INITIALS	CODE
2/20	S.G.	225
		800

EXTRA COPY
O. M. E.
RECEIVED JAN 9 1959

DATE	INITIALS	CODE
		800

224 New Customhouse
Denver 2, Colorado

January 5, 1959

Mr. Tom B. Scartaccini
420 Amherst Drive, N. E.
Albuquerque, New Mexico

Re: Docket DMEA-4214 (Copper)
Contract Ida-E981
San Pedro Mine
Santa Fe County, New Mexico

Dear Mr. Scartaccini:

Thank you for your letter dated December 29, 1958, regarding the delinquent royalty. As stated in our letter to you dated November 5, 1958, the amount of royalty due the Government on your lot Nos. 2744 and 2789 is $7.50, which is calculated as follows:

Lot No.	Smelter Value	Allowable Deductions	Net Value	Dry Tons	Value Per Ton	Royalty Rate	Royalty Due	Royalty Paid
2744	$ 214.80	$ 15.00	$ 199.80	21.785	$9.17	2½%	$5.00	$ 0.56
2789	210.93	15.00	195.93	23.673	8.28	1½%	2.94	0.68

We presume that the smelter will deduct the $7.50 from your next shipment and forward it to this office.

For your information and for the information of the smelter personnel the basis for computing DMEA royalty payments is as follows:

WHEN VALUE PER DRY TON IS:		ROYALTY PAYMENTS ARE:	
$ 0.01 - $ 8.49		1.5%	
8.50 - 8.99		2.0	
9.00 - 9.49		2.5	Of
9.50 - 9.99	Then	3.0	Gross Proceeds
10.00 - 10.49		3.5	
10.50 - 10.99		4.0	
11.00 - 11.49		4.5	
11.50 - and over		5.0	

Very truly yours,

Original signed by
J. W. TOWNSEND

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

cc: Mr. Ben Roberts,
Manager, El Paso Smelter
American Smelting & Refining Co.
El Paso, Texas

Chmn. Op. Comm. (2)
Royalty E-981
Harshman
OME-DFC-Belser
Chron

December 29, 1958

Mr. Jack Townsend
Executive Officer
Div. Mineral Ops., Region III
U.S. Geological Survey
Denver 2, Colorado

EXTRA COPY
RECEIVED JAN 5 1959
DATE | INITIALS | CODE

Re: Docket DMEA 1211 (Cooper)
Contract Idm-1981
Mercury Uranium & Oil Co.
(San Pedro Mine)
Santa Fe County, New Mexico

Dear Mr. Townsend:

I reply with reference to your registered letter of December 22, 1958. I had delayed replying your previous letter of November 5, 1958 since I had talked personally with one of your field men at the San Pedro Mine in regard to this delinquent royalty. In essence, he had informed me that the matter would be cleared up through the El Paso Smelting Works where my lease is on file and whose management has been kind enough to deduct all necessary royalty charges from my returns.

I have another shipment scheduled for the El Paso Smelting Works in the near future and suggest, in order to avoid further similar errors, that you make such adjustment as necessary from this shipment both for the delinquent lots and such others as may be shipped in the future. I trust that this approach meets with your approval.

Very truly yours,

Tom B. Scartaccini

Tom B. Scartaccini

cc: Mr. Ben Roberts
Manager, El Paso Smelter

EXTRA COPY
O. M. E.
RECEIVED DEC 29 1958

	INITIALS	CODE
		800

224 New Customhouse
Denver 2, Colorado

CERTIFIED MAIL

December 22, 1958

Mr. Tom. B. Scartaccini
420 Amherst Drive, N. E.
Albuquerque, New Mexico

Re: Docket DMEA 4214 (Copper)
Contract Idm-E981
Merucury Uranium & Oil Co.
(San Pedro Mine)
Santa Fe County, New Mexico

Dear Mr. Scartaccini:

We have had no reply to our letter of November 5, 1958, which explained to you why additional royalty is due the Government on your mine lots No. 2744 and 2789.

Please forward this office by return mail your check for $7.50 to cover the amount of delinquent royalties.

Very truly yours,

Original signed by
J. W. TOWNSEND

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

HMC:jy

cc: Chm. Op. Comm. (2)
Harshman
OME/DFC - Belser
Royalty E981
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

11/6/58 (Date sent)

73 (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 $ 0.08

(4) Classification of Deposit

Account Symbol	Amount	Account Symbol	Amount
14X4401	$ 0.08		$

(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.

L Hone
(Authorized signature)

NOV 6 - 1958
(Date of credit in Treasurer's account)

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

E-981 Mercury
Uranium .08

OFFICIAL FILE COPY
O. M. E.
RECEIVED NOV 10 1958

DATE		CC
11/10	C	220 800

E-981

For Certificate of Deposit No. 72, dated November 5, 1958, giving royalty payment of $0.36, see E-445.

EXTRA COPY O. M. E. RECEIVED NOV 20 1958		
DATE	INITIALS	CODE
		800

xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx

OFFICE OF MINERALS EXPLORATION
224 New Customhouse
Denver 2, Colorado
November 17, 1958

Memorandum

To: Carl Balser

From: Executive Officer, OME Field Team, Region III

Subject: RMRA Docket No. 4214 (Copper), Contract No. Nm E981 (San Pedro Mine), Mercury Uranium & Oil Company), Santa Fe County, New Mexico

This has reference to your memorandum dated November 14 on the subject contract.

Attached is a copy of a letter to Mr. Scartaccini regarding royalty payments on the two (2) shipments of ore from the property which you mentioned in your memorandum. You will also note that the ore is of a lower grade than you had anticipated.

Original signed by
J. W. TOWNSEND

Enclosure

J. W. Townsend

cc: Chem. Op. Comm. (2)
Royalty File E981
Harshman
Chron.

EXTRA COPY O. M. E. RECEIVED NOV 20 1958		
DATE	INITIALS	CODE

OFFICE OF MINERALS EXPLORATION
224 New Customhouse
Denver 2, Colorado
November 5, 1958

COPY

Mr. Tom B. Scartaccini
420 Amherst Drive, N.E.
Albuquerque, New Mexico

Re: Doolset DMEA 4214 (Copper)
Contract Idm-8981
San Pedro Mine
Santa Fe County, New Mexico

Dear Mr. Scartaccini:

Settlement sheets for smelter lots Nos. 2744 and 2789 have been received in this office and the breakdown of these settlement sheets as concerns DMEA is as follows:

Lot No.	Smelter Value	Allowable Deductions	Net Value	Dry Tons	Value Per Ton	Royalty Rate	Royalty Due	Royalty Paid
2744	$ 214.80	$ 15.00	$ 199.80	21.785	$9.17	2½%	$5.00	$ 0.36
2789	210.93	15.00	195.93	23.675	8.28	1½%	2.94	0.08

You will note from the foregoing that only forty-four cents royalty has been paid to the Government. The correct amount of royalty due the Government was $7.94. Will you please forward this office a check in the amount of $7.50 to pay the balance of royalty due the Government on these two shipments.

Very truly yours,

Original signed by
J. W. TOWNSEND
J. W. Townsend
Executive Officer
OME Field Team, Region III

JWT/ff
cc: Chm.Op.Comm. (2) ✓
Royalty 8981
Chron
Harshman
OME-DFC-Belser

EXTRA COPY
O. M. E.
RECEIVED NOV 20 1958

DATE	INITIALS	CODE

Nov. 14, 1958

Memorandum

To: Executive Officer, OME Field Team, Region III

From: Carl Belser

Subject: DMEA Docket No. 4212 (Copper) Contract Idm-2981
San Pedro mine, Mercury Uranium and Oil Company, Santa Fe County, New Mexico

The mine was turned back to Colonel Williams by the Mercury Uranium and Oil Company on August 10, 1958.

Tom Scartaccini, 420 Amherst, Albuquerque, is leasing on the property. He has five men working. Shipments are to the El Paso smelter and amount was one car load, 48 dry tons, and four truck loads. All shipments have been this fall. Scartaccini left a copy of his lease with the smelter and told them about the DMEA royalty.

There is a possibility that the royalty could have been sent to the El Paso DMEA or that the smelter is slow in settling.

Carl Belser
Carl Belser
Mining Engineer

CB/mw
cc: 7
Idm-2981
chron

OME
DEPARTMENT OF THE INTERIOR
NOV 14 1958
REGION III
DENVER, COLORADO

OFFICE OF MINERALS EXPLORATION
224 New Customhouse
Denver 2, Colorado

November 5, 1958

Mr. Tom B. Scartaccini
420 Amherst Drive, N.E.
Albuquerque, New Mexico

Re: Docket DMEA 4214 (Copper)
Contract Nm-[illegible]
San Pedro Mine
Santa Fe County, New Mexico

Dear Mr. Scartaccini:

Settlement sheets for smelter lots Nos. 2744 and 2789 have been received in this office and the breakdown of these settlement sheets as concerns DMEA is as follows:

Lot No.	Smelter Value	Allowable Deductions	Net Value	Dry Tons	Value Per Ton	Royalty Rate	Royalty Due	Royalty Paid
2744	$ 214.80	$ 15.00	$ 199.80	21.785	$9.17	2½%	$ 5.00	$ 0.56
2789	210.93	15.00	195.93	23.673	8.28	1½%	2.94	0.08

You will note from the foregoing that only forty-four cents royalty has been paid to the Government. The correct amount of royalty due the Government was $7.94. Will you please forward this office a check in the amount of $7.50 to pay the balance of royalty due the Government on these two shipments.

Yours very truly,

Original signed by
J. W. TOWNSEND

J. W. Townsend

EMC/rf
cc: Chm.Op. Com. (2)
Royalty
Chron.

For Certificate of Deposit No. 55, dated October 2, 1958, giving royalty payment of $62.16, see E-4.

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

OFFICIAL FILE COPY
DMEA
RECEIVED AUG 9 1957

DATE	INITIALS	CODE
8/9	G.K.	220
		800

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Mercury Uranium and Oil Company
600 Coal Avenue, S. W.
Albuquerque, New Mexico

pertaining to Exploration Project Contract No. Idm-E981, Docket No. DMEA-4214, including Amendment No. 1, for the months of December, 1956 to March, 1957, inclusive, covering a project for the exploration of copper on property known as San Pedro Mine located in Santa Fe County, New Mexico.

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

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

> All 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		$59,081.66
Exceptions: (Schedule attached)		
By DMEA Finance Officer	$200.00	
Herewith	0.00	200.00
Total Accepted Cost		$58,881.66

The contract calls for a 50 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Twenty-nine thousand, four hundred forty and 83/100ths Dollars

** $29,440.83 **

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

August 7, 1957

T. H. Brading, Auditor

SCHEDULE OF EXCEPTIONS

MERCURY URANIUM AND OIL COMPANY

Contract Idm-E981 Docket DMEA-4214

Operator submitted transcript of assay certificates showing that 40 assays had been completed. None of these certificates showed assay results of tungsten trioxide, and only eleven showed results of gold and silver. Contract provides that samples will be assayed for copper, gold, silver, and tungsten trioxide.

Claim of $200.00 for 40 assays is disallowed.

Disallowance made by Finance Officer, and approved by Auditor.

EXTRA COPY
D M E A
RECEIVED AUG 8 1957

DATE	INITIALS	CODE
		800

224 New Customhouse
Denver 2, Colorado

August 6, 1957

Memorandum

To: T. E. Breding, DMEA Auditor

From: Acting Executive Officer, DMEA Field Team Region XII

Subject: Docket No. DMEA 4214 (Uranium), Contract No. DMe-E981, Mercury Uranium and Oil Company (San Pedro Mine), Santa Fe County, New Mexico

The subject contract was terminated by mutual agreement, effective April 1, 1957. A copy of the TERMINATION AGREEMENT is enclosed for your records.

The Operator has rendered a final engineering and geologic report and final accounting, as required by the contract. Therefore, final payment of the Operator's account is in order, contingent upon release to this office of a Report of Review of reported project costs.

Acceptable units of work or service completed on a Fixed Unit Cost basis are as follows:

Diamond drilling	6,915	feet
Exploration drifting	57.6	feet
Drifting for drill stations	21	feet
Raising for drill stations	99.48	feet.

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

Original signed by
E. N. HARSHMAN

E. N. Harshman

JWT:prl

cc: Chmn. Op. Comm. - 2
Harshman
Townsend
Corres. file
Chron.

500.00
NM
8/8/57 DMEA 58-13

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 March, 1957 Docket No. DMEA 4214 Contract No. DMA-1961
Operator's Name Mercury Uranium and Oil Company Minerals Copper
Address 600 Coal Ave., S.W. Albuquerque, N.M.
Contract Amount, $ 10,100.00 Government Participation: 50 % Amount, $ 5,050.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling	$9900.00	$41,947.50	$51,847.50			
Bulldozing						
Crosscutting						
Drifting		3,104.70	3,104.70			
Raising		3,929.46	3,929.46			
(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	200.00	None	200.00			
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	10,100.00	48,981.66	59,081.66	9,900.00	48,981.66	58,881.66

RECEIVED MAY 27 1957 D.M.E.A.

DMEA DEPARTMENT OF THE INTERIOR MAY 8 - 1957 REGION III DENVER, COLORADO

I certify that the above bill is correct and just and that payment therefor has not been received.
Date May 9, 1957 Payee Mercury Uranium & Oil Co.
Per [signature] Title Ch. Min. Engr. & Geol.

*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:

$ 4450.00

Signature [signature]
(Authorized Certifying Officer)
Date 5/21/57 Vou. No. DMA 57-126
(See other side)

Note: Withhold 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. Idm E 98 in accordance with the terms of the contract.

Signature [illegible] ($5050.00) Title Min. Engr Date 5/10/57

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature [illegible] Title Acting Executive Officer Date MAY 17 1957

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of March 1957 Docket No. DMEA 4214 Contract No. DM-7991

Operator's Name Mercury Uranium and Oil Company Minerals Copper

Address 600 Coal Ave., S. W., Albuquerque, N. M.

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				$3104.70	78.60	$39.50	350	$39.50
Crosscutting								
Raising				3929.40	99.40	39.50	160	39.50
Shafts								
Winzes								
Drilling: Core	Foot	$9900.00	1320	51847.50	6913	7.50	7700	7.50
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Assays	Each	200.00	40	200.00	40	5.00	255	5.00
TOTAL DISTRIBUTED COSTS		10,100.00		59,081.66				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		10,100.00		59,081.66				$103,200.00

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

Date May 6, 1957 Operator Mercury Uranium & Oil Co.

Per F. B. Baca Title Gen. Min. Engr. & Geol.

F. B. Baca

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

REMARKS:

(Instructions on reverse)

(For Government use only)

RECEIVED MAY 27 1957 D.M.E.A.

Wm E Mullen

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.

FILE COPY
DMEA - 1957

GPO 872894

FINAL DISTRIBUTION MADE MAY 2 2 1957

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

Administrative Audit Difference Statement

Date: May 21, 1957
Payee's
Reference: March 1957

Mercury Uranium and Oil Co.
600 Coal Ave. S. W.
Albuquerque, New Mexico

Gentlemen:

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

Amount Claimed	$	10,100.00
Difference	$	200.00
Amount Approved	$	9,900.00

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DMEA
RECEIVED MAY 27 1957

DATE	INITIALS	CODE
5/27	[illegible]	220
"	[illegible]	100
		800

The reason for the difference was due to:

Disallowance, Assays
10 samples assayed @ 5.00 each. @200.00

The contract stipulates that the samples be assayed for Cu., Ch., Ag. & MO3. None of the samples were analyzed for MO3 & only 11 samples were analyzed for Au. & Ag.

Withhold: @500.00 pending resumption of work under the terms of the contract.

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

224 New Customhouse
Denver 2, Colorado
May 17, 1957

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DMEA
RECEIVED MAY 27 1957
DATE | INITIALS | CODE

Memorandum

To: T. A. Christensen

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

Subject: DMEA Docket-4214, (Copper), Contract Idm-8981
Mercury Uranium and Oil Company (San Pedro Mine),
Santa Fe County, New Mexico - Operator's Monthly
Progress Report, for the month of March, 1957

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

Except as otherwise noted below, we consider that the Operator has complied with the intent of the contract and the work for which payment is recommended is acceptable to the Government. 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.

Disallowance, Assays

The Operator has reported the cost of 40 samples assayed at $5.00 per sample. The contract stipulates that the samples be assayed for Cu., Au., Ag. and WO_3. None of the samples were analyzed for WO_3 as required by the contract, and only 11 samples were analyzed for Au. and Ag.

Disallow the reported cost of 40 samples assayed, at $5.00 per sample---------- $200.00

Withhold an amount of $500.00 pending resumption of work under the terms of the contract, or if work is not resumed, continue to withhold this amount pending resolution of matters which are prerequisite to closing the account. Information available in this office indicates that the Operator may wish to terminate the contract work.

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

Amount reported on Form MF-104 for March, 1957	$10,100.00
Amount to be disallowed	200.00
Total accepted cost for March, 1957	$ 9,900.00
Government participation at 50 percent	4,950.00
Amount to be withheld	500.00
Balance due the Operator	$ 4,450.00

Remarks

Date of Report----------May 6, 1957
Date Received in Field Office----------May 9, 1957
Date Received in Region Office----------May 15, 1957

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

Enclosures

JDC:hh
cc: Chmn. Op. Comm. (2)
Konselman
Harshman)w/copy of Engr's
Townsend) report
MF-104 file, Region III
Charon.

DMEA
DEPARTMENT OF THE INTERIOR

REGION III

MAY 15 1957
REGION III
DENVER, COLORADO

Building 20
Denver Federal Center
Denver 2, Colorado
May 14, 1957

Memorandum

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

Through: Albert S. Konselman
Mining Engineer

From: W. D. McMillan

Subject: DMEA Docket 424 (Copper) Contract Ida-2981, Mercury Oil and Uranium Company, San Pedro Copper Mine, Santa Fe County, New Mexico -- Progress report for March 1957

An inspection of progress for March was made on April 2, 1957, accompanied by F. B. Bass, geologist and mining engineer, Ray Wood, general superintendent, of Mercury Oil and Uranium Company and William D. Emerick, of the Geological Survey.

The pertinent data on the holes completed, which completes the project, are given in the following table:

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DATE	INITIALS	CODE

Table No. 1 - Pertinent Data on March D. D. Holes

Hole No.	Coord. North	Coord. East	Bearing	Inclin.	Dates Start	Dates Finish	Depth feet	Core Rec. %	Mineralization
32	1455	2199	West	-70°	3/2/57	3/6/57	155	92.4	Fair to good chalcopyrite
33	1247	2198	West	-70°	3/8/57	3/10/57	135	97.0	Slight to none "
34	1134	3070	East	+80°	3/1/57	3/2/57	30	98.3	Fair "
* 36	1345	2254	280°E	-70°	3/6/57	3/8/57	100	76.2	4 ft. fair min. 93.0 - 97.0
**37	1597	3061	0	-90°	3/8/57	3/30/57	900	91.8	11 ft. min. 715 - 726

* Possible continuation of ore found in Hole 10 to be investigated from Richmond shaft.

** Mineralization between 715 and 726 feet to be investigated from bottom of winze.

Total drilling in March 1957 1320 feet

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DATE INITIALS CODE

All work was according to contract specifications with an adequate narrative report, Forms MF-104 and 104A, drill logs and maps in quintuplicate. All drilling was done with AX bits.

Approved costs are 1320 feet of core drilling at $7.50 per foot amounting to $9900.00 and 40 chemical analyses at $5.00 each amounting to $200.00 for samples shown in the February 1957 report, or a total of $10,100.00.

It is recommended that 50 percent of the approved total of $10,100.00 amounting to $5050.00 be approved for payment.

W. D. McMillan
Mining Engineer

WDM/mr
cc: 6
Jan-1961
Chron

MERCURY URANIUM & OIL COMPANY
600 Coal Avenue, S.W. Albuquerque, N.M.
San Pedro Mine Santa Fe County, N. M.

DMEA DOCKET 4214

RESUME' OF OPERATIONS FOR MONTH OF MARCH, 1957, UNDER ABOVE DOCKET NUMBER.

Diamond drilling was completed in the following holes, during this month, at the coordinates shown and to the depths shown:

Hole No.	Coordinates		Started	Completed	Total Depth
32	1455N	2199E	Mar. 2, 1957	Mar. 6, 1957	155 Feet
33	1247N	2198E	Mar. 8, 1957	Mar. 10, 1957	135 Feet
34	1134N	3070E	Mar. 1, 1957	Mar. 2, 1957	30 Feet
36	1345N	2254E	Mar. 6, 1957	Mar. 8, 1957	100 Feet
37	1597N	3061E	Mar. 8, 1957	Mar. 30, 1957	900 Feet
TOTAL DIAMOND DRILLING IN MARCH					1320 Feet

Fair mineralization was found in hole #36 at 93 to 97 feet which does not occur at the right depth to be a continuation of either of the mineralized zones encountered in hole #10, west of the shaft fault. This horizon will be investigated further when the lower part of the Richman shaft is cleaned out.

Hole #37 showed a zone of mineralization between 715 feet and 726 feet that will be investigated further from the bottom of the winze in the lower part of the mine.

Forty samples have been assayed to date and their number is included in this month's "MF 104, Operators Monthly Report and Voucher.

MERCURY URANIUM AND OIL COMPANY

F. D. Baca, Chief Mining Engineer and Geologist

OFFICE
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DATE | DATA | COPY

DMEA
DEPARTMENT OF THE INTERIOR
MAY 8 - 1957
REGION III
DENVER, COLORADO

MERCURY URANIUM & OIL COMPANY
600 Coal Avenue, S. W., Albuquerque, N. M.
San Pedro Mine Santa Fe County, N. M.

DMEA DOCKET 4214

TRANSCRIPT OF ASSAY CERTIFICATE NO. 2436 MADE BY CHAPMAN AND WOOD OF ALBUQUERQUE, NEW MEXICO and DATED FEBRUARY 21, 1957.

D. D. Hole No.	C. & W. No.	Our No.	Footages	Copper %	Gold Oz.	Silver Oz.
4	7836	1	126.0-127.25	0.07	Nil	Trace
4	7837	2	89.25-90.5	0.18	Nil	Trace
4	7838	3	157.3-160.8	0.26	Nil	Trace
4	7839	4	170.5-172.0	0.60	Nil	0.2
9	7840	5	8.6-14.0	1.02	Nil	0.1
10	7841	6	75.5-77.0	0.54	Nil	Trace
10	7842	7	78.5-83.5	2.65	Trace	0.5
10	7843	8	116.5-122.5	11.36	Trace	0.6
11	7844	9	656.5-658.5	0.05	Nil	Nil
11	7845	10	378.0-384.0	0.05	Nil	Nil
11	7846	11	688.0-698.0	0.06	Nil	Trace
		CERTIFICATE 2450 DATED FEB. 26, 1957				
23	7887	12	0.0-12.8	3.26		
24	7888	13	0.8-6.8	0.54		
24	7889	14	18.6-21.95	0.48		
24	7890	15	51.75-55.75	0.42		
25	7891	16	0.85-13.45	1.97		
25	7892	17	13.45-19.00	0.54		
		CERTIFICATE 2458 DATED FEB. 25, 1957				
19	7905	18	2.0-4.2	20.09		
12	7906	19	40.0-44.6	0.60		
12	7907	20	83.5-85.75	0.60		
12	7908	21	87.9-92.00	0.84		
12	7909	22	111.0-113.20	0.30		
28	7910	23	98.5-103.00	3.35		
13	7911	24	95.8-102.00	0.48		
5	8110	25	120.7-124.9	0.08		
5	8111	26	135.0-138.4	0.10		
8	8112	27	154.5-156.8	0.11		
13	8113	28	790.2-799.2	0.02		
29	8114	29	6.0-8.0	0.41		
30	8115	30	5.35-11.05	2.22		
31	8116	31	0.0-9.0	2.32		

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DATE

D. D. Hole No.	C. & W. No.	Our No.	Footages	Copper %	Gold Oz.	Silver Oz.
			CERTIFICATE 2779 DATED APRIL 3, 1957			
35	8273	38	13.5-17.7	8.45		
37	8274	32	715.0-716.5	0.06		
37	8275	33	716.5-719.0	0.12		
37	8276	34	719.0-721-5	0.18		
37	8277	35	721.5-723.5	0.18		
37	8278	36	723.5-725.5	0.35		
37	8279	37	725.5-726.0	0.44		
			CERTIFICATE 2807 DATED APRIL 10, 1957			
36	8319	39.[illegible]	[illegible].93.0-97.0	0.91		
37	8320	40	349.5-351.0	0.09		

F. B. Baca, Geologist

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Date | [illegible] | [illegible]

224 New Customhouse
Denver 2, Colorado

May 29, 1957

Memorandum

To: Chairman, Operating Committee, DMEA

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

Subject: Docket DMEA-4214 (Copper) Contract Idm-E981,
Mercury Uranium and Oil Company, (San Pedro mine)
Santa Fe County, New Mexico

Enclosed are two copies of a transcript of Assay Certificate No. 2898, Chapman and Wood, for 23 samples taken in the north drift, which was driven druing March, 1957, under Stage I.

The Operator has requested that the contract be terminated in its present status, therefore the assay data should be filed with Form MF-104, Operator's Monthly Report and Voucher for March, 1957.

Original signed by
E. N. HARSHMAN

E. N. Harshman

Enclosures

JDC;hmh

cc: Konselman)
Finance Office, Reg. III)w/copy of Assay data
MF-104 file, Reg. III)
Harshman
Townsend
Corres. file, Reg. III
Chron.

Official
~~EXTRA~~ COPY
DMEA
RECEIVED MAY 31 1957

DATE	INITIALS	CODE
		800

DMEA
DEPARTMENT OF THE INTERIOR
MAY 16 1957
REGION III
DENVER, COLORADO

MERCURY URANIUM & OIL COMPANY
600 Coal Avenue, S.W., Albuquerque, N. M.
San Pedro Mine Santa Fe County, N. M.

DMEA DOCKET 4214

Transcript of Assay Certificate No. 2898 made by Chapman & Wood of Albuquerque, New Mexico, May 8, 1957. The assays were made of samples cut from Sub-level Drift driven north out of Stope No. 1.

C. & W. No.	Our No.	Description	Copper %
8797	41	Sta. 00, Floor up to 0.9 Feet, W. Side	2.56
8798	42	Sta. 00, 0.9 up to 4.2 Feet, W. Side	0.56
8799	43	Sta. 00, 4.2 up to 5.4 Feet, W. Side	7.15
8800	44	Sta. 5, Floor up to 1.0 Feet, W. Side	0.32
8801	45	Sta. 5, 1.0 up to 4.5 Feet, W. Side	0.29
8802	46	Sta. 5, 4.5 up to 5.3 Feet, W. Side	9.72
8803	47	Sta. 10, Floor up to 3.2 Feet, W. Side	0.22
8804	48	Sta. 10, 3.2 up to 5.0 Feet, W. Side	5.18
8805	49	Sta. 15, Floor up to 4.7 Feet, W. Side	0.24
8806	50	Sta. 15, 4.7 up to 5.6 Feet, W. Side	18.61
8807	51	Sta. 20, Floor up to 3.0 Feet, W. Side	0.16
8808	52	Sta. 20, 3.0 up to 5.8 Feet, W. Side	8.63
8809	53	Sta. 25, Floor up to 4.1 Feet, W. Side	0.09
8810	54	Sta. 25, 4.0 up to 4.8 Feet, W. Side	6.41
8811	55	Sta. 30, Floor up to Back, W. Side	0.29
8812	56	Sta. 35, Floor up to Back, W. Side	0.09
8813	57	Sta. 40, Floor up to 5.8 Feet, W. Side	0.18
8814	58	Sta. 40, 5.8 up to 7.6 Feet, W. Side	16.02
8815	59	Sta. 45, Floor up to 3.9 Feet, W. Side	0.09
8816	60	Sta. 45, 3.9 up to 5.1 Feet, W. Side	3.62
8817	61	Sta. 50, Floor up to 3.3 Feet, W. Side	0.29
8818	62	Sta. 50, 3.3 up to 5.7 Feet, W. Side	0.08
8819	63	Sta. 55, Floor up to 5.6 Feet, W. Side	0.59

The stationing begins at the start of the drift (00) and progresses inward at 5 foot intervals.

F. B. Baca, Geologist

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 February 195 7 Docket No. DMEA 4214 Contract No. IDM-E981

Operator's Name Mercury Uranium & Oil Company Minerals Copper

Address 600 Coal Ave., S. W., Albuquerque, N. M.

Contract Amount, $ 7960.70 Government Participation: 50 % Amount, $ 3,980.35

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	5527.50	36,420.00	41,947.50			
Bulldozing						
Crosscutting						
Drifting	2275.20	829.50	3,104.70			
Raising	158.00	3,771.46	3,929.46			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	7960.70	41,020.96	48,981.66	7960.70	41,020.96	48,981.66

RECEIVED MAY 27 1957 DMEA

DMEA
DEPARTMENT OF THE INTERIOR
MAY 8 - 1957
REGION III
DENVER, COLORADO

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

Date April 3, 1957 *Payee Mercury Uranium & Oil Co.

Per W. D. Daca Title Ch. Min. Engr. & Geol.

*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:

$ 3980.35

Signature (Authorized Certifying Officer)

Date 5/21/57 Vou. No. DMA 57-126

(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-E981 in accordance with the terms of the contract.

Signature Wm C Mullen (13980.35) Title Min. Engr Date 5/16/57

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature E. M. Hansman Title acting Executive Officer Date MAY 17 1957

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-101A
(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 February 1957 Docket No. DMEA 4214 Contract No. DM-E981

Operator's Name Mercury Uranium & Oil Company Minerals Copper

Address 600 Coal Ave., S.W., Albuquerque, N.M.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting	Foot	$2275.20	57.6	$3104.70	78.60	$39.50	350	$39.50
Crosscutting								
Raising	Foot	158.00	4.0	3929.46	99.48	39.50	150	39.50
Shafts								
Winzes								
Drilling: Core	Foot	5527.50	737	41,947.50	5593	7.50	7700	7.50
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		7960.70		48,981.66				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		7960.70		48,981.66				$105,300.00

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

REMARKS:

Date Apr. 3, 1957 Operator Mercury Uranium & Oil Co.

Per F. B. Baca Title Ch. Min. Engr. & Geol.

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)

Leon McMillan

RECEIVED MAY 27 1957 D.M.E.A.

INSTRUCTIONS

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

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

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

GPO 872894

FINAL DISTRIBUTION MADE MAY 23 1957

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DMEA
RECEIVED MAY 27 1957

DATE	INITIALS	CODE
5/27	C	220
"	Com	100
		800

224 New Customhouse
Denver 2, Colorado

May 17, 1957

Memorandum

To: T. A. Christensen

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

Subject: DMEA Docket 4214, (Copper) Contract Idm-2981
Mercury Uranium and Oil Company, (San Pedro mine)
Santa Fe County, New Mexico - Operator's Monthly
Progress Report, for the month of February, 1957

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

We consider that the Operator has complied with the intent of the contract and the work for which payment is recommended is acceptable to the Government. No documentation is required for work performed under contracts prepared on Form MF-200A, therefore, we recommend that payment be made for 50 percent of the amount reported by the Operator on Form MF-104, contingent on your verification of arithmetical accuracy within the report.

Remarks

Date of Report----------April 3, 1957
Date Received in Field Office--------- May 9, 1957
Date Received in Region Office-------- May 15, 1957

Original signed by
E. N. HARSHMAN

E. N. Harshman

Enclosures
JDC:hh
cc: Chmn. Op. Comm. (2)
Kenselman (2)
Harshman w/copy Engr's. report
MF-104 file, Reg. III
Chron.

DMEA
DEPARTMENT OF THE INTERIOR

MAY 15 1957
REGION III
DENVER, COLORADO

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
May 14, 1957

Memorandum

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

Through: Albert S. Konselman
Mining Engineer

From: W. D. McMillan

Subject: DMEA Docket 4214 (Copper) Contract Idm-8981, Mercury Oil and Uranium Company, San Pedro Copper Mine, Santa Fe County, New Mexico -- Progress report for February 1957

An inspection of progress for February 1957 was made on February 28, and March 1, 1957, accompanied by F. B. Bass, geologist and mining engineer, and Ray Wood, general superintendent of Mercury Oil and Uranium Company. The pertinent data on the 7 holes completed are given in the following table:

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DATE	INITIALS	CODE

Table No. 1 - Pertinent Data on February D. D. Holes

Hole No.	Coord. North	Coord. East	Bearing	Inclin.	Dates Start	Dates Finish	Total Depth	Core Rec. %	Preparation Drifts	Preparation Raises	Mineralization
12	1580	2220	West	-70°	2/1/57	2/15/57	173	92.9	none		13.15 ft. - 0.62% Cu
16	1445	2280	S80°E	+70°	2/5/57	2/9/57	125	84.8	"		none
17	1520	2300	S77°E	-70°	2/10/57	2/13/57	150	77.9	"		none
18	1680	2270	N84°W	+35°	2/14/57	2/15/57	60	87.8	"		none
19	1792	2190	West	+35°	2/16/57	2/17/57	60	70.8	"		2.2 ft. - 20.09%
29	1220	3335	N80°E	+35°	2/1/57	2/4/57	44	80.6	"		2.0 ft. - 0.41%
35	1098	3286	S80°W	-70°	2/26/57	2/28/57	125	96.0	"	4.0	4.2 ft. - 8.45%
							737		"	4.0	

ORIGINAL FILE COPY
RECEIVED
DATE

All work was according to contract specifications; holes were drilled with AX bits. An adequate narrative report, Forms MF-104 and 104A, drill logs, maps, transcript of assay certificates, and drill-hole collar elevations were submitted in quintuplicate.

The operator claims but 57.6 feet of drive in the north drift from Stope No. 1. The contract allows 100 feet of drifting, but work was stopped when the drift was advanced 76 feet as measured by the writer on February 27, 1957.

The following items are recommended for approval:

57.6 feet drifting (North Drift) at $39.50 a foot	$2275.20
4.0 feet raise (Drill Station No. 32) at $39.50 a foot	158.00
737 feet more drilling at $7.58 a foot	5587.50
Total	$7960.70
Government's share at 50 percent	$3980.35

W. D. McMillan
Mining Engineer

WDM/mr
16m-8981
cc: 6
Chron

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D C E A
RECEIVED MAY 23 1957
DATE | CODE

DMEA
DEPARTMENT OF THE INTERIOR
MAY 8 - 1957
REGION III
DENVER, COLORADO

MERCURY URANIUM & OIL COMPANY
600 Coal Avenue, S. W.
Albuquerque, New Mexico
San Pedro Mine Santa Fe County, N. M.

DMEA DOCKET 4214

RESUME OF OPERATIONS FOR MONTH OF FEBRUARY, 1957, UNDER ABOVE DOCKET NUMBER.

The following operations were performed during this month on the preparation of drilling sites at the coordinates shown:-

Hole No.	Coordinates	Raising
32	1455N, 2199E	4 Ft.

The drift North out of Stope No. 1 was driven 57.6 feet and then stopped, as the ore had pinched down to a width that would not be commercial. It was originally porposed to drive this drift 100 feet.

Diamond drilling was completed in the following holes, during this month, at the coordinates shown and to the depths shown:

Hole No.	Coordinates	Started	Completed	Total Depth
12	1580N, 2220E	2-1-57	2-15-57	173 Feet
16	1445N, 2280E	2-5-57	2-9-57	125 Feet
17	1520N, 2300E	2-10-57	2-13-57	150 Feet
18	1680N, 2270E	2-14-57	2-15-57	60 Feet
19	1792N, 2190E	2-16-57	2-17-57	60 Feet
29	1220N, 3335E	2-1-57	2-4-57	44 Feet
35	1098N, 3226E	2-26-57	2-28-57	125 Feet
	TOTAL DIAMOND DRILLING - FEBRUARY			737 Feet

Hole No. 12 encountered soft material and solution cavities from 150 feet on down which resulted in lost water circulation. There were three days spent in trying to restore circulation by every known method but all failed so the hole was abandoned. The information obtained to a depth of 164 feet confirms that of Hole 13 and will be useful in future exploration.

Hole No. 18 showed about 2.5 feet of almost pure chalcopyrite. This appears to be an isolated pocket and will be investigated further.

Hole No. 29 showed strong chalcopyrite at 6.0 to 11.0 feet which appears to be an extension of the ore above 31 stope.

MERCURY URANIUM AND OIL COMPANY

F. B. Baca, Chief Mining Engineer & Geologist

MERCURY URANIUM AND OIL CO.
600 Coal Avenue, S.W.
Albuquerque, New Mexico
San Pedro Mine, Santa Fe County, New Mexico

D.M.E.A. Docket 4214

Elevations of Collars of Diamond Drill Holes.

Hole No.	Coordinates	Bearing	Inclination	Depth	Elevation
1	1905N 1302E	0°	-90°	50 Ft.	7765.40
2	1920N 1309E	0°	-90°	50 Ft.	7765.90
3	1800N 1400E	0°	-90°	50 Ft.	7804.50
4	1020N 1820E	0°	-90°	226 Ft.	7743.20
5	944.19N 1881.91E	0°	-90°	225 Ft.	7712.40
6	933N 1965E	0°	-90°	225 Ft.	7669.00
7	1110N 1795E	0°	-90°	225 Ft.	7777.70
8	1195N 1800E	0°	-90°	225 Ft.	7809.00
9	1135N 2125E	N12°E	+75°	80 Ft.	7550.00
10	1120N 2125E	N61°E	-65°	125 Ft.	7539.30
11	1070N 2755E	0°	-90°	900 Ft.	7506.00
12	1500N 2220E	West	-70°	900 Ft.	7541.10
13	1350N 2240E	West	-70°	900 Ft.	7539.20
14	1103N 2190E	S70°E	-70°	150 Ft.	7538.30
15	1265N 2230E	S80°E	+70°	125 Ft.	7551.10
16	1445N 2280E	S80°E	+70°	125 Ft.	7554.90
17	1520N 2300E	S77°E	-70°	150 Ft.	7540.50
18	1680N 2270E	N84°W	+35°	60 Ft.	7643.30
19	1792E 2190E	West	+35°	60 Ft.	7644.60
20	1007N 2490E	West	-70°	150 Ft.	7501.00
21	1050N 2520E	N80°E	+80°	50 Ft.	7538.10
22	1072N 2616E	N80°E	+80°	55 Ft.	7565.80
23	1065N 2720E	N80°E	+80°	55 Ft.	7539.10
24	1130N 2795E	N80°E	+80°	60 Ft.	7527.30
25	1135N 2895E	N80°E	+75°	70 Ft.	7499.30
26	1051N 3045E	N80°E	+75°	100 Ft.	7450.40
27	1195N 3260E	N80°E	+65°	60 Ft.	7419.70
28	1205N 3305E	S80°W	-57°	200 Ft.	7402.30
29	1220N 3335E	N80°E	+35°	44 Ft.	7405.90
30	1277N 3320E	N70°E	-60°	250 Ft.	7396.00
31	1277N 3320E	S70°W	-60°	250 Ft.	7396.00
32	1455N 2199E	West	-70°	155 Ft.	7540.40
33	1247N 2198E	West	-70°	135 Ft.	7538.50
34	1134N 3070E	East	+80°	30 Ft.	7447.50
35	1098N 3286E	S80°W	-70°	125 Ft.	7495.30
36	1345N 2254E	S80°E	-79°	100 Ft	7539.00
37	1597N 3061E	0°	-90°	900 Ft.	6084.00

F. E. Baca, Geologist

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 January, 1957 Docket No. DMEA 4214 Contract No. IDM-L981
Operator's Name Mercury Uranium & Oil Company Minerals Copper
Address 600 Coal Ave. S. W., Albuquerque, N. M.
Contract Amount, $33,915.24 Government Participation: 50 % Amount, $16,957.62

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	30,007.50	6412.50	36,420.00			
Bulldozing						
Crosscutting						
Drifting	711.00	118.50	829.50			
Raising	3196.74	574.72	3771.46			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	33,915.24	7,105.72	41,020.96	33,915.24	7,105.72	41,020.96

RECEIVED APR 8 1957 D.M.E.A.

DMEA DEPARTMENT OF THE INTERIOR MAR 22 1957 REGION III DENVER, COLORADO

I certify that the above bill is correct and just and that payment therefor has not been received.
Date 3/20/57 *Payee Mercury Uranium & Oil Company
Per [signature] Title Ch. Min. Engr. & Geol.

*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:
$16,957.62
Signature [signature] (Authorized Certifying Officer)
Date 4/5/57 Vou. No. DMA 57-108
(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 98 in accordance with the terms of the contract.

Signature [illegible] Mining Engineer Date 3/28/57

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature E. N. Hanchman Title acting Executive Officer Date APR 3 1957

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of January 1957 Docket No. DMEA 4214 Contract No. [illegible]

Operator's Name Mercury Uranium & Oil Company Minerals Copper

Address 600 Coal Ave., S. W., Albuquerque, N. M.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting	Foot	$711.00	18.00	$ 829.50	21.00	$39.50	350	$ 39.50
Crosscutting								
Raising	Foot	3196.74	80.93	3771.46	95.48	39.50	100	39.50
Shafts								
Winzes								
Drilling: Core	Foot	30,007.50	4001.00	36,420.00	4856.00	7.50	5700	7.50
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		33,915.24						TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		33,915.24		41,020.96				$67,650.00

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

Date Mar. 20, 1957 Operator Mercury Uranium & Oil Co.

Per F. D. Baca Title Chief Mining Engr. & Geologist.

REMARKS: No foot of core drilling is included in this report that was drilled during the month of December, 1956 and was not included in the report for that month.

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

(Instructions on reverse)

(For Government use only)

RECEIVED APR 8 1957 D.M.E.A.

INSTRUCTIONS

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

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

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

GPO 872894

FINAL DISTRIBUTION

MADE APR 5 1957

OFFICIAL FILE COPY
DMEA

RECEIVED APR 8 1957

DATE	INITIALS	CODE
4/8	C	220
8	Com	100
		800

224 New Customhouse
Denver 2, Colorado

April 3, 1957

Memorandum

To: T. A. Christensen

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

Subject: DMEA Docket 4214, (Copper), Contract [illegible],
Mercury Uranium and Oil Company (San Pedro mine)
Santa Fe County, New Mexico - Operator's Monthly
Progress Report, for the month of January, 1957

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

We consider that the Operator has complied with the intent of the contract and the work for which payment is recommended is acceptable to the Government. No documentation is required for work performed under contracts prepared on Form MF-200A, therefore, we recommend that payment be made for 50 percent of the amount reported by the Operator on Form MF-104, contingent on your verification of arithmetical accuracy within the report.

Remarks

Date of Report——————————March 20, 1957
Date Received in Field Office——————March 25, 1957
Date Received in Region Office———— April 1, 1957

Original signed by
E. N. HARSHMAN

E. N. Harshman

Enclosures
JDC:hh
cc: Chem. Op. Comm. (2)
Shaw (2)
Harshman) w/copy of engr's report
MF-104 File [illegible]
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

REGION III

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

Building 20
Denver Federal Center
Denver 2, Colorado

March 29, 1957

OFFICIAL FILE COPY
DMEA
RECEIVED APR 8 1957

DATE	INITIALS	CODE

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw
Supervising Mining Engineer

From: W. D. McMillan

Subject: DMEA Docket 4214 (Copper), Contract Idm-E981, Mercury Uranium & Oil Company, San Pedro mine, Santa Fe County, New Mexico - Progress report for January 1957

An examination of progress made under the subject contract during January 1957 was made on February 11, 1957, accompanied by F. B. Baca, chief mining engineer and geologist, and Ray Wood, mining engineer, and on February 27, 1957, accompanied by F. B. Baca and Mr. Callahan, mine superintendent of Mercury Oil & Uranium Company. The pertinent data on the 17 completed holes are given below:

Hole No.	Coordinates North	Coordinates East	Dates Start	Dates Completed	Total depth feet	Core Recovery Percent	Drifting feet	Raising feet	Bearing	Inclination
5	944.19	1881.91	10/1/56	1/24/57	225	78.0			0	-90
6	933	1985	1/25/57	1/31/57	225	55.6			0	-90
7	1110	1795	1/1/57	1/12/57	225	82.8			0	-90
8	1195	1800	1/12/57	1/23/57	225	66.4			0	-90
11	1070	2755	12/10/56	1/11/57	900	92.2			0	-90
13	1350	2240	1/11/57	1/31/57	900	93.4		10.00	W	-90
20	1007	2490	1/2/57	1/5/57	150	86.2		6.10	W	-70
21	1050	2520	12/31/56	1/2/57	50	90.0			N.80°E.	+80
22	1072	2616	1/7/57	1/8/57	55	64.0	4.0		N.80°E.	+80
23	1065	2720	1/8/57	1/9/57	55	97.6			N.80°E.	+80
24	1130	2795	1/9/57	1/10/57	60	96.5			N.80°E.	+80
25	1135	2895	1/10/57	1/12/57	70	96.8			N.80°E.	+80
26	1051	3045	1/12/57	1/14/57	100	90.1		5.00	N.80°E.	+75
27	1195	3260	1/14/57	1/16/57	60	91.3		4.60	N.80°E.	+55
28	1205	3305	1/10/57	1/22/57	200	92.6		10.30	S.80°W.	-57
30	1277	3320	1/28/57	1/31/57	250	91.1		6.30	N.78°E.	-60
31	1277	3320	1/22/57	1/27/57	250	96.8		6.10	S.78°E.	-60
Preparation of Drilling Sites for Holes to be Drilled										
12	1580	2220					5.0	8.60	W	-70
16	1350	2240						9.25	S.80°E.	+70

Preparation of Drilling Sites for Holes
to be Drilled (Cont.)

17	1520	2300		4.0		S.77°E.	-70
18	1860	2270			7.35	N.84°W.	+35
19	1792	2190			7.33	N.	+35
29	1820	3335		5.0		N.80°E.	+35
Totals			4,000	18.0	80.93		

All holes, drifts and raises were in accordance with locations, direction, inclination, and depth of contract specifications. Core recovery was good except in the surface holes.

Results of the holes drilled to January 31, 1957, are given below:

Hole No.	Interval From	Interval To	Total feet	Copper Percent
4	126.0	127.25	1.25	0.07
	89.25	90.50	1.25	0.18
	157.30	160.80	3.50	0.26
	170.50	172.00	1.50	0.60
5	120.70	124.90	4.20	0.08
	135.00	138.00	3.00	0.10
8	154.50	156.80	2.30	0.11
9	170.50	172.00	1.50	1.02
10	75.50	77.00	1.50	0.34
10	78.50	83.50	5.00	2.65
10	116.50	122.50	6.00	11.36
11	696.50	698.50	2.50	0.05
11	378.00	384.00	6.00	0.05
11	688.00	698.00	10.00	0.06
12	40.00	44.60	4.60	0.60
12	83.50	85.75	2.25	0.60
12	87.90	92.00	4.10	0.84
12	111.00	113.20	2.20	0.30
12	98.50	103.00	4.50	3.35
13	95.80	102.00	6.20	0.48
13	790.20	799.20	9.00	0.02
29	6.00	8.00	2.00	0.41
30	5.35	11.05	6.30	2.22
31	0.00	9.00	9.00	2.32

All holes were drilled with AX diamond core bits. The bearing of Hole No. 11 is 0, although it was omitted from the drill log. I believe that vertical control has been established at the San Pedro Copper mine, but altitudes of holes are not given.

The applicant submitted in quintuplicate an adequate narrative report, MP-104's, drill logs, map and assay certificate.

Approved costs are for 4001 feet of diamond-core drilling at $7.50 per foot ($30,007.50), 18 feet of drifting at $39.50 per foot ($711.00) and 80.93 feet of raising at $39.50 per foot (3196.74) a total of $33,915.24. The extra foot in drilling was done in December 1956 and not claimed.

According to information received in this office, all work on Contract Idm-E981 will be completed by the end of March 1957 with the exception of the proposed winze and drift.

It is recommended that 50 percent of the approved total cost amounting to $16,957.62 be approved for payment.

W. D. McMillan
Mining Engineer

cc: 6
Idm-E981
Chron

DMEA
DEPARTMENT OF THE INTERIOR

APR 1 - 1957
REGION III
DENVER, COLORADO

MERCURY URANIUM AND OIL COMPANY
600 Coal Avenue, S. W.
Albuquerque, New Mexico
San Pedro Mine - Santa Fe County, N. M.

DMEA
DEPARTMENT OF THE INTERIOR

MAR 22 1957
REGION III
DENVER, COLORADO

DMEA DOCKET 4214

RESUME OF OPERATIONS FOR MONTH OF JANUARY, 1957 UNDER ABOVE DOCKET NO.

The following operations were performed during this month on the preparation of drilling sites at the coordinates shown:-

Hole No.	Coordinates	Drifting	Raising
12	1580N, 2220E	5.0Ft.	8.60 Ft.
13	1350N, 2240E		10.00 Ft.
16	1445N, 2280E		9.25 Ft.
17	1520N, 2300E	4.0 Ft.	
18	1680N, 2270E		7.35 Ft.
19	1792N, 2190E		7.33 Ft.
20	1007N, 2490E		6.10 Ft.
22	1072N, 2616E	4.0 Ft.	
26	1051N, 3045E		5.00 Ft.
27	1195N, 3260E		4.60 Ft.
28	1205N, 3305E		10.30 Ft.
29	1220N, 3335E	5.0 Ft.	
30	1277N, 3320E		6.30 Ft.
31	1277N, 3320E		6.10 Ft.
		18.0 Ft.	80.93 Ft.

Diamond drilling was completed on the following holes, during this month, at the coordinates shown and to the depths shown:-

Hole No.	Coordinates	Started	Completed	Total Depth
5	944.19N, 1881.91E	10-1-57	1-24-57	225 Ft.
6	933N, 1985E	1-25-57	1-31-57	225 Ft.
7	1110N, 1795E	1-1-57	1-12-57	225 Ft.
8	1195N, 1800E	1-12-57	1-23-57	225 Ft.
11	1070N, 2755E	12-10-56	1-11-57	900 Ft.
13	1350N, 2240E	1-11-57	1-31-57	900 Ft.
20	1007N, 2490E	1-2-57	1-5-57	150 Ft.
21	1050N, 2520E	12-31-56	1-2-57	50 Ft.
22	1072N, 2616E	1-7-57	1-8-57	55 Ft.
23	1065N, 2720E	1-8-57	1-9-57	55 Ft.
24	1130N, 2795E	1-9-57	1-10-57	60 Ft.
25	1135N, 2895E	1-10-57	1-12-57	70 Ft.

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Hole No.	Coordinates	Started	Completed	Total Depth
26	1051N, 3045E	1-12-57	1-14-57	100 Ft.
27	1195N, 3260E	1-14-57	1-16-57	60 Ft.
28	1205N, 3305E	1-16-57	1-22-57	200 Ft.
30	1277N, 3320E	1-26-57	1-31-57	250 Ft.
31	1277N, 3320E	1-22-57	1-27-57	250 Ft.
	Total Diamond Drilling-January, 1957			4000 Ft.

Good chalcopyrite was encountered in Holes Nos. 9, 10, 23, 24, 25 and 28. Herewith is a transcript of assays made of samples taken from footages indicated.

Some difficulty was encountered at the surface holes, in obtaining good core recovery due to weathered condition of the surface outcrop. Uniformly good recovery was obtained from the underground holes because of the unaltered condition of the rocks encountered.

MERCURY URANIUM AND OIL COMPANY

F. B. Baca, Chief Mining Engineer & Geologist

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

MERCURY URANIUM AND OIL COMPANY
600 Coal Avenue, S. E.
Albuquerque, New Mexico
San Pedro Mine - Santa Fe County, N. M.

DMEA
DEPARTMENT OF THE INTERIOR
MAR 22 1957
REGION III
DENVER, COLORADO

DMEA DOCKET 4214

Transcript of assay certificate No. 2436 made by Chapman and Wood of Albuquerque, New Mexico from analysis of core samples from the San Pedro Mine.

Cor No.	Lab No.	Hole No.	Footages	Copper %
1	7836	4	126.0-127.25	0.07
2	7837	4	89.25-90.50	0.18
3	7838	4	157.30-160.80	0.26
4	7839	4	170.50-172.00	0.60
5	7840	9	8.60-14.00	1.02
6	7841	10	75.50-77.00	0.54
7	7842	10	78.50-83.50	2.65
8	7843	10	116.50-122.50	11.36
9	7844	11	656.50-658.50	0.05
10	7845	11	378.00-384.00	0.05
11	7846	11	688.00-698.00	0.06

Following are from assay certificate No. 2450:-

12	7887	23	0.00-12.80	3.26
13	7888	24	0.80-6.80	0.54
14	7889	24	16.60-21.35	0.46
15	7890	24	51.75-55.75	0.42
16	7891	25	0.85-13.45	1.97
17	7892	25	13.45-19.00	0.54

Following are from assay certificate No. 2456:-

18	7905	19	2.00-4.20	20.09
19	7906	12	40.00-44.60	0.60
20	7907	12	83.50-85.75	0.60
21	7908	12	87.90-92.00	0.84
22	7909	12	111.00-113.20	0.30
23	7910	12	98.50-103.00	3.35
24	7911	13	95.80-102.00	0.48

Following are from assay certificate No. 2708:-

25	8110	5	120.70-124.90	0.08
26	8111	5	135.00-138.40	0.10
27	8112	8	154.50-156.80	0.11
28	8113	13	790.20-799.20	0.02
29	8114	29	6.00-8.00	0.41
30	8115	30	5.35-11.05	2.22
31	8116	31	0.00-9.00	2.32

MERCURY URANIUM AND OIL COMPANY

R. D. Lacs, Chief Mining Engineer & Geologist

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

Budget Bureau No. 42-R1036.5

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

Month of December, 1956 Docket No. DMEA 4214 Contract No. IDM-E981
Operator's Name Mercury Uranium & Oil Company Minerals Copper
Address 600 Coal Avenue, S. W., Albuquerque, N. M.
Contract Amount, $ 7105.72 Government Participation: 50 % Amount, $ 3552.86

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	6412.50	None	6412.50			
Bulldozing						
Crosscutting						
Drifting	118.50	None	118.50			
Raising	574.72	None	574.72			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	7105.72	None	7105.72	7105.72	–	7105.72

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

I certify that the above bill is correct and just and that payment therefor has not been received.
Date 2/14/57 *Payee Mercury Uranium & Oil Co.
Per [signature] Title Geologist & Mining Eng.

*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:
$ 3552.86

Signature [signature]
(Authorized Certifying Officer)
Date 3/14/57 Vou. No. 2276 a 57-102
(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. Idaho-E 981 in accordance with the terms of the contract.

Signature Wm. C. McWilliam $3067.75 Title Min. Engr Date 2/18/57

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature B. M. Hawkins Title acting Executive Officer Date MAR 12 1957

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

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

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

Month of December 1956 Docket No. DMEA 4214 Contract No. IDM-E981
Operator's Name Mercury Uranium & Oil Company Minerals Copper
Address 600 Coal Avenue, S. W., Albuquerque, N. M.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting	Foot	118.50	3.0	118.50	3.0	39.50	350	$ 39.50
Crosscutting								
Raising	Foot	574.72	14.55	574.72	14.55	39.50	100	39.50
Shafts								
Winzes								
Drilling: Core	Foot	6412.50	855.00	6412.50	855.0	7.50	5700	7.50
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		7105.72		7105.72				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		7105.72		7105.72				$67,650.00

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

Date 2/14/57 Operator Mercury Uranium & Oil Co.

Per F. L. Baca Title Geologist & Mining Eng.

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)

Dorothy Mellen

INSTRUCTIONS

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

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

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

GPO 872894

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Memorandum

To: T. A. Christensen

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

Subject: DMEA Docket-4214, (Copper) Contract Idm-E981
Mercury Uranium and Oil Company, (San Pedro mine)
Santa Fe County, New Mexico - Operator's Monthly
Progress Report, for the month of December, 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.

We consider that the Operator has complied with the intent of the contract and the work for which payment is recommended is acceptable to the Government. No documentation is required for work performed under contracts prepared on Form MF-200A; therefore, we recommend that payment be made for 50 percent of the amount reported by the Operator on Form MF-104, contingent on your verification of arithmetical accuracy within the report.

The inspecting engineer recommends disallowance of 124 feet of diamond drilling which was not supported by drill logs. We have now received the drill log for hole No. 15, which was completed at a depth of 125 feet during the reporting period; therefore, no disallowance is recommended by this office.

The footage shown on the drill logs for December, 1956 totals 856 feet but the Operator has reported only 855 feet on Form MF-104A. We have notified the Operator of the discrepancy.

Remarks

Date of Report——————————————February 14, 1957
Date Received in Field: Office——————February 18, 1957
Date Received in Region Office——————February 26, 1956
Reason for delay: Held in Region Office pending receipt of maps and other required data from the Operator.

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

Enclosures

JLC:hh
cc: Chan. Op. Comm. (2)
Shaw (2)
Harshman)w/copy engr's report
MF-104 File E981
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado

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

February 25, 1957

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DATE	INITIALS	CODE

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw
Supervising Mining Engineer

From: W. D. McMillan

Subject: Docket DMEA 4214 (Copper) Contract Ida-2981, Mercury Uranium and Oil Company, (San Pedro Mine), Santa Fe County, New Mexico -- Progress report for December 1956

An examination of progress made under the subject contract during December 1956, was made on January 7, 1957, accompanied by Ray Wood, general superintendent, F. B. Baca, geologist and mining engineer, and Colonel Charles Williams, co-owner of the San Pedro Copper Mine. The pertinent data on the completed holes are given below:

Hole No.	Location N.	Location E.	Bearing	Total depth (feet)	Remarks
1	1905	1302	0, - 90°	50	No ore
2	1920	1309	0, - 90°	50	No ore
3	1800	1400	0, - 90°	50	No ore
9	1135	2125	N.12°E.-75°	80	No ore
10	1120	2125	N.81°W.-65°	125	35.0'ore
14	1103	2190	S.70°E.-70°	150	4.0'ore
4	1020	1820	0, - 90°	226	No ore
7 holes				731	

All holes were drilled with AX bits. Except at the start with drilling done by the company in the first 4 holes, core recovery was over 80 percent.

In addition to core drilling, Hole No. 11 required 3 feet of drifting; Hole No. 14, 5 feet of raising, Hole No. 9, 6.3 feet of raising, and Hole No. 10, 3.25 feet of raising for totals of 3.00 feet of drifting and 14.55 feet of raising.

On NF-104A the operator claims 855.0 feet of core drilling, but the logs of the 7 holes sub-show only 731 feet of core drilling.

Approved costs are for 731 feet of core drilling at $7.50 per foot ($5,482.50), 3.00 feet of drifting at $39.50 per foot ($118.50) and 14.55 feet of raising at $39.50 per foot ($574.72) a total of $6,175.50.

It is recommended that 50 percent of the total, or $3,087.75 be approved for payment. All holes reached the objective of the contract. The operator submitted adequate logs of the 7 holes in quintuplicate and one copy of a location map.

W. D. McMillan
Mining Engineer

cc 6
Idm-R981
Chron.

WDM:ph

Mercury Uranium and Oil Co.
600 COAL AVE., SW
ALBUQUERQUE, NEW MEXICO

CARL C. ANDERSON, SR.
PRESIDENT

PHONE 2-2040
2-1409

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

February 14, 1957

REFER TO:

RECEIVED
1957
Div. of Mineral Technology
BUREAU OF MINES
Denver Experiment Station
Denver, Colorado

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

Re: Docket DMEA 4214 (Copper)
Contract IDM-E981
Mercury Uranium & Oil Company
(San Pedro Mine)
Santa Fe County, New Mexico

Dear Mr. Shaw:

Supplementing our first "Unit Cost and Progress Report", herewith are descriptions of the location and extend of "Raising" and "Drifting" that was done on preparing sites for diamond drill holes.

Hole No.	Coordinates	Drifting	Raising
11	N1070-E2755	3.00 Feet	
14	N1103-E2190		5.00 Feet
9	N1135-E2125		6.30 Feet
10	N1120-E2125		3.25 Feet
Totals		3.00 Feet	14.55 Feet

OFFICIAL FILE COPY
DMEA
RECEIVED MAR 18 1957
DATE | INITIALS | CODE

Very truly yours,

MERCURY URANIUM & OIL COMPANY

F. B. Bass, Geologist & Mining Engineer

Anderson Development Corporation

CARL C. ANDERSON, SR.
PRESIDENT

600 COAL AVE., SW
ALBUQUERQUE, NEW MEXICO
PHONE 2-3040
2-1489

March 8, 1957

DMEA
DEPARTMENT OF THE INTERIOR
MAR 11 1957
REGION III
DENVER, COLORADO

MAR-18 1957

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

Re: Docket DMEA-4214 (Copper)
Contract Idm-E-981
Mercury Uranium & Oil Company
(San Pedro Mine)
Santa Fe County, New Mexico

Dear Mr. Harshman:

I have your letter of February 28, 1957, regarding omissions and apparent errors in the data submitted with Form MF-104, Operator's Monthly Report and Voucher for December, 1956.

Referring to the numbered items of your letter, we submit the following:

(1) Five copies of narrative reports on Diamond Drill Holes Nos. 1, 2, 3, 4, 9, 10, 14 and 15.

(2) Four copies of the mine map.

(3) Five copies of the log on Hole No. 15. The footage of 125 feet, drilled in this hole, was included in the Monthly Report and Voucher but somehow copies of the log were not sent with the others.

Trusting that this will complete the data sheet you require, I am

Very truly yours,

MERCURY URANIUM & OIL COMPANY

F. B. Baca, Geologist & Mining Engineer

FBB:vmj

MERCURY URANIUM & OIL COMPANY
600 Coal Avenue, S. W., Albuquerque, N. M.
San Pedro Mine Santa Fe County, N. M.

DMEA DOCKET 4214

Drilling Diamond Drill Hole No. 1, 1905 N 1302E, Vertical hole from Surface.

11-22-56	Moved drill rig to site and set it up. Unloaded compressor off of lowboy	4 men	6 hours
11-23-56	Drilled to 3.0 feet with NX bit. Set 3 feet of 2 1/2" pipe. Drilled to 6.0 feet with BX bit.	2 men	9 hours
11-24-56	Two hours reaming 6 feet to set pipe. Drilled from 6.0 feet to 13.0 feet with BX bit.	2 men	9 hours
11-25-56	Drilled from 13.0 feet to 15.0 feet with BXbit. 5 Hours water delay. One hour trying to chop core out of hole.	2 men	9 hours
11-27-56	Seven hours trying to get casing in hole.	2 men	7 hours
11-30-56	Seven hours getting reaming shoe built and setting casing to 15 feet.	2 men	7 hours
12-1-56	Five hours drilling out core. No core recovery. Cemented hole. 4 hours waiting for cement to set.	2 men	9 hours
12-2-56	Five hours drilling out cement and resetting AX casing. 45 minutes cementing hole and pulling AX casing. Drilled from 15.0 to 22.2 feet.	2 men	9 hours
12-3-56	Drilled from 22.2 feet to 31.6 feet. 1 1/2 hour water delay. 4 hours mechanical delay. One hour drilling cement and setting casing.	2 men	9 hours
12-4-56	Drilled from 31.6 feet to 50.0 feet. Bottom of hole.	2 men	9 hours.

No appreciable mineralization was found in this hole as it is apparently too far out on the outcrop to be in the mineral zone.

F. B. Baca, Geologist

MERCURY URANIUM & OIL COMPANY
600 Coal Avenue, S. W., Albuquerque, N. M.
San Pedro Mine Santa Fe County, N. M.

DMEA DOCKET 4214

Drilling Diamond Drill Hole No. 2, 1920N, 1309E, Vertical hole from surface.

12-5-56	Two hours moving and setting up. Drilled from 0.0 feet to 8.6 feet with NX bit.	2 men	9 hours
12-6-56	Drilled from 8.6 feet to 13.6 feet with NX bit. Set 13.5 feet of BX casing. Core ground up and lost in washings.	2 men	6 hours
12-10-56	Drilled from 13.6 feet to 34.6 with AX bit. Poor core recovery of small fragments.	2 men	9 hours
12-11-56	Drilled from 34.6 to 50.0 feet. Bottom of hole. Core recovery improved from 37 feet to bottom.	2 men	9 hours.

No appreciable mineralization was found in this hole as it is apparently too far out on the outcrop to be in the mineral zone.

F. B. Baca, Geologist

MERCURY URANIUM & OIL COMPANY
600 Coal Avenue, S.W., Albuquerque, N.M.
San Pedro Mine Santa Fe County, N. M.

DMEA DOCKET 4214

Drilling Diamond Drill Hole No. 3, 1800 N, 1400 E. Vertical hole from Surface.

12-12-56	One hour pulling casing from Holes Nos. 1&2. Two hours moving to Hole No. 3. Drilled from 0.0 feet to 9.0 feet with NX bit. Set 7 1/2 feet of BX casin g.	2 men	9 hours.
12-13-56	Drilled from 9.0 feet to 34.0 feet withAX bit. Set 14 feet of AX casing.	2 men	9 hours
12-14-56	Drilled from 34.0 feet to 50.0 feet with AX bit. Core recovery very erratic. Three hour water delay. Pulled all casing.	2 men	9 hours.

No appreciable mineralization was found in this hole as it is apparently too far out on the outcrop to be in the mineral zone.

F. B. Baca, Geologist

~~EXTRA COPY~~

COPY
DMEA
MAY 18 1957
DOCKET CODE

MERCURY URANIUM & OIL COMPANY
600 Coal Avenue, S. W., Albuquerque, N. M.
San Pedro Mine Santa Fe County, N. M.

DMEA DOCKET 4214

Drilling Diamond Drill Hole No. 4, 1020N, 1820E, Vertical ~~from Surface.~~

12-15-56	Five hours moving and setting up. 1 1/2 hours repairing hydraulic lines on head after knocking them off on a rock. Drilled from 0.0 feet to 3.0 feet with NX bit. Drilled from 3.0 feet to 12.0 feet with BX bit. Drilled from 12.0 feet to 14.0 feet with AX bit.	2 men	9 hours
12-16-56	Reamed 14 feet and drilled from 14.0 feet to 28.0 feet with BX bit. Set 26 feet of AX casing. Drilled from 28.0 feet to 33.0 feet with AX bit.	2 men	9 hours
12-17-56	Four hour mechanical delay replacing bearing in pump clutch. Drilled from 33.0 feet to 47.0 feet with Ax bit. Ruined one AX bit. About 50% ore recovery.	2 men	9 hours
12-18-56	Drilled from 47.0 feet to 60.0 feet withAX bit. One hour mechanical delay. One hour water delay.	Driller Helper	7 hours 9 hours
12-19-56	Drilled from 60.0 feet to 83.0 feet with AX bit.	2 men	9 hours
12-20-56	Drilled from 83.0 feet to 93.0 feet with AX bit. Burned in bit and broke it off in hole. Good showing of sulfides at 90 feet.	2 men	9 hours
12-21-56	Fished for AX bit without success.	2 men	9 hours
12-22-56	Drilled out burned in bit. Drilled from 93.0 feet to 97.0 feet withAX bit. Lost water at 95.0 feet. Cemented hole.	2 men	6 hours
12-27-56	Five hours changing motors and pumps on drilling rig. 1 1/2 hours water delay. Drilled from 97.0 feet to 103.0 feet with AX bit.	2 men	9 hours
12-28-56	Drilled from 103.0 feet to 133.0 feet with AX bit. Half hour repairing pump and oil line on Ford engine. Fair pysite and chalcopysite showing at 105 feet.	2 men	9 hours

Hole No. 4 - Continued

12-29-56	Drilled from 133.0 to 149.0 feet with AX bit. One hour water delay. Drill motor broke down. Much pyrite.	2 men	9 hours
12-30-56	Drilled from 149.0 to 180.0 feet with AX bit. Half hour water delay. Half hour mechanical delay. Strong chalcopyrite showings at 158 feet and at 171 feet..	2 men	9 hours
12-31-56	Drilled from 180.0 feet to 200.0 feet with AX bit. Good ore recovery. Ground somewhat broken. Half hour water delay.	2 men	9 hours
12-31-56	Second Shift: Drilled from 200 to 225 feet with AX bit. Bottom of hole. Strong chalcopyrite at 202.5 and 218.5 feet.	2 men	9 hours

The occurrence of chalcopyrite at five horizons, though less than commercial in grade and quantity indicates that the mineralization persisted beyond the stopes, as now mined, and that the deeper beds should prove to be productive further in to the north and northwest of this hole.

F. B. Baca, Geologist

MERCURY URANIUM & OIL COMPANY
600 Coal Avenue, S.W., Albuquerque, N.M.
San Pedro Mine Santa Fe County, N. M.

DMEA DOCKET 4214

Drilling Diamond Drill Hole No. 9, 1135N 2125E, Bearing N12E, Inclination - 75°
Underground Location.

12-28-56	Moved rig in and set up. Drilled from 0.0 feet to 5.0 with BX bit. Set 5' of AX casing.	2 men	8 hours
12-29-56	2 Hours water delay. Drilled pin holes, set pin and tied up casing. Drilled from 5.0 feet to 14.0 feet. Much chaocopysite.	2 men	8 hours
12-29-56	Night Shift: Drilled from 14.0 feet to 30.0 feet with AX bit. Two hours water delay.	2 men	8 hours
12-30-56	Drilled from 30.0 to 35.0 feet with AX core. Two hours packing sump pump. Reset casing.	2 men	8 hours
12-30-56	Evening Shift: Drilled from 35.0 to 58.0 feet with AX bit.	2 men	8 hours
12-30-56	Night Shift: Drilled from 58.0 to 71.0 feet with AX bit.	2 men	8 hours
12-31-56	Drilled from 71.0 feet to 80.0 feet with AX bit. Bottom of hole.	2 men	8 hours

There appears to be possible ore between 8.6 feet and 14.0 feet that should be investigated further by raising and sub-level drifting.

F. B. Bada, Geologist

MERCURY URANIUM & OIL COMPANY
600 Coal Avenue, S. W., Albuquerque, N. M.
San Pedro Mine Santa Fe County, N. M.

DMEA DOCKET 4214

Drilling Diamond Drill Hole No. 10, 1120N, 2125E, Bearing N. 81°W, Inclination - 65°
Underground Location.

12-21-56	Rig moved in and set up. Drilled from 0.0 feet to 2.0 feet with BX bit.	2 men	8 hours
12-22-56	Drilled from 2.0 feet to 8.0 feet with BX bit. Wore out bit in hard, fractured rock. Drilled pin hole, set pin and hung block.	2 men	8 hours
12-22-56	Second Shift: Drilled from 8.0 feet to 9.5 feet with BX bit. Set 10 feet of AX casing. Drilled from 9.5 feet to 27.0 feet with AX bit.	2 men	8 hours
12-27-56	Drilled from 27.0 feet to 45.0 feet with AX bit. Occasional fine chalcopysite showing.	2 men	8 hours
12-27-56	Second Shift: Drilled from 45.0 feet to 70.0 feet with AX bit. Two trips to water supply to fix pump.	2 men	8 hours
12-27-56	Third Shift: Drilled from 70.0 feet to 88.0 feet with AX bit. Strong chalcopysite from 74.0 feet to 84.0 feet.	2 men	8 hours
12-28-56	Drilled from 88.0 feet to 105.0 feet with AX bit One hour cleaning inner tube. 1.5 hours working on swivel hose and picking up core dropped in hole. High grade chalcopysite showing from 115.5 feet to 123.5 feet.	2 men	8 hours
12-28-56	Second Shift: Drilled from 105.0 feet to 125.0 feet with AX bit. Bottom of hole	2 men	8 hours

The horizons at 74-84 feet and 115-123 feet definitely appear to be ore and should be investigated with access workings.

F. B. Baca, Geologist

MERCURY URANIUM & OIL COMPANY
600 Coal Avenue, S. W., Albuquerque, N. M.
San Pedro Mine Santa Fe County, N. M.

DMEA DOCKET 4214

Drilling Diamond Drill Hole No. 14, 1103N 2190E, Bearing S70E, Inclination - 70°
Underground Location.

12-12-56	Moving in rig and setting up.	2 men	11 1/2 hours
12-13-56	Drilled from 0.0 feet to 7.0 feet with BX bit. Difficulty with alignment.	2 men	9 hours
12-13-56	Second Shift: Drilled from 7.0 feet with BX bit to 10.0 feet. 6 hours resetting column. Set 10 feet of AX casing.	2 men	9 hours
12-14-56	Drilled from 10.0 feet to 14.0 feet withAX bit. Air pressure too low for good operation of drill.	2 men	9 hours
12-14-56	Second Shift: Started to drill and compressor failed with broken thermostat.	2 men	1 hour
12-15-56	Drilled from 14.0 feet to 31.0 feet withAX bit. Much Chalcopyrite showing from 28 feet.	2 men	8 hours
12-15-56	Second Shift: Drilled from 31.0 feet to 50.0 feet with AX bit. Hole caving and blocking core barrel with mud. Poor core recovery in last 9 feet. Chalcopyrite continues to 40.0 feet.	2 men	9 hours
12-16-56	Hole caved at 43 feet and blocked pit. Did not get to bottom of hole.	2 men	8 hours
12-16-56	Second Shift: Plugged core barrel twice trying to drill through core. Went in with chopping bit to clean hole.	2 men	8 hours
12-16-56	Third Shift: Hole still caving from 42 feet to bottom. Washed in 4 times.	2 men	8 hours
12-17-56	Six hours pulling 10 feet AX casing.	2 men	8 hours
12-17-56	Second Shift: Prepared to ream. Placed 20 lbs. of bran in hole. Worked on pump.	2 men	4 hours
12-17-56	Third Shift: Reamed from 10 to 21 feet with BX bit.	2 men	8 hours
12-18-56	Reamed with BX bit from 21 feet to 39 feet.	2 men	8 hours
12-18-56	Second Shift: Reamed from 39 feet to 50 feet with BX bit. Hole ready for casing.	2 men	8 hours

Nole No. 14 - Continued

12-18-56	Third Shift: Washed in 45 feet of AX casing. Hole full of caved material.	2 men	8 hours
12-19-56	Hammering AX casing to bottom of hole.	2 men	8 hours
12-19-56	Second Shift: Drilled from 50.0 feet to 76.0 feet with AX bit.	2 men	8 hours
12-19-56	Third Shift: Drilled from 76.0 to 98.0 feet with AX bit.	2 men	8 hours
12-20-56	Drilled from 98.0 feet to 114.0 feet with AX bit.	2 men	8 hours
12-20-56	Second Shift: Dropped tools. Spent shift recovering and replacing bent rods. Belled reamer and preparing to drill again.	2 men	8 hours
12-20-56	Third Shift: Drilled from 114.0 feet to 125.0 feet with AX bit.	2 men	8 hours
12-21-56	Drilled from 125.0 feet to 145.0 feet with AX core. Two hours water delay.	2 men	8 hours
12-21-56	Second Shift: Drilled 145.0 feet to 150.0 feet with AX bit to complete hole. Pulled 50 feet AX casing.	2 men	8 hours.

The chalcopysite occurring at 28-40 feet should be investigated by access workings and correlated with the lower occurrences west of the Fault.

F. B. Baca, Geologist

MERCURY URANIUM & OIL COMPANY
600 Coal Avenue, S. W., Albuquerque, N. M.
San Pedro Mine Santa Fe County, N. M.

DMEA DOCKET 4214

Drilling Diamond Drill Hole No. 15, 1265N, 2230E, Bearing S80°E, Inclination - 70°
Underground Location.

11-27-56	Setting up drill rig.	3 men	9 1/2 hours
11-28-56	Drilled from 0.0 feet to 18.0 feet with BX bit. In fault gouge. Not solid enought to set casing. Hole caving.	3 men	9 1/2 hours
11-28-56	Second Shift: Drilled from 18.0 feet to 24.0 feet with BX bit. Set 25 feet of AX casing.	2 men	9 hours
11-29-56	Drilled from 24.0 feet to 31.0 feet with AX bit.	2 men	9 hours
11-29-56	Second Shift: Drilled from 31.0 feet to 35.0 feet with AX bit. Casing dropped and had to be re-wired.	2 men	9 hours
11-30-56	Drilled from 35.0 feet to 37.0 feet with AX bit. Stopped drilling when pump delivery became in-adequate.	2 men	5 hours
12-1-56	Moving new rig into mine.	2 men	9 hours
12-2-56	Moving new rig into mine.	2 men	9 hours
12-3-56	Moving 4" pipe into mine	2 men	9 hours
12-4-56	Setting up "Tugger" hoist.	2 men	6 hours
	Drilled from 37.0 feet to 39.0 feet with AX bit.	2 men	9 hours
12-4-56	Second Shift: Drilled from 39.0 feet to 48.0 feet with AX bit.	2 men	5 hours
12-5-56	Drilled from 48.0 feet to 53.0 feet with AX bit.	2 men	9 hours
12-6-56	Drilled from 53.0 feet to 65.0 feet with AX bit. Drilling rate improved but core recovery is poor.	2 men	9 hours
12-6-56	Second Shift: Drilled from 65.0 feet to 71.0 feet with AX bit.	2 men	7 hours
12-9-56	Drilled from 71.5 feet to 80.0 feet with AX bit. 5 hours delay thawing out pump and water lines.	2 men	8 hours
12-9-56	Second Shift: Drilled from 80.0 feet to 91.0 feet with AX bit.	2 men	7 hours

Hole No. 15 - Continued

12-10-56	Drilled from 91.0 feet with AX bit to 100.0 ft.	2 men	9 hours
12-10-56	Second Shift: Drilled from 100.0 feet to 108.0 feet with AX bit. Bit is blocking in fractured ground.	2 men	9 hours
12-11-56	Drilled from 108.0 to 112.0 feet with AX bit. Tee came off casing and had to be replaced.	2 men	9 hours
12-11-56	Second Shift: Drilled from 112.0 to 116.0 feet with AX bit. Tow air pressure and pump trouble.	2 men	8 hours
12-12-56	Drilled from 116.0 to 125.0 feet AX bit. Bottom of hole. Pulled 10 feet of AX casing leaving 15 feet in hole.	2 men	9 hours

F. B. Baca, Geologist

Mercury Uranium and Oil Co.
600 COAL AVE., SW
ALBUQUERQUE, NEW MEXICO

CARL C. ANDERSON, SR.
PRESIDENT

PHONE 2-3040
2-1488

February 14, 1957

REFER TO:

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

RECEIVED
1957

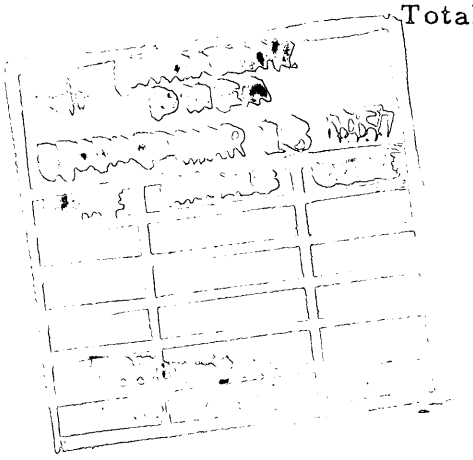
Mr. John F. Shaw
United States Bureau of Mines
Room 137, Building 20
Denver Federal Center
Denver 2, Colorado

Re: Docket DMEA 4214 (Copper)
Contract IDM-E981
Mercury Uranium & Oil Company
(San Pedro Mine)
Santa Fe County, New Mexico

Dear Mr. Shaw:

Supplementing our first "Unit Cost and Progress Report", herewith are descriptions of the location and extend of "Raising" and "Drifting" that was done on preparing sites for diamond drill holes.

Hole No.	Coordinates	Drifting	Raising
11	N1070-E2755	3.00 Feet	
14	N1103-E2190		5.00 Feet
9	N1135-E2125		6.30 Feet
10	N1120-E2125		3.25 Feet
	Totals	3.00 Feet	14.55 Feet



Very truly yours,

MERCURY URANIUM & OIL COMPANY

F. B. Baca, Geologist & Mining Engineer

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

224 New Customhouse
Denver 2, Colorado

JAN 11 1957
114 Copy 100

January 8, 1957

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA-4214 (Copper), Contract Idm-E981
Mercury Uranium and Oil Company (San Pedro Mine)
Santa Fe County, New Mexico - Progress for November, 1956

Enclosed are two copies of a memorandum dated December 31, 1956, from D. E. Redmon, Mining Engineer, U.S. Bureau of Mines, covering progress under the subject contract during November, 1956.

No drill holes were completed to the contract objective; therefore, no monthly report and voucher were submitted by the Operator.

W. M. Traver

Enc.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Building 20
Denver Federal Center
Denver 2, Colorado
December 31, 1956

DMEA
DEPARTMENT OF THE INTERIOR
JAN 2 1957
REGION III
DENVER, COLORADO

REGION III

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw
Supervising Mining Engineer

From: D. E. Redmon

Subject: Docket DMEA 4214 (Copper) Idm-E981, San Pedro Mine, Mercury Uranium and Oil Co., Santa Fe County, New Mexico - Inspection of progress for November 1956 and contract amendments

An inspection of the property was made December 6, 1956, by D. E. Redmon, U. S. Bureau of Mines, with W. L. Emerick and J. H. Faick, U. S. Geological Survey, accompanied by Roy C. Wood, Mining Superintendent.

Diamond drill stations are being cut underground and drilling is in progress, but no claims will be submitted for November because there are no completed holes.

Hole relocations and contract changes on the above docket are discussed in a joint Redmon, Faick and Emerick memorandum to W. M. Traver.

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

DER:ph

cc 9

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

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

To: Mr. Carl C. Anderson, President
Mercury Uranium and Oil Company
600 Coal Avenue, SW
Albuquerque, New Mexico

Pursuant to the provisions of Exploration Project Contract No. 1dm-4981, dated July 27, 1956, Docket No. DMA-421h, hereinafter called the "Contract", between Mercury Uranium and Oil Company, a corporation, and the United States of America, hereinafter called the "Government"; to establish and fix the Government's percentage royalty on production and its lien thereon and on the land described in the contract, the Government considers and therefore certifies that discovery or development from which production may be made has resulted from the exploration work.

The nature of said discovery or development is described broadly or indicated as follows: Diamond drilling from underground locations in the San Pedro mine has proved the existence of copper ores occurring as replacements in limestone.

Dated: SEP 6 1957

THE UNITED STATES OF AMERICA

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

WRGriswold/er 8/28/57
Copy to: Docket
Mr. C. A. Fredell, DR.TDS,DMS
Mr. Lamb, USBM
Mr. Kiilsgaard, USGS
Admr R File
Op. Committee
Cont. Adm & Audit Div.
Finance Office
Region III (2)
F. E. Johnson
W. R. Griswold
Chron.

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

Mr. Carl F. Anderson, President
Mercury Uranium and Oil Company
600 Coal Avenue, SW
Albuquerque, New Mexico

1957

Re: Docket No. [illegible]-4214 (Copper)
Mercury Uranium & Oil Company
San Pedro Mine
Santa Fe County, New Mexico
Contract No. Idm-1981

Dear Mr. Anderson:

Transmitted herewith is a certification of discovery or development related to the Exploration Project Contract No. Idm-1981, dated July 27, 1956, on the lands described in the contract.

By the terms of the Exploration Project Contract and of the certification, all minerals mined or produced from July 27, 1956, to July 27, 1966, are subject to the Government's percentage royalty as set forth in the contract until the sum of $29,440.83 which the Government has advanced as its participating interest is repaid.

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

Royalty payments to the Government should be accompanied by suitable evidence, such as copies of 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. King of any changes in ownership or production rights that might affect the Government's right to its percentage royalty. Also, if production ceases at any time for an extended period please notify Mr. King at six-month intervals that such is the case.

Sincerely yours,

Frank E. Johnson

ACTING Administrator

Enclosures

Mr. Griswold
Chron.

Cp. Committee
Cont. Adm & Audit Div.
Finance Office
Region III (2)
Mr. Johnson

Griswold/ar 8/28/57
Copy to: Docket
Mr. C.A. Fredell, DR.FDS.DWS
Mr. Lamb, USGM
Mr. Killingsard, USGS
Admr & File

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

Mr. Clarence A. Fredell, Acting Director
Technical Services Division
Defense Materials Services
General Services Administration
7th and D Street, S. W.
Washington 25, D. C.

Re: Locket No. DMA-424 (Copper)
Mercury Granites & Oil Company
San Pedro Mine
Santa Fe County, New Mexico
Contract No. Ida-4961

Dear Mr. Fredell:

Enclosed is a copy of a certification of discovery or development related to Exploration Project Contract No. Ida-4961.

The contract was dated July 27, 1956, with the Government participating to the extent of 50 per cent in an exploration project estimated to cost $105,300.00. Actual expenditures were $58,881.66, with the Government's share being half of such amount or $29,440.83.

The total amount of work provided for under the contract consisted of 700 feet of drifting, 750 feet of raising, 150 feet of winzing and 7,700 feet of diamond drilling. Work actually completed consisted of 79 feet of drifting, 99 feet of raising and 6,913 feet of diamond drilling.

The discovery consisted of copper ores occurring as replacements in limestone. The estimated ore reserve resulting from the work of exploration under the contract consists of 29,400 tons with a grade of 4.74 per cent copper.

Sincerely yours,

Frank E. Johnson

ACTING Administrator

W.Griswold/er 8/28/57
Copy to:
Docket
Admr R File
Op. Committee
Mr. Lamb, USBM
Mr. Killegaard, U.S.
Cont. Adm Audit Div.
Mr. Johnson
Mr. Griswold
Region III (2)
Chron.

Audit Copy

OFFICIAL FILE COPY
DMEA
RECEIVED AUG 8 1957

DATE	INITIALS	CODE

TERMINATION AGREEMENT

It is agreed this 21st day of June, 1957, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Mercury Uranium and Oil Company, hereinafter called the "Operator," parties to Exploration Project Contract Idm-E981 (Docket No. DMEA 4214), dated July 27, 1956, as amended, hereinafter referred to as the "Contract," that:

1. Effective April 1, 1957, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

2. The Government shall contribute only to the fixed unit costs of work performed prior to said effective date.

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

4. All rights of the Government provided for in the Contract, with respect to certification of discovery or development, percentage royalty, and lien for its payment, records, audits, and recovery of any overpayment, are preserved.

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

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

THE UNITED STATES OF AMERICA

By C. A. Metcalfe
Administrator, Defense Minerals Exploration Administration

MERCURY URANIUM AND OIL COMPANY

By Ray C. Wood
Title Vice President

EXTRA COPY DMEA RECEIVED AUG 8 1957		
DATE	INITIALS	CODE
		800

824 New Customhouse
Denver 2, Colorado

August 6, 1957

Memorandum

To: Chairman, Operating Committee, DMEA

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

Subject: Docket No. DMEA 4214 (Uranium), Contract No. 26a-2[illegible], Mercury Uranium and Oil Company (San Pedro mine), Santa Fe County, New Mexico

Enclosed are the Government's, Division, and Audit copies of the TERMINATION AGREEMENT, which was forwarded by your letter of June 24, 1957 for signature by the Operator.

Copies of the Termination Agreement have been distributed to the Operator, the Finance Office, Region III, and to others concerned.

Original signed by
E. N. Marshman

E. N. Marshman

JWT:prl

cc: Finance Office, Region III
Marshman
DMEA/DFC
Emerick
Corres. file
Townsend
Chron.

) w/copy of Termination Agreement.

EXTRA COPY DMEA RECEIVED MAR 25 1957		
DATE	INITIALS	CODE
		800

224 New Customhouse
Denver 2, Colorado

March 21, 1957

Memorandum

To: Chairman, Operating Committee, DMEA

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

Subject: Docket No. DMEA 4214 (Copper), Contract No. 14m-2981, Mercury Uranium and Oil Co. (San Pedro mine), Santa Fe County, New Mexico

Enclosed are three copies of concurrence by the DMEA Field Team, Region III, to stop Hole No. 12 at 175 feet depth instead of drilling the hole to the 900-foot depth as indicated in the Contract, and concurrence in stopping the drift under Item 3, of Stage I, at a point 76 feet north of the No. 1 Stope instead of performing the full 100 feet as provided for in the Contract.

Also enclosed are four sets of data relative to the matters.

Copies of the Field Team concurrence in work stoppage have been distributed to the Finance Office, Region III, and to others concerned.

Original signed by
E. H. HARSHMAN

E. H. Harshman

Enclosures

JWT:prl

cc: Finance Office, Reg. III - w/copy of concurrence in work stoppage.
Harshman) w/copy of concurrence in work
Shaw (2)) stoppage and supporting data.
Emerick)
Corres.file)
Townsend
Chron.

224 New Customhouse
Denver 2, Colorado

March 21, 1957

Mr. Ray C. Wood, General Superintendent
Mercury Uranium and Oil Co.
608 Coal Avenue, Southwest
Albuquerque, New Mexico

EXTRA COPY
DMEA
RECEIVED 1957

DATE	INITIALS	CODE

Re: Docket No. DMEA 4814 (Copper)
Contract No. [illegible]
Mercury Uranium and Oil Co.
(San Pedro mine)
Santa Fe County, New Mexico

Dear Mr. Wood:

Reference is made to your letter of March 12, 1957, wherein you request authorization to abandon any further drilling of Hole No. 12 because of adverse conditions encountered.

Under the circumstances, the Government concurs in stopping Hole No. 12 at a depth of 173 feet instead of drilling the hole to a 300-foot depth as indicated in Table I (To Accompany Figure 5), which is attached to and made a part of the Contract.

In addition, in reference to your request of March 15, 1957, to stop the drift being driven to the north from Stope No. 1 under Item 3, Stage I, of Exhibit "A", the Government concurs in stopping the drift after driving only 76 feet instead of performing the balance of the total of 100 feet of drifting provided for in the Contract.

Very Truly yours,

DMEA Field Team, Region III

By E. N. Harshman

E. N. Harshman
Acting Executive Officer

JWT:prl
cc: Chairman, Op. Comm. (3)
Finance Office, Reg. III
Assessment file, Reg. III
Harshman
Shaw (2)
Emerick
Townsend
Corres. file
Chron.

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
March 21, 1957

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw, Supervising Mining Engineer
JFShaw

From: W. B. McMillan

Subject: DMEA Docket 4214 (Copper) Contract IAm-6981
Mercury Oil and Development Company (San Pedro mine)
Santa Fe County, New Mexico -- Amendment to Contract

Contract IAm-6981 provides for 100 feet of drifting to the north from the north end of Stope No. 1. An inspection of progress in this drift was made on February 27, 1957, accompanied by F. B. Kunz, geologist-engineer, and Callahan, mine superintendent of Mercury Oil and Uranium Co. which had requested abandonment of this drift.

This drift had been advanced to 76 feet on a slight incline, to facilitate operations of a drag-line slusher. For the first 57 feet there was about 15 inches of high grade chalcopyrite ore in the roof, but the next 19 feet contained only stringers.

Further drifting does not appear to be justified, and it is recommended that Contract IAm-6981 be amended so that work required in this drift be reduced to the present advance of 76 feet.

W. B. McMillan
W. B. McMillan
Mining Engineer

WBM/mr
IAm-6981
Chron
cc: 9

EXTRA COPY
DMEA
RECEIVED MAR 25 1957

DATE	INITIALS	CODE

DMEA
DEPARTMENT OF THE INTERIOR
MAR 21 1957
REGION III
DENVER, COLORADO

Box 4126 University Station
Tucson, Arizona

DENVER, COLO.

March 1, 1957

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: W. L. Emerick Through: E. N. Kershman

Subject: Docket DMEA-4414 (Copper) Contract Ida-2083, Mercury Uranium and Oil Company (San Pedro Mine), Santa Fe County, New Mexico.

On March 1, 1957, W. D. McMillan, U. S. Bureau of Mines, called by telephone from Albuquerque, in reference to the 100-foot drift being driven from the No. 1 stope in the uppermost part of the mine workings (Figure 3 of docket). Operator desired to discontinue further driving of this drift inasmuch as there appears to be no improvement in the width of the ore layer being followed.

On February 11, 1957, the writer visited the subject drift. At that time it was in about 30 feet and following northward an 8 to 12 inch layer of rich chalcopyrite ore that appeared to be a thinning of the thick orebody mined from the No. 1 stope. Presently the drift has followed the ore layer for about 57 feet. W. D. McMillan stated in the telephone conversation that in his opinion further extension of the drift would probably not disclose an improvement in the width of the ore layer. Based on my own observation of geologic conditions in the drift it is possible that McMillan's conclusions are correct.

Subject to DMEA policies on similar situations, I concur with McMillan.

W L Emerick

W. L. Emerick

WLE:mm

cc: Trover (8)
Kershman
Shaw
Emerick

EXTRA COPY DMEA RECEIVED 1957		
DATE	INITIALS	CODE

DMEA
DEPARTMENT OF THE INTERIOR
MAR 4 1957
REGION III
DENVER, COLORADO

Anderson Development Corporation

CARL C. ANDERSON, SR.
PRESIDENT

600 COAL AVE., SW
ALBUQUERQUE, NEW MEXICO
PHONE 2-3040
2-1489

March 15, 1957

DMEA
DEPARTMENT OF THE INTERIOR
MAR 18 1957
REGION III
DENVER, COLORADO

REFER TO:

Mr. E. R. Harshman,
Acting Executive Officer, DMEA
United States Department of the Interior
224 New Customhouse
Denver 2, Colorado

Re: Docket DMEA 4214 (Copper)
Contract IDM-K-1
Mercury Uranium and Oil Company
San Pedro Mine

Dear Sir:

We herewith request permission to abandon the drifting out of No. 1 stope. The ore lead that we were following did not improve and Mr. W. D. McMillan concures with our decision to discontinue this drift.

Very truly yours,

MERCURY URANIUM AND OIL COMPANY

Ray C. Wood

Ray C. Wood
General Superintendent.

EXTRA COPY
DMEA
RECEIVED MAR 25 1957

DATE	INITIALS	CODE
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DMEA
DEPARTMENT OF THE INTERIOR
MAR 21 1957
REGION III
DENVER, COLORADO

MAR 20 1957
GEOLOGICAL SURVEY
DENVER, COLORADO

EXTRA COPY
DMEA
RECEIVED MAR 25 1957

DATE	INITIALS	
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	Figure	

Box 4186 University Station
Tucson, Arizona

March 18, 1957

Air Mail

Acting Executive Officer, DMEA Field Team, Region III

W. L. Emerick
W. D. McMillan

Through: R. H. Kaufman
J. F. Shaw

Subject: Project DMEA 4414 (Copper), Contract Ida-4981
Mercury Uranium and Oil Company (San Pedro mine),
Santa Fe County, New Mexico

Reference is made to letter from Alternate Acting Executive Officer, dated March 14, 1957, in regard to operator's request to stop drill hole No. 12 at a depth of 173 feet because of inability of drilling contractor to drill deeper. Operator's representatives, R. C. West and F. B. Ross, stated by telephone that the drilling contractor apparently encountered a cavity in the limestone that he was unable to seal off.

A lithologic log of Hole No. 13 (about 325 feet south of Hole No. 12), with the same bearing, inclination and objective as Hole No. 12, was obtained from the operator's representatives by telephone. The log shows that no possible ore intervals were encountered in Hole No. 13 below a hole depth of 102 feet. A thick monzonite porphyry sill was encountered from 189.0 to 605.0 feet and below the bottom of the sill (605.0 ft.) to the bottom of the hole at 900 feet mostly nonpyritiferous silicified sediments were encountered. A summary of Hole No. 13 log follows:

Hole No. 13 (Co-ordinates N.1150-[illegible] E., Bearing west, inclination - 70°, depth 900').

0'	- 102.0'	Silicified limestone and shales; chalcopyrite at 57.0-57.0', 74.0'-77.0', 95.0'-102.0'.
102.0'	- 189.0'	Silicified limestone and shales, pyrite at 102'-189'.
189.0'	- 605.0'	Monzonite porphyry sill; alternating horizons of pyrite and barren zones.
605.0'	- 620.0'	Silicified limestone and shale, no sulphides.
620.0'	- 624.0'	Monzonite porphyry, no sulphides.
624.0'	- 654.0'	Silicified limestone and shales, quartzite, some pyrite but mostly no sulphides.
654.0'	- 718.0'	Rhyolite(?), slightly pyritic.

718.0'	- 778.0'	Alternating siliceous limestones and shales.
778.0	- 790.0'	Monzonite porphyry, no visible sulphides.
790.0'	- 796.0'	Silicified limestone and shale, slightly pyritic.
796.0'	- 800.0'	Monzonite porphyry with some chalcopyrite and pyrite in varying amounts at 790' - 792'.
800.0'	- 920.0'	Silicified limestones and shales, ranging from no sulphides to highly pyritic.

Based on the information obtained in Hole No. 13, it appears likely that somewhat similar geologic conditions may prevail in the area of Hole No. 18. If this is true, drilling Hole No. 18 to the full contract depth of 900 feet would probably only duplicate information already obtained in Hole No. 13, and probably would not, as in Hole No. 13, disclose additional ore intervals below the present bottom of 173 feet.

Therefore, it is recommended that the operator's request to stop drill hole No. 18 at a depth of 173 feet be granted.

W L Emerick
W. L. Emerick
U. S. Geological Survey

W. E. McMillan
W. E. McMillan
U. S. Bureau of Mines

WLEmm

cc: Acting Executive Officer (8)
Gnaw
Hardman
Emerick

EMH
T

Mercury Uranium and Oil Co.

600 COAL AVE., SW
ALBUQUERQUE, NEW MEXICO

CARL C. ANDERSON, SR.
PRESIDENT

PHONE 3-9046
3-1489

March 12, 1957

REFER TO:

DMEA
DEPARTMENT OF THE INTERIOR
MAR 13 1957
REGION III
DENVER, COLORADO

Mr. W. M. Traver
Executive Officer, DMEA
United States Department of the Interior
224 New Customhouse
Denver 2, Colorado

Re: Docket DMEA 4214 (Copper)
Contract IDM-K981
Mercury Uranium and Oil Company
San Pedro Mine

Dear Sir:

Our drilling contractors, Mineral Engineers, were unable to drill deeper than 173 feet on hole No. 12. We believe that we have cut the ore horizons with this hole in this area, and, would like to have authorization to abandon any further drilling of hole No. 12.

EXTRA COPY
DMEA
RECEIVED MAR 25 1957

DATE	INITIALS	CODE

Very truly yours,

Mercury Uranium and Oil Company

Ray C. Wood

Ray C. Wood,
General Superintendent

RCW/ol

5-encls.

25A New Customhouse
Denver 2, Colorado

February 20, 1957

EXTRA COPY
D M E A
RECEIVED FEB 25 1957
DATE | INITIALS | CODE
800

Mr. Ray C. Wood, General Superintendent
Harvey Uranium and Oil Company
600 Gold Avenue, S. W.
Albuquerque, N. M.

Re: Project No. [illegible] (Supply)
Contract No. [illegible]
Harvey Uranium and Oil Company
(San Pedro mine)
Santa Fe County, New Mexico

Dear Mr. Wood:

In reference to your request of February 13, 1957, and consistent with provisions in the Contract, this constitutes the Government's approval for the following diamond drilling and incident work to be performed under Stage II:

(a) Drive raises approaching not more than 30 feet to prepare drill stations for diamond drilling as follows under approval (b);

(b) Perform diamond drilling as follows:

Diamond Drill Hole No.	Approximate Coordinate Location of Collar of Hole	Hole to be Directed Bearing	Angle	Estimated Length of Hole
32	N 1455 - E 2199	West	-70°	155 ft.
33	N 1847 - E 2198	West	-70°	135 ft.
34	N 1134 - E 3370	East	+80°	30 ft.
35	N 1098 - E [illegible]	S 80° W	-70°	125 ft.
36	N 1345 - E [illegible]	S 80° W	-70°	100 ft.
37	N 1597 - E [illegible]	North	-90°	300 ft.

In reference to your request for approval of 150 feet of winze and 100 feet of drifting in each of two locations, the Government's approval is withheld pending receipt of more adequate justification to support winzing and drifting in lieu of diamond drilling at a much less cost, if further exploration of previous exposures is desirable.

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

Very truly yours,

RFC Field Team, Region III

W. M. Tracy

E. H. Harshman

JFF:pri

cc: Chairman Sp. Comm. (4)
Finance Office Region III
Accountant File Region III
Harshman
Shaw
Emerick
Townsend
Corres. file
Chron.

DN TS 6 X-DOM

TUCSON ARIZ 2-20-57 1000A

W N TRAVER

U.S.A. TELETYPE CENTER

FEB 20 10 19 AM '57

DENVER

EXEC OFCR DMEA FIELD TEAM REGN 3 224 NCR BLDG.

RE DMEA DOCKET 4214, CONTRACT NUMBER IDM-E981, MERCURY URANIUM & OIL COMPANY SAN PEDRO MINE SANTA FE COUNTY NEW MEXICO, NO CHANGE RECOMMENDATIONS FOR PROPOSED STAGE TWO DIAMOND DRILL HOLES PER JOINT MEMORANDUM DATED FEBRUARY 13, 1957. OPERATOR'S WRITTEN REQUEST DATED FEBRUARY 13, 1957 SAME AS TELEPHONE INFORMATION TO ME. RECOMMEND ITEM A, 100-FT DRIFT, OPERATOR'S WRITTEN REQUEST DATED FEBRUARY 13, 1957. RECONSIDER OBJECTION ITEM B, OPERATOR'S WRITTEN REQUEST 150-FT WINZE AND 100-FT DRIFT, OUR JOINT MEMORANDUM PARAGRAPH SIX AND RECOMMEND TO EXPLORE EXTENSION OF ORE BEDS FOUND IN HOLE TWELVE PROVIDED TOTAL FOOTAGE NOT EXCEED CONTRACT SPECIFICATIONS UNDER STAGES ONE AND TWO.

W L EMERICK

DMEA 4214 IDM-E981 13 1957 13 1957 100-FT 13 1957 B 150-FT 100-FT

BEA 1005A

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DATE	INITIALS	CODE

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Box 4126 University Station
Tucson, Arizona

IN REPLY REFER TO:

MINERAL DEPOSITS
DMEA
RECEIVED
FEB 15 1957
U.S.
GEOLOGICAL SURVEY
DENVER, COLORADO

February 14, 1957
AIR MAIL

Memorandum

To: E. N. Harshman

From: W. L. Emerick

Subject: Docket DMEA 4214 (Copper) Contract Idn-5981, Mercury Uranium and Oil Company (San Pedro Mine), Santa Fe County, New Mexico.

I received a telephone call late Wednesday afternoon, February 13, 1957, from Ray C. Wood, Mining Superintendent of subject company, after my memorandum was in the mail. This call was in addition to one in the morning of the same day from F. B. Baca, Geologist of the company.

Baca discussed the 150-foot winze east of Hole 12 and 100 feet of drifting north from the bottom of the winze, which was included in my memorandum with comments. Wood reiterated Baca's proposal and also stated that they were including in their request about 100 feet of drifting, on a 270°W bearing, from the bottom of the lower inclim to intersect ore beds penetrated by Hole 28. This proposal, of course, was not included in my memorandum. From Wood's description, this drift would crosscut the northeasterly dip of the beds and probably encounter the ore interval found in Hole 28. I see no objection to an exploration drift in this area.

All this could have been avoided had more previous thought been given to a Stage II program, for we had ample time to discuss it in the office and in the field.

W. L. Emerick

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RECEIVED FEB 25 1957

DATE	INITIALS	CODE

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DMEA
DEPARTMENT OF THE INTERIOR
FEB 19 1957

MINERAL ESTIMATE
RECEIVED
FEB 19 1957
GEOLOGICAL SURVEY
DENVER, COLORADO

Bear Mine University Station
Tucson, Arizona

February 13, 1957

EXTRA COPY
D.M.E.A.
RECEIVED FEB 25 1957

DATE	INITIALS	CODE

Memorandum

To: Executive Officer, DMEA Field Team, Region XIX

From: W. L. Kunzick
W. B. McMillan

Through: E. H. Harrison
J. F. Shea

Subject: Contract DMEA 4414 (Copper) Contract 14-08-001, Mercury Mountain & Oil Company (San Pedro Mine), Santa Fe County, New Mexico

On February 11, 1957, a DMEA field examining team composed of W. B. McMillan, U. S. Bureau of Mines, and W. L. Kunzick, U. S. Geological Survey, conferred with R. G. Wade, Mining Superintendent, and F. J. Rose, Geologist of the Mercury Mountain and Oil Company, on proposed diamond drilling under Stage II of the above contract. Contract drilling under Stage I at the time of the field examiner's visit lacked about 750 feet of completion. Inspection was made of diamond drill core from holes under Stage I of the contract; a review was made of the underground locations of Stage I holes, particularly those showing significant thickness of ore; and the proposed starting points for Stage II holes were visited. The operator is requesting permission to drill 6 diamond drill holes, 150 feet of winze, and 150 feet of drift, under Stage II of the contract.

Ore thicknesses ranging from about 3-1/2 feet to about 11 feet were encountered in Hole Nos. 10, 12, 13, 14, 22, 23, 24, 25, 28, 29, 30, and 31 (Fig. 2). Hole Nos. 4, 21, and 27 encountered pyrite mineralization but no ore. Hole No. 26 was barren of ore and carried only slight mineralization.

The following table shows the thickness encountered in the holes under Stage 2. Thicknesses were obtained by assuming drill core and are approximate only.

Hole No.	Coordinates X	Y	Bearing	Inclination Vert.	Length of Hole	Ore Interval	Objective of hole
10	1180	[illegible]	[illegible]	-65°	185	9-21.5 (12.5) 35.5-45.0 (9.5)	To test limestone on west of diorite-shale bed.
12	1590	2820	West	-70°	300	83.5-112.0 (28.5) 166.0-173 - Hole incomplete	To test Pennsylvanian limestone towards metamorphic hill.
13	1350	2850	West	-70°	300	98.0-108.0 (10.0)	Same as 12.
14	1363	2950	[illegible]	-70°	150	29.0-33.0 (4.0)	To explore limestone below Spanish series east of Short Spur.
22	1078	2616	[illegible]	+20°	35	4.0-8.0 (4.0)	To explore 30 hole and other favorable holes above 21 stage.
23	1065	2780	[illegible]	+30°	35	0-12.0 (12')	To explore upper strata of Spanish series above old stopes.
24	1130	2795	[illegible]	+30°	60	1.0-12.0 (11')	Same as 23.
25	1135	[illegible]	[illegible]	-	70	0.20.0 (20')	Same as 23.
26	[illegible]	3305	[illegible]	-57°	200	90.5-104.0 (5.5)	To explore lower hole of Spanish series and other hole tentatively below the Spanish series.
29	[illegible]	3335	[illegible]	+25°	30	7.0-10.0 (3.0)	To test the sample line on north side of 31-11 stage.
30	1477	3380	[illegible]	-60°	[illegible]	8.-11.0 (11')	To test for extension of the sample line.
31	1477	3380	S[illegible]	-60°	270	6.-16.0 (10')	To cut favorable hole below 31-11 stage.

Hole No. 32 apparently encountered the "marble line" or marbleized limestone at about 93 feet and went out of it at about 145 feet, for a total thickness of about 52 adjusted feet. Pyrite mineralization but no ore was encountered beyond the so-called marble line.

In order to supplement Stage I drilling and to further test for extensions of favorable hole found under Stage I drilling, the following Stage II holes (Fig. 3) are proposed by the operator:

Hole No.	Approx. Coordinates N	E	Bearing	Inclination Hole	Estimated Depth in feet	Objective
32	1321	[illegible]	West	-70°	To ore bed or a max. of 150'	Same as 12 and 13 between holes 12 & 13.
33	1097	2905	West	-70°	To ore bed or a max. of 150'	Same as 10 between holes 9, 10 and 11.
34	1134	3070	East	+60°	To ore bed or a max. of 30'	To explore upper strata of Spanish marble above old stope, between Holes 25 and 27.
35	1095	3086	NNW	-70°	To ore bed or a max. of 150'	To explore lower hole southeast of Hole 28.
36	1345	2854	ENE	-70°	To ore bed or a max. of 100'	To explore faulted extension of ore hole east of Stage fault between Holes 15 and 16.
37	1097	3061	-	90°	300	To explore from the surface for extensions of ore hole north of Lower workings.

In a telephone conversation February 13, 1957 between the operator's representative, F. H. Rose, and W. L. Kunzik, a proposal, in addition to drilling, was made for sinking a 100 foot winze about 15 feet east of the collar of Hole #12 (Fig. 3) and drifting north from the bottom for about 100 feet. Purpose of the winze and drift would be to go below the ore body and intersect them to the north by means of the drift. This proposal will be submitted in the operator's Stage XI request. Footage for drifting, raising, and winzing is provided under Stage IX, but W. L. Kunzik questions whether or not the information to be gained by the proposed winze and drift was not already obtained in Hole 16, or could be obtained as well by additional drilling, and that this work might not therefore be classed as development.

Stage XI proposed work tentatively consists of 6 diamond drill holes, 150 feet of drifting (of which 50 feet approximately would be used for underground drill stations), and 150' of winzing. Estimated cost of Stage XI work would amount approximately to the following amounts under existing contractual allowances:

1,450 feet of diamond drilling @ $7.50/ft.	=	$10,875.00
150 feet of drifting or raising @ $35.00/ft.	=	5,250.00
150 feet of winzing @ $35.00/ft.	=	5,250.00
Total		$21,375.00

Significant bodies of ore appear to be indicated by Stage I drilling, but several more holes favorably placed in doubtful areas, or in areas of no information, are needed to complete data on ore extensions. Based upon the evidence indicated by Stage I diamond drill holes and favorable geologic probabilities, the field examiners, with the exception noted in Paragraph 6 above in regard to mining and drilling in the vicinity of Hole 18, find the Stage II request is justified and recommend approval.

W L Emerick
W. L. Emerick
U. S. Geological Survey

W O McMillan
W. O. McMillan
U. S. Bureau of Mines

WLE:mm

cc: Executive Officer (4)
Washington
Reno
Boulder

Government FILE COPY
DMEA
RECEIVED FEB 21 1957

DATE	INITIALS	CODE
		8 00

EXPLORATION PROJECT CONTRACT
MERCURY URANIUM & OIL COMPANY
DOCKET NO. DMEA-4214

AMENDMENT NO. 1

It is agreed this 6th day of February 1957 between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Mercury Uranium & Oil Company, that Contract No. Idm-E981 (Docket No. DMEA-4214), dated July 27, 1956, is hereby amended, effective as of July 27, 1956, as follows:

1. In Exhibit "A," under the heading Description of the Work, Item 1 of Stage I is revised to read as follows:

"1. Diamond drilling 31 diamond drill holes. The approximate locations, directions, inclinations and depths of these holes are shown on 'Table I (to accompany Figure 3) Proposed Diamond Drill Holes' (attached to the Contract), and are also shown, for holes 30 and 31 only, on two maps, entitled respectively, 'Fig. 1-A Plan San Pedro Mine' and 'Fig. 2-A, Section San Pedro Mine,' (attached to this Amendment No. 1). The total amount of diamond drilling shall not exceed 6200 feet of drill holes."

2. In Table I attached to Exhibit "A," the following is added:

"Hole No.	Approximate Coordinates N	E	Bearing	Inclination	Estimated Depth in Feet	Objective
30	1277	3320	N 78° E	-60°	250	To test for the extension of the marble line
31	1277	3320	S 78° W	-60°	250	To cut the favorable beds below 31-11 stope"

3. In Exhibit "A," under the heading Description of the Work, Item 2 of Stage I is revised to read as follows:

"Not to exceed 255 feet of drifting to the north from Stope 31-11 to test for an extension of the ore zone which is reported to have been incompletely mined."

4. In Exhibit "A," under the heading, Fixed Unit Costs, Items 1 and 2 of Stage I are revised to read as follows:

"1. 6200 feet of diamond drilling (item 1) @ $7.50/ft. $46,500.00

2. 255 feet of drifting (item 2) @ $39.50/ft. (rounded to) 10,075.00"

This amendment shall not be construed to increase the estimated total cost of the project, the total amount which the Government may be required to contribute, or the fixed unit cost of any item of work.

THE UNITED STATES OF AMERICA

By C O Mittendorf
Administrator, Defense Minerals
Exploration Administration

MERCURY URANIUM & OIL COMPANY

By [illegible]
Title Treasurer

Indrity 2/1/57
Dwyer
Alt
Swanwood
Chambers
Johnson

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

RECEIVED
OCT 8 1956

224 New Customhouse
Denver 2, Colorado

CERTIFIED MAIL

October 5, 1956

Mr. Ray C. Wood, General Superintendent
Mercury Uranium & Oil Company
600 Coal Avenue, Southwest
Albuquerque, New Mexico

Re: Docket No. DMEA 4214 (Copper)
Contract No. Idm-E981
Mercury Uranium & Oil Company
(San Pedro mine)
Santa Fe County, New Mexico

Dear Mr. Wood:

Reference is made to your letter of September 25, 1956 concerning the proposed change in the locations of drill holes Nos. 1 and 2. In lieu of drilling holes Nos. 1 and 2 at the approximate coordinate locations indicated in Table No.1" which accompanies the map, "Figure 3," attached to the contract, the holes may be located and drilled as follows:

Hole No.	Approx. Coordinates N.	E.	Recommended Coordinates N.	E.	Bearing	Inclination	Est. Depth feet
1	1905	1342	1905	1302	0	- 90°	50
	Objective - To explore favorable beds below old open cut. Original location would not reach the bottom of the old open cut.						
2	1940	1365	1920	1309	0	- 90°	50
	Objective - To explore northward extension of stopes in the Spanish Series. Original location would probably not reach the bottom of the open cut and might run into old workings.						

It is acceptable to the Government that hole No. 5 be drilled at coordinates 944.19 N. and 1881.91 E. instead of at coordinates 975 N. and 1900 E. as originally proposed.

If the revised locations of holes Nos. 1 and 2 are not satisfactory to you, please defer drilling the two holes until the matter is discussed with DMEA Field Examiner, W. D. McMillan, on his next visit to the property.

Nothing in this approval for change in locations of drill holes shall be construed to increase the estimated total cost of the project, the aggregate amount which the Government may be required to contribute, nor the fixed unit cost of any item of work.

Very truly yours,

DMEA Field Team, Region III

W. M. Traver

W. M. Traver

E. N. Harshman

E. N. Harshman

JWT:prl

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

DMEA
Rec'd.
AUG 13 1956
BUREAU OF MINES
Denver, Colorado

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
August 13, 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shea
Supervising Mining Engineer

WHR for JFS

From: W. D. McMillan

Subject: DMEA 4004, (Copper) Contract Idm-2981, Mercury Oil and Uranium Company, San Pedro mine, Santa Fe County, New Mexico - Modifications in location of stage I surface drill holes

An inspection of the 8 surface diamond core drill holes was made on August 13, 1956 accompanied by Ray Wood, project engineer and Dick Murphy, surveyor, of the applicant.

During the week of August 6 to 10, 1956 a transit-tape survey was made by the applicant to locate the approximate coordinates of the eight surface holes in Table No. 1 to accompany figure 3 of contract Idm-2981.

This survey showed that with a few exceptions, the coordinates given in Table No. 1 require slight modifications to reach their objectives without doing excessive rock excavation to prepare drill sites.

The applicant is submitting a request for these modifications, with a map which I will approve.

In order to expedite the start of drilling, I recommend present approval of surface holes Nos. 1 and 2 for the following reasons.

Hole No.	Approx. Coordinates N.	Approx. Coordinates E.	Recommended Coordinates N.	Recommended Coordinates E.	Bearing	Inclination	Est. depth in feet
1	1905	1342	1905	1302	0	- 50°	50
	Objective - To explore favorable beds below old open cut. Surveyed location would not reach the bottom of the old open cut.						
2	1940	1305	1920	1309	0	- 50°	50
	Objective - To explore northward extension of stopes in the Spanish Series. Surveyed location would probably not reach the bottom of the open cut and might run into old workings.						

W. D. McMillan
Mining Engineer

WDM/mr
cc: 9
Idm-2981
Chron

DMEA Form 14

Contract No. Idm-E 981

Docket No. 4214

DEPARTMENT OF THE INTERIOR

Terminated contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

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

Please make the following entry on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program.

Date of Contract	Region	State	Commodity
July 27, 1956	III	New Mexico	Copper

Name and Address of Operator: Mercury Uranium & Oil Co.
San Pedro Mine Division
112 8th Street, N. W.
Alburquerque, New Mexico

	Reserve	Obligation
Prior Amount	0	52,650.00
Increase	0	0
Decrease	0	23,209.17
Revised Amount	0	29,440.83

Remarks:

ALLEN S. DAKAN
(Name)

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

Date Delivered to Bureau of Mines, Washington 8/20/57

16418

Government's copy

MF-200A
(Rev. April 1956)

RECEIVED
JUL 23 1956

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXPLORATION PROJECT CONTRACT
(Short Form)

DMEA No.	*Commodity*	*Contract No.*	*County*	*State*
4214	Copper	981	Santa Fe	New Mexico

It is agreed JUL 27 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and MERCURY URANIUM & OIL COMPANY, a New Mexico corporation

whose mailing address is San Pedro Mine Division
112 8th Street, N.W., Albuquerque, New Mexico
hereinafter called the "Operator," as follows:

ARTICLE 1. *Authority and project.*—(a) This contract is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200A), the attached Annex I (land description), Exhibit A (work and costs), and the maps and documents listed therein. The project work is a search for indicated or undeveloped deposits of the commodity designated above. The Operator shall begin the work on or before September 15, 1956, and, subject to the provisions of Article 7 and Exhibit A, shall complete the work within 18 months from the date of the contract.

(b) The description of the work and the fixed cost for each unit of work to be performed (per foot of drilling, per foot of drifting, per hour of operations, etc.) are hereby agreed upon as specified in Exhibit A. The estimated total cost of the project work is $105,300.00. The Government will contribute 50 percent of the fixed unit cost of the work performed, not exceeding $52,650.00, in accordance with the provisions of Articles 4 and 5.

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

ARTICLE 2. *Operator's property rights.*—(a) The Operator represents and undertakes that Annex I correctly describes the land which is the subject of this contract and the nature of the Operator's rights of property and possession therein (whether as owner, lessee, or otherwise), and that such right, title, or interest is subject only to the following claims, liens, or encumbrances: none.

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

(c) 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. 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. Two copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 6 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

ARTICLE 3. *Performance of the work.*—(a) Operator's responsibility.—The work shall be performed diligently, efficiently, expertly, in a workmanlike manner, and in accordance with good mining standards and State regulations governing health, safety, and liability insurance covering employment. The Operator shall provide suitable and adequate equipment, facilities, materials, supplies, and labor to complete the work, as specified in Article 1 (a).

(b) *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 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 4. *Contribution by the Government.*—The Government will make its contribution on the basis of the monthly vouchers referred to in Article 5 (b); but all payments by the Government are provisional only, subject to audit, and until the account between the Operator and the Government is finally audited and settled and the Operator's final report has been rendered, the Government may withhold such sums as it sees fit but not in excess of 10 percent of the estimated total cost of the work. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government will not contribute to the cost of any work performed prior to the date of this contract. The Government may make payments for the account of the Operator directly to independent contractors and suppliers rather than to the Operator.

ARTICLE 5. *Reports, accounts, audits.*—(a) Operator's records.—The Operator shall keep suitable records and accounts of the units of 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. 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 all pertinent books, documents, papers, and records of the Operator.

(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 a detailed statement of units of work performed during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and the fixed unit 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 the unit costs thereof.

(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 6. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after the Operator has rendered a sufficient final report (see Article 5), 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 (for example, if the Operator either transfers or fails to retain his interest in the land), shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, for a period of ten years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

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

(d) *Unsold production.*—If any production (ore, concentrates, metal, or equivalent) after the lapse of six months from the date the ore was extracted from the ground remains neither sold nor used by the Operator in integrated manufacturing or fabricating operations (for instance, if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrates, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time 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 7. *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 the Government shall be free of all obligation to pay on account of units of work not then performed, and the Operator shall be free of all further 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 the Government shall be relieved of all obligation to pay on account of units of work not performed when the notice was given, and 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 Government may also avail itself of any other remedy the law may provide for breach of contract, including the right to rescind the contract and to demand repayment of all moneys contributed by the Government under the contract.

(c) The giving of any notice by the Government under the provisions of this Article 7 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and liens to secure the payment thereof, and such rights shall be fully preserved.

ARTICLE 8. *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 the mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 9. *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 10. *Changes and added provisions.*—

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Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

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

MERCURY URANIUM & OIL COMPANY
(Operator)

By Carl C. Anderson
President

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

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE: 1956—O-383069

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JUL 23 1956

EXPLORATION PROJECT CONTRACT
MERCURY URANIUM & OIL COMPANY
DOCKET NO. DMEA-4214

ANNEX I

The land referred to in Article 2 of the contract consists of 21 patented claims and 14 unpatented claims lying in the New Placers Mining District, Santa Fe County, New Mexico, as listed in a Lease and Option Agreement dated February 9, 1956, between the Operator and Charles L. Bradbury et al., and in Consent to Lien attached to this contract, and the claim descriptions in said Agreement and said Consent to Lien are incorporated herein by reference. All but 4 of the claims (Mountain View, Colusa, Grey Horse, and Grey Horse Millsite) are shown on the attached map entitled "Figure 2 - Claim Map, Mercury Uranium and Oil Co., San Pedro Copper Mine, Santa Fe County, New Mexico."

The nature of the Operator's rights of property in the land and of possession therein is described in the Lease and Option agreement referred to in the first paragraph of this Annex I.

MF-203
Revised March 24, 1955

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator Mercury Uranium & Oil Co.
Docket No. DMEA- 4214
Contract No. Idm-E 981
Contract Date JUL 27 1956

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JUN 15 1956

CONSENT TO LIEN

To the United States of America:

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

All those certain patented and unpatented mining claims situate, lying and being in the New Placers Mining District, wherein the patents therefor and the location notices thereof are recorded in the official records of Santa Fe County as shown in Annex I which is attached hereto and made a part hereof.

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

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

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

None

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

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

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

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

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

5. Added provision: None

DATED this 8th day of June, 1956

CHARLES F. WILLIAMS
CHRYSTINE W. WILLIAMS
MARJORIE H. BRADBURY

By Manuel A. Sanchez
Their attorney-in-fact

Clarence S. Sera
Administrator of the Estate of
Charles L. Bradbury, deceased.

ANNEX I

Patented Mining Claims

Name	Mineral Survey No.	Book	Page
Apex	951-A	K Mining Records	388
Virginia	951-B	K Mining Records	388
Copper Belle	951-C	K Mining Records	388
Montezuma	951-D	K Mining Records	388
Giblin	951-E	K Mining Records	388
Hoosier Girl	951-F	K Mining Records	388
White	951-G	K Mining Records	388
Puzzle	951-H	K Mining Records	388
Richman	951-I	K Mining Records	388
Ella	951-J	K. Mining Records	388
Magnolia	951-K	K Mining Records	388
Frankfort	951-L	K Mining Records	388
Bonanza	951-M	K Mining Records	388
Mountain View	952-A	K Mining Records	339
Colusa	952-B	K Mining Records	339
Grey Horse	952-C	K Mining Records	339
Grey Horse Millsite	952-D	K Mining Records	339
Abe Lincoln	1014	_ Mining Records	—
Ingersoll	974	_ Mining Records	—
Anaconda	975	_ Mining Records	—
Beautiful Boy	973	B Mining Records	415

UNpatented Mining Claims

Name	Book	Page
San Timothy	"O" Mining Locations	134
San Jose	"O" Mining Locations	133
Santa Rosa	"O" Mining Locations	135
San Joaquin	"O" Mining Locations	132
Asarco	"O" Mining Locations	565
Giblin Extension	"O" Mining Locations	567
Montezuma Extension	"O" Mining Locations	566
Swan Extension	"O" Mining Locations	566
Swan	"O" Mining Locations	565
San Pedro	"O" Mining Locations	568
San Pedro No. 2	"O" Mining Locations	568
San Pedro No. 3	"O" Mining Locations	569
San Pedro No. 4	"O" Mining Locations	569
San Pedro No. 5	"O" Mining Locations	570

RECEIVED
JUN 15 1956

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, That Charles F. Williams and Chrystine W. Williams, his wife, of Santa Fe, New Mexico, and Charles L. Bradbury and Marjorie H. Bradbury, his wife, of St. Petersburg, Florida, have made, constituted and appointed, and by these presents do make, constitute and appoint Manuel A. Sanchez of Santa Fe, in the County of Santa Fe and State of New Mexico, our true and lawful attorney for us, and in our name, place and stead, to lease, sell, transfer, convey or in any other manner whatsoever dispose of any portion or all of the mining and mineral claims and mining property of whatsoever kind, nature or character, situate in the County of Santa Fe, State of New Mexico, owned or claimed by said Charles F. Williams and Chrystine W. Williams, his wife, and Charles L. Bradbury and Marjorie H. Bradbury, his wife.

GIVING AND GRANTING unto our said attorney full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully, to all intents and purposes, as we might or could do if personally present, with full power of substitution and revocation, hereby ratifying and confirming all that our said attorney or his substitute shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, we have hereunto set our hands and seals this 6th day of February, 1956.

(sgd) CHARLES F. WILLIAMS

(sgd) CHRYSTINE W. WILLIAMS

(sgd) CHARLES L. BRADBURY

(sgd) MARJORIE H. BRADBURY

STATE OF NEW MEXICO)
: ss.
COUNTY OF SANTA FE)

On this 6th day of February, 1956, before me personally appeared Charles F. Williams and Chrystine W. Williams, his wife, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

Witness my hand and seal on this the day and year first above written.

(SEAL)
My commission expires:
Feb. 17, 1959.

(sgd) JOYCE FRANKE
Notary Public

STATE OF FLORIDA)
: ss.
COUNTY OF PINELLAS)

On this 13th day of February, 1956, before me personally appeared Charles L. Bradbury and Marjorie H. Bradbury, his wife, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

Witness my hand and seal on this the day and year first above written.

(sgd) R. J. HAYNSWORTH
Notary Public
(SEAL) Notary Public, State of Florida at Large
My Commission expires June 28, 1958

RECEIVED
JUN 15 1956

IN THE PROBATE COURT OF THE COUNTY OF SANTA FE, STATE OF NEW MEXICO

In the Matter of the Estate of Charles L. Bradbury, deceased.	)))	No. 2758.

ORDER APPOINTING ADMINISTRATOR

The petition of Marjorie H. Bradbury for the appointment of administrator of the estate of Charles L. Bradbury, deceased, in the State of New Mexico, came on to be heard this day, and the evidence having been submitted, the Court finds:

1. That Charles L. Bradbury departed this life on April 3, 1956, and at the time of his death was a resident of the State of Florida.

2. That said decedent died without leaving a will.

3. That said decedent left real estate and interests in real estate in the County of Santa Fe, State of New Mexico, said real estate and interests in real estate consisting of mining claims and interests in mining claims.

4. That an administration of the estate of said Charles L. Bradbury, deceased, is not now pending in the State of Florida, the place of his last residence.

5. That said decedent left surviving him as his sole and only heirs at law the following relatives at the following addresses:

Marjorie H. Bradbury	widow	6623 15th Street North St. Petersburg, Florida
William H. Bradbury	son	2567 Albion Street Denver, Colorado
Emily B. Jones	daughter	Base Library, 20th Air Base Squadron A.P.O. 120, New York, New York
Marjorie B. Smith	daughter	U.S.Army Dispensary, Landsut, Germany, A.P.O. 225, New York, New York
Anne Wells Bradbury	daughter	6623 15th Street North St. Petersburg, Florida

and that said heirs are each over the age of 21 years.

6. That petitioner, the surviving widow of said decedent, has recommended for appointment as administrator of the estate of said decedent in New Mexico Claude S. Sena of Santa Fe, New Mexico, and that said Claude

S. Sena is a competent person to act as administrator of said estate.

7. That at this time the administrator appointed herein should furnish a surety company bond in a sum not to exceed $2000.00.

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that Claude S.Sena be and he hereby is appointed administrator of the estate of Charles L. Bradbury, deceased, in the State of New Mexico.

IT IS FURTHER ORDERED that letters of administration issue herein to said Claude S. Sena as administrator of the estate of Charles L.Bradbury, deceased, upon his filing a corporate surety bond in the sum of $2000.00, and his filing the oath as such administrator as required by law.

Dated this 8th day of May, 1956.

(sgd) Jose Eugenio Romero
Probate Judge

CERTIFICATE

STATE OF NEW MEXICO)
: ss.
COUNTY OF SANTA FE)

I, Ramon Valencia, Clerk of the Probate Court of the County of Santa Fe, State of New Mexico, do hereby certify that the above and foregoing two pages of typewritten matter constitute a true, correct and complete copy of the Order Appointing Administrator in Cause No. 2758, Probate Court, County of Santa Fe, State of New Mexico, entitled "In the Matter of the Estate of Charles L. Bradbury, deceased," as the original of said order remains on file and of record in my office;

I further certify that Claude S. Sena qualified as Administrator of the Estate of Charles L. Bradbury, deceased, by filing the oath of office as required by law and by filing a corporate surety bond in the sum of $2000.00 as required in said order of appointment, both having been done on May 8 1956, and according to the records of my office the aforesaid Claude S. Sena is the duly appointed, qualified and acting Administrator of the Estate of Charles L. Bradbury, deceased.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the Probate Court of the County of Santa Fe, State of New Mexico, this 11th day of June, 1956.

RAMON VALENCIA
Clerk of the Probate Court
County of Santa Fe, State of New Mexico

By Della Baldock
Deputy

RECEIVED
JUL 23 1953

EXPLORATION PROJECT CONTRACT
MERCURY URANIUM & OIL COMPANY
DOCKET NO. DMEA-4214

EXHIBIT "A"

Description of the Work

The work is divided into two successive stages. The Operator shall perform the work under Stage I, and shall perform as much of the work under Stage II as is approved in advance by the Government.

All workings shall be timbered as necessary.

The drifts shall be not less than 5 feet by 7 feet in cross section in the clear of timber.

The diamond drill holes shall not be less than AX size.

Stage I

The work of Stage I is shown on the attached map entitled "Figure 3, DMEA-4214, Mercury Uranium and Oil Company, San Pedro Copper Mine, Santa Fe County, New Mexico," and consists of the following:

1. Diamond drilling 29 diamond drill holes. The approximate locations, directions, inclinations, and depths of these holes are specified on the attached sheet entitled "Table I (To accompany Figure 3), Proposed Diamond Drill Holes." The total amount of diamond drilling shall not exceed 5,700 feet of drill holes.

2. Not to exceed 350 feet of drifting to the north from Stope 31-11 to test for an extension of the reportedly incompletely mined ore zone.

3. Not to exceed 100 feet of drifting to the north from Stope No. 1 to test for an extension of the No. 1 ore body.

4. Not to exceed 50 feet of drifting in approximately 10 drifts, each 5 feet long, for diamond drill stations.

5. Not to exceed 100 feet of raising, to provide for approximately 10 raises, each 10 feet high, for diamond drill stations.

6. Not to exceed 180 samples of diamond drill core shall be assayed for copper, gold, silver and tungsten trioxide.

7. Not to exceed 60 samples of drift mineralization shall be assayed for copper, gold, silver and tungsten trioxide.

The locations, directions, inclinations, and depths of all diamond drill holes and the locations and lengths of all drifts shall have prior approval of the Government.

Stage II

The work under Stage II, subject to prior approval of the Government, consists of the following:

1. Not to exceed 2,000 feet of diamond drilling. The number of holes, their locations, directions, inclinations, and lengths shall have prior approval of the Government.

2. Not to exceed 200 feet of drifting.

3. Not to exceed 150 feet of raising.

4. Not to exceed 150 feet of winzing.

5. Not to exceed 65 samples of diamond drill core shall be assayed for copper, gold, silver and tungsten trioxide.

6. Not to exceed 50 samples of mineralization in drifts, raises, and winzes shall be assayed for copper, gold, silver and tungsten trioxide.

The locations of all work shall have prior approval of the Government. The size of the raise or raises and of the winze shall be not less than 5 feet by 8 feet in cross section in the clear of timber. All workings shall be timbered as necessary.

Fixed Unit Costs

Stage I

1. 5,700 feet of diamond drilling (item 1) @ $7.50/ft. $42,750.00

2. 350 feet of drifting (item 2) @ $39.50/ft. 13,825.00

3.	100 feet of drifting (item 3) @ $39.50/ft.	$ 3,950.00	
4.	50 feet of drifting (item 4) @ $39.50/ft.	1,975.00	
5.	100 feet of raising (item 5) @ $39.50/ft.	3,950.00	
6.	180 samples (item 6) @ $5.00/sample	900.00	
7.	60 samples (item 7) @ $5.00/sample	300.00	
	Estimated Total Cost, Stage I		$67,650.00

Stage II

1.	2,000 feet of diamond drilling (item 1) @ $7.50/ft.	15,000.00	
2.	200 feet of drifting (item 2) @ $39.50/ft.	7,900.00	
3.	150 feet of raising (item 3) @ $39.50/ft.	5,925.00	
4.	150 feet of winzing (item 4) @ $55.00/ft.	8,250.00	
5.	65 samples (item 5) @ $5.00/sample	325.00	
6.	50 samples (item 6) @ $5.00/sample	250.00	
	Estimated Total Cost, Stage II		37,650.00
	Estimated Total Cost of the Project		$105,300.00
	Government Participation @ 50%		$ 52,650.00

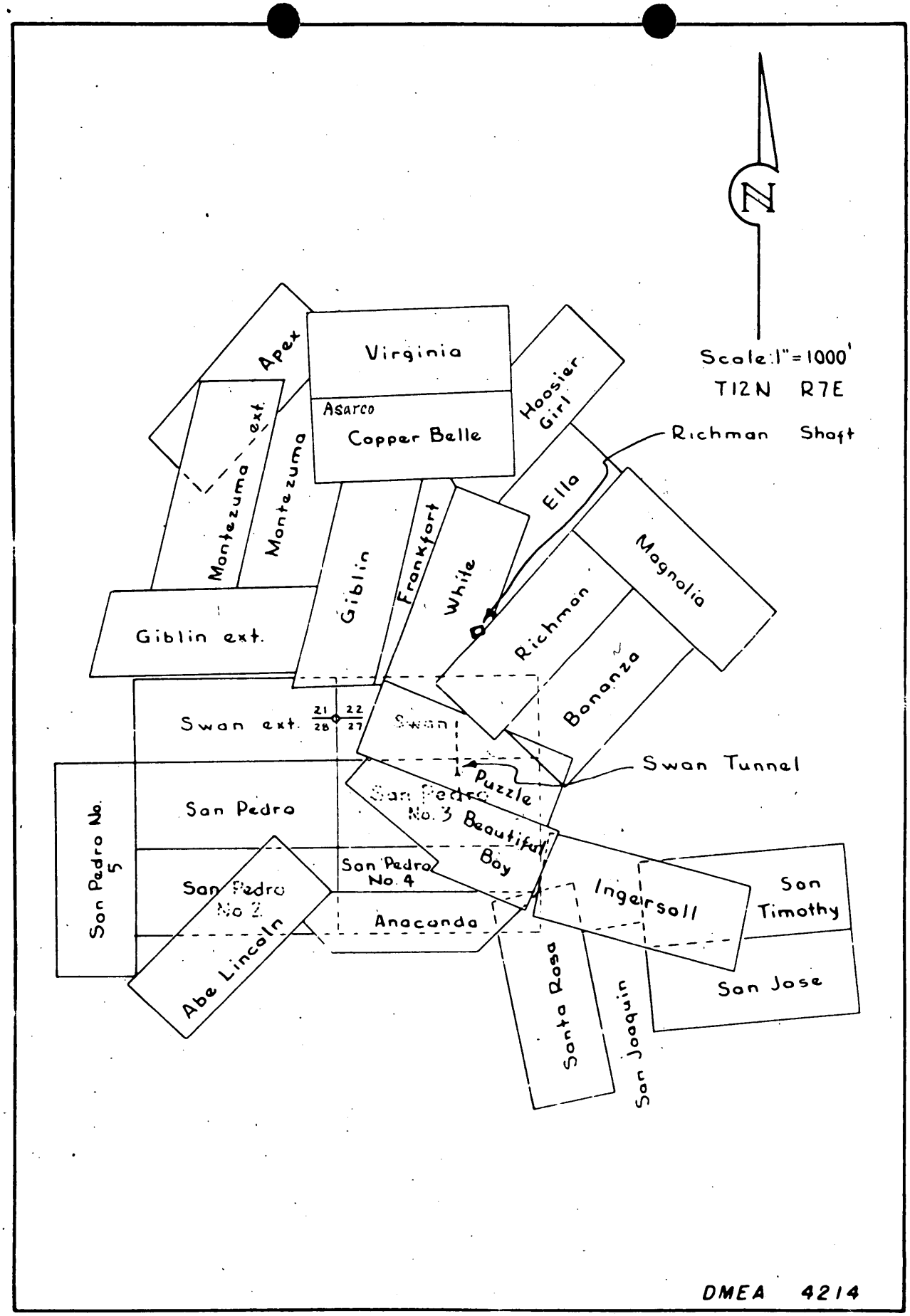

FIGURE-2-CLAIM MAP, MERCURY URANIUM AND OIL CO.

SAN PEDRO COPPER MINE, SANTA FE COUNTY, NEW MEXICO

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TABLE I
(To accompany Figure 3)

PROPOSED DIAMOND DRILL HOLES*

DMEA 4214 - SAN PEDRO MINE, SANTA FE COUNTY, NEW MEXICO

Hole No.	Approximate Coordinates N	E	Bearing	Inclination	Estimated Depth in feet	Objective
1	1905	1342	0°	-90°	50	To explore favorable beds below old open-cut.
2	1940	1365	0°	-90°	50	To explore Northward Extension of stopes in Spanish Series.
3	1800	1400	0°	-90°	50	To explore Southward Extension of stopes in Spanish Series.
4	1020	1820	0°	-90°	225	To explore Spanish Series and other beds above quartzite marker.
5	975	1900	0°	-90°	225	Same as #4.
6	933	1985	0°	-90°	225	Same as #4.
7	1110	1795	0°	-90°	225	Same as #4.
8	1195	1800	0°	-90°	225	Same as #4.
9	1135	2125	N12E	+75°	80	To explore all known favorable beds in Spanish Series.
10	1120	2125	N81W	-65°	125	To test limestones at base of favorable bed. Drill to quartzite marker.
11	1070	2755	0°	-90°	900	To test Pennsylvanian limestone beneath monzonite sill.
12	1580	2220	West	-70°	900	Same as 11.
13	1350	2240	West	-70°	900	Same as 11.
14	1103	2190	S70E	-70°	150	To explore limestones below Spanish Series east of Shaft fault.

Hole No.	Approximate Coordinates N	E	Bearing	Inclination	Estimated Depth in feet	Objective
15	1265	2230	S80E	+70°	125	To explore for possible faulted extension of ore mined in old stopes. Drill to rhyolite.
16	1445	2280	S80E	+70°	125	To explore favorable beds east of Shaft fault. Drill to rhyolite.
17	1520	2300	S77E	-70°	150	To explore for favorable limestones below adit level on east side of Shaft fault.
18	1680	2270	N84W	+35°	60	To explore the 50 beds for a possible northward continuation of the No. 1 stope.
19	1792	2190	West	+35°	60	Same as 18.
20	1007	2490	West	-70°	150	To explore mineralized beds below 253 stope.
21	1050	2520	N80E	+80°	50	To explore the 50 beds and other favorable beds above the 41 stope. Drill to rhyolite.
22	1095	2600	N80E	+80°	55	Same as 21.
23	1065	2720	N80E	+80°	55	To explore upper strata of Spanish Series above old stopes.
24	1130	2795	N80E	+80°	60	Same as 23.
25	1135	2895	N80E		70	Same as 23.
26	1070	3025	N80E	+75°	100	Same as 23.
27	1190	3245	N80E	+65°	60	Same as 23.
28	1200	3280	S80W	-57°	200	To explore lower beds of Spanish Series and other beds immediately below the Spanish Series.
29	1210	3335	N80E	+35°	50	To test the marble line on east side of 31-11 stope.

* The location and depth of these holes are approximate.

Contract Idm-E 981

Docket No. 1214

DEPARTMENT OF THE INTERIOR

Executed 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
July 27, 1956	III	New Mexico	Copper

Name and Address of Operator: Mercury Uranium & Oil Company
San Pedro Mine Division
112 8th Street, N.W.
Albuquerque, New Mexico

	Reserve	Obligation
Prior Amount	0	0
Increase	0	$52,650.00
Decrease	0	0
Revised Amount	0	$52,650.00

Remarks:

(Name)
Robert E. Adams, Chief
Operations Control and
Statistics Division
(Title)

Date Delivered to Bureau of Mines, Washington 7/30/56

98963

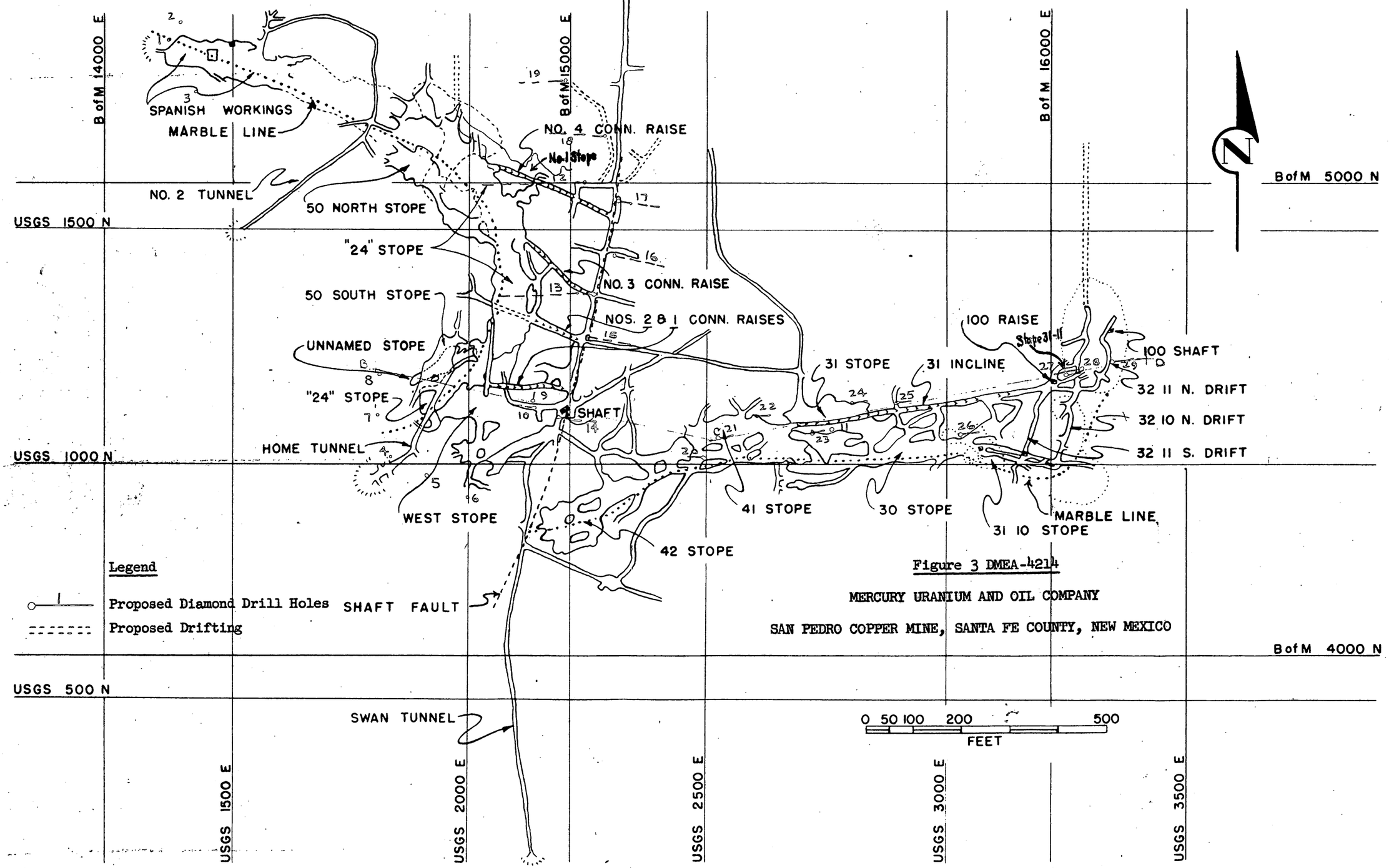

Figure 3 DMEA-4214

MERCURY URANIUM AND OIL COMPANY

SAN PEDRO COPPER MINE, SANTA FE COUNTY, NEW MEXICO