DMEA Form 9
Rev. 6/57

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

OFFICIAL DOCKET FILE — Idm-E NO. 153 — DMEA NO. 67

Application
- [ ] Denied
- [ ] Withdrawn

Contract
- [ ] Terminated - Not Certified
- [x] Terminated - Certified
- [ ] Cancelled
- [ ] Royalty Agreement

The records contained in this file are marked (x) and arranged in this order:

Folder No. 1:

Left Side

- [x] Royalty Audits
- [x] Certification of Discovery (Two) 2-17-56 + 3-16-53
- [x] Closing Letter
- [x] Cost Audits
- [ ] Termination Notice or Agreement
- [ ] Recision Notice
- [x] Assignment of Contract
- [x] Contract Amendments
- [x] Contract with all exhibits and annexes
- [x] Owner's Consent to Lien and Subordination Agreement
- [ ] Application and attachments

Right Side

- [x] Project summary (final)
- [x] Work Completed analysis (final)

All other material filed in chronological order including the following reports if checked:

- [ ] Field Team Semi-Annual Report for Certified Project
- [x] Final Field Team Report (Tab)
- [ ] Operator's Final Report (Tab)
- [ ] Interim Field Team Reports
- [ ] Operator's monthly reports and all attachments
- [x] On-site Exam Report (Tab)
- [ ] Settlement Sheets
- [ ] Drill Logs

Additional Folders:

Left Side

Folders No. 2 : Reports
- [x] Analysis of Semi-Annual Inspection Reports
- [ ] Project Summary (Interim) by DMEA Engineers

Right Side

- [x] Field Team Semi-Annual Report for Certified Project
- [x] Field Team Interim Reports
- [x] Operator's Monthly Reports with transmittal, narrative and maps.

Folders No. 4 : Maps (Use pocket folder or envelope)

Folders No. 3 : Settlement Sheets

Folders No. _____ : Drill Logs

Folders No. _____ : Royalty material

Inactive all 1960 (2-15-61)

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OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Washington office pertaining to Amended Contract No. Idm-E153, Docket No. DMEA-67 (Copper), dated May 29, 1953, with

Murray A. Schutz
(Assignee of Marshall Mining Company)
127 Montgomery Street
San Francisco 4, California

for the purpose of determining the amount of royalty due the U. S. Government on sales of minerals from property referred to as Marshall Mine located in Elko County, Nevada, during the period September 1, 1957, through September 1, 1961.

A certification of discovery or development was issued on February 17, 1956, and, in accordance with Annex II and Amendment No. 9 of the Amended Contract, royalty is payable on all minerals mined or produced from the land described in Article 2 of the Amended Contract for a period of 14 years from September 19, 1951 (the date of a prior contract) or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A Report of Review dated January 17, 1956, indicated accepted costs under the exploration contract amounting to $73,726.30 with the Government's contribution, on a 50 percent basis, being $36,863.15.

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

This review indicated that there was no production or sale of minerals from the property on which royalty would be payable to the Government during the period under review.

A prior Royalty Audit Report and Certificate dated October 29, 1957, found the sales subject to Government through August 31, 1957, to be $226,012.24 and the royalty account as of that date to be:

Total Royalty Due	$ 9,801.59
Total Royalty Paid	10,045.92
Overpayment of Royalty	$ 244.33

September 6, 1961

E. D. Talbert, OME Auditor

STATUS OF PROJECT, SCOPE OF REVIEW AND REASONS THEREFOR

The Royalty Audit Report dated October 29, 1957, stated that mining operations had been discontinued August 8, 1957, all production and sales subject to Government royalty had been reported, and proper royalty had been paid to the Government, except for the net overpayment of $244.33.

On September 21, 1960, Maurice M. Marshall, partner in Marshall Mining Company, advised that there had been no change in ownership of the property; there had been no production from the property after August 1957; and the "Property is completely shut down and equipment is being sold". The mine has been idle since that date.

The overpayment of royalty, as detailed in prior Royalty Audit Reports dated March 26 and October 29, 1957, were made by the following producers:

The Marshall Mining Company 36 Fifth St., San Francisco, Calif.	$ 75.48
Murray A. Schutz 127 Montgomery St., San Francisco, Calif.	8.10
J. A. Terteling & Sons Boise, Idaho	160.75
Total	$244.33

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

(1) The available records indicate that all production on which royalty is payable to the Government has been reported; 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.

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Check Sheet of Examining Engineer

Operator's Name The Marshall Mining Company

Address 36 Fifth Street

San Francisco, California

Exploration Contract No. Idm- E 153 Docket No. DM- 67X

	Check One Yes	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 royalties with exempt production?		X
(b) If so, do you consider the allocation of the commingled production equitable?		
3. (a) Does the Operator stockpile mine or mill rejects (low grade ore, tailing, middlings, etc.) that may have potential value within the royalty payment period?		X
(b) If so, are adequate records maintained on such material to protect the Government's interest?		
4. Do you consider the assay controls in effect are adequate?	X	
5. Do you consider that the manner of disposing of production gives the Government its fair royalty returns?	X	
6. Do your periodic examinations of operations indicate the Operator is properly reporting his production of ores subject to DMEA royalties?	X	
7. Does the Operator buy from or sell to other Operators?		X

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

On September 10, 1957, Maurice M. Marshall advised that operations at the Marshall Mine had been discontinued. The mine has been idle since that date.

Glenn G. Gentry
Mining Engineer
Acting Field Officer
OME, Region II

Date September 1, 1961

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DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

ROYALTY AUDIT CERTIFICATE

I have examined the records and sales documents pertaining to the sale of copper ore for the period February 1, 1957 to August 31, 1957, by the

The Marshall Mining Company,
a partnership composed of
George V. Marshall, Maurice M. Marshall
and Mrs. Virgil L. Marshall
36 Fifth Street
San Francisco, California

produced from the Marshall Mine, located in Elko County, Nevada, approximately 40 miles north of Wells, Nevada, on which royalties are due the United States Government under the terms of Contract No. Idm-K153, Docket No. DMA-67x (Copper), dated September 19, 1951, including Amendment No. 1 and 2, and Amended Contract dated May 29, 1953, including Amendment No.1 to 4, inclusive.

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

The audit established the net sales of copper ore for this period to be $32,089.13. Royalty due the United States Government at the contract rates specified in the contract is $1,341.43.

Prior audits conducted by this auditor for the periods of September 19, 1951 to July 28, 1954 and July 29, 1954 to January 31, 1957 found the sales as of the last date to be $193,923.11, which added to sales for this period make a total of $226,012.24 as of August 31, 1957. The royalty account as of January 31, 1957, was

Total Royalties Due	$8,460.16
Total Royalties Paid	8,704.28
Overpayment of Royalties	$ 244.12

As of August 31, 1957, the royalty account of this project was found to be

Total Royalties Due	$ 9,801.59
Total Royalties Paid	10,045.92
Overpayment of Royalties	$ 244.33

October 29, 1957

George Mavor
George Mavor
Auditor

ROYALTY AUDIT REPORT

I. INTRODUCTION

On October 17, 1957 an audit was made of the production, sales and royalty accounts and records of

The Marshall Mining Company
a partnership comprised of
George V. Marshall, Maurice M. Marshall
and Mrs. Virgil L. Marshall
36 Fifth Street
San Francisco, California

pertaining to the sale of copper ore during the period of February 1, 1957 to August 31, 1957, produced from property known as the Marshall Mine, located in Elko County, Nevada, approximately 40 miles north of Wells, Nevada, on which royalties are due the U. S. Government under the terms of Contract No. Idm-K153, Docket No. [illegible]A67X (Copper), dated September 19, 1951, including Amendment No. 1 and 2, and Amended Contract dated May 29, 1953, including Amendment No. 1 to 4, inclusive.

The records pertaining to this contract are located in the Marshall Mining Company office, 36 Fifth Street, San Francisco, California, and during the course of the audit Mr. Maurice M. Marshall, a partner in the enterprise was present, and consulted as required. The accounts and records of the operator are audited each fiscal year ending June 30, by William Dolge & Company, Certified Public Accountants, San Francisco, California.

Mr. S. Ricker, Executive Officer, Region II, and Mr. Henry W. Jones, Mining Engineer, U. S. Bureau of Mines, collaborated in the audit, for which their assistance is hereby acknowledged.

II. GENERAL INFORMATION

A certificate of discovery was issued under date of March 16, 1953, which was superseded by certificate of discovery dated February 17, 1956, and the producing area subject to royalties, is described in Article 2 of Amended Contract.

Under provisions of Annex III and Amendment No. 4 of the Amended Contract, the Government is entitled to a percentage royalty on all minerals mined or produced from the land described in Article 2 of Amended Contract, for a period of 14 years from the date of Prior Contract (September 19, 1951) or until the total amount contributed by the Government without interest is fully repaid, whichever occurs first.

The following royalty audits have been made by this auditor in

connection with royalties due the U. S. Government, under the terms of the contract.

Royalty Audit	Period Covered	Date of Audit Report
1st Royalty Audit	9-19-51 to 7-28-54	10-25-54
2nd Royalty Audit	7-29-54 to 1-31-57	3-26-57

This third royalty audit covers the period February 1, 1957 to August 31, 1957, and the combined results of the three audits are discussed in this report.

The exploration project was completed during October 1955, and a Report of Review dated January 17, 1956, prepared by this auditor, shows the total accepted costs of the exploration project in amount of $73,726.30, with the Government's contribution, on a 50 percent basis as $36,863.15.

Due to the current low market price of copper, the operator was forced to stop mining operations August 8, 1957, and does not expect to resume mining operations until the price of copper improves. There is a possibility of leasing the mine on a royalty basis to some of the unemployed miners, however this is only in the preliminary stages of discussion and no definite decision has been made.

III. SCOPE OF AUDIT AND FINDINGS

A. Conference with Executive Officer

A conference with Mr. S. Ricker, Executive Officer, Region II, and certain information furnished by the Examining Engineer (Mr. Jones) disclosed the following:

(a) The operator does not stockpile ore subject to DMEA royalty repayment.

(b) The operator does not commingle production subject to DMEA royalties with exempt production.

(c) The operator does not stockpile mine or mill rejects that may have potential value within the royalty period.

(d) The assay controls in effect are considered adequate.

(e) The manner of disposing of production is considered as giving the Government its fair royalty returns.

(f) Periodic examinations indicate the operator is properly reporting the production of ore subject to DMEA royalties.

(g) There has been no indication that the operator buys ore from, or sells ore to other operators.

B. Audit of Settlement Statements

A considerable amount of preaudit work was accomplished in the Finance Office, Region II, San Francisco, California, prior to field audit. During this preaudit work a statement of royalties received was prepared from copies of settlement sheets furnished by the purchaser of copper ore in support of royalty payments made directly by the operator to the Regional DMEA Executive Officer. The royalty receipts were verified with deposits made by the Regional Finance Officer. All of the data included in the statement was confirmed. This statement, which is filed as part of my audit work papers, was reconciled with the production and sales records, maintained by the Operator in their office, located at 36 Fifth Street, San Francisco, California.

The copper ore sales, together with royalties received and royalty overpayments, are accounted for in the following manner:

	Net Sales	Royalties Due at Contract Rates	Royalties Paid	Royalties Overpaid
Prior Audits:				
Period 9-19-51 to 1-31-57	$193,923.11	$8,460.16	$ 8,704.28	$244.12
This Audit:				
Period 2-1-57 to 8-31-57	32,089.13	1,341.43	1,341.64	.21
Totals	$226,012.24	$9,801.59	$10,045.92	$244.33

Attached to the last Royalty Audit Report dated March 26, 1957, were Exhibits "A" and "B" which summarized in detail the above listed royalty overpayment of $244.12, therefore a repetition of this detail was not considered necessary for this report. The overpayment of $0.21 shown above was due to an error made by the Operator when calculating the royalty due on lot No. 30 received at the smelter May 6, 1957, and accounted for as follows:

Dry Tons	Net Value	Value Per Ton	5% Royalty Due
52.668	$653.57	$12.41	$32.68

Less: Payments			
6-19-57 C/D No. 57 at 4 1/2%	$29.41		
9-18-57 C/D No. 7 Add'l Amt.	3.48		32.89
Royalty Overpayment			$ 0.21

The last royalty payment received from the Operator was accounted for by Certificate of Deposit No. 7 dated September 18, 1957 in amount of $97.66.

All purchases of copper are made by the American Smelting and Refining Company, Garfield, Utah, are settled on weekly quotations listed in the Engineering and Mining Journal, and during the course of the audit a verification of prices was made.

IV. CONCLUSIONS

A summary analysis of the Operator's sales of copper ore subject to DMEA royalties is as follows:

Copper Ore Purchases
By American Smelting and Refining Company
Garfield, Utah

Period	Prior Audits 9-19-51 to 1-31-57	This Audit 2-1-57 to 8-31-57	Combined Totals
Wet Weight - lbs	32,275,300	5,946,760	38,222,060
Moisture - lbs	1,562,468	293,046	1,855,514
Dry Weight - lbs	30,712,832	5,653,714	36,366,546
Dry Weight - Tons	15,356.416	2,826.857	18,183.273
Gross Value	$262,791.99	$44,020.20	$306,812.19
Allowable Deductions	68,868.88	11,931.07	80,799.95
Net Value	$193,923.11	$32,089.13	$226,012.24
Average Net Value per Dry Ton	$ 12.63	$ 11.35	$ 12.43
Total Royalties Due	8,460.16	1,341.43	9,801.59
Total Royalties Paid	8,704.28	1,341.64	10,045.92
Overpayment of Royalties	$ 244.12	$ 0.21	$ 244.33

A detail of royalty payments is filed as part of the audit work papers.

The audit has confirmed the accuracy and propriety of the royalty payments received by the Regional Finance Officer during the period September 19, 1951 to August 31, 1957. It has also determined that all indicated sales of copper ore subject to repayment royalties under the exploration contract, for which settlement statements have been released, have been properly accounted for, other than the net overpayment of $244.33 made to the Government, covering errors in calculations and heretofore discussed in this report.

George Mavor
George Mavor
Auditor

October 29, 1957

Check Sheet of Examining Engineer

Operator's Name **The Marshall Mining Company**

Address **36 Fifth Street**

San Francisco, California

Exploration Contract No. **Idm-E 153** Docket No. **DMA-67X**

	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 royalties with exempt production?		X
(b) If so, do you consider the allocation of the commingled production equitable?		
3. (a) Does the Operator stockpile mine or mill rejects (low grade ore, tailing, middlings, etc.) that may have potential value within the royalty payment period?		X
(b) If so, are adequate records maintained on such material to protect the Government's interest?		
4. Do you consider the assay controls in effect are adequate?	X	
5. Do you consider that the manner of disposing of production gives the Government its fair royalty returns?	X	
6. Do your periodic examinations of operations indicate the Operator is properly reporting his production of ores subject to DMEA royalties?	X	
7. Does the Operator buy from or sell to other Operators?		X

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

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Date **October 29, 1957**

Henry W. Jones
Henry W. Jones
Mining Engineer

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DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

SECOND ROYALTY AUDIT CERTIFICATE

I have examined the records and sales documents pertaining to the sale of copper ore for the period July 29, 1954 to January 31, 1957, by the

The Marshall Mining Company,
a partnership composed of
George V. Marshall, Maurice M. Marshall
and Mrs. Virgil L. Marshall
36 Fifth Street
San Francisco, California

produced from the Marshall Mine, located in Elko County, Nevada, approximately 40 miles north of Wells, Nevada, on which royalties are due the U. S. Government under the terms of Contract No. Idm-8153, Docket No. DMA-67X(Copper), dated September 19, 1951, including Amendment No. 1 and 2, and Amended Contract dated May 29, 1953, including Amendment No. 1 to 4, inclusive.

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

The audit established the net sales of copper ore for this period to be $114,919.35. Royalty due the United States Government at the contract rates specified in the contract is $5,268.20.

A prior audit conducted by this auditor for the period September 19, 1951 to July 28, 1954, found the net sales to be $79,003.76, which added to net sales for this period make a total of $193,923.11 as of January 31, 1957. The royalty account as of July 28, 1954, was

Total Royalties Due	$3,191.96
Total Royalties Paid	3,191.96
Balance of Royalty Due	$ 0.00

As of January 31, 1957, the royalty account of this project was found to be

Total Royalties Due	$8,460.16
Total Royalties Paid	8,704.28
Overpayment of Royalties	$ 244.12

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George Mayer
George Mayer
Auditor

March 26, 1957

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SECOND ROYALTY AUDIT REPORT

I. INTRODUCTION

On March 12, 1957 an audit was made of the production, sales and royalty accounts and records of

The Marshall Mining Company
a partnership comprised of
George V. Marshall, Maurice M. Marshall
and Mrs. Virgil L. Marshall
36 Fifth Street
San Francisco, California

pertaining to the sale of copper ore during the period of July 29, 1954 to January 31, 1957, produced from property known as the Marshall Mine, located in Elko County, Nevada, approximately 40 miles north of Wells, Nevada, on which royalties are due the U. S. Government under the terms of Contract No. Idm-8153, Docket No. DMA-67X(Copper), dated September 19, 1951, including Amendment No. 1 and 2, and Amended Contract dated May 29, 1953, including Amendment No. 1 to 4, inclusive.

During the period that royalties were due and payable to the Government, the Marshall Mine was operated by the following operators:

		Period of Operations
(a)	The Marshall Mining Company 36 Fifth Street San Francisco, California	9-19-51 to 7-19-54
(b)	Murray A. Schutz, Assignee 127 Montgomery Street San Francisco, California	7-20-54 to 10-8-55
(c)	The Marshall Mining Company 36 Fifth Street San Francisco, California	10-9-55 to 4-8-56
(d)	J. A. Terteling and Sons Boise, Idaho	4-9-56 to 1-31-57
(e)	The Marshall Mining Company 36 Fifth Street San Francisco, California	Property reacquired 2-1-57

Under item (b) listed above, The Marshall Mining Company entered into a lease and option agreement with Murray A. Schutz. This agreement was dated July 20, 1954, for a period of 10 years. On November 26, 1954, the Government consented to the assignment of the exploration contract to Murray A. Schutz. The Marshall Mining Company repossessed the mining properties October 8, 1955, due to Murray A. Schutz failing to comply with the terms of the contract.

Under item (4) listed above, the Marshall Mining Company entered into a lease and purchase agreement with J. A. Terteling and Sons. This agreement was dated April 9, 1956, and covered the period ending December 31, 1956. The Marshall Mining Company extended the agreement terms to January 31, 1957, however J. A. Terteling and Sons terminated the agreement January 31, 1957, and the Marshall Mining Company are again the sole operators of the mining property, effective February 1, 1957.

The records pertaining to this contract are located in The Marshall Mining Company office, 36 Fifth Street, San Francisco, California. The accounts and records of the operator are audited each fiscal year ending June 30, by William Delge & Company, Certified Public Accountants, San Francisco, California.

Mr. S. Ricker, Executive Officer, Region II, and Mr. Glenn G. Gentry, Mining Engineer, U. S. Bureau of Mines, collaborated in the audit, for which their assistance is hereby acknowledged.

II. GENERAL INFORMATION

A certificate of discovery was issued under date of March 16, 1953, which was superseded by certificate of discovery dated February 17, 1956, and the producing area subject to royalties, is described in Article 2 of Amended Contract as follows:

> "Patented mining claims Allen, Delano No. 1, Delano No. 2, Bellevue, Copper King, Copper King No. 2, Arkansas, Western Union; and unpatented claim Lincoln, approximately in Section 13, T. 45N, R. 63E, Salmon River Mining District, about 2 miles northwest of Contact."

Under provisions of Annex III of the Amended Contract and Amendment No. 4 of the Amended Contract, the Government is entitled to a percentage royalty on all minerals mined or produced from the land described in said Article 2 for a period of 14 years from the date of the Prior Contract (September 19, 1951) or until the total amount contributed by the Government without interest is fully repaid, whichever occurs first.

The following royalty audit was made by this auditor in connection with royalties due the U. S. Government, under the terms of the contract.

Royalty Audit	Period Covered	Date of Audit Report
1st Royalty Audit	9-19-51 to 7-28-54	10-25-54

The first royalty audit report showed the period covered as August 30, 1952 to July 28, 1954, which covered the dates the copper ore was received at smelter, whereas the correct audit period should have been from the date of contract September 19, 1951 to July 28, 1954. This second royalty audit covers the period July 29, 1954 to January 31, 1957, and the combined results of the two audits are discussed in this report.

The exploration project was completed during October 1955, and a Report of Review dated January 17, 1956, prepared by this auditor, shows the total accepted costs of the exploration in amount of $73,726.30, with the Government's contribution, on a 50 percent basis as $36,863.15.

The first royalty audit included a list of overpayments and underpayments of royalty applicable to the period September 19, 1951, to July 19, 1954, indicating a net overpayment of $6.43; however, due to the small amount involved, no adjustment of such royalty payments was made in the audit report. Recomputation of the royalty due in connection with this second royalty audit has indicated a net overpayment of $66.30, rather than $6.43, as being applicable to that period as shown on page 1 of Exhibit "B" attached to this report.

All of the royalty payments were based on settlement statements prepared by the American Smelting and Refining Company, Garfield, Utah, and each settlement statement showed lot numbers for each shipment of copper ore received at the smelter. These lot numbers were numbered consecutively, and each of the operators had their own series of consecutive numbers. A complete set of all settlement statements were in the files of The Marshall Mining Company and the audit revealed that these settlement statements were identical to the settlement statements attached to the royalty payment files in the Finance Office, Region II, San Francisco, California.

III. SCOPE OF AUDIT AND FINDINGS

A. Conference with Executive Officer

A conference with Mr. S. Ricker, Executive Officer, and certain information furnished by the Examining Engineer (Mr. James) disclosed the following:

(a) The operator does not stockpile ore subject to DMEA royalty repayment.

(b) The operator does not commingle production subject to DMEA royalties with exempt production.

(c) The operator does not stockpile mine or mill rejects that may have potential value within the royalty period.

(d) The assay controls in effect are considered adequate.

(e) The manner of disposing of production is considered as giving the Government its fair royalty returns.

(f) Periodic examinations indicate the operator is properly reporting the production of ores subject to DMEA royalties.

(g) There has been no indication that the operator buys ore from, or sells ore to other operators.

B. Audit of Settlement Statements

A considerable amount of preaudit work was accomplished in the Finance Office, Region II, San Francisco, California, prior to field audit. During this preaudit work a statement of royalties received was prepared from copies of settlement sheets furnished by the purchaser of copper ore in support of royalty payments made directly by the operators to the Regional DMEA Executive Officer. The royalty receipts were verified with deposits made by the Regional Finance Officer. All of the data included in the statement was confirmed. This statement, which is filed as part of my audit work papers, was reconciled with the production and sales records, including lessee records maintained in The Marshall Mining Company office, located at 36 Fifth Street, San Francisco, California.

All purchases of copper ore made by the American Smelting and Refining Company, Garfield, Utah, are settled on weekly quotations listed in the Engineering and Mining Journal. During the period September 19, 1951 to October 8, 1955 the operator did not pay for the cost of assay work, and accepted the buyer's assay analysis, which was in accordance with an agreement with the buyer, however this procedure was discontinued and assay costs have been included in all settlement statements subsequent to October 8, 1955. A verification of the E. & M. J. weekly prices was made during the course of the audit.

IV. CONCLUSION

A summary analysis of the Operator's sales of copper ore subject to DMEA royalties is set forth in Exhibit "A" attached to this report.

A detail of royalty payments is filed as part of the audit work papers.

The audit has confirmed the accuracy and propriety of the royalty payments received by the Regional Finance Officer during the period September 19, 1951 to January 31, 1957. It has also determined that all indicated sales of copper ore subject to repayment

royalties under the exploration contract, for which settlement statements have been released, have been properly accounted for, other than the net overpayment of $244.12 made to the Government, covering errors in royalty calculations, which are detailed in Exhibit "B" attached to this report.

George Mavor
George Mavor
Auditor

March 26, 1957

EXHIBIT "A"

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THE MARSHALL MINING COMPANY
SCHEDULE OF COPPER ORE PURCHASES
BY AMERICAN SMELTING AND REFINING COMPANY, GARFIELD, UTAH
SUBJECT TO DMEA ROYALTY

	The Marshall Mining Company	Murray A. Schutz, Assignee	The Marshall Mining Company	J. A. Terteling & Sons	Combined Total
Operation Period	9-19-51 to 7-19-54	7-20-54 to 10-8-55	10-9-55 to 4-8-56	4-9-56 to 1-31-57	9-19-51 to 1-31-57
Wet Weight - lbs	15,517,960	637,280	4,965,880	11,154,180	32,275,300
Moisture - lbs	736,580	25,412	278,899	521,577	1,562,468
Dry Weight - lbs	14,781,380	611,868	4,686,981	10,632,603	30,712,832
Dry Weight - Tons	7,390.690	305.934	2,343.4905	5,316.3015	15,356.416
Gross Value	$115,393.75	$3,051.41	$33,716.56	$110,630.27	$262,791.99
Allowable Deductions	36,389.99	1,138.60	9,141.18	22,199.11	68,868.88
Net Value	$ 79,003.76	$1,912.81	$24,575.38	$ 88,431.16	$193,923.11
Average Net Value per Dry Ton	$10.69	$ 6.25	$10.49	$16.63	$12.63
Total Royalties Due	$3,125.66	$64.44	$1,004.09	$4,265.97	$8,460.16
Total Royalties Paid	3,191.96	72.54	1,013.06	4,426.72	8,704.28
Overpayment of Royalties See Exhibit "B" attached	$66.30	$ 8.10	$8.97	$160.75	$244.12

Note:
Royalties were computed at contract rates of 1 1/2% to 5%

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THE MARSHALL MINING COMPANY
SUMMARY OF ERRORS IN ROYALTY PAYMENTS

Date Rec'd Smelter	Operator's Lot No.	Dry Tons	Net Value	Net Value Per Ton	Royalty Paid by Operator %		Amount	Royalty Should Be %	Amount	Payments Over (Short)
The Marshall Mining Company - Operating Period 9-19-51 to 7-19-54										
9-23-52	2	42.123	$ 452.40	$10.74	5		$ 22.62	4	$ 18.10	$ 4.52
10-27-52	5	44.095	372.69	8.45	2		7.45	1 1/2	5.59	1.86
10-13-52	6	5.603	51.60	9.21	3	*	1.43	2 1/2	1.29	.14
11-10-52	7	48.908	441.40	9.03	3		13.24	2 1/2	11.04	2.20
11-21-52	8	52.253	586.21	11.22	5		29.31	4 1/2	26.38	2.93
12-1-52	9	44.554	430.41	9.66	3 1/2		15.06	3	12.91	2.15
4-6-53	11	56.530	1,270.22	22.47	5		63.53	5	63.51	* .02
4-20-53	17	55.585	495.82	8.92	2 1/2		12.40	2	9.92	2.48
4-23-53	18	61.044	595.20	9.75	3 1/2		20.83	3	17.86	2.97
5-18-53	31	40.970	450.68	11.00	5		22.53	4 1/2	20.28	2.25
5-19-53	32	50.259	589.54	11.73	5		29.50	5	29.48	* .02
5-25-53	35	47.679	438.18	9.19	3		13.15	2 1/2	10.95	2.20
5-30-53	38	45.387	473.71	10.44	4		18.95	3 1/2	16.58	2.37
6-1-53	40	47.502	233.49	4.92	1 1/2		3.62	1 1/2	3.50	* .12
6-9-53	43	48.715	532.64	10.93	4 1/2		23.97	4	21.31	2.66
7-18-53	62	50.237	404.40	8.05	2 1/2		10.11	1 1/2	6.07	4.04
7-20-53	63	51.658	501.33	9.70	3 1/2		17.55	3	15.04	2.51
7-29-53	68	47.061	378.57	8.04	2 1/2		9.46	1 1/2	5.68	3.78
8-1-53	70	39.979	448.22	11.21	5		22.41	4 1/2	20.17	2.24
8-4-53	71	50.195	496.70	9.90	3 1/2		17.38	3	14.90	2.48
9-12-53	85	42.635	363.46	8.52	2 1/2		9.09	2	7.27	1.82
10-1-53	87	38.352	313.35	8.17	2 1/2		7.83	1 1/2	4.70	3.13
11-5-53	94	54.471	173.17	3.18	1 1/2		2.70	1 1/2	2.60	* .10
11-12-53	96	41.705	429.13	10.29	4		17.17	3 1/2	15.02	2.15
11-18-53	98	54.943	583.89	10.63	4 1/2		26.28	4	23.36	2.92
12-20-53	106	48.841	460.33	9.43	3		13.81	2 1/2	11.51	2.30
12-23-53	107	42.527	390.35	9.18	3		11.71	2 1/2	9.76	1.95
1-4-54	1	37.193	323.96	8.71	3		9.72	2	6.48	3.24
1-18-54	8	42.512	166.44	3.92	1 1/2		2.24	1 1/2	2.50	* (26)
7-2-54	31	53.374	458.52	8.59	2 1/2		11.46	2	9.17	2.29
7-10-54	32	54.456	545.88	10.02	4		21.83	3 1/2	19.11	2.72
Total Royalty Overpayment							$508.34		$442.04	$66.30

* Errors in Extensions

THE MARSHALL MINING COMPANY
SUMMARY OF ERRORS IN ROYALTY PAYMENTS

Date Rec'd Smelter	Operator's Lot No.	Dry Tons	Net Value	Net Value Per Ton	Royalty Paid by Operator %	Royalty Paid by Operator Amount	Royalty Should Be %	Royalty Should Be Amount	Payments Over (Short)
Murray A. Schutz, Assignee - Operating Period 7-20-54 to 10-8-55									
10-13-54	2	64.193	$ 69.76	$ 1.09	3 1/2	$ 2.44	1 1/2	$ 1.05	$ 1.39
9-10-55	1	43.817	436.12	9.95	4	17.44	3	13.08	4.36
10-13-55	3	43.495	469.05	10.78	4 1/2	21.11	4	18.76	2.35
Total Royalty Overpayment						$40.99		$32.89	$ 8.10
The Marshall Mining Company - Operating Period 10-9-55 to 4-8-56									
10-26-55	3	54.369	$623.89	$11.48	5	$31.19	4 1/2	$ 28.08	$ 3.11
10-31-55	5	59.483	648.95	10.91	4 1/2	29.29	4	25.96	3.24
11-7-55 (a)	11	34.602	106.46	3.07	1 1/2	1.66	1 1/2	1.60	* .06
12-12-55	30	60.074	983.69	16.37	5	49.92	5	49.18	* .74
3-29-56	9	Add'l Amt.	68.41	5.78	5	3.42	1 1/2	1.03	2.39
4-3-56	11	51.724	582.14	10.30	4	20.89	3 1/2	18.27	2.62
4-3-56	11	Add'l Amt.	10.86	10.30	5	.54	3 1/2	.38	.16
11-7-55 (a)	11	Royalty due Gov't on Freight Claim in amount $223.58 for loss of ore. Claim paid by American Smelting and Refining Co. Vou. #4865 April 1956 to The Marshall Mining Company			1 1/2	-0-	1 1/2	3.35	(3.35)
Total Royalty Overpayment						$136.82		$127.85	$ 8.97

* Errors in Extensions

(a) Net Value Per Ton Calculation
To Obtain Royalty Percentage
On Freight Claim
Lot No. 11 Received at Smelter 11-7-55

Smelter Settlement	$106.46
Add: Freight Claim	223.58
Amt rec'd by Operator	$330.04
Estimated Ore Shipped	50 Tons

$330.04 divided by 50 Tons = $6.60 Net Value Per Ton
or Royalty Rate of 1 1/2 percent

THE MARSHALL MINING COMPANY
SUMMARY OF ERRORS IN ROYALTY PAYMENTS

Date Rec'd Smelter	Operator's Lot No.	Dry Tons	Net Value	Net Value Per Ton	Royalty Paid by Operator %	Royalty Paid by Operator Amount	Royalty Should Be %	Royalty Should Be Amount	Payments Over (Short)
J. A. Terteling & Sons - Operating 4-9-56 to 1-31-57									
4-28-56	5	Royalty paid in error on freight refund of $102.94, not applicable to BMRA			5	$ 5.15	-0-	$ -0-	$ 5.15
7-[illegible]-56	16	210.888	$2,193.23	$10.40	5	109.66	3 1/2	76.76	32.90
7-23-56	17	213.938	2,434.89	11.38	5	121.75	4 1/2	109.57	12.18
9-27-56	24	202.530	2,194.74	10.83	5	109.74	4	87.79	21.95
10-25-56	27	208.118	2,052.55	9.86	5	102.63	3	61.58	41.05
11-15-56	29	202.757	2,100.72	10.36	5	105.04	3 1/2	73.53	31.51
2-4-57	36	106.440	1,067.65	10.03	5	53.38	3 1/2	37.37	16.01
Total Royalty Overpayment						$607.35		$446.60	$160.75

SUMMARY OF ERRORS

The Marshall Mining Company	-	Operating Period 9-19-51 to 7-19-54	$ 66.30
Murray A. Schutz, Assignee	-	" " 7-20-54 to 10-8-55	8.10
The Marshall Mining Company	-	" " 10-9-55 to 4-8-56	8.97
J. A. Terteling & Sons	-	" " 4-9-56 to 1-31-57	160.75
Combined Total Royalty Overpayment		" " 9-19-51 to 1-31-57	$244.12

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Check Sheet of Examining Engineer

Operator's Name The Marshall Mining Company

Address 36 Fifth Street

San Francisco, California

Exploration Contract No. Idm-E 153 Docket No. DMA-67X

	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 royalties with exempt production?	X	
(b) If so, do you consider the allocation of the commingled production equitable?		
3. (a) Does the Operator stockpile mine or mill rejects (low grade ore, tailing, middlings, etc.) that may have potential value within the royalty payment period?		X
(b) If so, are adequate records maintained on such material to protect the Government's interest?		
4. Do you consider the assay controls in effect are adequate?	X	
5. Do you consider that the manner of disposing of production gives the Government its fair royalty returns?	X	
6. Do your periodic examinations of operations indicate the Operator is properly reporting his production of ores subject to DMEA royalties?	X	
7. Does the Operator buy from or sell to other Operators?		X

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8. Comment on any [illegible] (b) [illegible] if answer is No.

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DATE	INITIALS	CODE

Date March 20, 1957

Mining Engineer

for Henry W. Jones

82448

11/17/54 gla

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DEFENSE MINERALS EXPLORATION ADMINISTRATION

CONTRACT ADMINISTRATION AND AUDIT DIVISION

FIRST ROYALTY AUDIT CERTIFICATE

I have examined the records and sales documents pertaining to the sale of copper ore for the period August 30, 1952 to July 28, 1954, by:

DMA-67X

The Marshall Mining Company,
A partnership composed of
George V. Marshall, Maurice M. Marshall
and Mrs. Virgil L. Marshall
36 - Fifth Street
San Francisco, California

produced from the Marshall Mine, Elko County, Nevada, under the terms of Contract No. Idm-E153, Docket No. DMA-67X.

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

The audit established total sales of copper ore for this period to be $79,003.76. Royalty due the U. S. Government, at the contract rates of 1-1/2 to 5 percent, is $3,191.96. The royalty due and paid is as follows:

Total Royalties Due	$3,191.96
Total Royalties Paid	3,191.96
Balance of Royalties Due:	-0-

George Mavor

George Mavor
Auditor

October 25, 1954

FIRST ROYALTY AUDIT REPORT

I INTRODUCTION

On October 14 and 15, 1954, an audit of royalty payments received, covering the period August 30, 1952, to July 28, 1954, was made of ore produced and sold under Contract No. Idm-1153, Docket No. MM-677, by:

The Marshall Mining Company
A partnership composed of
George V. Marshall, Maurice M. Marshall
and Mrs. Virgil L. Marshall
36 - Fifth Street,
San Francisco, California

covering a project of exploration for copper, located in Elko County, Nevada, and generally known as the Marshall Mine.

The mining properties are reached by Highway 40 to Wells, Nevada, then north 40 miles to Contact, and turn off at Ring's Store, proceeding west one mile.

The records pertaining to this contract are located in the company's office at the above San Francisco address. However, the books are maintained by Carl Bachand, C.P.A., a staff member of William Dolge & Company, Certified Public Accountants.

During the course of the audit, the following representatives of The Marshall Mining Company were consulted when necessary:

Maurice M. Marshall, Partner
Carl Bachand, Accountant

Mr. H. C. Miller, Executive Officer, and Mr. Glenn G. Gontry, Mining Engineer, U. S. Bureau of Mines, collaborated in the audit.

The cooperation of all concerned greatly facilitated the audit.

II GENERAL INFORMATION

A Certificate of Discovery was issued under date of March 16, 1953 and the producing area subject to royalty was described under Article 2 of the contract as follows:

"The Allen, Delano No. 1, Delano No. 2, Bellevue, Copper King, Copper King No. 2, Arkansas, Western Union; and unpatented claim Lincoln, approximately in Section 13, T.45N., R63E, Salmon River Mining District, about 2 miles northwest of Contact."

The above-described properties constitute the entire mining area and are known as The Marshall Mine.

The Original (long form) Contract was issued under date of September 19, 1951, and subsequently an Amended (short form) Contract was issued under date of May 29, 1953. The last part of Annex II, attached to the Amended Contract, reads as follows:

"Said royalty shall be a percentage of the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal."

The mineral mined is copper, and royalties would have to be paid the Government on all production for a period of 10 years, from September 19, 1951, which is the date of the Original Contract. The royalty payments would terminate any time during the 10-year period, provided the Government Loan is paid in full.

The Amended Contract, dated May 29, 1953, showed the total estimated cost of the project as $74,621.37 and the Government participation at 50% as $37,310.68, and Amendment No. 1 shows the completion date to be "prior to January 1, 1955."

The total cost of the contract, and the Government 50% participation, as of August 31, 1954, is as follows:

	Cost	Government Participation 50%
Original Contract Cost Basis	$43,899.80	$21,949.90
Amended Contract Agreed Unit Costs	9,347.25	4,673.62
Totals:	$53,247.05	$26,623.52

The total Government participation, as of August 31, 1954, amounts to $26,623.52 and the royalty repayments, as of July 31, 1954, amount to $3,191.96, which would leave an unpaid balance of the Government Loan in amount of $23,431.56, as of August 31, 1954. There were no ore shipments to the American Smelting and Refining Company, Garfield, Utah, during the month of August 1954 due to strike conditions at the smelter. Therefore, no royalties were paid during August 1954.

III SCOPE OF AUDIT AND FINDINGS

The audit was limited to determining the accuracy and propriety of royalty repayments, received by the Finance Officer, for the period August 30, 1952 to July 28, 1954, and a determination that all indicated sales of ores subject to repayment royalties under the exploration contract, for which settlement sheets had been released, have been properly accounted for.

The extent of the audit and the findings follows:

Conference with Executive Officer

Conference with the Executive Officer and certain information furnished by the Examining Engineer, U. S. Bureau of Mines, during the audit disclosed the following:

The operator does not stockpile ore subject to royalty repayment. All ore produced and sold by The Marshall Mining Company is subject to royalty repayment. The ore produced at the mine is segregated between good ore and waste. The good ore is transported one mile by dump truck to Contact, Nevada, where it is loaded into railroad freight cars and transported to American Smelting and Refining Company's Plant at Garfield, Utah. The waste taken from the mine has no commercial value.

The operator has a purchase agreement, dated May 12, 1952, with the American Smelting and Refining Company, Garfield, Utah, (Copy attached) and copper price is based on weekly quotations by the Engineering and Mining Journal, gold price is based on present Mint price of $34.9125 per Troy ounce, silver at 95% of average Handy & Harman, New York weekly silver quotations. The operator does not pay for the cost of assay work, and accepts the Buyer's assay analysis. This procedure is in accordance with contract terms.

It was agreed that the operator was producing and shipping ore in a reasonably efficient manner to insure an adequate recovery.

Audit of Settlement Statements

A complete review was made of all settlement statements, and the following schedules prepared, which form part of this report:

Schedule of Royalty Repayments
Schedule of Royalty Purchases by Smelter

The Schedule of Royalty repayments was prepared from the finance office records, and verified to the certificates of deposit, and the total royalty repayments for the period August 30, 1952 to July 28, 1954, in amount of $3,191.96, was in agreement with the finance office ledger account. This amount was also verified in detail to the operator's cash disbursement records.

The Schedule of Royalty Purchases by Smelter was prepared from the smelter settlement statements. The verification of these settlement statements included the calculations of gross lbs. shipped, less moisture, to obtain the dry lbs. shipped and the conversion of each shipment to dry tons (2,000 lbs.) and computing the net value per dry ton for the purpose of determining the applicable royalty percentage. A sufficient test of the mathematical accuracy of the gross value shown on settlement statements was made, together with verification of quoted prices and no errors were discovered.

Audit of Operator's Records

The operator does not maintain a general ledger, however, a separate cash receipt and disbursement record is maintained together with a separate bank account for mining operations, and at the end of each calendar year, William Dolge & Company, Certified Public Accountants, reconcile the bank account and review the year's transactions and then prepare a balance sheet and profit and loss statement.

The checks received from the American Smelting and Refining Company are entered in the cash receipt record and these checks agree with the smelter settlement statements, which show the net amount due the operator. The cash disbursement record listed all checks payable to the Government for royalty repayments, and the audit disclosed that these repayments had been promptly made.

The operator does not maintain a production record, however, the operator does maintain work sheets which list all the settlement sheets received from the smelter. These work sheets show the operator's lot number, gross lbs., moisture lbs., net lbs., and net tonnage of each shipment. Also the gross value, freight deductions and net value, together with the production of lbs. of copper and ounces of gold and silver, obtained from each shipment. These work sheets were examined during the course of the audit.

The ore produced at the mine is segregated between good ore and waste. The good ore is transported one mile by dump truck from the mine to Contact, Nevada where it is loaded into freight cars, and after the truck loads equal a minimum carload of 50 tons

the freight car is ready for shipment to the smelter at Garfield, Utah. As there is no freight agent at Contact, Nevada, the operator prepares a bill of lading and shows a memorandum weight of 100,000 lbs. This bill of lading is picked up by train crew and taken to Twin Falls, Idaho, a distance of 65 miles, where the railroad agent completes the bill of lading. However, the actual freight charges are not determined until the freight car arrives at the smelter. The waste taken from the mine has no commerical value.

IV CONCLUSIONS

The audit has confirmed the accuracy and propriety of the royalty repayments received by the Finance Officer during the period August 30, 1952 to July 28, 1954. It has also determined that all indicated sales of ore subject to repayment royalties under the exploration contract, for which settlement statement have been released, have been properly accounted for, other than the net overpayment of $6.43 made to the Government, covering minor errors in royalty calculations, and detailed in attached Schedule of Royalty Purchases by Smelter. Due to the small amount involved, no adjustment was made in this audit report, however, the operator can deduct this overpayment from future royalty repayments should he so desire.

George Mavor

George Mavor
Auditor

October 25, 1954

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SCHEDULE OF ROYALTY REPAYMENTS
THE MARSHALL MINING COMPANY
CONTRACT NO. IDM-E153, DOCKET NO. DMA-67X

CERTIFICATES OF DEPOSIT

Date	No.	Amount
10-22-52	856	$66.11
12-8-52	1199	21.41
1-22-53	1513	188.78
3-26-53	1989	683.11
6-5-53	2540	183.80
6-22-53	2656	267.49
6-30-53	2719	327.19
7-31-53	227	357.43

SETTLEMENT SHEETS

AMERICAN SMELTING AND REFINING COMPANY

Date	No.	Amount
9-10-52	2203	$43.49
10-7-52	2437	22.62
10-18-52	2565	3.87
10-18-52	2632	8.66
11-4-52	2775	7.45
11-4-52	2797	1.43
11-18-52	2901	13.24
11-28-52	2992	29.31
12-9-52	3071	15.06
12-30-52	3235	83.63
1-7-53	3297	47.54
1-9-53	29	66.05
1-26-53	150	112.37
2-4-53	211	108.36
2-10-53	259	132.55
2-19-53	316	112.08
2-27-53	388	77.48
3-9-53	449	74.22
3-16-53	521	67.48
3-23-53	543	75.16
4-10-53	680	41.16
4-21-53	747	63.58
4-21-53	788	59.56
4-21-53	793	39.83
4-27-53	817	44.28
4-27-53	825	3.64
4-27-53	869	5.78
5-5-53	893	12.40
5-5-53	921	20.83
5-13-53	954	4.21
5-13-53	960	3.29
5-13-53	1002	3.45
5-20-53	1023	2.37
5-20-53	1029	4.32
5-20-53	1030	4.60
5-20-53	1073	4.41
5-26-53	1107	5.70
5-26-53	1114	5.07
5-26-53	1140	4.23
5-26-53	1147	4.24
6-3-53	1182	29.07
6-3-53	1183	22.53
6-3-53	1200	29.50
6-3-53	1226	32.84
6-3-53	1244	18.34
6-10-53	1262	13.15
6-10-53	1267	36.36
6-10-53	1301	54.14
6-10-53	1323	18.95
6-10-53	1324	40.44
6-15-53	1337	3.62
6-15-53	1391	57.19
6-23-53	1411	32.56
6-23-53	1422	23.97
6-23-53	1462	50.70
6-30-53	1504	-0-

SCHEDULE OF ROYALTY REPAYMENTS
THE MARSHALL MINING COMPANY
CONTRACT NO. IDM-E153, DOCKET NO. DMA-67X

CERTIFICATES OF DEPOSIT			SETTLEMENT SHEETS AMERICAN SMELTING AND REFINING COMPANY		
Date	No.	Amount	Date	No.	Amount
			6-30-53	1522	.09
			6-30-53	1532	49.47
			6-30-53	1533	47.48
			7-8-53	1562	35.15
			7-8-53	1579	33.56
			7-13-53	1650	4.96
			7-13-53	1651	4.79
			7-13-53	1666	5.29
			7-13-53	1695	4.34
			7-13-53	1701	5.04
			7-13-53	1702	2.84
8-26-53	392	283.56	7-21-53	1731	30.88
			7-21-53	1744	46.25
			7-21-53	1779	42.37
			7-29-53	1794	3.13
			7-29-53	1828	5.35
			7-29-53	1841	10.11
			8-3-53	1864	17.55
			8-3-53	1865	4.36
			8-3-53	1912	4.05
			8-4-53	1920	32.55
			8-11-53	1931	5.58
			8-11-53	1954	9.46
			8-11-53	1970	32.13
			8-11-53	1985	22.41
			8-17-53	2014	17.38
10-6-53	636	22.47	8-17-53	2045	3.46
			8-17-53	2046	.30
			8-24-53	2080	.78
			8-24-53	2095	-0-
			9-1-53	2139	.44
			9-1-53	2152	2.22
			9-1-53	2179	1.59
			9-1-53	2191	-0-
			9-8-53	2215	-0-
			9-9-53	2241	1.06
			9-9-53	2248	3.08
			9-9-53	2266	5.25
			9-14-53	2290	4.29
11-17-53	946	30.85	9-21-53	2365	9.09
			9-28-53	2402	13.93
			10-14-53	2548	7.83
12-30-53	1208	199.65	10-26-53	2657	3.98
			10-27-53	2717	4.17
			11-10-53	2804	3.73
			11-10-53	2805	.76
			11-18-53	2888	4.37
			11-18-53	2889	5.09
			11-18-53	2920	2.70
			11-24-53	2958	4.47
			11-24-53	2991	17.17
			12-1-53	3030	32.58
			12-1-53	3058	26.28
			12-1-53	3117	22.42
			12-8-53	3166	36.40
			12-14-53	3208	35.53
1-29-54	1421	246.26	12-21-53	3258	43.65
			12-21-53	3274	40.98
			12-31-53	3343	34.51
			12-31-53	3393	44.13

SCHEDULE OF ROYALTY REPAYMENTS
THE MARSHALL MINING COMPANY
CONTRACT NO. IDM-E153, DOCKET NO. DMA-67X

CERTIFICATES OF DEPOSIT			SETTLEMENT SHEETS AMERICAN SMELTING AND REFINING COMPANY		
Date	No.	Amount	Date	No.	Amount
			1-5-54	3420	13.81
			1-5-54	3448	11.71
			1-7-54	3482	28.53
			1-13-54	3520	28.94
3-12-54	1704	90.21	1-13-54	26	9.72
			1-18-54	27	25.47
			1-18-54	50	30.50
			1-18-54	71	4.92
			1-26-54	129	4.06
			1-26-54	141	4.42
			2-1-54	185	4.68
			2-1-54	186	2.24
			2-3-54	245	2.16
			2-9-54	267	2.04
5-3-54	2022	26.87	2-16-54	320	2.63
			2-16-54	321	2.24
			2-16-54	390	3.27
			2-25-54	424	2.38
			3-9-54	552	3.36
			3-9-54	596	3.91
			3-16-54	622	9.08
6-16-54	4	39.74	3-23-54	696	3.24
			3-30-54	783	.92
			4-7-54	832	3.70
			4-14-54	910	1.83
			4-14-54	920	.72
			4-21-54	976	4.73
			4-28-54	1045	5.15
			4-28-54	1050	3.78
			4-28-54	1112	1.40
			5-11-54	1196	2.84
			5-27-54	1403	11.43
8-17-54	5	157.03	7-6-54	1865	32.94
			7-15-54	1929	4.95
			7-15-54	1958	11.46
			7-20-54	2036	21.83
			7-30-54	2113	31.48
			8-3-54	2172	36.87
			8-11-54	2238	17.50
		$3,191.96			$3,191.96

Minerals Administration
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SCHEDULE OF ROYALTY PURCHASES BY SMELTER
THE MARSHALL MINING COMPANY
CONTRACT NO. IDM-E153, DOCKET NO. DMA-67X

Purchased by American Smelting and Refining Company, Garfield, Utah

	Date Rec'd at Smelter	Operator's Lot No.	Ore Shipped Wet lbs.	Ore Shipped Dry lbs.	Dry Tons	Gross Value	Allowable Frt. Deductions	Net-Subject to Royalty	Net Value per ton	Royalty Percentage	Royalty due and paid U. S.
	8-30-52	1	111,620	109,500	54.750	$1,151.39	$281.61	$869.78	$15.89	5	$43.49
(a)	9-23-52	2	88,680	84,246	42.123	656.70	204.30	452.40	10.74	5	22.62
	10-6-52	3	81,420	77,594	38.797	445.78	187.57	258.21	6.66	1-1/2	3.87
(b)	10-13-52	4	80,000	75,840	37.920	530.88	184.31	346.57	9.14	2-1/2	8.66
	10-27-52	5	94,320	88,190	44.095	589.99	217.30	372.69	8.45	2	7.45
(c)	10-13-52	6	11,600	11,206	5.603	51.60	-0-	51.60	9.21	3	1.43
	11-10-52	7	102,640	97,816	48.908	677.86	236.46	441.40	9.03	3	13.24
	11-21-52	8	110,940	104,506	52.253	841.80	255.59	586.21	11.22	5	29.31
	12-1-52	9	92,820	89,108	44.554	644.25	213.84	430.41	9.66	3-1/2	15.06
	12-22-52	10	98,460	95,210	47.605	2,024.16	351.63	1,672.53	35.13	5	83.63
	12-29-52	11	109,400	104,806	52.403	1,226.75	276.01	950.74	18.14	5	47.54
	1-3-53	1	95,140	92,190	46.095	1,620.24	299.20	1,321.04	28.66	5	66.05
	1-19-53	2	98,760	94,414	47.207	2,600.16	352.69	2,247.47	47.60	5	112.37
	1-26-53	3	113,540	109,566	54.783	2,572.61	405.48	2,167.13	39.56	5	108.36
	2-2-53	4	106,580	102,210	51.105	3,076.52	425.44	2,651.08	51.87	5	132.55
	2-10-53	5	117,360	111,492	55.746	2,660.76	419.13	2,241.63	40.21	5	112.08
	2-19-53	6	112,320	107,714	53.857	1,902.77	353.23	1,549.54	28.77	5	77.48
	2-27-53	7	99,460	95,978	47.989	1,797.19	312.79	1,484.40	30.93	5	74.22
	3-6-53	8	105,720	101,174	50.587	1,616.25	266.73	1,349.52	26.68	5	67.48
	3-9-53	9	115,260	109,152	54.576	1,793.91	290.80	1,503.11	27.54	5	75.16
	3-28-53	10	100,700	96,370	48.185	1,055.25	232.00	823.25	17.09	5	41.16
(d)	4-6-53	11	118,760	113,060	56.530	1,543.83	273.61	1,270.22	22.47	5	63.53
	4-10-53	12	129,500	121,342	60.671	1,489.47	298.35	1,191.12	19.63	5	59.56
	4-11-53	13	106,420	99,928	49.964	1,041.75	245.18	796.57	15.94	5	39.83
	4-13-53	14	110,360	103,628	51.814	1,139.91	254.26	885.65	17.09	5	44.28
	4-14-53	15	94,860	89,168	44.584	461.44	218.55	242.89	5.45	1-1/2	3.64
	4-18-53	16	118,600	112,670	56.335	658.56	273.24	385.32	6.84	1-1/2	5.78
	4-20-53	17	117,020	111,170	55.585	765.41	269.59	495.82	8.92	2-1/2	12.40
	4-23-53	18	127,440	122,088	61.044	888.80	293.60	595.20	9.75	3-1/2	20.83
	4-27-53	19	107,360	102,958	51.479	528.17	247.34	280.83	5.46	1-1/2	4.21
	4-27-53	20	94,620	90,552	45.276	437.37	218.00	219.37	4.85	1-1/2	3.29

SCHEDULE OF ROYALTY PURCHASES BY SMELTER
THE MARSHALL MINING COMPANY
CONTRACT NO. IDM-E153, DOCKET NO. DMA-67X

Purchased by American Smelting and Refining Company, Garfield, Utah

	Date Recd. at Smelter	Operator's Lot No.	Ore Shipped Wet lbs.	Ore Shipped Dry lbs.	Dry Tons	Gross Value	Allowable Frt. Deductions	Net-Subject to Royalty	Net Value per ton	Royalty Percentage	Royalty due and paid U. S.
	5-1-53	21	94,640	88,394	44.197	$447.72	$218.03	$229.69	$5.20	1-1/2	$3.45
	5-4-53	22	113,260	109,070	54.535	418.83	260.93	157.90	2.90	1-1/2	2.37
	5-4-53	23	102,360	97,856	48.928	523.53	235.82	287.71	5.88	1-1/2	4.32
	5-4-53	24	94,240	90,658	45.329	524.00	217.12	306.88	6.77	1-1/2	4.60
	5-8-53	25	123,240	119,542	59.771	577.99	283.93	294.06	4.92	1-1/2	4.41
	5-4-53	26	107,940	102,974	51.487	628.66	248.67	379.99	7.38	1-1/2	5.70
	5-12-53	27	110,000	105,380	52.690	591.18	253.42	337.76	6.41	1-1/2	5.07
	5-14-53	28	103,740	99,902	49.951	520.99	239.00	281.99	5.65	1-1/2	4.23
	5-14-53	29	102,180	97,786	48.893	517.78	235.41	282.37	5.78	1-1/2	4.24
	5-18-53	30	95,720	91,796	45.898	801.84	220.53	581.31	12.67	5	29.07
(e)	5-18-53	31	85,000	81,940	40.970	646.51	195.83	450.68	11.00	5	22.53
(f)	5-19-53	32	108,200	100,518	50.259	838.82	249.28	589.54	11.73	5	29.50
	5-22-53	33	104,880	100,056	50.028	898.50	241.63	656.87	13.13	5	32.84
(g)	5-23-53	34	103,840	99,894	49.947	763.19	239.24	523.95	10.49	3-1/2	18.34
	5-25-53	35	98,920	95,358	47.679	666.08	227.90	438.18	9.19	3	13.15
	5-25-53	36	104,280	99,066	49.533	967.38	240.24	727.14	14.68	5	36.36
	5-28-53	37	114,000	108,072	54.036	1,345.50	262.64	1,082.86	20.04	5	54.14
	5-30-53	38	96,980	90,774	45.387	697.14	223.43	473.71	10.44	4	18.95
	5-30-53	39	107,420	100,546	50.273	1,056.24	247.48	808.76	16.09	5	40.44
(h)	6-1-53	40	98,860	95,004	47.502	461.24	227.75	233.49	4.92	1-1/2	3.62
	6-6-53	41	107,920	100,906	50.453	1,392.50	248.63	1,143.87	22.67	5	57.19
	6-8-53	42	102,940	96,660	48.330	888.31	237.16	651.15	13.47	5	32.56
	6-9-53	43	103,320	97,430	48.715	770.67	238.03	532.64	10.93	4-1/2	23.97
	6-12-53	44	117,920	110,492	55.246	1,285.57	271.66	1,013.91	18.35	5	50.70
	6-17-53	45	109,220	104,852	52.426	222.29	251.62	(29.33)	-0-		-0-
	6-18-53	46	110,940	104,950	52.475	261.33	255.59	5.74	.11	1-1/2	.09
	6-19-53	47	110,180	104,120	52.060	1,243.19	253.84	989.35	19.00	5	49.47
	6-19-53	48	87,360	83,866	41.933	1,169.93	220.41	949.52	22.64	5	47.48
	6-22-53	49	99,520	95,042	47.521	932.36	229.29	703.07	14.79	5	35.15

SCHEDULES OF ROYALTY PURCHASES BY SMELTER
THE MARSHALL MINING COMPANY
CONTRACT NO. IDM-E153, DOCKET NO. DMA-67X

Purchased by American Smelting and Refining Company, Garfield, Utah

	Date Rec'd at Smelter	Operator's Lot No.	Ore Shipped Wet lbs.	Ore Shipped Dry lbs.	Dry Tons	Gross Value	Allowable Frt. Deductions	Net-Subject to Royalty	Net Value per ton	Royalty Percentage	Royalty due and paid U. S.
	6-23-53	50	109,420	104,386	52.193	$923.29	$252.08	$671.21	$12.86	5	$33.56
	6-30-53	51	99,900	96,304	48.152	560.49	230.16	330.33	6.86	1-1/2	4.96
	6-30-53	52	110,320	104,474	52.237	573.56	254.16	319.40	6.11	1-1/2	4.79
	7-1-53	53	114,240	107,614	53.807	616.09	263.20	352.89	6.56	1-1/2	5.29
	7-3-53	54	98,320	93,306	46.653	515.98	226.51	289.47	6.20	1-1/2	4.34
	7-4-53	55	98,980	92,646	46.323	563.75	228.04	335.71	7.25	1-1/2	5.04
	7-4-53	56	97,420	91,478	45.739	413.48	224.44	189.04	4.13	1-1/2	2.84
	7-7-53	57	80,060	77,978	38.989	802.00	184.45	617.55	15.84	5	30.88
	7-8-53	58	109,740	106,118	53.059	1,177.91	252.82	925.09	17.44	5	46.25
	7-11-53	59	103,260	98,304	49.152	1,085.28	237.90	847.38	17.24	5	42.37
	7-13-53	60	90,300	86,056	43.028	416.94	208.03	208.91	4.86	1-1/2	3.13
	7-16-53	61	105,880	99,104	49.552	600.57	243.93	356.64	7.20	1-1/2	5.35
(i)	7-18-53	62	105,540	100,474	50.237	647.55	243.15	404.40	8.05	2-1/2	10.11
	7-20-53	63	108,640	103,316	51.658	751.62	250.29	501.33	9.70	3-1/2	17.55
	7-20-53	64	103,680	99,014	49.507	529.72	238.87	290.85	5.87	1-1/2	4.36
	7-24-53	65	107,660	102,062	51.031	517.96	248.03	269.93	5.29	1-1/2	4.05
	7-25-53	66	110,440	104,256	52.128	905.46	254.44	651.02	12.49	5	32.55
	7-27-53	67	106,900	101,020	50.510	618.24	246.28	371.96	7.36	1-1/2	5.58
(j)	7-29-53	68	99,600	94,122	47.061	608.03	229.46	378.57	8.04	2-1/2	9.46
	7-31-53	69	109,420	103,840	51.920	894.58	252.08	642.50	12.37	5	32.13
	8-1-53	70	85,700	79,958	39.979	645.66	197.44	448.22	11.21	5	22.41
	8-4-53	71	104,900	100,390	50.195	738.37	241.67	496.70	9.90	3-1/2	17.38
	8-7-53	72	105,160	99,482	49.741	473.04	242.28	230.76	4.64	1-1/2	3.46
	8-7-53	73	94,700	90,818	45.409	237.94	218.17	19.77	.44	1-1/2	.30
	8-10-53	74	87,660	84,592	42.296	254.20	201.96	52.24	1.24	1-1/2	.78
	8-12-53	75	84,540	81,074	40.537	171.07	194.76	(23.69)	-0-	-0-	-0-
	8-17-53	76	75,760	72,350	36.175	204.03	174.53	29.50	.82	1-1/2	.44
	8-18-53	77	86,920	84,226	42.113	348.27	200.25	148.02	3.51	1-1/2	2.22
	8-20-53	78	106,020	100,720	50.360	350.00	244.25	105.75	2.10	1-1/2	1.59
	8-21-53	79	98,200	94,664	47.332	101.29	226.24	(124.95)	-0-	-0-	-0-

SCHEDULE OF ROYALTY PURCHASES BY SMELTER
THE MARSHALL MINING COMPANY
CONTRACT NO. IDM-E153, DOCKET NO. DMA-67X

Purchased by American Smelting and Refining Company, Garfield, Utah

	Date Rec'd. at Smelter	Operator's Lot No.	Ore Shipped Wet lbs.	Ore Shipped Dry lbs.	Dry Tons	Gross Value	Allowable Frt. Deductions	Net-Subject to Royalty	Net Value per ton	Royalty Percentage	Royalty due and paid U. S.
	8-24-53	80	99,480	95,004	47.502	$200.93	$229.19	$ (28.26)	-0-	-0-	-0-
	8-26-53	81	94,940	90,194	45.097	289.52	218.73	70.79	$1.57	1-1/2	$1.06
	8-27-53	82	81,180	77,608	38.804	392.31	187.04	205.27	5.29	1-1/2	3.08
	8-29-53	83	103,240	98,078	49.039	587.98	237.85	350.13	7.14	1-1/2	5.25
	9-2-53	84	93,500	89,106	44.553	501.22	215.41	285.81	6.42	1-1/2	4.29
	9-12-53	85	88,180	85,270	42.635	566.62	203.16	363.46	8.52	2-1/2	9.09
	9-16-53	86	43,080	41,788	20.894	377.76	99.25	278.51	13.33	5	13.93
(k)	10-1-53	87	79,900	76,704	38.352	497.43	184.08	313.35	8.17	2-1/2	7.83
	10-5-53	88	113,840	109,286	54.643	527.30	262.27	265.03	4.85	1-1/2	3.98
	10-17-53	89	109,100	103,972	51.986	529.22	251.35	277.87	5.35	1-1/2	4.17
	10-26-53	90	106,580	98,586	49.293	493.92	245.55	248.37	5.04	1-1/2	3.73
	10-26-53	91	114,020	107,862	53.931	313.34	262.69	50.65	.94	1-1/2	.76
	11-2-53	92	110,080	104,246	52.123	544.69	253.62	291.07	5.58	1-1/2	4.37
	11-2-53	93	117,220	112,180	56.090	609.14	270.06	339.08	6.05	1-1/2	5.09
(l)	11-5-53	94	115,160	108,942	54.471	438.49	265.32	173.17	3.18	1-1/2	2.70
	11-9-53	95	93,220	88,372	44.186	512.56	214.77	297.79	6.74	1-1/2	4.47
	11-12-53	96	87,800	83,410	41.705	631.41	202.28	429.13	10.29	4	17.17
	11-16-53	97	117,580	112,288	56.144	922.45	270.88	651.57	11.61	5	32.58
	11-18-53	98	117,400	109,886	54.943	854.36	270.47	583.89	10.63	4-1/2	26.28
	11-23-53	99	68,580	65,494	32.747	606.47	158.00	448.47	13.69	5	22.42
	11-28-53	100	103,680	98,600	49.300	966.77	238.87	727.90	14.76	5	36.40
	12-2-53	101	101,700	97,022	48.511	944.99	234.30	710.69	14.65	5	35.53
	12-6-53	102	101,800	97,626	48.813	1,107.57	234.53	873.04	17.89	5	43.65
	12-8-53	103	100,200	95,490	47.745	1,050.39	230.84	819.55	17.17	5	40.98
	12-14-53	104	101,400	96,128	48.064	923.79	233.60	690.19	14.36	5	34.51
	12-18-53	105	99,520	93,946	46.973	1,111.85	229.29	882.56	18.79	5	44.13
	12-20-53	106	102,500	97,682	48.841	696.47	236.14	460.33	9.43	3	13.81

SCHEDULE OF ROYALTY PURCHASES BY SMELTER
THE MARSHALL MINING COMPANY
CONTRACT NO. IDM-E153, DOCKET NO. DMA-67X

Purchased by American Smelting and Refining Company, Garfield, Utah

	Date Rec'd. at Smelter	Operator's Lot No.	Ore Shipped Wet lbs.	Ore Shipped Dry lbs.	Ore Shipped Dry Tons	Gross Value	Allowable Frt. Deductions	Net-Subject to Royalty	Net Value per ton	Royalty Percentage	Royalty due and paid U. S.
	12-23-53	107	90,100	85,054	42.527	$597.93	$207.58	$390.35	$9.18	3	$11.71
	12-26-53	108	103,360	98,916	49.458	808.64	238.14	570.50	11.54	5	28.53
	12-31-53	109	88,320	84,610	42.305	782.22	203.48	578.74	13.68	5	28.94
(m)	1-4-54	1	78,300	74,386	37.193	504.34	180.38	323.96	8.71	3	9.72
	1-4-54	2	80,100	76,176	38.088	693.96	184.53	509.43	13.37	5	25.47
	1-6-54	3	83,820	78,120	39.060	803.07	193.10	609.97	15.62	5	30.50
	1-8-54	4	100,780	94,230	47.115	560.20	232.18	328.02	6.96	1-1/2	4.92
	1-13-54	5	94,560	90,872	45.436	488.44	217.86	270.58	5.95	1-1/2	4.06
	1-14-54	6	106,180	101,720	50.860	539.12	244.63	294.49	5.79	1-1/2	4.42
	1-18-54	7	94,000	90,146	45.073	528.71	216.56	312.15	6.93	1-1/2	4.68
(n)	1-18-54	8	88,660	85,024	42.512	370.70	204.26	166.44	3.92	1-1/2	2.24
	1-23-54	9	97,860	93,750	46.875	369.38	225.46	143.92	3.07	1-1/2	2.16
	1-26-54	10	89,460	84,630	42.315	342.33	206.10	136.23	3.22	1-1/2	2.04
	2-1-54	11	90,160	85,832	42.916	383.24	207.71	175.53	4.09	1-1/2	2.63
	2-1-54	12	95,000	89,776	44.888	368.08	218.88	149.20	3.32	1-1/2	2.24
	2-6-54	13	98,160	94,430	47.215	443.82	226.15	217.67	4.61	1-1/2	3.27
	2-9-54	14	98,460	92,454	46.227	385.53	226.84	158.69	3.43	1-1/2	2.38
	2-22-54	15	97,260	91,716	45.858	448.03	224.08	223.95	4.88	1-1/2	3.36
	2-26-54	16	96,340	90,752	45.376	482.80	221.95	260.85	5.75	1-1/2	3.91
(o)	3-1-54	17	90,520	85,904	42.952	571.69	208.54	363.15	8.45	2-1/2	9.08
	3-8-54	18	94,060	88,604	44.302	432.83	216.70	216.13	4.90	1-1/2	3.24
	3-16-54	19	88,920	84,652	42.326	266.23	204.86	61.37	1.45	1-1/2	.92
	3-22-54	20	107,640	103,120	51.560	494.46	247.98	246.48	4.78	1-1/2	3.70
	3-29-54	21	93,980	89,844	44.922	338.71	216.52	122.19	2.73	1-1/2	1.83
	3-30-54	22	91,920	86,404	43.202	259.64	211.77	47.87	1.11	1-1/2	.72
	4-5-54	23	101,160	94,584	47.292	548.59	233.06	315.53	6.66	1-1/2	4.73
	4-12-54	24	99,840	95,746	47.873	573.04	230.02	343.02	7.17	1-1/2	5.15
	4-12-54	25	86,320	82,868	41.434	450.80	198.86	251.94	6.08	1-1/2	3.78

SCHEDULE OF ROYALTY PURCHASES BY SMELTER
THE MARSHALL MINING COMPANY
CONTRACT NO. IDM-E153, DOCKET NO. DMA-67X

Purchased by American Smelting and Refining Company, Garfield, Utah

Date Rec'd. at Smelter	Operator's Lot No.	Ore Shipped Wet lbs.	Ore Shipped Dry lbs.	Dry Tons	Gross Value	Allowable Frt. Deductions	Net-Subject to Royalty	Net Value per ton	Royalty Percentage	Royalty due and paid U. S.
4-17-54	26	98,600	94,558	47.279	$320.55	$227.17	$93.38	$1.97	1-1/2	$1.40
4-26-54	27	79,260	76,090	38.045	372.08	182.60	189.48	4.97	1-1/2	2.84
5-14-54	28	103,720	98,534	49.267	696.14	238.96	457.18	9.28	2-1/2	11.43
6-25-54	29	98,020	95,668	47.834	831.83	172.94	658.89	13.77	5	32.94
6-30-54	30	111,240	106,902	53.451	522.75	192.37	330.38	6.18	1-1/2	4.95
7-2-54	31	111,080	106,748	53.374	650.63	192.11	458.52	8.59	2-1/2	11.46
7-10-54	32	112,280	108,912	54.456	740.06	194.18	545.88	10.02	4	21.83
7-17-54	33	102,480	99,918	49.959	806.84	177.22	629.62	12.60	5	31.48
7-22-54	34	119,340	114,686	57.343	943.87	206.39	737.48	12.86	5	36.87
(p)7-28-54	35	101,840	98,378	49.189	676.35	176.12	500.23	10.17	3-1/2	17.50
		15,517,960	14,781,380	7,390.690	$115,393.75	$36,389.99	$79,003.76	$10.69		$3,191.96

Note: Lot No. 6 received at Smelter 10-13-52, was shipped by truck, and trucking charges paid by operator.

SCHEDULE OF ROYALTY PURCHASES BY SMELTER
THE MARSHALL MINING COMPANY
CONTRACT NO. IDM-E153, DOCKET NO. DMA-67X

Purchased by American Smelting and Refining Company, Garfield, Utah

Summary of errors in Royalty Payments

Date	Lot No.	Paid	Should Have Paid	Over	Short	Remarks
(a) 9-23-52	2	$22.62	$20.36	$2.26		Paid 5% Royalty, should be 4-1/2%
(b) 10-13-52	4	8.66	10.40		$1.74	Paid 2-1/2% Royalty, should be 3%
(c) 10-13-52	6	1.43	1.55		.12	Error Royalty computation
(d) 4-6-53	11	63.53	63.51	.02		Error Royalty computation
(e) 5-18-53	31	22.53	20.28	2.25		Paid 5% Royalty, should be 4-1/2%
(f) 5-19-53	32	29.50	29.48	.02		Error Royalty computation
(g) 5-23-53	34	18.34	20.96		2.62	Paid 3-1/2% Royalty, should be 4%
(h) 6-1-53	40	3.62	3.50	.12		Error Royalty computation
(i) 7-18-53	62	10.11	8.09	2.02		Paid 2-1/2% Royalty, should be 2%
(j) 7-29-53	68	9.46	7.57	1.89		Paid 2-1/2% Royalty, should be 2%
(k) 10-1-53	87	7.83	6.27	1.56		Paid 2-1/2% Royalty, should be 2%
(l) 11-5-53	94	2.70	2.60	.10		Error Royalty computation
(m) 1-4-54	1	9.72	8.10	1.62		Paid 3% Royalty, should be 2-1-2%
(n) 1-18-54	8	2.24	2.50		.26	Error Royalty computation
(o) 3-1-54	17	9.08	7.26	1.82		Paid 2-1/2% Royalty, should be 2%
(p) 7-28-54	35	17.50	20.01		2.51	Paid 3-1/2% Royalty, should be 4%
		$238.87	$232.44	$13.68	$7.25	
		Less: Underpaid		7.25		
		Net Overpaid		$6.43		Overpayment of $6.43 not adjusted

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Klugescheid
Kirwood
Rubin
Dwyer
"Appu. Sol. Off."
Chambers
Geehan
Kiilsgaard
Selfridge
Johnson

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. Murray A. Schutz
Assignee of Marshall Mining Co.
127 Montgomery Street
San Francisco 4, California

Pursuant to the provisions of Amended Exploration Project Contract No. Idm-E153, dated May 29, 1953, Docket No. DMEA-67, hereinafter called the "contract", between you and the United States of America, hereinafter called the "Government"; to establish and fix the Government's percentage royalty on production and its lien therefor and on the land described in the contract, the Government considers and therefore certifies that discovery or development from which production may be made has resulted from the exploration work.

The nature of said discovery or development is described broadly or indicated as follows: Drifting on the West Drift off the Ile adit has shown the existence of copper ore in a series of lenses in a copper-bearing quartz vein, and also in the wall rock adjacent to the vein.

Dated FEB 17 1956

WPKlugescheid/er 1/30 &2/14/56)
Copy to:
✓Docket
Mr. C. A. Fredell, Dr.,MD,EPS
Mr. Geehan, USBM
Mr. Kiilsgaard, USGS
Admr R File
Op. Committee
Base Metals
Cont.Adm&Audit Div.
Finance Office
Region II (2)
F. E. Johnson
W. R. Griswold
Chron.
Mr. Maurice M. Marshall, Marshall Mining Company.

THE UNITED STATES OF AMERICA

By C C Mitteudorf
Administrator, Defense Minerals
Exploration Administration

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Klugescheid
Marshall
Dwyer
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Talbert
Geehan
Kilsgaard
Selfridge

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. Maurice M. Marshall, Partner
Marshall Mining Company
36 Fifth Street
San Francisco 3, California

Pursuant to the provisions of Amended Exploration Project Contract No. Idm-E153, dated May 29, 1953, Docket No. DMEA-67, hereinafter called the "contract", between you 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: Drifting on the West Drift off the Ilo adit has shown the existence of copper ore in a series of lenses in a copper-bearing quartz vein, and also in the wall rock adjacent to the vein.

Dated _____

THE UNITED STATES OF AMERICA

By _____
Administrator, Defense Minerals Exploration Administration

WPKlugescheid/er 1/30/56
Copy to:
Docket
Mr. C. A. Fredell, DR.,MD,EPS
Mr. Geehan, USBM
Mr. Kiilsgaard, USGS
Admr R File
Op. Committee
Base Metals
Cont.Adm& Audit Div.
Finance Office
Region II (2)
F. E. Johnson
W. R. Griswold
Chron.

Docket Copy

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

To: The Marshall Mining Company, 1355 Bay Street,
San Francisco, California.
A partnership composed of George V. Marshall,
Maurice M. Marshall and Mrs. Virgil L. Marshall

Pursuant to the provisions of Exploration Project Contract No. IdM-E153, dated September 19, 1951, (Docket No. IMA-67X), hereinafter called the "contract", between you 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 mineral deposit which is the subject of the exploration project, the Government considers and therefore certifies that a discovery or development has resulted from the work from which commercial production of ore may be made.

The Government's estimate of said discovery or development is particularly described and delimited as follows:

The deposit consists of a series of lenses in a copper-bearing quartz vein and also in the wall rock adjacent to the vein. While minor amounts of primary minerals, such as chalcocite and chalcopyrite, occur locally in the quartz vein, the major amount of mineralization is oxidized and the ores that predominate are carbonates, silicates and oxides of copper. This ore occurs in or adjacent to the West drift off the Ilo adit which is all within the boundaries of the claims described in the contract.

Dated: MAR 1 6 1953

THE UNITED STATES OF AMERICA

By C. Mittendorf
Administrator, Defense Minerals
Exploration Administration

Talbot
Robin Hoffman

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
4/8/66	Kirkemo	120 K
		110
		220

APR 8 1966

The Marshall Mining Company
2721 Trousdale Drive
Burlingame, California

Re: DMEA-67 (Copper)
Murray A. Schutz
Assignee of The Marshall Mining Company
Marshall Mine
Elko County, Nevada
Amended Contract Idm-2153

Gentlemen:

By the terms of the subject Amended Exploration Project Contract, as amended, and the certifications of discovery or development dated March 16, 1953, and February 17, 1956, all minerals mined or produced from September 19, 1951, to September 19, 1965, were subject to the Government's royalty as set forth in said amended contract.

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

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Murray A. Schutz, 127 Montgomery St., San Francisco, Calif.
Director's Reading File
Division File
Economic Geology File
Region II w/cy of inc. 63
120M
DMEA Docket
Budget and Finance
OME Reading File

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DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

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REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Murray A. Schutz, Assignee
(for the Marshall Mining Company
a partnership composed of
George V. Marshall, Maurice H. Marshall and
Mrs. Virgil L. Marshall)
127 Montgomery Street
San Francisco 4, California

pertaining to Exploration Project Contract No. 1dm-X153, Docket No. DMA-67X dated September 19, 1951, including Amendment Nos. 1 and 2, and Amended Contract, dated May 29, 1953, including Amendments Nos. 1, 2, 3 and 4, for the Months of October 1951 to October 1955, inclusive, covering a project for the exploration of copper on property known as the Marshall Mine, located in White County, Nevada

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

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

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

(b) the accepted costs ($43,899.80) of all work on an actual cost basis were covered by an Interim Audit Report and Audit Certificate, dated October 26, 1953, issued by this DMEA Auditor;

(c) the remainder ($29,886.50) of the costs incurred were under a contract provision for payment by the Government on the basis of agreed estimated costs of units of 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 the Contractor		$74,391.80
Exceptions		
By DMEA Finance Officer	$665.50	
Herewith	-0-	665.50
Total Accepted Cost		$73,726.30

The contract calls for a 50 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Thirty Six Thousand Eight Hundred Sixty Three and 15/100 Dollars

$36,863.15

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.

George Mayer
George Mayer, Auditor

January 17, 1956

DEFENSE MINERALS EXPLORATION ADMINISTRATION

CONTRACT ADMINISTRATION AND AUDIT DIVISION

Minerals Administration
RECEIVED
NOV 3 1953

Interim AUDIT CERTIFICATE

I have examined the records and transactions of:

The Marshall Mining Company
1355 Bay Street, San Francisco, California
A partnership composed of
George V. Marshall, Maurice N. Marshall,
and Mrs. Virgil L. Marshall

pertaining to Exploration Project Contract No. Idm-E153, Docket No. DMA-67X, including Amendments No. 1 and 2, for the period October 7, 1951, to September 28, 1952, covering a project of exploration for copper, located in Elko County, Nevada, commonly known as the Marshall Mine.

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

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

Total cost as billed by contractor	$50,932.02
Less: Proceeds from property disposition	6,534.00
Net Billed cost	$44,398.02
Exceptions (see Audit Report for details) during this audit	498.22
Total accepted cost	$43,899.80

The contract calls for a 50 per cent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Twenty-One Thousand, Nine Hundred Forty-Nine and 90/100 dollars

$21,949.90

is valid and proper.

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

George Mavor

George Mavor
Auditor

October 26, 1953

I INTRODUCTION

On January 2, 1953, an interim audit (covering the period of October 7, 1951 to September 28, 1952) was made of the records and accounts pertaining to Exploration Project Contract No. Ida-E153, Docket No. DMA-677, including Amendments No. 1 and 2 with:

The Marshall Mining Company
1355 Bay Street, San Francisco, California
A partnership composed of
George V. Marshall, Maurice N. Marshall, and
Mrs. Virgil L. Marshall

covering a project for the exploration of copper, located in Elko County, Nevada, commonly known as the Marshall Mine.

The accounting records under this contract are located at 36 - 5th Street, San Francisco, California, and during the course of the audit, George V. Marshall was present, and his cooperation and assistance greatly facilitated the audit.

II GENERAL INFORMATION ON RECORDS

The accounting records were adequate to properly account for the expenditures made for the exploration project. There was no general ledger maintained for the project costs, however, the check register, copies of invoices, payroll register and cancelled bank checks, were sufficient to conduct a satisfactory audit. Form MF-104, Operator's Monthly Report and Voucher, prepared during the period October 1951 to January 1952, did not have any supporting documents attached as it was not required at that time; however, the operator produced all necessary documents to substantiate the costs during that period. Form MF-104, Operator's Monthly Report and Voucher prepared during the period February 1952 to September 1952, had all of the necessary supporting documents attached.

III SCOPE OF AUDIT AND FINDINGS

A complete analysis of all expenditures was made in order to ascertain the accuracy, propriety and validity of the costs as shown in the "Totals to Date" column of Form MF-104, Operator's Monthly Report and Voucher, for the month of September 1952. The extent of the audit, and the findings under each of the "Items of Cost" follows:

(2) Labor and Supervision $24,562.31

The payroll records for the period October 7, 1951 to September 28, 1952, were examined. The audit disclosed that the costs shown under this item on the September 1952 MF-104 as compared to the costs properly chargeable, and allowable, under the terms of the contract to be:

	Charged	Not Allowable	Allowable
Labor (Drifting 523 ft.)	$19,642.31		$19,642.31
Supervision	4,950.00	$30.00	4,920.00
Totals	$24,592.31	$30.00	$24,562.31

The above disallowance of $30.00 was due to the operator charging supervision salary of $450.00 for the entire month of September 1952, instead of 28/30 or $420.00 based on the contract completion date of September 28, 1952.

The labor rates and supervision salary paid, were in agreement with the terms of the contract. The only partner drawing a salary was M. M. Marshall, who received $450.00 per month for mine supervision.

The payrolls were prepared in San Francisco from a mine record maintained by the foreman on a biweekly basis, which showed the number of hours each employee worked during the period. This record was forwarded to the San Francisco office every two weeks and entered in payroll register. The payroll register contains all the information relating to the payroll, showing name, classification, rate of pay, gross earnings, deductions, and net amount paid. The cancelled payroll bank checks were examined during the course of the audit.

(3) Operating Materials and Supplies $7,045.37

A complete analysis was made of invoices charged to this category, which included the verification of footings and extensions, together with the examination of cancelled bank checks. The project did not maintain any stores account and all purchases were charged direct. The type of material and supplies purchased, less proceeds from sale of property and the net cost is summarized as follows:

	Gross Cost	Less: Sale of Property	Net Cost
Timber	$ 925.69	$ 243.00	$ 682.69
Explosives	656.28		656.28
Pipe	1,419.24	297.00	1,122.24
Track	2,075.48	431.00	1,644.48
Fuel and Other	3,012.68	73.00	2,939.68
Total	$8,089.37	$1,044.00	$7,045.37

An examination of the Fuel and Other item $2,939.68 revealed that the major portion of the charge was for diesel oil, gasoline and lub oil, used in operating the equipment at the mine, and that a further breakdown of this classification was not necessary.

The amount of $1,044.00 covering the proceeds from sale of property is fully explained under section IV Conclusions and Recommendations of this report.

(4) Operating Equipment $8,309.43

A complete examination was made of all charges under this category, and the charges, less proceeds from sale of equipment, and the net cost is summarized as follows:

	Gross Cost	Less: Sale of Property	Net Cost
Equipment Purchased	$10,855.06	$5,490.00	$5,365.06
Depreciation	2,944.37		2,944.37
Total	$13,799.43	$5,490.00	$8,309.43

The depreciation charges were based on the following equipment furnished by the operator.

	Cost	Monthly Allowance
1 - Generator	$6,800.00	$ 113.00
1 - Air Compressor	4,000.00	66.67
1 - Air Tugger	835.00	14.00
1 - Air Blower	250.00	4.50
1 - Denver Stoper	250.00	6.00
1 - Cochise Drifter	760.00	16.00
1 - 3/4" Air Hose 200'	113.60	14.00
1 - 1/2" Water Hose 200'	98.80	12.50
2 - 500 Gal. Fuel Tanks	179.20	3.00
1 - Air Receiver	1,045.00	18.00
Total Monthly Depreciation		$ 267.67

The depreciation charges were for the period October 19, 1951 to September 18, 1952, or 11 months at $267.67 per month, making a total of $2,944.37 which was allowable under the terms of the contract. The completion date was extended to September 28, 1952, by Amendment No. 2 of the contract. However, the operator did not claim depreciation for the additional 10 days and no adjustment has been made in this report.

The audit of equipment purchased covered an examination of all invoices together with cancelled bank checks. The equipment authorized in the contract and purchased by the operator, less proceeds from sale of property, and the net cost is summarized as follows:

	Contract Estimate	Cost to Operator	Less: Sale of Property	Net Cost
1. One Truck	$ 2,000.00	$ 1,972.43	$1,370.00	$ 602.43
2. 1-1/2 Ton Elec. Trammer with Battery	4,027.00	4,119.87	2,029.00	2,090.87
3. One Exide Battery Charger	1,000.00	1,000.00	278.00	722.00
4. One Mucking Machine	2,250.00	2,231.15	1,238.00	993.15
5. Eight Mine Cars	1,500.00	1,178.61	330.00	848.61
6. One Pneumatic Chain Saw	.00	225.00	157.00	68.00
7. One Bench Grinder	.00	128.00	88.00	40.00
Totals	$10,777.00	$10,855.06	$5,490.00	$5,365.06

The operator purchased items 6 and 7 which were not listed in contract estimate, and the cost of purchased equipment exceeds the estimate by $78.06. As the contract did not stipulate any "allowable maximums" on purchased equipment, the entire amount of $10,855.06 is considered necessary equipment costs for operation of contract and no exceptions are taken.

The amount of $5,490.00 covering the proceeds from sale of property is fully explained under section IV Conclusions and Recommendations of this report.

(5) Initial Rehabilitation and Repairs $920.54

An examination of all charges under this category was made which included the verification of invoices and cancelled bank checks, and the cost items were as follows:

Labor	$ 204.50
Supervision	345.00
Material	371.04
Total	$ 920.54

All of the above were allowable costs representing rehabilitation of buildings and adit, as set forth in Stage I of the contract.

(7) Miscellaneous $3,016.52

The audit of miscellaneous charges included an examination of invoices, cancelled bank checks and other supporting data pertaining to payroll taxes and compensation insurance. The audit disclosed that the costs shown under this item on the September 1952 MF-104, as compared to the costs properly chargeable and allowable, under the terms of the contract to be:

	Charged	Not Allowable	Allowable
Repairs to Equipment	$ 236.96		$ 236.96
Payroll Taxes	277.07	$ * 20.63	297.70
Liability Insurance	157.99	157.99	.00
Compensation Insurance	2,441.63	450.00	1,991.63
Unemployment Insurance	416.72	* 119.14	535.86
Totals	$3,530.37	$ 468.22	$3,062.15

* Additional costs allowed

The repairs to equipment in amount of $236.96 covered such charges as repairs to compressor and sharpening of steel bits, all of which are allowable costs of the contract.

The disallowance of $157.99 for liability insurance was a one (1) year premium expiring November 20, 1952, on a Chevrolet one-ton pickup truck covering liability and property damage, collision and bodily injury. This type of insurance is not allowable under the terms of the contract.

The charges for payroll taxes and compensation insurance were examined and the rates applicable to operator's payroll were as follows:

Payroll Taxes		
Federal Old Age Benefit	1.5%	
State of Nevada, Unemployment	2.7%	4.2%
Compensation Insurance		
Nevada Industrial Commission		11.0%

In the above summary of Item (7), Miscellaneous, you will note that additional costs have been allowed in amount of $20.63 for payroll taxes and $119.14 for unemployment insurance: This action was taken due to improper accrual methods used by operator, and the adjustments were based on the rates applicable to the allowable labor charges to the contract.

The disallowance of $450.00 for compensation insurance represented an insurance deposit refundable to the operator, and is not a cost chargeable to the contract. The 11 per cent rate used on compensation insurance was applicable to wages not exceeding $277.00 for each 4 weeks, hence the 11 per cent rate did not apply to any wages paid in excess of the $277.00 for any 4 week period.

IV CONCLUSIONS AND RECOMMENDATIONS

This audit has disclosed that all costs, as charged to this project, with the exception of the disallowances itemized under items (2) Labor and Supervision and (7) Miscellaneous of the preceding section of this report, are reasonable and proper under the terms of the contract.

There were no "allowable maximums" stipulated in the contract.

When the contract was completed September 28, 1952, the operator had on hand operating equipment and material and supplies, which he was anxious to retain for further operations, and after an appraisal by a Bureau of Mines Engineer, The Government and the Operator reached an agreed valuation of $6,534.00 for the property which was made up of the following items:

	Cost	Agreed Value of Property
Equipment		
1 - Mall Chain Saw	$ 225.00	$ 157.00
1 - Mucking Machine	2,231.18	1,238.00
8 - Mine Cars	1,178.61	330.00
1 - Chevrolet Pickup Truck	1,972.43	1,370.00
1 - 1-1/2 Ton Elec. Trammer with Battery	4,119.87	2,029.00
1 - Bench Grinder & Elec. Saw	128.00	88.00
1 - Exide Battery Charger	1,000.00	278.00
Total Equipment	$10,855.06	$5,490.00
Material and Supplies		
6,324' Mine Rail 16#	$ 2,075.48	$ 431.00
2,575' - 1-1/2" & 2" Iron Pipe & Fittings	1,419.24	297.00
455 Railroad Ties (2nd Hand)	159.25	221.00
260 BF Lumber at $85.00 M	22.10	22.00
40 Gal. Diesel Oil at $0.193	7.72	7.72
175 Gal. Gasoline at $0.276	48.30	48.78
20 Gal. No. 30 Oil at 0.75	15.00	15.00
10 Gal. Gear Lub at 0.15	1.50	1.50
Total Material & Supplies	$ 3,748.59	$1,044.00
Total Equipment, Mat'l & Supplies	$14,603.65	$6,534.00

The distribution by items for the agreed value of property was made for audit report purposes and is reasonably correct, and the total agreed value of $6,534.00 is included as a credit in the total accepted costs of this contract amounting to $43,909.80 as of September 28, 1952.

Under date of May 29, 1953, an amended contract was consummated for

additional work, and under Annex I, Item 4, of this amended contract, the method of payment by the operator covering the property acquired in amount of $6,534.00 is described as follows:

> "4. The equipment purchased under the Prior Contract, in which the Government has a 50 per cent equity, is hereby agreed to be of the value of $6,534.00 and the Government on account of its said equity may deduct from any moneys to become due to the Operator for work performed after September 1, 1953, the sum of $3,267.00, at the rate of $600.00 a month until the full amount is paid."

The status of costs and payments under the original contract, upon completion of audit, for the period ending September 28, 1952, was as follows:

Total accepted costs to 9/28/52	$43,899.80
Government participation at 50%	21,949.90
Paid by Finance Office to 8/31/52	24,128.94
Overpayment, Original Contract	2,179.04

After all adjustments had been made for disallowances and disposal of property under the original contract, the audit reveals that the operator owes the Government as of September 28, 1952, the sum of $2,179.04; therefore, under the terms of the amended contract dated May 29, 1953, Annex I, Item 4, the amount of $2,179.04 will be liquidated at the rate of $600.00 per month by deducting from the amount due the operator on monthly MF-104 vouchers, commencing with the month of September 1953.

The Amended Contract dated May 29, 1953, shows under Exhibit "A" the estimated cost of the project as follows:

Actual cost of the work performed under prior contract in Stages I and II		* $50,421.37
Agreed Unit Costs, Stagee II		
600 feet of Drifting at $30.25 ft.	$18,150.00	
100 feet of Raising at $30.25 ft.	3,025.00	
100 feet of Sublevel Drifting at $30.25 ft.	3,025.00	24,200.00
Total Estimated Cost of Project		$74,621.37
Government Participation at 50%		$37,310.68

*Subject to Final Audit.

See next Page

The adjustments between Items of Costs, as ~~shown on the September~~ 1952 MF-104, the recommended disallowances, proceeds from sale of property, and approved amounts, are summarized as follows:

	Totals Sept.MF-104	Distribution Corrected	Disallowed By Audit	Proceeds Sale of Property	Allowed By Audit
(2) Labor and Supervision					
Labor	$19,642.31	$19,642.31			$19,642.31
Supervision	4,950.00	4,950.00	$ 30.00		4,920.00
(3) Operating Mat'ls and Supplies					
Timber	925.69	925.69		$ 243.00	682.69
Explosives	656.28	656.28			656.28
Pipe	1,419.24	1,419.24		297.00	1,122.24
Track	2,075.48	2,075.48		431.00	1,644.48
Fuel and Other	2,970.39	3,012.68		73.00	2,939.68
(4) Operating Equipment					
Purchase	10,855.06	10,855.06		5,490.00	5,365.06
Depreciation	2,944.37	2,944.37			2,944.37
(5) Initial Rehabilitation & Repairs	902.54	920.54			920.54
(7) Miscellaneous					
Repairs to Equipment	236.96	236.96			236.96
Payroll Taxes	277.07	277.07	*20.63		297.70
Liability Insurance	157.99	157.99	157.99		.00
Compensation Insurance	2,441.63	2,441.63	450.00		1,991.63
Unemployment Insurance	416.72	416.72	*129.14		545.86
Transportation	18.00				
Truck Expense	42.29				
Totals	$50,932.02	$50,932.02	$488.22	$6,534.00	$43,909.80

* Allowable additional costs, explained in narrative of audit report.

At the conclusion of the audit, the findings were discussed with George V. Marshall, Partner.

George Mavor
George Mavor
Auditor

October 26, 1953

The adjustments between Items of Costs, as shown on the September 1952 MF-104, the recommended disallowances, proceeds from sale of property, and approved amounts, are summarized as follows:

		Totals Sept. MF-104	Distribution Corrected	Disallowed By Audit	Proceeds Sale of Property	Allowed By Audit
(2)	Labor and Supervision					
	Labor	$19,642.31	$19642.31			$19,642.31
	Supervision	4,950.00	4,950.00	$ 30.00		4,920.00
(3)	Operating Mat'ls and Supplies					
	Timber	925.69	925.69		$ 243.00	682.69
	Explosives	656.28	656.28			656.28
	Pipe	1,419.24	1,419.24		297.00	1,122.24
	Track	2,075.48	2,075.48		431.00	1,644.48
	Fuel and Other	2,970.39	3,012.68		73.00	2,939.68
(4)	Operating Equipment					
	Purchase	10,855.06	10,855.06		5,490.00	5,365.06
	Depreciation	2,944.37	2,944.37			2,944.37
(5)	Initial Rehabilitation and Repairs	902.54	920.54			920.54
(7)	Miscellaneous					
	Repairs to Equipment	236.96	236.96			236.96
	Payroll Taxes	277.07	277.07	*20.63		297.70
	Liability Insurance	157.99	157.99	157.99		.00
	Compensation Insurance	2,441.63	2,441.63	450.00		1,991.63
	Unemployment Insurance	416.72	416.72	* 119.14		535.86
	Transportation	18.00				
	Truck Expense	42.29				
	Totals	$50,932.02	$50,932.02	$498.22	$6,534.00	$43,899.80

* Allowable additional costs, explained in narrative of audit report.

At the conclusion of the audit, the findings were discussed with George V. Marshall, Partner.

George Mavor

George Mavor
Auditor

October 26, 1953

Docket copy

ASSIGNMENT OF CONTRACT

WHEREAS, the Marshall Mining Company, a general partnership (hereinafter called the "Assignor"), and the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration (hereinafter called the "Government"), entered into Amended Exploration Project Contract No. Idm-E153 (Docket No. DMA-67X), dated May 29, 1953 (hereinafter called the "Amended Contract"); and

WHEREAS, the Assignor transferred ownership in the land which is the subject of the Amended Contract to Marshall Mining Company, a limited partnership (hereinafter called the "landowner"); and

WHEREAS, by a lease and option agreement dated July 20, 1954, the landowner transferred possession of the land which is the subject of the Amended Contract to Murray A. Schutz (hereinafter called the "Assignee"), and the Assignor desires to transfer its interest in the Amended Contract to the Assignee;

NOW THEREFORE, The Assignor, in consideration of the sum of One Dollar ($1.00) and other good and valuable consideration received from the Assignee, does hereby assign, transfer, and convey to the Assignee all of its right, title, and interest in the Amended Contract. The Assignor consents to all future amendments to the Amended Contract, and hereby releases the Government from all claims, past, present, and future, arising out of the Amended Contract.

This Assignment is subject to the written acceptance by the Assignee of the terms, provisions, and conditions of the Amended Contract, and to the written consent of the Government.

Dated November 12, 1954.

THE MARSHALL MINING COMPANY

By Maurice M. Marshall (Partner)

By George V. Marshall (Partner)

By Grace C. Marshall (Partner)

ASSIGNEE'S ACCEPTANCE

The Assignee, this 12th day of November, 1954, hereby accepts the above Assignment and assumes and agrees to be bound by the terms, provisions, and conditions of the Amended Contract.

Murray A. Schutz

Murray A. Schutz

GOVERNMENT'S CONSENT

The Government, this 26th day of November, 1954, hereby consents to the above Assignment without releasing the Assignor from any of the terms, provisions, and conditions of the Amended Contract.

THE UNITED STATES OF AMERICA

By C. W. Mitchendorf

Administrator, Defense Minerals Exploration Administration

Ontin
Hoffland
Ching
Ellis
Facant
K Johnson

MF-203
(Revised July 1, 1954)

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of Nevada, County of Elko, described as follows:1/

The Allen, Delano No. 1, Delano No. 2, Lincoln, Copper King, Copper King No. 2, Arkansas and Western Union patented claims and the Bellevue unpatented claim, approximately in Sec. 13 T 45 N., R 63E, Salmon River Mining District about 2.0 miles northwest of the old town of Contact;

which is the subject of an amended exploration project contract, hereinafter called the "contract", between the United States of America, hereinafter called the "Government", and

2/ Marshall Mining Company, a partnership

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

NOW THEREFORE, the undersigned, in consideration of the Government's consent to the assignment to Murray A. Schutz of said contract undertakes and agrees as follows:

1. The Government's equity in and right to dismantle, sever, take possession of, and remove and dispose of facilities, buildings, fixtures, equipment, or other items as provided in the contract or any amendment thereof shall prevail over and be prior and superior to any conflicting or adverse rights of the undersigned, and the Government is authorized to enter upon the land for such purposes.

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract or any amendment thereof there is hereby granted to the Government a lien upon the land above referred to and upon any production of minerals therefrom until said royalty is fully paid or ten years have elapsed from the date of the contract, whichever occurs first.

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/ Insert the name of the Operator as it will appear in the exploration project contract.

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

(OVER)

3. The undersigned shall commit no act nor assert any claim that may contravene or conflict with the lien, claim, or rights of the Government under the provisions of said contract. This agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of the undersigned.

4. Changes and added provisions **In paragraph 2, the words "the term of years fixed in the Amended Contract" are substituted for the words "ten years."**

Dated this 2nd day of December, 1954.

Maurice M. Marshall [Seal]

George V. Marshall [Seal]

Mrs Virgil F Marshall [Seal]

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AMENDED EXPLORATION PROJECT CONTRACT
MURRAY A. SCHUTZ, ASSIGNEE OF
MARSHALL MINING COMPANY
DOCKET NO. DMEA-67

AMENDMENT NO. 4

It is agreed this 27th day of July, 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Murray A. Schutz, assignee, that amended exploration project contract Idm-E153 (Docket No. DMEA-67), as amended, is further amended as follows:

1. The period for the completion of the work, now fixed at "prior to August 1, 1955," is extended to "prior to November 15, 1955."

2. The period for the payment of royalty, now fixed at "thirteen years from the date of the prior contract (Sept. 19, 1951)," is increased to "fourteen years from September 19, 1951."

IN WITNESS WHEREOF, these parties have executed this amendment in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By [signature]
Administrator, Defense Minerals
Exploration Administration

MURRAY A. SCHUTZ, ASSIGNEE

[signature]

Hoffland
"Appd. Sol. Off."
Klugescheid.
Licensed
Chandler
Martin
Fehrman

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AMENDED EXPLORATION PROJECT CONTRACT
MURRAY A. SCHUTZ, ASSIGNEE OF
MARSHALL MINING COMPANY
DOCKET NO. DMEA-67

AMENDMENT NO. 3

It is agreed this 16th day of March, 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Murray A. Schutz, Assignee, that Amended Exploration Project Contract Idm-K153 (Docket No. DMEA-67), as amended (hereinafter called the "Contract"), is further amended, effective September 19, 1951, as follows:

1. In Article 3 of the Contract form, the completion period is further extended from "prior to April 1, 1955" to "prior to August 1, 1955."

2. In footnote 2/ on page 1 of Annex III attached to Amendment No. 1 of the Contract, substitute the period "within thirteen years" for "within twelve years."

3. Delete Exhibit "A" and the map Exhibit B attached to the Contract in their entirety, and substitute the following:

Exhibit "A"

Description of the Work

Stage I is as set forth in Exhibit "A" of the Prior Contract and as indicated on the map attached thereto entitled "Composite Map of Principle Developed Area, Marshall Mining Co., Contact, Nevada."

Stage II consists of the work completed under Stage II of the Prior Contract prior to October 1, 1952, and that work hereafter stated and indicated on attached Exhibit C entitled "Map of Portion of Works of Marshall Mine at Contact, Elko County, Nevada." The work under this stage, beginning with October 1, 1952, consists of exploring, by 1015.6 feet of drifting and crosscutting, the area on the Ile Tunnel level between the main shaft at point "A" and the projected position of the Dunkle vein. The drift shall follow the main copper-bearing quartz vein wherever practical. In the event that the vein is lost through faulting, crosscutting to

relocate the vein is permissible. In the vicinity of the Dunkle vein the drifting shall be directed with the view of cutting the Dunkle vein and drifting along it to the full extent possible by the footage authorized under the Contract.

The drifts and crosscuts shall be timbered as necessary and shall be not less than 5 feet by 7 feet in cross section in the clear of timbers. The location, inclination, direction, and extent of all work are subject to the approval of the Government.

It is agreed that the total drifting and crosscutting allowable under the Contract for contribution by the Government from October 1, 1952, through December 31, 1954, amounts to 600 feet; and approximately 74 feet of drifting to bypass the main shaft, and an additional 35 feet of drifting abandoned by the Operator, both are for the sole account of the Operator without contribution by the Government.

Estimated Cost of the Project

Actual cost of the work performed under the prior Contract in Stages I and II	$43,899.80

Agreed Unit Costs, Stage II

1015.6 feet (rounded) drifting and crosscutting @ $30.25/ft.	$30,721.57
Estimated Total Cost of the Project	$74,621.37
Government Participation at 50%	$37,310.68

* * * * * *

4. In Article 7 of the contract form, that part of the second sentence which begins with the word "Provided" is deleted.

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

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

BY C M Theodore
Administrator, Defense
Minerals Exploration
Administration

Robin
Holland
Ching
Ellis
Chandler
Selfridge
Johnson

MURRAY A. SCHUTZ, ASSIGNEE

Murray A. Schutz

Docket Copy

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AMENDED EXPLORATION PROJECT CONTRACT
MURRAY A. SCHUTZ, ASSIGNEE OF
MARSHALL MINING COMPANY
DOCKET NO. DMEA 67

AMENDMENT NO. 2

It is agreed this 15th day of December, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Murray A. Schutz, Assignee, that Amended Exploration Project Contract Idm-E153 (Docket No. DMEA 67) dated May 29, 1953, and effective September 19, 1951, as amended, hereinafter called the "Amended Contract," is further amended, effective September 19, 1951, as follows:

In Article 3 of the Amended Contract form, delete the words "prior to January 1, 1955," and substitute the words "prior to April 1, 1955." (Amendment No. 1 to the Amended Contract extended the time for completion from June 1, 1954, to January 1, 1955.)

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

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C O Mitteudorf
Administrator, Defense Minerals
Exploration Administration

Putm
Hoffland
Ching
Ellis
Chapman
Selfridge
Kjotsman

MURRAY A. SCHUTZ, ASSIGNEE

Murray A. Schutz

AMENDMENT NO. 2

Docket No. DMA-67X

Mineral Copper

Exploration Project Contract Idm-E153

Date of Contract May 29, 1953

Date of Amendment December 15, 1954

Operator Murray A. Schutz, assignee of Marshall Mining Company
(Marshall Mine, Elko County, Nevada)

JUSTIFICATION

This amendment was prepared to extend the completion date of this contract to April 1, 1955 because it was impossible to complete the specified work prior to December 31, 1954 completion date. Ventilation was bad and retarded progress. Additional ventilation equipment has been installed and normal progress can now be expected.

S. Ricker, Executive Officer
DMEA Field Team, Region III

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AMENDED EXPLORATION PROJECT CONTRACT
THE MARSHALL MINING COMPANY
DOCKET NO. DMA-67X

AMENDMENT NO. 1

It is agreed this 28th day of May, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and The Marshall Mining Company, that Amended Exploration Project Contract Idm-E153 (Docket No. DMA-67X), dated May 29, 1953, and effective September 19, 1951, hereinafter called the "Amended Contract," is amended effective September 19, 1951, as follows:

1. In Article 3 of the Amended Contract form, delete the words "prior to June 1, 1954," and substitute the words "prior to January 1, 1955."

2. Annex II attached to the Amended Contract form is cancelled and Annex III, attached hereto and made a part hereof is substituted for the provisions of Article 6 of the Amended Contract form.

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

THE UNITED STATES OF AMERICA

By O O Mittendorf
Administrator, Defense Minerals Exploration Administration

Robert Hoffling
Talbert

THE MARSHALL MINING COMPANY

By Maurice M. Marshall

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
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ANNEX [redacted]

The following provisions are in lieu of 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 the final report and final account, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

b. Royalty on production.--The Operator, as principal, if the Operator is the producer, or as surety, if the Operator is not the producer, shall pay to the Government 1/ 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, 2/ or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

c. Basis for computation.--The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f.o.b. point); except, that charges of the buyer arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by the buyer, sampling and assaying to determine the value of the production sold, and freight paid by the buyer to a carrier (not the Operator), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. Any costs of treatment processes, sampling or assaying, or transportation, performed or paid by the

1/ The "land" refers to the land described in Article 2 of the contract form.

2/ Delete the words "for a period of ten years from the date of the contract," and substitute the words "within twelve years from the date of the prior contract (September 19, 1951."

Operator or by anyone other than the buyer, are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent) applied to the raw ore or other production after it is extracted from the ground, to put it into a commercially marketable form; excluding fabricating or manufacturing.

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

e. Percentages of royalty.--The percentages of the Government's royalty shall be as follows:

> One and one-half ($1\frac{1}{2}$) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half ($\frac{1}{2}$) percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.
>
> (For instance: the royalty on an amount of five dollars ($5.00) per ton, would be one and one-half ($1\frac{1}{2}$) percent; on an amount of ten dollars ($10.00) per ton, three and one-half ($3\frac{1}{2}$) percent.)

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

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

h. No obligation to produce.--Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

i. Government not obligated to buy.--Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals mined or produced from the land.

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DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
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JUN 14 1954

AMENDMENT NO. 1

Docket No. [illegible]-67K Mineral Copper

Exploration Project Contract Idm-7153 (Amended)

Date of Contract September 19, 1951

Date of Amendment May 20, 1954

Operator The Karshall Mining Company

JUSTIFICATION

Extension of time to complete work under the contract is granted as the scheduled progress was slowed down due mostly to the physical difficulties encountered.

H. C. Miller, Executive Officer
DMEA Field Team, Region III

EXPLORATION PROJECT CONTRACT
THE MARSHALL MINING COMPANY
DOCKET NO. DMA-67X

ANNEX I

WHEREAS, the parties to this agreement are also parties to Contract Idm-E153 (Docket No. DMA-67X), dated September 19, 1951, as executed on contract form MF-200 (June 1951) hereinafter called the "Prior Contract," as amended; and

WHEREAS, the work under the Prior Contract was divided into two stages, Stage I thereof having been completed, and the parties desire to discontinue one part of the work set forth in Stage II but to extend another part of it and to make the basis for the payment of the work still to be done under Stage II on a unit-cost instead of an actual-cost basis, and to restate their agreement on the new contract form MF-200(A) (Feb. 1952);

NOW, THEREFORE, it is mutually agreed that:

1. Effective as of the date of its execution, the Prior Contract is amended and superseded by this Amended Contract executed on form MF-200(A) (Feb. 1952), which shall control the Government's claim and lien for percentage royalty and in which all the rights and obligations of both parties are fully merged, except that vouchers and claims for the Government's contribution to the work performed under Stages I and II of the Prior Contract and payment thereof shall be as therein provided.

2. The Operator hereby releases and agrees to save harmless the Government from all claims and demands arising out of the Prior Contract, except as otherwise herein provided.

3. Exhibit "A" of the Prior Contract is hereby amended and replaced by Exhibit "A" attached hereto and made a part hereof.

4. The equipment purchased under the Prior Contract, in which the Government has a 50 percent equity, is hereby agreed to be of the value of $6,534.00, and the Government on account of its said equity may deduct from any moneys to become due to the Operator for work performed after September 1, 1953, the sum of $3,267.00, at the rate of $600.00 a month until the full amount is paid.

EXPLORATION PROJECT CONTRACT
THE MARSHALL MINING COMPANY
DOCKET NO. DMA-67X

ANNEX II

The following provisions are in lieu of all of paragraph (a) of Article 6 which precedes the colon:

If at any time the Government considers that a discovery or development from which production may be made has resulted from the exploration work, the Government, at any time not later than six months after the Operator has rendered the final report and final account required by the exploration project contract, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development. The Operator, or his successor in interest, shall pay to the Government a royalty on all minerals mined or produced from the land which is the subject of the exploration project contract, 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 of discovery or development, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first, unless the Government waives its right to a royalty; or (2) if the Government makes a certification of discovery or development, for a period of ten years (or other period fixed by the contract) from the date of the contract, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first. Said royalty shall be a percentage of the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, as follows:

EXPLORATION PROJECT CONTRACT
THE MARSHALL MINING COMPANY
DOCKET NO. DMA-67X

EXHIBIT "A"

Description of the Work

Stage I is as set forth in Exhibit "A" of the Prior Contract and as indicated on the map attached thereto entitled "Composite Map of Principle Developed Area, Marshall Mining Co., Contact, Nevada."

Stage II shall consist of the work completed under Stage II of the Prior Contract prior to October 1, 1952, and as hereafter stated and indicated on Exhibit "B," the map attached hereto and entitled "Geologic Sketch Map of Marshall (Nevada-Bellevue) Mine, Contact, Elko County, Nevada." This new work shall consist of continuing the Ilo drift southwest 600 feet, starting at the shaft, then raising 100 feet at the face of this drift, and then driving sublevel drifts 50 feet to the northeast and 50 feet to the southwest from the top of the 100-foot raise. All work should follow the vein. The drift and sublevel drifts will be approximately 5 feet by 7 feet in cross section in the clear of timbers, and the raise in cross section will be approximately 4 feet by 6 feet. Timbering will be done where necessary. The location, direction, and extent of all work shall be subject to the approval of the Government engineers.

Estimated Cost of the Project

Actual Cost of the Work Performed under the Prior Contract in Stages I and II		1/$50,421.37
Agreed Unit Costs, Stage II		
600 feet of drifting @ $30.25/ft.	$18,150.00	
100 feet of raising @ $30.25/ft.	3,025.00	
100 feet of sublevel drifting @ $30.25/ft.	3,025.00	24,200.00
Total Estimated Cost of Project		$74,621.37
Government Participation @ 50%		$37,310.68

1/ Subject to final audit.

MF-200 (A)
(February 1952)

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
Received
SEP 4 - 1953

DOCKET NO. ~~xxx~~ DMA-67X

COMMODITY Copper
Contract Idm-E 153

Docket Copy

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

AMENDED

EXPLORATION PROJECT CONTRACT[1]

(Short Form)

IT IS AGREED this 29th day of May, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] The Marshall Mining Company, a partnership composed of George V. Marshall, Maurice M. Marshall, and Mrs. Virgil L. Marshall, whose address is 1355 Bay Street, San Francisco, California,

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Plan X/ow

hereinafter called the "Operator," as follows: and as set forth in Annexes I and II:

ARTICLE 1. *Authority for contract.*—This agreement is entered into under the authority of the Defense Production Act of 1950, as amended, pursuant to DMEA Order 1 entitled "Government Aid in Defense Exploration Projects."

ARTICLE 2. *Operator's property rights.*—With respect to that certain land situated in the State of Nevada, County of Elko, described as follows:[3] Patented mining claims Allen, Delano No. 1, Delano No. 2, Bellevue, Copper King, Copper King No. 2, Arkansas, Western Union; and unpatented claim Lincoln, approximately in Section 13, T. 45 N., R 63 E., Salmon River Mining District, about 2 miles northwest of Contact.
the Operator represents and undertakes:[4]

(*a*) That the Operator is the owner, in possession and entitled to possession, and that the property is subject only to the following claims, liens, or encumbrances as to each of which the subordination agreement of the holder is attached:

None

~~(b) That the Operator is in possession and entitled to possession under a valid and subsisting~~
The Operator shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of the exploration project without any allowance for the use, rental value, depreciation, depletion, or other cost of acquiring, owning, or holding possession thereof.

ARTICLE 3. *Exploration project.*—The Operator shall continue ~~within ... from the date of this contract shall commence~~ work on a project of exploration for[5] Copper in or upon the described land; and shall bring the project to completion prior to June 1, 1954. ~~within ... from the date of this contract.~~ The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided. The work shall be performed by the Operator or by independent contractor or contractors efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmen's compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

ARTICLE 4. *Costs of the project.*—The agreed, estimated costs of performing the work, expressed in terms of units of work to be performed (per foot of drifting, per foot of drilling, per cubic yard of material to be moved, etc.) are set forth in Exhibit "A," attached hereto. The Government will pay 50 percent of these agreed, estimated costs, as they accrue, for units of work actually performed that conform with the description or specifications for the work set forth in this contract, in an aggregate total amount not in excess of $37,310.68 which is 50 percent of $74,621.37 the agreed, estimated total cost of the project in which the Government will participate: *Provided,* That until the Operator's final report and final accounting have been rendered to the Government and any final check or auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract. The Government may, as it sees fit, make payments direct to the Operator's independent contractors, if any, for the account of the Operator, rather than to the Operator.

ARTICLE 5. *Reports, accounts, audits.*—(*a*) *Progress reports.* The Operator shall provide the Government with monthly reports of units of work performed under the contract, in quintuplicate (five copies), upon forms provided by the Government. These progress reports shall be certified by the Operator, and shall constitute both the Operator's invoice of units of work performed on the project during the period covered by the report and his voucher for repayment by the Government, unless the Government requires the use of a standard voucher form with invoice attached. Progress reports shall include surface and/or underground engineering-geological maps or sketches showing the progress of the exploration, with assay-reports on samples taken concurrently with the advance in mineralized ground.

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] State name, address, and nature of organization if any.
[3] Give legal description or enough to identify the property, particularly excluding any land or interest therein to which the Government's lien is not to attach or the production from which is not to be subject to the Government's percentage royalty.
[4] Strike out the provision not applicable.
[5] Name of mineral or minerals.

(*b*) *Final report.*—Upon completion of the exploration work or termination of the contract the Operator shall provide the Government with an adequate geological and engineering report, in quintuplicate (five copies), including an estimate of ore reserves resulting from the exploration work.

(*c*) *Compliance with requirements.*—If, in the opinion of the Government, any of the Operator's reports are insufficient or incomplete, the Government may procure the making or completion of such reports and attachments as an expense of the exploration work; and the Government may withhold approval and payment of any vouchers depending upon insufficient or incomplete reports.

(*d*) *Accounts and audits.*—The Operator shall keep suitable records and accounts of the units of work performed, which the Government may inspect and audit at any time. The Government may at any time require a check of the work performed and an audit of the Operator's records and accounts, by a certified public accountant or otherwise, the cost thereof to be treated as a cost of the project. The Operator shall keep and preserve said records and accounts for at least 3 years after the completion of the project or the termination of this contract. Upon the completion of the project or termination of the contract the Operator shall render a final account and statement of work performed to accompany his final report.

ARTICLE 6. *Repayment by Operator.*—(*a*) If, at any time, the Government considers that a discovery or a development from which production may be made has resulted from the exploration work, the Government, at any time not later than 6 months after the Operator has rendered the required final report and final account, may so certify in writing to the Operator. The certification shall describe broadly or indicate the nature of the discovery or development. In the event of such certification, any minerals mined or produced from the land described in Article 2 within 10 years from the date of this contract, including any mined or produced before the certification, shall be subject to a percentage royalty which the Operator or his successor in interest shall pay to the Government, upon the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, until the total amount contributed by the Government, without interest, is fully repaid, or said 10 years have elapsed, whichever occurs first, as follows: **See Annex II, substituted for that part of 6(a) preceding the colon.**

(1) One and one-half (1½) percent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(2) One and one-half (1½) percent of any such net amounts, plus one-half (½) percent of such net amounts for each additional full fifty cents ($0.50) by which such net amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such net amounts.

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

(*b*) As here used, "net smelter returns," "net concentrator returns," and "other net amounts realized from the sale or other disposition," mean gross revenue from sales, or if not sold, the market value of the material after it is mined in the form in which and the place where it is held. In the case of integrated operations in which the material is not disposed of as such, these terms mean what is or would be the gross income from mining operations for percentage depletion purposes in income-tax determination.

(*c*) To secure the payment of its percentage royalty, the Government shall have and is hereby granted a lien upon the land described in Article 2 and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

(*d*) This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

ARTICLE 7. *Assignment, transfer, or loss of Operator's interest.*—Without the written consent of the Government, the Operator shall not assign or otherwise transfer or hypothecate this contract or any rights thereunder. The Operator shall not make any voluntary nor permit any involuntary transfer or conveyance of the Operator's rights in the land described in Article 2, without making suitable provision for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof; *Provided,* that mere failure by the Operator to maintain the Operator's rights in the land, without any consideration running to the Operator other than relief from the cost of maintaining such rights (as by surrender of a leasehold, failure to perform assessment work, or failure to exercise an option), coupled with complete abandonment by the Operator of all interest in or operations on the land for a period of 10 years from the date of this contract, shall not constitute such a transfer or conveyance. Should the Operator make or permit any transfer or conveyance in violation of this provision, the Operator shall be and remain liable for payment to the Government of the same amounts, at the same times, as would have been paid under the terms of the percentage royalty on production. If for any reason the net smelter returns, net concentrator returns, or other net amounts realized from the sale or other disposition of such production are not available as a means of measuring the amount of the Operator's liability, the amount thereof shall be estimated as well as may be, and in the event of dispute as to such estimates, the determination thereof by the Administrator of Defense Minerals Exploration Administration or by his successor shall be final and binding upon the Operator.

ARTICLE 8. *Termination and completion.*—The Government may, at any time, by written notice to the Operator, terminate this contract: (*a*) If the Operator fails to provide his share of the money necessary to prosecute operations pursuant to the terms of the contract; (*b*) if the Operator, in the opinion of the Government, fails to prosecute operations pursuant to the terms of the contract; or (*c*) if, in the opinion of the Government, operations up to the time of the notice have not indicated the probability of making any worth while discovery and in the opinion of the Government further operations are not justified.

ARTICLE 9. *Changes and added provisions* _____

Executed in sextuplicate the day and year first above written.

The Marshall Mining Company

By George T. Marshall Partner

By Mrs Virginia K Marshall Partner

By Maurice M. Marshall Partner

THE UNITED STATES OF AMERICA

By C. A. Mitteudorf

Administrator, Defense Minerals Exploration Administration

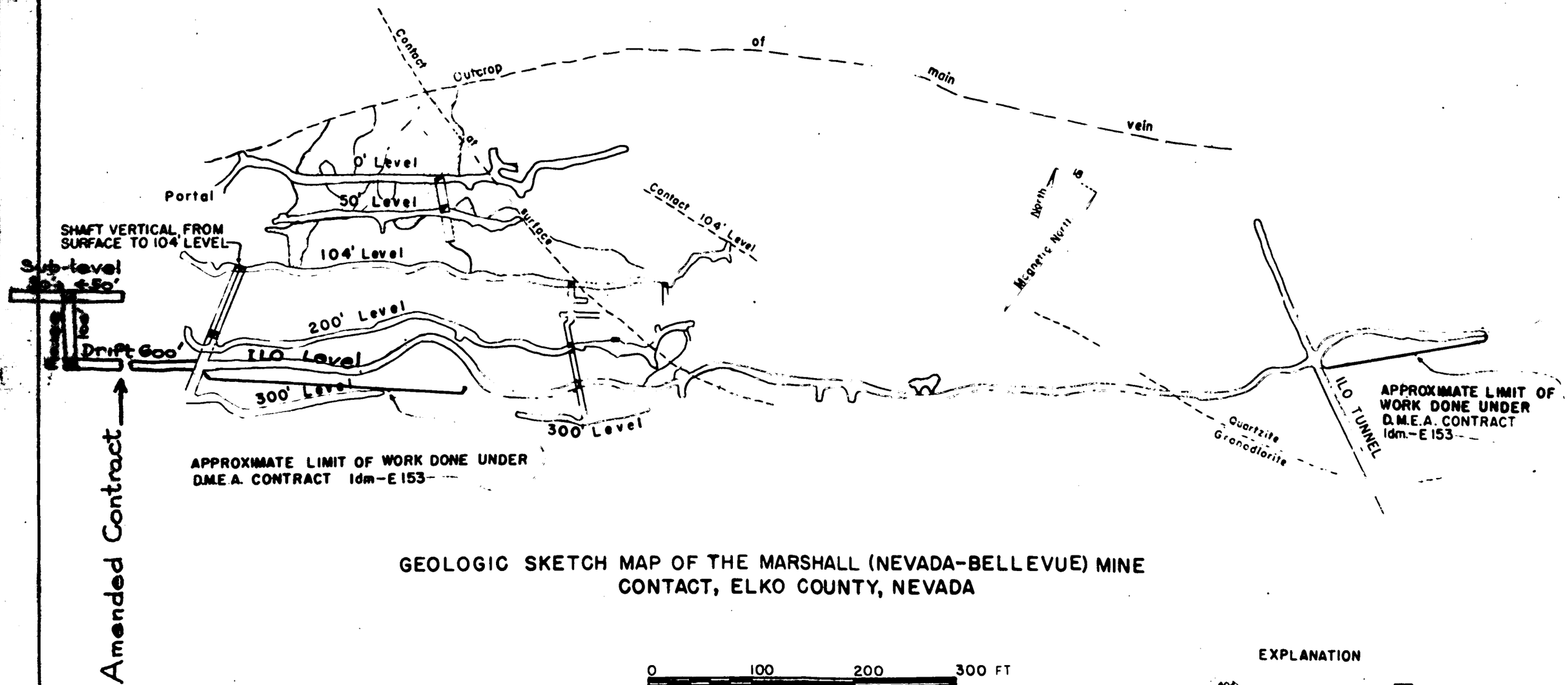
E. E. Kane
Robin
Chandler

I, _____, certify that I am the _____ secretary of the corporation named as Operator herein; that _____, who signed this contract on behalf of the Operator, was then _____ 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 16—66329-1

U.S. Department of The Interior
Geological Survey



GEOLOGIC SKETCH MAP OF THE MARSHALL (NEVADA-BELLEVUE) MINE
CONTACT, ELKO COUNTY, NEVADA

0 100 200 300 FT
SCALE

EXPLANATION

CONTACT
FAULT
STRIKE & DIP
SHAFT GOING ABOVE & BELOW LEVELS
ORE CHUTE
STOPE

Exhibit B

Modified after F. C. Schrader U.S.G.S. Bulletin 847-A, 1935

AMENDMENT NO. 2

Docket No. [illegible] Mineral [illegible]

Exploration Project Contract [illegible]

Date of Contract [illegible]

Date of Amendment [illegible]

Operator [illegible]

JUSTIFICATION

Subject contract was to have been completed by October 10, 1963, but the work under it was not completed until September 27, 1963. The Operator states to us and says that the contract expired on a date 10 months from the date of the contract but was working under the impression that the contract would not expire until 10 months after the date work was started under the contract.

As the error was unintentional and the Operator thought the period of the contract definitely and honestly reflected the intent of the contract, this contract was drawn to extend the completion date to the date exploration actually was completed.

H. C. Miller, Executive Officer
DMEA Field Team, Region III

Docket

AMENDMENT NO. 1

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Exploration Project Contract Idm-E153

Docket DMEA-67X Marshall Mining Company

"Exploration Project Contract Idm-E153, dated September 19, 1951, between the United States of America and the Marshall Mining Company is hereby amended as follows:

"1. The schedule in Exhibit 'A' attached to the contract form under the title 'Labor and Supervision' is amended to provide for paying the mucking machine operator and miner $15.00 per day instead of $14.00 per day, and miners and timbermen, trammer operator, and muckers and helpers $12.00 per day instead of $11.00 per day.

"This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be obligated to pay, or the percentage of the costs which the Government may be obligated to pay, under the provisions of Article 13 of the contract form."

Dated March 17, 1952.

MAR 3 - 1952

UNITED STATES OF AMERICA

By [signature]
Executive Officer - DMEA

The Marshall Mining Company

By George V. Marshall
Maurice M. Marshall
Mrs. Virgil L. Marshall
George V. Marshall - Partner
Maurice M. Marshall - Partner
Mrs. Virgil L. Marshall - Partner

Docket Copy

AMENDMENT NO. 1

Docket No. DMA-67X Mineral Copper

Exploration Project Contract Idm-E 153

Date of Contract Sept. 19, 1951

Date of Amendment Mar. 17, 1952

Operator The Marshall Mining Company

JUSTIFICATION

Amendment was drawn to permit the Operator to pay the increased wage scale prevalent in the area at the time.

JUL 14 1952

H. C. Miller, Executive Officer
DMEA Field Team, Region III

7-23-52

Docket's Copy

MARSHALL MINING COMPANY
CONTRACT Idm-M153
DOCKET DMEA-67X

AMENDMENT NO. 2

AEKane
3/19/53
Pretty

Contract Idm-M153 (Docket No. DMEA-67X), dated September 19, 1951, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Marshall Mining Company, is amended as follows:

Time of completion of contract is extended to September 28, 1952.

The effective date of this amendment shall be September 19, 1952.

This amendment shall not be construed to increase the estimated total cost of the project, the amount of the Government's contribution, or any item of allowable cost which is expressly designated "allowable maximum."

Dated February 12, 1953.

UNITED STATES OF AMERICA

By M C Miller
M. C. Miller, Executive Officer
DMEA Field Team, Region III

The Marshall Mining Company

By George V. Marshall
Mrs Virgil L Marshall
Maurice M Marshall
George V. Marshall - Partner
Maurice M. Marshall - Partner
Mrs. Virgil L. Marshall - Partner

MF-200
(June 1951)

I M-fe Cu

Docket No. DMA 67X
Commodity Copper
Idm-E153

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

DEPARTMENT OF INTERIOR
BUREAU OF MINES
REGION III
RECEIVED
OCT 1 - 1951
SAN FRANCISCO, CALIFORNIA

EXPLORATION PROJECT CONTRACT [1]

It is agreed this 19th day of September, 1951, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration, hereinafter called the "Government," and [2] The Marshall Mining Company, 1355 Bay Street, San Francisco, California A partnership composed of George V. Marshall, Maurice M. Marshall and Mrs. Virgil L. Marshall.

hereinafter called the "Operator," as follows:

1. *Authority for contract.* This agreement is entered into under the authority of the Defense Production Act of 1950, pursuant to Mineral Order 5, entitled "Regulations Governing Government Aid in Defense Exploration Projects."

2. *Operator's property rights.* The exploration project shall be conducted on that certain property situated in the State of Nevada, County of Elko described as follows: [3] the Allen, Delano #1, Delano #2, Bellevue, Copper King, Copper King #2, Arkansas, Western Union patented claims and the Lincoln unpatented (?) claim, approximately in Sec. 13, T.45N., R.63E., Salmon River Mining District about 2.0 miles northwest of the old town of Contact.

with respect to which the Operator represents and undertakes: [4]

(*a*) That he is the sole owner, in possession and entitled to possession, and that the property is subject only to the following claims, liens, or encumbrances as to each of which the subordination agreement of the holder is attached: None

(*b*) ~~That he is a lessee, in possession and entitled to possession, and the subordination agreement of the lessor is attached.~~

3. *Exploration project.* The Operator, within thirty (30) days from the date of this contract shall commence work on a project of exploration for [5] copper; shall prosecute the work efficiently, expertly, in a workmanlike manner, in accordance with good mining standards, with suitable and adequate equipment, materials, and labor, all properly designed to bring the project to completion within a period of [6] twelve (12) months from the date of this contract. The exploration project and the work to be performed are more fully described on Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, is made a part of this contract.

4. *Performance of the work.* The work shall be performed by the Operator, under his sole direction and control: *Provided,* That with the consent of the Government and its written approval of the contract or contracts, all or any part of the work may be performed by the Operator through contract or contracts with independent contractors. The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

5. *Fixtures and improvements.* The Operator shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of the exploration project without any allowance for the use, rental value, depreciation, depletion, or other cost of acquiring, owning, or holding possession thereof. Any additional facilities, buildings, and fixtures, to be purchased, installed, or erected by the Operator, with the estimated cost of each, to which the Government will contribute currently its agreed pro rata share, are listed in Exhibit "A" attached hereto. The difference between the cost of such additional facilities, buildings, or fixtures, and the salvage value thereof at the conclusion of the work, shall be charged as a cost of the project to which the Government has contributed its pro rata share.

6. *Operating equipment.* Any operating equipment to be rented, purchased, or furnished by the Operator, with the allowable rental, purchase price, or depreciation, as the case may be, is listed under appropriate headings in Exhibit "A" attached hereto. As to equipment purchased for the project, the Government will contribute its agreed pro rata share of the cost thereof, and the difference between the cost and the salvage value at the conclusion of the work shall be charged as a cost of the project to which the Government has contributed its pro rata share.

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] State name, address, and nature of organization if any.
[3] Give legal description or enough to identify the property.
[4] Strike out the provision not applicable.
[5] Name of mineral.
[6] Not in excess of 2 years.

7. *Title to and disposition of property.* All facilities, buildings, fixtures, equipment, other items costing more than $50 each, paid for or purchased with funds contributed jointly by the Operator and the Government, shall belong to the Operator and the Government jointly, in proportion to their respective contributions, and upon the termination of the contract, if they have any salvage value, shall be disposed of for their joint account unless the Government, in writing, waives its interest in any such items. The Government may require the dismantling, severance from land, and removal of any such items in order to realize its interest in the salvage value thereof, and the cost of any such removal and of the disposal of the items shall be for the joint account of the parties in proportion to their respective interests.

8. *Labor and supervision.* An itemized schedule of labor, by numbers and classes (miners, muckers, millmen, etc.), and of supervisors, by numbers and positions, with the maximum wages or salaries that may be paid to each as an allowable cost of the project is set forth in Exhibit "A" attached hereto.

9. *Rehabilitation and repairs.* A statement of the cost of any necessary rehabilitation or repairs to put existing facilities, buildings, installations, and fixtures into useful and operable condition and which are to be allowed as costs of the project is included in Exhibit "A."

10. *Allowable costs of the project.* The costs of the project in which the Government will participate are limited to the necessary, reasonable, direct costs of performing the exploration work, including the costs of materials, supplies, engineering, power, water, analytical work, accounting, and utilities, including items of equipment costing less than $50 each; and the costs referred to in Articles 5, 6, 8, and 9, and the exhibits annexed to and referred to in this contract. Although the Government may pay part of the cost of new or additional facilities, structures, buildings, and equipment, only the depreciation on such items, computed as indicated in Articles 5 and 6, will be charged as a cost of the project. No items of general overhead, corporate management, interest, taxes, or any other indirect costs not expressly allowed by these provisions, or work performed or costs incurred before the date of this contract, shall be allowed as costs of the project in which the Government will participate.

11. *Accounts and audits.* The Operator shall keep suitable records and accounts of operations, which the Government may inspect and audit at any time. The Government may at any time require an audit of the Operator's records and accounts by a certified public accountant, the cost thereof to be treated as a cost of the project. The Operator shall keep and preserve said records and accounts for at least 3 years after the completion of the project or the termination of this contract.

12. *Progress reports.* The Operator shall provide the Government with monthly reports of work performed under the contract upon forms to be provided by the Government. Each monthly progress report shall bear the certification of the Operator and shall constitute the Operator's invoice of costs incurred on the project during the period covered by the report.

13. *Payment to the Operator.* The monthly progress report (invoice), to the extent approved by the Government, shall be processed for payment by the Government. Payment shall be made in the amount of 50 percent of the approved costs incurred; *Provided,* That the aggregate total of all sums paid by the Government under this agreement shall not exceed $25,210.68, which is 50 percent of the agreed estimated total cost of this project, $50,421.37.

14. *Final reports by Operator.* Upon completion of the project or termination of this contract, the Operator shall provide the Government with a comprehensive geologic and engineering report, including an estimate of ore reserves, to the best of his ability. Four copies of all reports shall be furnished to the Government.

15. *Repayment by Operator.* If, upon the completion of the exploration project or termination of the contract, the Government considers that a discovery or development has resulted from the work from which commercial production of ore may be made, the Government, within 6 months thereafter, shall so certify to the Operator, particularly describing and delimiting its estimate of the discovery or the development. Thereafter, if and as ore is produced as a result of such discovery or development, the Operator and his successor in interest shall be and become obligated to pay to the Government a percentage royalty on the net smelter returns or other net proceeds realized from such ore, concentrates, or metal produced within ten (10) years from the date of this contract, until the total amount contributed by the Government, without interest, is fully repaid or said 10 years have elapsed, whichever occurs first, as follows:

Of net smelter returns or other net proceeds not in excess of eight dollars ($8.00) per ton of ore: One and one-half (1½) percent.

Of net smelter returns or other net proceeds in excess of eight dollars ($8.00) per ton of ore: One and one-half (1½) percent, plus one-half (½) percent for each additional full fifty cents ($0.50) in excess of eight dollars ($8.00) per ton of ore, but not in excess of a maximum of five (5) percent.

This obligation to repay from net returns or proceeds shall be and remain a claim and lien upon the mineral deposit which is the subject of the exploration project and upon any production resulting from such discovery or development, in favor of the Government, until fully paid, or until said 10-year period has elapsed; and this claim and lien and the Government's right to repayment shall survive any termination of the contract, whether by completion of the exploration project or otherwise. This article is not to be construed as imposing any obligation on the Operator or his successor in interest to produce ore from any such discovery or development.

16. *No assignment of contract.* Without the written consent of the Government, the Operator shall not assign or otherwise transfer or hypothecate this contract or any rights thereunder.

17. *Termination and completion.* The Government may, at any time, by written notice to the Operator, terminate this contract: (*a*) If the Operator fails to provide his share of the money necessary to prosecute operations pursuant to the terms of the contract; (*b*) if the Operator, in the opinion of the Government, fails to prosecute operations pursuant to the terms of the contract; or (*c*) if in the opinion of the Government, operations up to the time of the notice have not indicated the probability of making any worthwhile discovery and in the opinion of the Government further operations are not justified. Upon the completion of the project or any termination of the contract the Operator shall render to the Government a full and final accounting of his operations under the contract and his expenditures of money; shall dispose of any unused materials, supplies, and equipment for the joint account of the Operator and the Government in the proportion of their respective interests; and shall pay to the Government its pro-rata share of any money remaining.

Executed in sextuplicate the day and year first above written.

The Marshall Mining Company
(Operator)

By George V. Marshall
Maurice M. Marshall
George V. Marshall - Partner
Maurice M. Marshall - Partner
Mrs. Virgil L. Marshall - Partner
Mrs Virgil L Marshall

THE UNITED STATES OF AMERICA

By C. O. Mutteudorf
Director, Production Expansion Division
Defense Minerals Administration

U. S. GOVERNMENT PRINTING OFFICE 16—64066-2

The Marshall Mining Company Property

Exploration Project Contract

The former Nevada-Bellevue Mine.

EXHIBIT "A"

Exploration Project

Time Schedule Month	Stage I
1st & 2nd	1. Move and rehabilitate buildings now on property. 2. Move in and set up equipment. 3. Rehabilitate the 1360 foot Ilo adit and the west drift in preparation for driving east and west.
	Stage II
3rd to 12th	1. Drive 900 feet easterly from Ilo adit on the main vein. (see map attached hereto) 2. Drive 150 feet westerly from face of west drift to connect to shaft and then drive an additional 1,200 feet west of the shaft. Total drifting east and west is 2,250 feet. (see attached map)

The proposed work and the estimated cost thereof is as follows:

Stage I

1. To set up and recondition the Ilo adit, labor and supervision	$4,100.00
2. For balance see Fixtures and Improvements.	
Sub-total	$4,100.00

Stage II

1. Drive 2,250 feet of drift, labor & supervision @ $8.98 a foot (additional costs included elsewhere). The adit is to be of sufficient size for mucking machine operation but it is not to exceed 6 x 7.5 feet in the clear.	$20,200.00
Sub-total	$20,200.00

Summary of Estimated Costs

1. Stage I	$ 4,100.00
2. Stage II	20,200.00
3. Fixtures and Improvements	2,900.00
4. Operating Equipment	
Equipment to be purchased	10,777.00
Supplies to be purchased	8,400.00
Allowance for operator's equipment, 11 months	2,944.37
5. Rehabilitation and repairs	1,100.00
Total	$50,421.37
Government participation one half of above	$25,210.68

Fixtures and Improvements

To be purchased:

1.	Building, 30 x 50 feet on Grey property	$ 500.00
	To move structure	150.00
	For foundation	50.00
2.	Mine rail	1,000.00
3.	Black pipe	1,200.00
	Sub-total	$2,900.00

To be rehabilitated:

See rehabilitation and repairs.

Operating Equipment

To be purchased:

Equipment

1.	One truck	$ 2,000.00
2.	One 1½ ton Atlas electric trammer with battery	3,902.00
	Freight on same, FOB Cleveland	125.00
3.	One Exide battery charger	1,000.00
4.	One mucking machine (air, factory rebuilt)	2,250.00
5.	Eight mine cars @ $187.50 each	1,500.00
	Sub-total	$10,777.00

Materials and Supplies

1.	Drill steel and bits	$ 500.00
2.	Timber	2,000.00
3.	Powder, fuse and caps	3,600.00
4.	Incidental supplies, tools, fuel, oil, carbide, samples, etc.	2,300.00
	Sub-total	$8,400.00

To be furnished by applicant on a depreciation basis:

		Cost	Monthly Allowance
1.	One skid mounted KVA generator direct connected to 100 H.P. International engine. Self starter, complete with switchboard, transformer, switches.	$6,800.00	$113.00
2.	One air compressor, G-D 2 stage, 132 cfm, skid mounted and direct connected to International P30 semi-diesel engine.	4,000.00	66.67
3.	One Sullivan air tugger, 2,000 lb., capacity, complete with cable	835.00	14.00

4.	One Buffalo air blower	280.00	4.50
5.	One Gardner-Denver stoper, 1" hex	250.00	6.00
6.	One Thor Cochise drifter, 1" hex	760.00	16.00
7.	One 200 foot 3/4" air hose	113.60	14.00
8.	One 200 foot ½" water hose	98.30	12.50
9.	Two 500 gallon fuel tanks	179.20	3.00
10.	One large air receiver	1,045.00	18.00
	Sub-total		$267.67

Rehabilitation and Repairs

1.	Moving buildings housing the compressor, storeroom and hoist from the shaft location to the portal of the Ilo adit. Will be used as a change and a storeroom.	$ 250.00
	Concrete slab for floor, 30' x 30' x 4" = 11.1 yds. @ $13.50 per yard	150.00
2.	Materials necessary to rehabilitate all buildings.	350.00
3.	Labor on rehabilitation	350.00
	Sub-total	$1,100.00

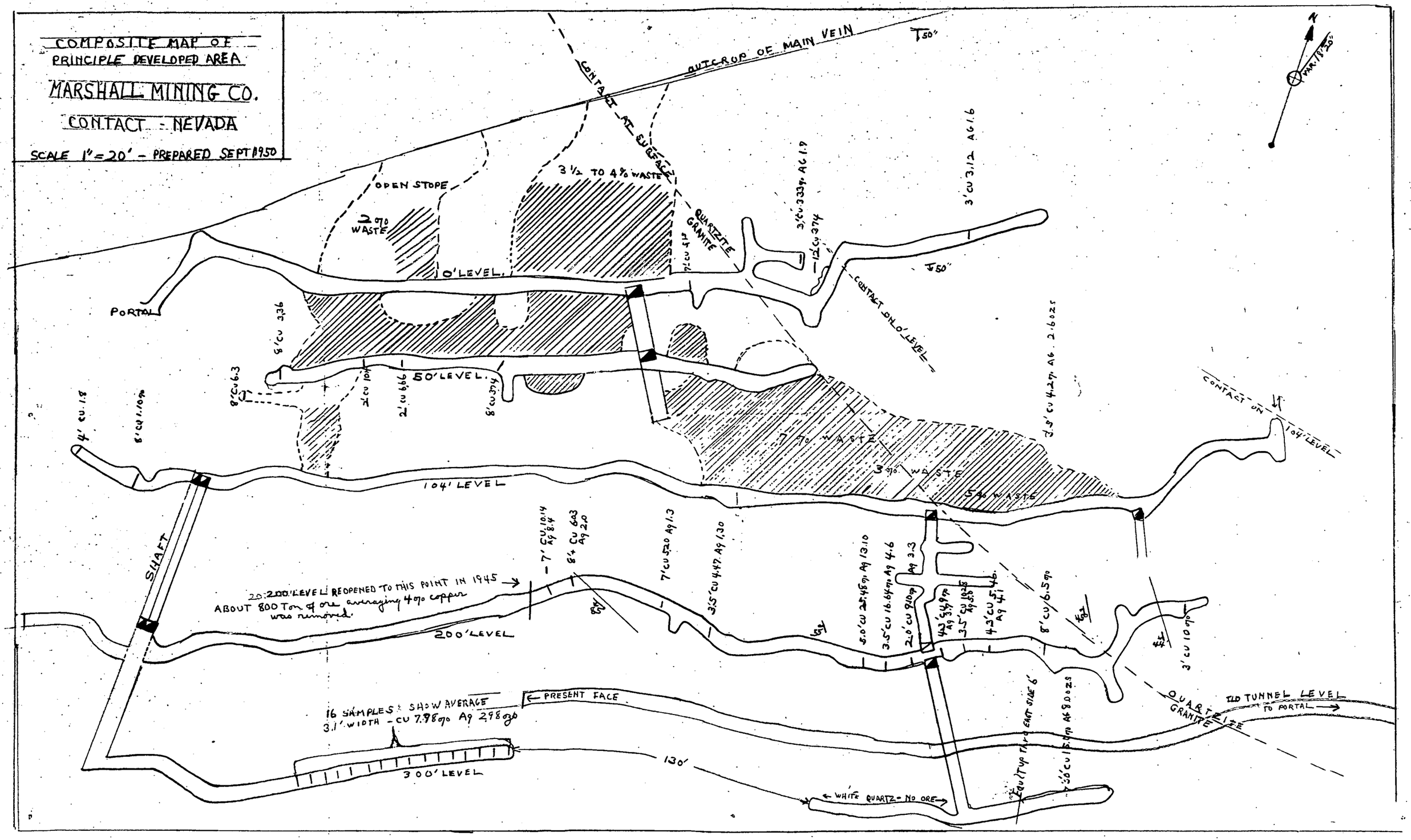
Labor and Supervision

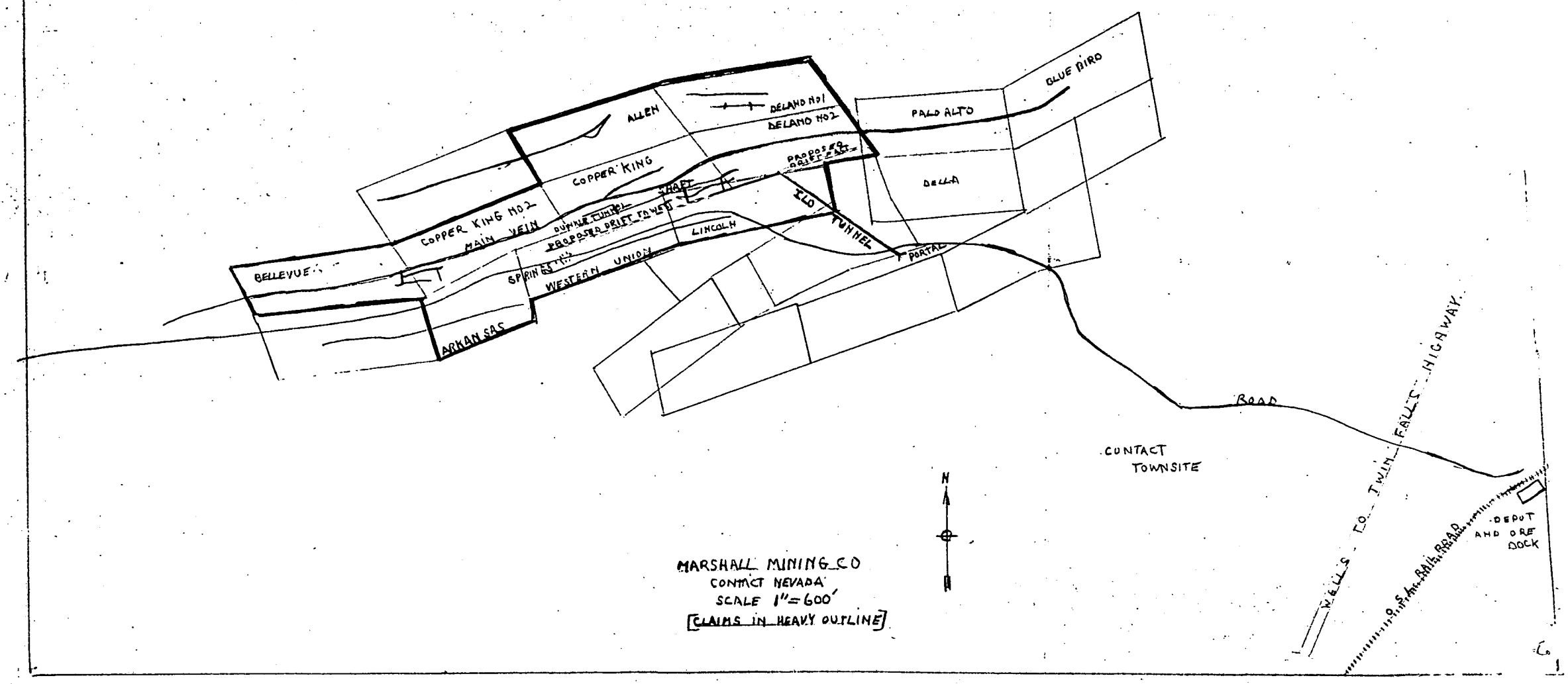
1. The following labor will be employed at the rates shown:

1 Mucking machine operator and miner per day	$14.00
2 Miners and timbermen @ $11.00 per day	22.00
1 Trammer operator @ $11.00 per day	11.00
2 Muckers and helpers @ $11.00 per day	22.00
Insurance and payroll tax	10.00
Sub-total	$79.00

2. Mining Engineer-Supt. @ $450.00 per month.*

* To supervise work, sample and keep accounts.


COMPOSITE MAP OF
PRINCIPLE DEVELOPED AREA
MARSHALL MINING CO.
CONTACT - NEVADA
SCALE 1" = 20' - PREPARED SEPT 1950
OUTCROP OF MAIN VEIN
CONTACT AT SURFACE
OPEN STOPE
3 1/2 TO 4% WASTE
2% WASTE
QUARTZITE
GRANITE
0' LEVEL
PORTAL
50' LEVEL
CONTACT ON 0' LEVEL
CONTACT ON 104' LEVEL
104' LEVEL
70% WASTE
30% WASTE
50% WASTE
SHAFT
200' LEVEL
20:200' LEVEL REOPENED TO THIS POINT IN 1945
ABOUT 800 Ton of ore averaging 4% copper
was removed.
16 SAMPLES SHOW AVERAGE
3.1' WIDTH - CU 7.98% Ag 2.98 oz
PRESENT FACE
300' LEVEL
130'
WHITE QUARTZ - NO ORE
QUARTZITE
GRANITE
OLD TUNNEL LEVEL
TO PORTAL


BLUE BIRD
PALO ALTO
DELANO No1
DELANO No2
ALLEN
COPPER KING
PROPOSED DRIFT EAST
DELLA
SHAFT
COPPER KING No2
MAIN VEIN
DUMMY TUNNEL
PROPOSED DRIFT TO WEST
LINCOLN
ILO TUNNEL
PORTAL
BELLEVUE
SPRINGFIELD
WESTERN UNION
ARKANSAS
ROAD
CONTACT
TOWNSITE
WELLS - CO. - TWIN - FALLS - HIGHWAY
S.P. & P. RAILROAD
DEPOT
AND ORE
DOCK
N
MARSHALL MINING CO
CONTACT NEVADA
SCALE 1" = 600'
[CLAIMS IN HEAVY OUTLINE]

Form
(April

U. S. DEPARTMENT OF THE INTERI

DEFENSE MINERALS ADMINISTRATION

Budget Bureau No. 42-R1035.
Approval expires 6-30-51.

APPLICATION FOR AID FOR AN EXPLORATION PROJECT PURSUANT TO MINERAL ORDER 5, UNDER DEFENSE PRODUCTION ACT OF 1950

DO NOT FILL IN THIS BLOCK

Docket No. dma-67X

Date received 5/10/51

Participation

MARSHALL MINING COMPANY
1355 Bay Street
San Francisco 26, California

Name and address of applicant

Date May 5, 1951

FILL IN THIS BLOCK

Date of application May 5, 1951

Estimated cost $50,000.00

Mineral or metal Copper

Percentage of Government participation 50%

Location of mine Contact(Elko County) Nevada

Date of filing MF-100 May 5, 1951 and December 7, 1950

DMA Docket Number, if available 67 X

INSTRUCTIONS

Read Mineral Order 5, Regulations Governing Government Aid in Defense Projects, before completing this application. Submit four signed copies of the application to Defense Minerals Administration, Department of the Interior, Washington 25, D. C., or to the nearest field executive officer thereof, with your name and address on each sheet of the application and all accompanying papers. If any question is inapplicable, or if you cannot answer it, so state on the form. Where the space provided for answer is insufficient, answer on a separate sheet, annex it to the application form, and refer to it in space for answer. If the application is approved, you will be presented with an exploration project contract on Form MF-200, for your signature.

THE APPLICANT

*1. Is applicant an individual, partnership, or corporation?
*2. If a partnership, state names and addresses of partners.
*3. If a corporation, state names and addresses of officers, directors, and five largest stockholders.
*4. Describe the mining and general business experience of (*a*) the applicant, and (*b*) the person or persons who will manage the project.
*5. Are you the owner or the lessee of the property?
6. If owner, state what claims, liens, or encumbrances, if any, are against the property.
7. If lessee, attach a copy of the lease and state if it is in good standing.

NOTE.—It will be necessary to procure and attach to the exploration project contract agreements of claimants, lienors, encumbrances and lessors subordinating their interests in the property to the interest of the Government under the contract.

8. Furnish current financial statement, showing assets and liabilities, and a profit and loss statement.
9. How much money is applicant prepared to invest in proposed project? Is it sufficient to pay your part of the cost of the project as detailed in question 23 of this application form, in accordance with the regulations on Government participation (Section 9 of Mineral Order 5)?

*If you have already answered these questions on MF-100, you are not required to answer the questions for this application.

16—64067-1

THE PROPERTY

10. (*a*) Give a description of the real property that will be in any way involved in the exploration project, including any existing mine or operating property.
    (*b*) Give the legal description of the exact parcel, plot, or area upon which the exploration is to be conducted.

    NOTE.—If both areas are the same, so state. The only obligation to repay the Government is from the net earnings from any commercial discovery made in the area specified in (*b*) above in which the exploration is to be conducted, and the expenditure of funds which may be charged as costs of the project must be limited to that area or to work necessary to perform the exploration in that area.

*11. State the present and former names of the property, if any.
*12. State, in detail, the location of the property with reference to towns, railroads, roads, shipping points, including distances and directions and kinds and conditions of roads.
*13. State source and quantity of water available for operations and its sufficiency at all seasons.
State amount of power to be used, rate per hour or other cost, and source.
*14. Describe any existing useable facilities, equipment, buildings, or structure now on the property that will be devoted to the exploration work.
15. State in detail how the ore could be shipped and how and where milled.
*16. History:
    (*a*) Give a statement, as complete as possible, of previous exploration, development, operation, and production of property, with reasons for any past suspensions of operations.
    (*b*) State briefly the known history and production of adjoining and neighboring properties.
    (*c*) Furnish any available (private) reports that may apply to this application, including results of mine examinations, recommended exploration and development, and metallurgical investigations.
*17. Production:
    (*a*) If mine is in production, furnish the following information:

	Tons per day	*Grade or analysis*	*Cost per ton*	*Net value per ton*
(1) Mining				
(2) Milling				
(3) Shipped or sold				

*18. Ore or mineral reserves: (If property is or has been operating.)
    (*a*) Describe the ore or mineral deposits briefly.
    (*b*) Submit available maps and assay data.
    (*c*) Give estimated tonnage and grade of each class of ore reserves.
19. State any conditions or circumstances regarding the property not sufficiently brought out by the foregoing questions.

THE EXPLORATION

20. For what mineral or minerals and for what types of deposits and ores will the exploration be conducted?
21. Describe briefly, but concisely, the proposed work and the estimated time required to complete it.

    NOTE.—The Government will not participate in a project that will require more than 2 years to complete.
22. Furnish statement of the geological basis of the project with particular emphasis on factors leading the operator to expect the finding of commercial ore bodies. This statement should be accompanied by supporting maps such as geological maps, maps of the proposed openings and assay maps, sample lists, and other pertinent data.

THE REQUIREMENTS AND COSTS

23. Tabulate in the form of an itemized statement with a sum for each item the estimated requirements and costs of the project so that the total will give the estimated cost of the project in which the Government will participate, as follows:
    (*a*) Labor, by numbers and classes (miners, muckers, millmen, etc.), with wages of each.
    (*b*) Supervisors, by numbers and positions, with salaries of each.
    (*c*) Cost of necessary repairs to existing facilities, structures, and buildings.
    (*d*) Cost of necessary installation or construction of additional facilities, structures, and buildings.
    (*e*) Cost of items of equipment, not now owned by the applicant which must be purchased for operations at a cost of $50 or more each.
    (*f*) Cost of rental for equipment which the operator proposes to rent.
    (*g*) Rental value of items of equipment which the operator now owns and which will be devoted to the work.
    (*h*) Cost of materials and supplies, including items of equipment costing less than $50 each.
    (*i*) Cost of power, water, utilities, and any other items not provided for above.
24. Furnish a time schedule of the project, stated in terms of months after project is approved, showing progress expected to be accomplished and the money expected to be spent.

CERTIFICATION

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

Marshall Mining Co
(Name of company)

By Maurice M Marshall
(Signature of authorized official)

May 5, 1951
(Date)

partner
(Title)

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.

*Same as footnote on page 1.

16—64067-1 U. S. GOVERNMENT PRINTING OFFICE

Form MF-100
(March 1951)

U. S. DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Form approved.
Budget Bureau No. 42-R1026.

GENERAL TECHNICAL DATA FOR USE UNDER THE DEFENSE PRODUCTION ACT OF 1950

NOT TO BE FILLED IN BY APPLICANT

Docket No. Dma - 67 X

Date received 5/10/51

MARSHALL MINING COMPANY
1355 Bay Street
San Francisco, California

Name and address of applicant

Date May 5, 1951

INSTRUCTIONS

This form is to be filed with Defense Minerals Administration, Department of the Interior, Washington 25, D. C. It should be accompanied by appropriate application form when a specific type of Government assistance is requested, in the form of (1) loan, (2) purchase contract, (3) Government guarantee of a private loan, (4) Necessity Certificate pursuant to the provisions of Sec. 124-A (Amortization Deduction) of Internal Revenue Code, 1950, (5) priorities or allocation of mining equipment, and maintenance, repair and operating supplies, and (6) other forms of Government assistance that might arise under the Act. Submit four (4) signed copies of the form and accompanying papers. Name and address should be stamped or typed on each sheet of this form and all accompanying papers. *When a question is inapplicable it should be so stated on the form.* Additional sheets may be attached in answering any questions or in supplying additional information. (IF YOU CANNOT ANSWER A QUESTION, SO STATE.) If a question is answered elsewhere indicate where answered. It is not necessary to answer it again.

GENERAL TECHNICAL DATA

Supply the following information on separate sheets, arranged, numbered, and lettered as indicated:

1. Materials produced:
   (*a*) What are the chief mine, mill, or smelter products?
   (*b*) What are the byproducts, if any?
2. Name(s) and type(s) of mine(s), mill(s), smelter(s), refinery(ies), pit(s), quarry (ies), drilling operation(s). Include old names of property, if any. Show extent of workings, including the following:
   (*a*) Linear feet of shafts.
   (*b*) Linear feet of drifts and crosscuts.
   (*c*) Linear feet of tunnels or adits.
   (*d*) Linear feet of other mine openings (explain briefly).

   Indicate whether mine is flooded or not. Describe any pumping problems. Give size or productive capacity.
3. For each operation listed above supply the following:
   (*a*) Distance and direction from nearest town and shipping point.
   (*b*) Mining district.
   (*c*) Township, Section, Range.
   (*d*) County, State.
4. (*a*) State whether or not property is now in operation, and if in operation, by whom operated. Not in operation
   (*b*) Are you operating this property as:
   - ☒ Owner.
   - ☐ Lessee.
   - ☐ Contractor.
5. Number of years in production 15 (approximately)

   If not in production or operation, estimated date when production will begin August 1, 1951
6. Experience of operators:

   Describe the mining and general business experience of (*a*) the applicant, and (*b*) the person or persons who manage the project.
7. History:
   (*a*) Give a statement, as complete as possible, of previous exploration, development, operation, and production of property, with reasons for suspension of operation.
   (*b*) State briefly the known history and production of adjoining and neighboring properties.
   (*c*) Furnish any available (private) reports that may apply to this application, including results of mine examinations, recommended exploration and development, and metallurgical investigations.

8. Names and addresses of Officers, Directors, or Partners, and in addition thereto, the five largest stockholders if applicant is a corporation.

Name and Address (a)	Official Title (If officer is also director indicate by "D") (b)	Total of Annual Salary, Commissions, Bonuses, Etc., Received From Applicant and Affiliates During Last Fiscal Year (c)	Estimated Net Worth Outside of Interest in Applicant (d)	Number of Shares Held in Applicant Corporation: Common (e)	Number of Shares Held in Applicant Corporation: Preferred (f)	Life Insurance Carried for Benefit of Applicant: Amount (g)	Life Insurance Carried for Benefit of Applicant: Net Cash Surrender Value After Loans (h)
Maurice M. Marshall	1/2 interest		$75,000				
George V. Marshall	1/4 interest		$50,000				
Mrs. Virgil L. Marshall	1/4 interest		$100,000				
	Total		x x x x x			x x x x x	x x x x x

If more lines are needed continue on separate sheet.

9. Capital Stock Issues:

For Corporate Applicants

Item	Authorized (a)	Outstanding (b)	Par Value (c)	Number of Shares Outstanding (d)	Dividend Rate Last Paid* (e)
Common stock	$	$	$		
Preferred stock	$	$	$		

*Indicate period covered.

10. Production:

Item	Kind of Product (a)	1948 Total (b)	1949 Total (c)	1950 Total (d)	Present Average Monthly (e)
1. Quantity of product mined or quarried (Short, long, metric tons; barrels; pounds; etc.)					
2. Quantity of product processed (specify unit of measure and type of process)					
3. Quantity and grade of product sold or shipped (specify units of measure)					

11. Do you contemplate a change in the present average monthly rate of production? If so, state estimated maximum monthly production and basis of change.

12. Ore or Mineral Reserves:

(a) Describe the ore or mineral deposit briefly. Accompany the application by any available report on the geology and ore reserves.

(*b*) If deposit is other than placer:

(1) Submit assay plans and/or sections showing location and size of proved (measured) and probable (indicated) ore or mineral reserve.

(2) State the tonnage (indicate type of ton) and grade of each class of ore reserve, as above, and show how computed. Tabulated total ore reserve as follows:

TOTAL ORE OR MINERAL RESERVES

Ore or Mineral Reserve	Estimated Tons (a)	Metal or Mineral Content Per Ton (Grade) (b)	Gross Value Per Ton (c)	Recoverable Unit Value Per Ton (d)	Estimated Cost of Production Per Ton (e)
Measured (proved)					
Indicated (probable)					

(*c*) If placer:

(1) Give estimated total yardage and average marketable mineral content of each deposit.

(2) Submit map showing location of placer deposit and surrounding area, with all test holes or pits. Submit logs of each hole and test pit with depth and average value of each.

(3) Describe gravel, stating whether fine, medium or coarse; loose, tight, cemented, or frozen, and whether it contains stumps or boulders more than 1 foot in diameter; if so, how large, and in what proportion.

(4) Describe bedrock, giving type (granite, sandstone, shale, etc.) and state whether it is hard or soft, smooth, uneven or rough.

(5) Describe overburden, stating whether loose, tight, or cemented; fine or coarse textured; furnish estimate of average thickness and total amount.

(6) Tabulate the reserves using the form outlined above for ore or mineral reserves.

13. Access Roads:

Give road distances to shipping, supply and residence points, stating kind and condition of roads.

14. Water Supply:

State source and quantity of water available for operations and whether sufficient for all seasons of year.

15. Power:

State amount of power used, rate per hour, and source thereof.

16. Labor:

State number and classes (miners, muckers, millmen, etc.) of men employed during a recent representative payroll period.

17. Equipment and Facilities:

Describe present equipment on the property, including buildings. (State condition.) List major pieces of equipment now owned or controlled and in serviceable condition available for this operation.

18. Are there any particular conditions or circumstances affecting your operations that are not described above? If so, explain.

CERTIFICATION

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

All of the above questions not herein answered have been answered either in Form MF-103 or in Technical Reports previously submitted

Marshall Mining Co
(Name of company)

By Maurice W. Marshall
(Signature of authorized official)

May 5, 1951
(Date)

partner
(Title)

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.

U. S. GOVERNMENT PRINTING OFFICE 16—63792-1

ANSWERS TO QUESTIONS IN FORM MF-103

1. Partnership
2. Maurice M. Marshall, George V. Marshall - 1355 Bay Street, San Francisco; Mrs. Virgil L. Marshall, 3471 Pierce Street, San Francisco.
3. - - -
4. Maurice M. Marshall - 5 years operation of the property - 25 years in merchandising, building and market installation.

   George V. Marshall - 6 years assistant in operation of this property and 25 years in auto business and real estate operations.

   Property controlled and operated within family for 40 years.
5. Owners
6. None
7. - - -
8. Assets - $15,000.00 of equipment and buildings.
   Liabilities - none.
9. $5,000.00 - sufficient for our part of cost.
10. (a) Previously submitted
    (b) Previously submitted
11. Previously submitted
12. Previously submitted
13. Previously submitted
14. Inventory previously submitted
15. By railroad to American Smelting & Refining Co., Garfield, Utah
16. (a) Previously submitted
    (b) Some production from adjoining Brooklyn & Palo Alto properties and other district properties
    (c) Previously submitted
17. Not in production
18. a, b and c previously submitted
19. None
20. Fissure vein deposits of copper
21. Re-opening of Ilo Tunnel, and driving a drift on vein 900 feet to East. Also re-opening of drift to West and driving 150 feet West to connect with shaft and an additional 1200 feet West of shaft.
22. Reports previously submitted
23 (a) & (b)

1 muck machine operator and miner - per day	$14.00
2 miners and timbermen - at $11.00 per day	22.00
1 trammer operator	11.00
2 muckers and helpers - at $11.00 per day	22.00
1 working foreman, Supt.	18.00
1 Manager - G. V. Marshall	13.00
Insurance & payroll tax	10.00
Payroll per day	$110.00

40 days to set up and recondition Ilo Tunnel - Payroll	$4,400.00
2450 feet new drifts - 200 days	22,000.00
Accounting and bookkeeping	1,000.00
Total payroll for project	$27,400.00

23. (c) Cost of repairs to existing facilities $ 1,000.00
    (d) Cost of new facilities & buildings 1,000.00

23. (e) & (h)

1½ Ton Electric Trammer -

Quotations - G.E. new - $4,935.00 plus freight
Mancha new - 3,370.00 " "

Exide Battery for either of above - $387.00

Atlas Trammer, complete with battery - $3,902.00 plus freight

Morse Bros., Denver
1½ Ton used Mancha - $3,100.00
Battery for above - 387.00

We are taking Atlas quotation of Feb. 17, 1951
as estimate - $3,902.00
F.O.B. Cleveland freight 125.00

Charging set to be made up in San Francisco with gas engine, etc., complete. To be made under supervision and specifications of Exide Battery officials - $1,000.00

Air Power Mucking Machine (factory rebuild)	2,250.00
Truck - -	2,000.00
Mine cars - -	1,500.00
Additional Rail - -	1,000.00
Additional Pipe - -	1,200.00
Timber - -	2,000.00
Powder - -	700.00
Drill steel and bits - -	500.00
Incidental supplies and tools such as saws, wrenches, fuel, etc. - -	1,000.00
Edison Lamp equipment - -	400.00
Total cost of equipment and supplies - -	$18,577.00

23. (f) None
(g) Supplies on hand and rental of equipment - - 2,000.00
(i) None
Total cost of project as above outlined - - $49,977.00

24. A crew of 2 or 3 men could start within 3 weeks of approval of the project in the work of installing facilities, moving and reconditioning equipment, and other preliminary above ground details. Within 6 to 7 weeks from approval of the project all equipment and sufficient supplies could be on hand and ready to go with full crew. 40 days thereafter the Ilo Tunnel would be fully rehabilitated, and work on the 2 headings, to the East and to the West, could be carried on simultaneously. This work should progress at an average of 12 feet per day so that the project should be completed within one year from date we start.

23e. Cost of items of equipment, not now owned by the applicant which must be purchased for operations at a cost of $50.00 or more each:

x 1 -	Truck	$ 2,000.00 ✓
x 1 -	1½ ton electric trammer and battery (Atlas)	3,902.00 ✓
x	Freight FOB Cleveland	125.00 ✓
x 1 -	Battery charger (Exide)	1,000.00 ✓
x 1 -	Mucking machine (Air, factory rebuilt)	2,250.00 ✓
x 8 -	Mine cars @ $187.50 each	1,500.00 ✓
	TOTAL	$ 10,777.00

23f. Not applicable:

23g. Rental value of items of equipment which applicant now owns and which will be devoted to the work:

x 1 - Skid mounted G-E 50 KVA generator direct connected to 100 HP International engine, self starter, complete with switchboard, transformer, switches. List price $ 6800.
Rental value, per month $ 395.00 113.00

x 1 - Air compressor, gardner-Denver, 2 stage 132 CFM, skid mounted and direct connected to Internationl P30 semi Diesel engine.
List price $4000 Rental value per month $ 226.00 67.67

x 1 - Sullivan tugger air hoist, 2000 pounds capacity complete with cable.
List price $835. Rental value per month $ 73.00 14.0

x 1- Buffalo air blower, List price $250.
Rental value per month $ 25.00 4.50

1 - Thor cochise stoper (one inch hex) List price $187.
Rental value per month $ 66.75 mo

x 1 - Thor cochise drifter with shell, one inch hex
List price $760. Rental value per month $ 73.50 16.00

x 1 - Gardner stoper, one inch hex, List price $250
Rental value per month $ 66.75 6.00

x 1 - 200 foot 3/4" air hose, List price $113.60
Rental value per month $ 28.20 14.00

x 1 - 200 foot 1/2" water hose, List price $98.80
Rental value per month $ 22.80 12.50

x 2 - 500 gal fuel tanks, List price $179.20
Rental value per month $ 17.92 3.00

1 - Large air receiver, list price $1045
Rental value per month $ 60.00 18.00

Total list price $14,518.60 Rental value per month $1,054.92

Total Rental Cost, 12 months $12,659.00

23h. Cost of materials and supplies:

x Track rails	1,000.00 ✓
x Pipe	1,200.00 ✓
x Timber	2,000.00 ✓
x Powder	700.00 low
x Drill steel and bits	500.00
x Small tools and fuel	1,000.00 low
Edison lamp equipment	400.00 no
TOTAL	$ 6,800.00

23ab Labor and Supervision:

1 - Mucking machine operator and miner per day	$ 14.00
2 - Miners and timbermen at $11.00 per day	22.00
1 - Trammer operator $11.00 per day	11.00
2 - Muchers and helpers at $11.00 per day	22.00
1 - Working foreman - Supt.	18.00
1 - Manager G.V. Marshall	13.00
Insurance and payroll tax	10.00
Payroll per day	$ 110.00

MARSHALL MINING COMPANY

DOCKET NO. DMA-67X

Exhibit A

Project: Reopening of Ilo Tunnel and driving a drift on vein 900 feet easterly. Also reopening of drift to west and driving 150 feet westerly to connect with shaft and then an additional 1200 feet west of shaft. 2250

Summary of Costs

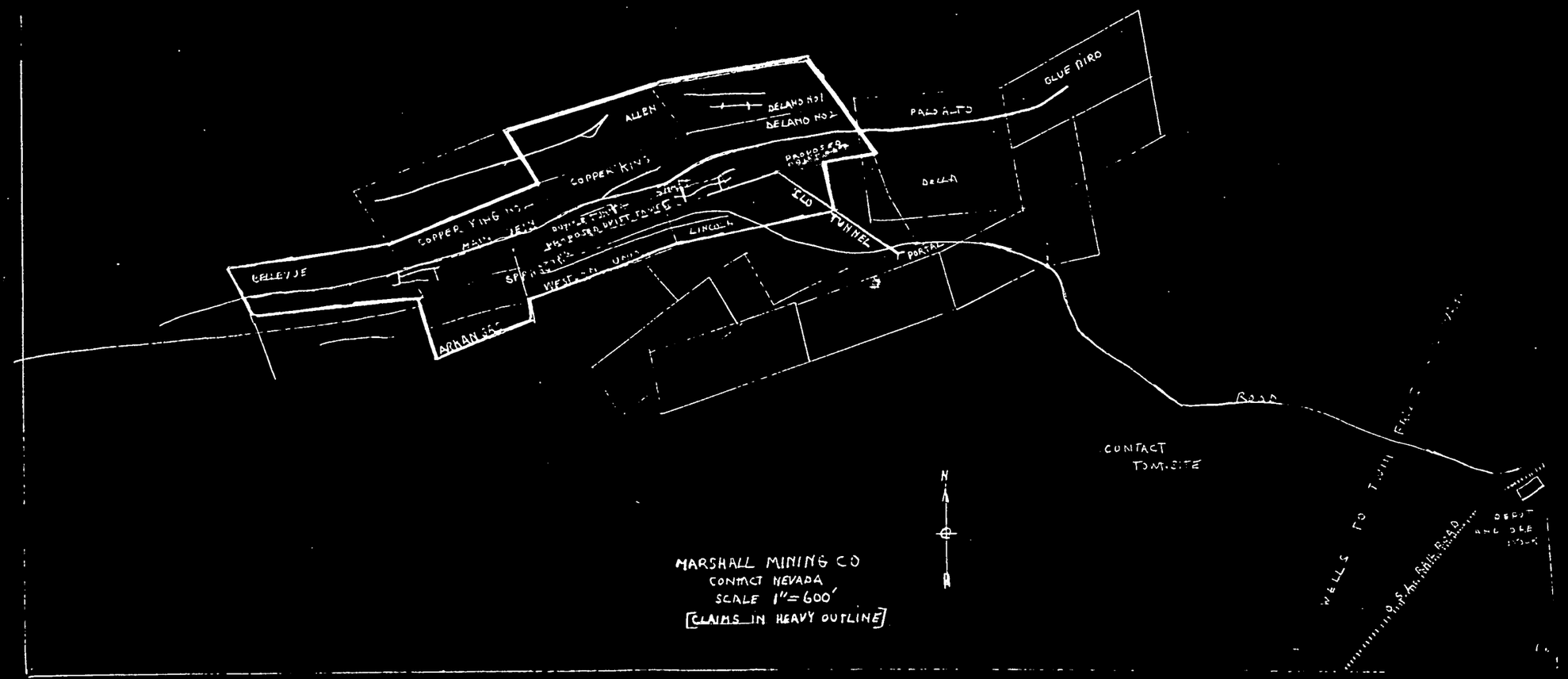
Repairs to existing buildings and facilities	$ 1,100.00
Construction of new facilities	900.00
Rehabilitation of Ilo Tunnel	4,400.00
Cost of new equipment	10,777.00
Material and supplies	6,800.00
Rental of equipment owned by applicant (10 months)	12,659.00
2250 feet drifting (payroll cost)	22,000.00
Accounting and bookkeeping	1,000.00
TOTAL	$ 59,636.00

23c. Cost of necessary repairs to existing facilities, structures, and buildings:

Moving structures from shaft location to Ilo adit	250.00
Pouring concrete slab 30'x30'x4" = 11.1 cu. yds. @ $13.50 per yard	150.00
Labor	350.00 break-down
Materials necessary to put buildings in first class repairs such as windows, plywood, etc.	350.00
TOTAL	$ 1,100.00

23d. Cost of necessary installation or construction of additional facilities, structures, and buildings:

Purchase of structure on gray property	500.00
Moving structure	150.00
Pouring concrete slab, 30'x50'x4" = 18.5 cu. yds. @ $13.50 per yard	250.00 foundation
TOTAL	$ 900.00


ALLEN
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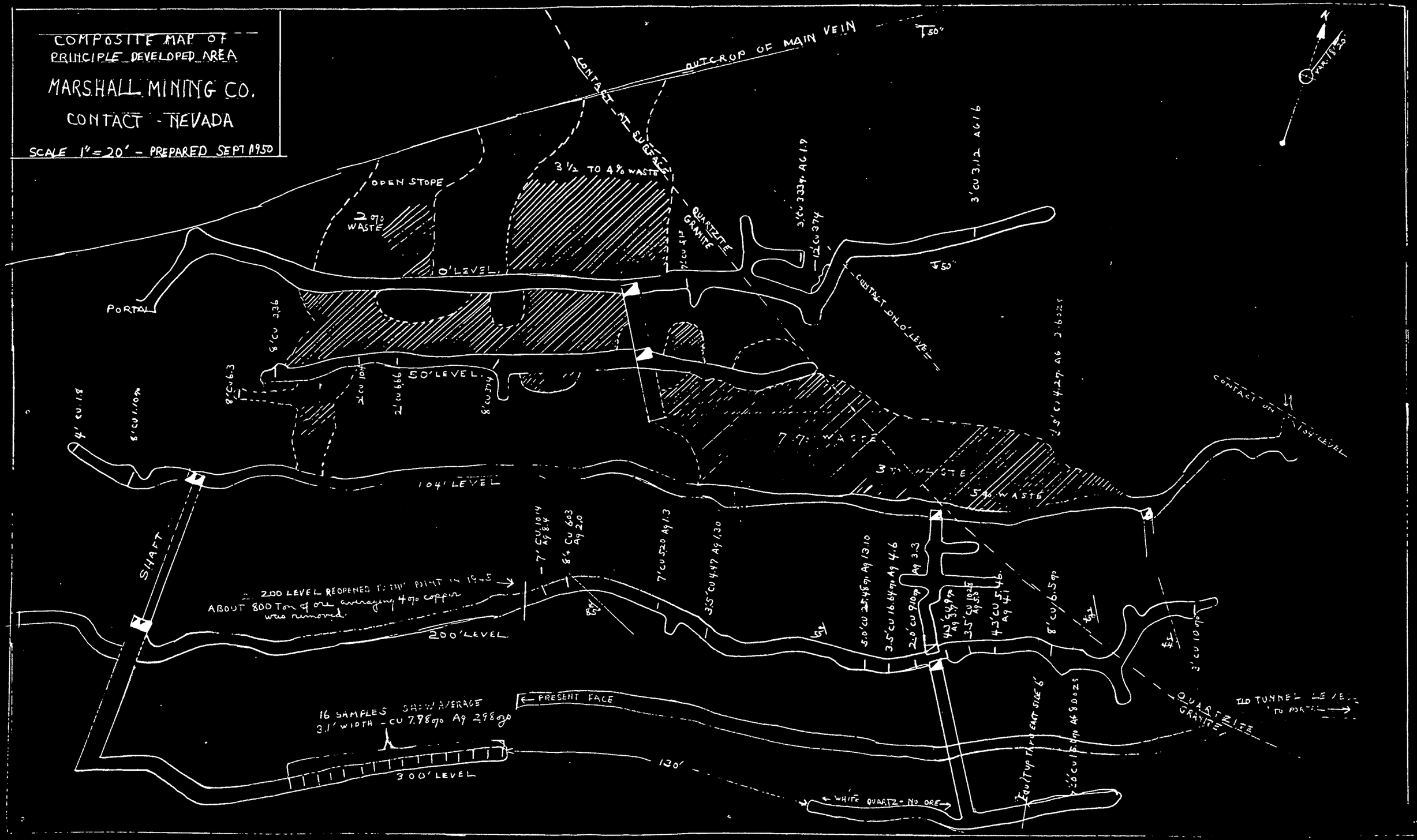
BLUE BIRD
COPPER KING
DELLA
COPPER KING NO 2
LINCOLN
TUNNEL
PORTAL
BELLEVUE
ARKANSAS
CONTACT
TOWNSITE
WELLS TO TUNNEL
MARSHALL MINING CO
CONTACT NEVADA
SCALE 1"=600'
[CLAIMS IN HEAVY OUTLINE]
N


COMPOSITE MAP OF
PRINCIPLE DEVELOPED AREA
MARSHALL MINING CO.
CONTACT - NEVADA
SCALE 1" = 20' - PREPARED SEPT 1950
OUTCROP OF MAIN VEIN
CONTACT AT SURFACE
OPEN STOPE
2% WASTE
3 1/2 TO 4% WASTE
QUARTZITE
GRANITE
0' LEVEL
PORTAL
50' LEVEL
CONTACT ON 0' LEVEL
7% WASTE
3% WASTE
5% WASTE
CONTACT ON 104' LEVEL
104' LEVEL
SHAFT
200 LEVEL REOPENED TO THIS POINT IN 1945
ABOUT 800 Ton of ore averaging 4% copper was removed.
200' LEVEL
PRESENT FACE
16 SAMPLES SHOW AVERAGE
3.1' WIDTH - CU 7.98% Ag 2.98 oz
300' LEVEL
130'
WHITE QUARTZ - NO ORE
QUARTZITE
GRANITE
OLD TUNNEL LEVEL TO PORTAL

Budget Bureau No. 42-R425.4
Approval Expires June 30, 1953

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
WASHINGTON 25, D. C.

OMA-67

STATEMENT OF FACTS AS TO THE LOCATION AND NATURE
OF MINERAL DEPOSITS

The Bureau of Mines is directed by Sec. 7(a) of Public Law 520 - 79th Congress - to investigate domestic mineral resources with a view to developing greater reserves of those minerals which are essential to national defense or industry, and of which our present or probable future supplies are inadequate. The development program resulting from this legislation is based largely on the systematic examination of known mineral occurrences; a few carefully selected deposits are developed further by trenching, test-pitting, drilling, or other means. A development project must show promise of making a substantial contribution to the national security or economy, relative to the effort expended. The emphasis placed upon different mineral commodities will vary from time to time in accordance with changes in the trend of industrial demand and the needs of the stockpiling program.

It is not intended that the Bureau's development work shall duplicate or supplant the efforts of private industry, hence its projects are largely centered on deposits which are marginal in character or for some reason do not appear to justify private investment.

The results of preliminary examinations are not ordinarily released for publication, nor can the examination reports be made available to owners or other than Government agencies. The factual data resulting from development projects, including sampling and assaying data, are made available to owners upon conclusion of the projects, however, and are published as soon as possible afterward.

Applications for examinations or development projects are unnecessary, but initial investigation may be greatly assisted by complete factual information from interested parties. Examinations and other investigations will be made only in accord with the best judgment of the Bureau's engineers and the limitations of funds and personnel.

The following statement lists data especially desired. A supplementary sheet may be used if necessary for extended remarks.

STATEMENT

Made by Maurice M. Marshall Address 1355 Bay St., San Francisco, Calif. Date Oct. 30, 1950

Name of Property Marshall Mining Company Metal Copper

Owned by Marshall Mining Company Address _____

Leased or optioned to _____ Address _____

Situated in: Patented claims in Salmon River Mining District, Elko, Nevada, as described in attached reports.

Section _____; Township _____; Range _____; _____
(County) (State)

(over)

Give detailed directions for reaching property from nearest town:
Property is situated one (1) mile West of Railroad Station at Contact, Nevada.

Name and address of local resident who can direct to the deposit
Mr. Leo Bricker - Highway Maintenance Division, Contact, Nevada

History of deposit

See Attached Letter

Shipments of ore made

Known dimensions of the deposit:

Length _____ feet; Width _____ feet; Depth _____ feet.

Inclination:

Workings

General description of mineral showings:

Sampling and assays

Maps or sketches, especially those showing location of individual samples, their widths and values.

(If available) Engineer's report by _____ submitted (to be returned)
(not to be returned)

W. A. RuKeyser
Percy Alsdorf
F. C. Schrader.

2121 Engineer's Report held in Region III Files

Form MF-100
(March 1951)

U. S. DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Form approved.
Budget Bureau No. 42-R1026.

GENERAL TECHNICAL DATA FOR USE UNDER THE DEFENSE PRODUCTION ACT OF 1950

NOT TO BE FILLED IN BY APPLICANT

Docket No. Dma-67X

Date received 5/10/51

MARSHALL MINING COMPANY

1355 Bay Street

San Francisco 26, California

Name and address of applicant

Date May 5, 1951

INSTRUCTIONS

This form is to be filed with Defense Minerals Administration, Department of the Interior, Washington 25, D. C. It should be accompanied by appropriate application form when a specific type of Government assistance is requested, in the form of (1) loan, (2) purchase contract, (3) Government guarantee of a private loan, (4) Necessity Certificate pursuant to the provisions of Sec. 124-A (Amortization Deduction) of Internal Revenue Code, 1950, (5) priorities or allocation of mining equipment, and maintenance, repair and operating supplies, and (6) other forms of Government assistance that might arise under the Act. Submit four (4) signed copies of the form and accompanying papers. Name and address should be stamped or typed on each sheet of this form and all accompanying papers. *When a question is inapplicable it should be so stated on the form.* Additional sheets may be attached in answering any questions or in supplying additional information. (IF YOU CANNOT ANSWER A QUESTION, SO STATE.) If a question is answered elsewhere indicate where answered. It is not necessary to answer it again.

GENERAL TECHNICAL DATA

Supply the following information on separate sheets, arranged, numbered, and lettered as indicated:

1. Materials produced:
   (*a*) What are the chief mine, mill, or smelter products?
   (*b*) What are the byproducts, if any?
2. Name(s) and type(s) of mine(s), mill(s), smelter(s), refinery(ies), pit(s), quarry (ies), drilling operation(s). Include old names of property, if any. Show extent of workings, including the following:
   (*a*) Linear feet of shafts.
   (*b*) Linear feet of drifts and crosscuts.
   (*c*) Linear feet of tunnels or adits.
   (*d*) Linear feet of other mine openings (explain briefly).

   Indicate whether mine is flooded or not. Describe any pumping problems. Give size or productive capacity.
3. For each operation listed above supply the following:
   (*a*) Distance and direction from nearest town and shipping point.
   (*b*) Mining district.
   (*c*) Township, Section, Range.
   (*d*) County, State.
4. (*a*) State whether or not property is now in operation, and if in operation, by whom operated.
   (*b*) Are you operating this property as:
   - ☒ Owner.
   - ☐ Lessee.
   - ☐ Contractor.
5. Number of years in production 15 (approximately)

   If not in production or operation, estimated date when production will begin August 1, 1951
6. Experience of operators:

   Describe the mining and general business experience of (*a*) the applicant, and (*b*) the person or persons who manage the project.
7. History:
   (*a*) Give a statement, as complete as possible, of previous exploration, development, operation, and production of property, with reasons for suspension of operation.
   (*b*) State briefly the known history and production of adjoining and neighboring properties.
   (*c*) Furnish any available (private) reports that may apply to this application, including results of mine examinations, recommended exploration and development, and metallurgical investigations.

8. Names and addresses of Officers, Directors, or Partners, and in addition thereto, the five largest stockholders if applicant is a corporation.

Name and Address (a)	Official Title (If officer is also director indicate by "D") (b)	Total of Annual Salary, Commissions, Bonuses, Etc., Received From Applicant and Affiliates During Last Fiscal Year (c)	Estimated Net Worth Outside of Interest in Applicant (d)	Number of Shares Held in Applicant Corporation: Common (e)	Number of Shares Held in Applicant Corporation: Preferred (f)	Life Insurance Carried for Benefit of Applicant: Amount (g)	Life Insurance Carried for Benefit of Applicant: Net Cash Surrender Value After Loans (h)
Maurice M. Marshall	1/2 interest	[illegible]	$75,000				
George V. Marshall	1/4 interest	[illegible]	50,000				
Mrs. Virgil L. Marshall	1/4 interest	[illegible]	100,000				
	Total		x x x x x			x x x x x	x x x x x

If more lines are needed continue on separate sheet.

9. Capital Stock Issues:

For Corporate Applicants

Item	Authorized (a)	Outstanding (b)	Par Value (c)	Number of Shares Outstanding (d)	Dividend Rate Last Paid* (e)
Common stock	$	$	$		
Preferred stock	$	$	$		

*Indicate period covered.

10. Production:

Item	Kind of Product (a)	1948 Total (b)	1949 Total (c)	1950 Total (d)	Present Average Monthly (e)
1. Quantity of product mined or quarried (Short, long, metric tons; barrels; pounds; etc.)					
2. Quantity of product processed (specify unit of measure and type of process)					
3. Quantity and grade of product sold or shipped (specify units of measure)					

11. Do you contemplate a change in the present average monthly rate of production? If so, state estimated maximum monthly production and basis of change.

12. Ore or Mineral Reserves:

(a) Describe the ore or mineral deposit briefly. Accompany the application by any available report on the geology and ore reserves.

(*b*) If deposit is other than placer:

(1) Submit assay plans and/or sections showing location and size of proved (measured) and probable (indicated) ore or mineral reserve.

(2) State the tonnage (indicate type of ton) and grade of each class of ore reserve, as above, and show how computed. Tabulated total ore reserve as follows:

TOTAL ORE OR MINERAL RESERVES

Ore or Mineral Reserve	Estimated Tons (a)	Metal or Mineral Content Per Ton (Grade) (b)	Gross Value Per Ton (c)	Recoverable Unit Value Per Ton (d)	Estimated Cost of Production Per Ton (e)
Measured (proved)					
Indicated (probable)					

(*c*) If placer:

(1) Give estimated total yardage and average marketable mineral content of each deposit.

(2) Submit map showing location of placer deposit and surrounding area, with all test holes or pits. Submit logs of each hole and test pit with depth and average value of each.

(3) Describe gravel, stating whether fine, medium or coarse; loose, tight, cemented, or frozen, and whether it contains stumps or boulders more than 1 foot in diameter; if so, how large, and in what proportion.

(4) Describe bedrock, giving type (granite, sandstone, shale, etc.) and state whether it is hard or soft, smooth, uneven or rough.

(5) Describe overburden, stating whether loose, tight, or cemented; fine or coarse textured; furnish estimate of average thickness and total amount.

(6) Tabulate the reserves using the form outlined above for ore or mineral reserves.

13. Access Roads:

Give road distances to shipping, supply and residence points, stating kind and condition of roads.

14. Water Supply:

State source and quantity of water available for operations and whether sufficient for all seasons of year.

15. Power:

State amount of power used, rate per hour, and source thereof.

16. Labor:

State number and classes (miners, muckers, millmen, etc.) of men employed during a recent representative payroll period.

17. Equipment and Facilities:

Describe present equipment on the property, including buildings. (State condition.) List major pieces of equipment now owned or controlled and in serviceable condition available for this operation.

18. Are there any particular conditions or circumstances affecting your operations that are not described above? If so, explain.

CERTIFICATION

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

All of the above questions not herein answered have been answered either in Form MF-103 or in Technical Reports previously submitted.

Marshall Mining Co
(Name of company)

By Maurice M Marshall
(Signature of authorized official)

May 5, 1951
(Date)

partner
(Title)

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.

U. S. GOVERNMENT PRINTING OFFICE 16—63792-1

MF-203
(Revised July 1, 1954)

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest as owners in fee in certain property in the State of Nevada, County of Elko, described as follows:1/ The Allen, Delano No. 1, Delano No. 2, Lincoln, Copper King, Copper King No. 2, Arkansas and Western Union patented claims and the Ethippia (also known as Bellevue) unpatented claim, approximately in Section 13 T 45 N, R 63 E, Salmon River Mining District, about 2 miles northeast of the old town of Contact, Nevada.

which is the subject of a proposed exploration project contract, hereinafter called the "contract", between the United States of America, hereinafter called the "Government", and Marshall Mining 2/ Company, a partnership and now called Marshall Mining Co., a limited partnership, composed of Maurice M, George V and Grace C. Marshall, owners in fee and "Operators" under the D.M.E.A. Contract 67X Copper Idm E-153, which contract is now to be assigned to Murray A. Schutz, who will operate under a lease and option agreement with Marshall Mining Company, limited partnership.

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

NOW THEREFORE, the undersigned, in consideration of said contract and as an inducement to the Government to enter into same, undertakes and agrees as follows:

1. The Government's equity in and right to dismantle, sever, take possession of, and remove and dispose of facilities, buildings, fixtures, equipment, or other items as provided in the contract or any amendment thereof shall prevail over and be prior and superior to any conflicting or adverse rights of the undersigned, and the Government is authorized to enter upon the land for such purposes.

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract or any amendment thereof there is hereby granted to the Government a lien upon the land above referred to and upon any production of minerals therefrom until said royalty is fully paid or ten years have elapsed from the date of the contract, whichever occurs first.

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/ Insert the name of the Operator as it will appear in the exploration project contract.

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

(OVER)

3. The undersigned shall commit no act nor assert any claim that may contravene or conflict with the lien, claim, or rights of the Government under the provisions of said contract. This agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of the undersigned.

4. Changes and added provisions _____

_____

_____

_____

Dated this 12th day of November, _____, 1954.

MARSHALL MINING COMPANY, a limited partnership

Maurice M. Marshall [Seal]

George V. Marshall [Seal]

Grace C. Marshall [Seal]

For Reference to [illegible] Contract
See - Page 9 - Paragraph 1 - Section B
Page 19 - Section E.

copy

Lease of and Option to Purchase
Copper Mine with Appurtenances
and Equipment

This Lease and Option to Purchase made and entered intothis 20th day of July, 1954, by and between MARSHALL MINING COMPANY, a limited partnership consisting of MAURICE M. MARSHALL and GEORGE VICTOR MARSHALL, as General Partners, and GRACE C. MARSHALL, as Limited Partner, herein referred to as "Owner", and MURRAY A. SCHUTZ, of San Francisco, California, herein referred to as "Lessee";

W I T N E S S E T H:

WHEREAS, MARSHALL MINING COMPANY, a partnership, the predecessor of Owner, and Lessee have been negotiating concerning this transaction for many weeks and Lessee on or about April 15, 1954, paid to Owner's said predecessor the sum of $1,000.00 as earnest money pending further investigations and considerations to be applied on the consideration for any lease and option, and thereafter Lessee decided to have this lease and option to purchase at this time and without any option therefor, and which said earnest money has been assigned to Owner, and it is agreeable to Owner to grant this lease and option; and

WHEREAS, Lessee with others has caused to be incorporated in the State of California a corporation under the name of American Western Exploration Company which will be qualified to do business as a foreign corporation in the State of Nevada within the near future; and

WHEREAS, record title to do all of the mining properties hereinafter described, except as hereinafter otherwise specified or indicated, is being placed in the name of Owner by appropriate execution and recording of conveyances; and

WHEREAS, Owner claims rights in and to and upon the patented mining claim generally known as the Jules Verne Claim with respect to mine tracks, dumping and mining equipment and housing and Owner is endeavoring to obtain written evidence thereof for recording; and

WHEREAS, Lessee desires within the near future to enter upon said mining properties for the further exploration, blocking out and development of the ore body and for the extraction of some ore; and

WHEREAS, in addition to the said $1,000.00 heretofore paid by Lessee, the said Lessee has paid to Owner the additional sum of $4,000.00 the receipt of which is hereby acknowledged, making a total down payment of $5,000.00 as partial consideration for this lease and option to purchase;

NOW, THEREFORE, in consideration of the receipt of said sum of $5,000.00 paid by Lessee to Owner and of the payments of royalties and other moneys herein provided to be paid and of the performance of the terms, covenants and conditions herein provided to be kept and performed by Lessee, Owner does hereby grant, demise and let to Lessee, and does hereby grant to Lessee an option to purchase, the following described real and personal property and premises situated in the County of Elko in the State of Nevada (herein called "mining properties") and more particularly described as follows:

Parcel One: Patent No. 339831, being U. S. Survey 3854 (comprising Patent claims generally known as Delano 1, Delano 2, Allen 2, Copper King, Copper King 2, Western Union and Arkansas, less 70 feet as described in Book 41 of Deeds, Page 63, Elko County Records); together with all of the rights, easements, appurtenances, tunnels, buildings and improvements in, upon or under the same.

Parcel Two: Patent No. 485359, being U. S. Survey 4233

(comprising patent claim generally known as Lincoln Lode, 3.51 acres of land, described in Book 37, Page 174, Elko County Records); together with all of the rights, easements, appurtenances, tunnels, buildings and improvements in, upon or under the same.

Parcel Three: Patent Nos. 485359 / 284982, being U. S. Survey 4233 / 3659 (comprising patented claims generally known as Waterloo and Ilo Claims described in Book____, Patents, Page____, Records Elko County Recorders Office); together with all the rights, easements, appurtenances, tunnels, buildings and improvements in, upon or under the same, subject to the provisions of paragraph G 1.

Parcel Four: One unpatented claim immediately adjoining the foregoing group of claims to the west and generally known as Bellevue or Ethiopia; together with all of the rights, easements, appurtenances, tunnels, buildings and improvements in, upon or under the same.

Parcel Five: The unexpired term of the current 5-year lease of the ore dock site at Contact, Nevada, from Oregon Short Line and Union Pacific Railroads, more particularly referred to hereinafter.

Parcel Six: All of Owner's rights, titles and interests in and to any easement, license or agreement to use a portion of the surface of the Jules Verne claim for tunnels, tracks, dumping, mining equipment, buildings and other mining operations.

Parcel Seven: The unexpired contract and uncompleted work under the Defense Minerals Exploration Contract as extended more particularly referred to hereinafter.

Parcel Eight: All of the machinery and equipment itemized in Exhibit A attached hereto and made a part hereof.

Parcel Nine: Any and all supplies and other tangible movable personal property of Owner in, upon or under any of the foregoing premises, any and all office furniture and residential

furnishings in the 4-room house on the Waterloo Claim now being occupied by Owner and any and all right, title and interest in and to said 4-room building.

TO HAVE AND TO HOLD the above described mining properties for the purpose of searching for, mining, extracting, milling, reducing, treating, and preparing ores, metals and minerals of every nature and description and with the exclusive right to possess and work the same for said purposes for the term of 10 years commencing with July 26th, 1954, and ending with July 25th, 1964, unless sooner terminated by forfeiture through violation of any of the terms, covenants and conditions herein by Lessee, or by cancellation of Lessee, or by Lessee's exercise of the option to purchase and completion of the payment of the purchase price to be paid for said mining properties or by other sooner termination as may be hereinafter provided.

A.

Lessee covenants and agrees with Owner as follows:

1. To pay to Owner through the First National Bank of Nevada, Elko Branch, State of Nevada, escrow holder, the sum of $7,500.00 on October 15, 1954, the sum of $6,250.00 on December 15, 1954, and the sum of $6,250.00 on January 15, 1955; to the end that Lessee shall have paid to Owner a total of $25,000.00 in cash consisting of the $5,000.00 down payment paid on or before the date hereof and the said three payment to be made after the date hereof.

2. To enter upon said mining premises and to work the same in a miner-like fashion in the manner necessary to good and economical mining with due regard to the development and preservation of said mining premises as a workable mining property and to the special covenants herein contained.

3. In the period between the date hereof and February 1, 1955, to do such exploratory, blocking out and development work as Lessee shall determine in its sole discretion and to keep one

copy

shift of miners advancing the drift face and extracting such ore from the drift face as is developed, provided, however, that Lessee may at any time or at different times at its own discretion extract ore with more than one shift and from more than one face within the mine.

4. To work and mine said mining premises steadily and continuously during the term of this lease and in so doing to extract not less than 500 tons (of 2000 pounds) of ore for each calendar month, except however that this obligation to extract not less than 500 tons per month shall not apply to any calendar month preceding the calendar month of February, 1955, so as to permit Lessee in the prior period to block out additional ore as a source of production. If ore is shipped to a smelter then the weights for the purpose of this paragraph and the preceding paragraph shall be determined at the point and at the time when first weighed by the railroad or by any other carrier, but if the ores are concentrated on the mining premises then the weights shall be determined by Lessee before input into the concentrator.

5. To perform all work in accordance with good mining standards and in obedience and in compliance with any and all applicable laws and regulations of the United States of America of of the State of Nevada relating thereto, including without limiting the generality thereof those laws and regulations relating to health and safety, workmen's compensation and employers' liability, and with suitable and adequate equipment, materials and labor to perform the obligations of Lessee hereunder.

6. To comply with all of the provisions of the Nevada Industrial Insurance Act, to pay the premiums required in order to obtain the ordinary benefits of said act and to pay the additional premiums required in order to obtain the benefits of said act during the first six months following injury, and to hold Owner free and harmless from any and all liability that may arise

copy

by reason of any failure on the part of Lessee to pay any of said premiums.

7. To carry at all times insurance with loss payable to Owner as its interest may appear in companies and in forms of policies satisfactory to Owner with coverage and limits not less than the followings:

a. Public liability with limits of $25,000.00 and $50,000.00,

b. Comprehensive insurance for fire, theft, etc., with limits of $20,000.00,

and, in connection with compliance with the provisions of this paragraph to accept assignments from Owner of the fire insurance policy on the building and contents (being Policy No. 8360106 of Home Insurance Company) and of the injury and damage liability policies on the Chevrolet pickup mentioned in Exhibit A (being Policy No.28-1149 of Firemans Fund Insurance Company) and upon such assignment, to pay to Owner the prorated premiums to the several expiration dates.

8. To post from time to time on said mining properties and as often as necessary in the name of and on behalf of Owner such notices of non-responsibility as may be required under the laws of the State of Nevada to relieve Owner from any responsibility for mechanics liens and in each case of such posting and within five (5) days thereafter to file a duplicate notice with proper affidavit of posting with the County Recorder of Elko County; to hold Owner free and harmless from any and all liability which might arise by reason of failure to do so; and without relieving Lessee of responsibility for such posting hereunder to permit Owner to file any such notices if it so desires.

9. To hold and keep said mining properties free and clear of any and all costs, charges or liens for the working of the same and from or for all other acts done or permitted by Lessee and not to sell, convey, mortgage or encumber or in any way dispose of the mining premises or the machinery or equipment

described in Exhibit A hereto before Lessee shall have received title thereto and a bill of sale therefor.

10. To repair all old timbering wherever it may become necessary and to well and sufficiently timber said mine and mining premises at all points where proper and necessary in accordance with good and safe mining, and to continue the timbering in the working openings now upon said premises with timber of the same dimensions as heretofore used unless it becomes necessary for safety to use larger timber, in which event timbers of sufficient size for safety and permanent mining shall be used; and to keep at all times all working drifts, shafts, tunnels and other workings thoroughly drained and clear of loose rock and rubbish unless prevented by extraordinary mining casualty.

11. To do annually any and all assessment work required to be done to keep and maintain the unpatented Bellevue or Ethiopia mining claim or any other unpatented mining claim which may be covered hereby in good standing and to file within the time required by law proof thereof in the name of and for and on behalf of Owner; it being understood that all assessment work has been done by Owner's predecessor and proofs thereof filed by Owner's predecessor as required by law for the fiscal year which ended June 30, 1954, and that Lessee shall do all such work for the current fiscal year ending June 30, 1955, and for all subsequent fiscal years during the term of this lease.

12. To pay any and all taxes imposed by the State of Nevada and by any county or political subdivision thereof on said real and personal property, on patented mining claims and with respect to unpatented mining claims, whether in the form of ad valorem, not proceeds, severance or other taxes levied and assessed by the State of Nevada and by any county or political subdivision thereof upon the mining properties or output mined by Lessee. In the event the work accomplished by the Lessee upon

the above described patented mining claims allows for relief from Nevada State and County taxes, the Owner agrees to cooperate with the Lessee and file the necessary Affidavits to relieve from said taxation.

13. To pay to Owner through First National Bank of Nevada, Elko Branch, escrow holder, as royalty hereunder 10% of the net smelter returns from ores and concentrates and of any other net amounts realized from the sale or other disposition of any ores, metals or minerals produced from said mining properties. Net smelter returns shall mean the revenue derived from any shipment to a smelter after deducting therefrom the charges for railway transportation, taxes (if any) and other customary smelter charges. Lessee shall instruct and authorize smelter to pay 10% of said net smelter returns to Owner and to furnish Owner with a copy of the smelter's settlement sheet.

14. To keep suitable records and accounts of all work performed and in progress, of all ore shipments, of all tangible personal property brought onto the properties or removed therefrom, of all receipts and disbursements in connection with the operation of the properties hereunder and of all geological and engineering examinations or surveys. All of the foregoing shall be kept and preserved until Lessee shall have acquired title hereunder or until six months have elapsed after any sooner termination of this lease and option. During the period of this lease and for said six months after any such termination all of the foregoing shall be open to inspection and audit by Owner and its duly authorized auditors.

15. To provide Owner at its request and at actual cost of copies paid by Owner, but not more frequently than every three calendar months, with reports of work performed and in progress, which shall include reports of surveys and/or under ground engineer-geological maps or sketches showing the progress of

exploration and development and blocking out work with assay reports on samples taken concurrently with the advance into mineralized grounds.

16. To permit Owner to enter and inspect the work and all premises and property covered hereby during normal working hours and to provide Owner with reasonable means for doing so.

B.

Owner covenants and agrees as follows:

1. That Owner is in the sole possession of said mining properties; that Owner has not previously, (and that the partners of Owner have not previously, except as to transactions among and between themselves or their immediate predessors or with Owner) conveyed the same or any right, title or interest therein to any person other than the Lessee; that said mining properties now are free from claims, liens or encumbrances done, made or suffered by Owner or any person claiming under Owner, excepting only as to the effect of that certain Exploration Project Contract with the Defense Minerals Exploration Administration, as amended, (hereinafter referred to) and to the necessity for written consent to assignments of said contract (Parcel Seven) and of the ore dock site lease (Parcel Five).

2. That Owner will diligently and in good faith seek to obtain from the owner or owners of the Jules Verne Claim written confirmation of the rights, titles and interests which Owner claims, and which Owner's said predecessor has exercised and paid taxes on and any other rights, titles and interests necessary to the full legal possession and enjoyment of said claim for mining operations on the mining properties in such form as to be recorded and thereafter to execute any and all such other documents as may be necessary or desirable to the end that Lessee shall have and enjoy such rights, titles and interests as if now owned by record. The obtaining by the Owner of written confirmation of use of a portion of the Jules Verne Claim is not a condition precedent to the performance of the

other covenants and agreements of the parties herein contained and in the event such written confirmation cannot be obtained, the Lessee shall have no right to cancel this said agreement by reason of such failure; nor shall the Owner be held liable in damages for failure to obtain the said confirmation or for any loss resulting to the Lessee by reason of its inability to occuy and use a portion of the surface of said Jules Verne Claim.

3. That Owner will without cost to Lessee provide Lessee with any and all information in its possession concerning said mining premises at any time in the past whether in the form of geological surveys or reports, engineering surveys or reports, assay reports, smelter returns, shipping records, operating accounts and written or oral communications received and if Lessee desires copies they are to be made and furnished at his expense.

4. That Owner will promplty acknowledge in writing receipt of any and all payments made to it by Lessee hereunder or on Lessee's behalf and will check any and all reports accompanying said payments promplty and within a period of not less than three (3) months after receipt will register any objection thereto in writing with Lessee, to the end that thereafter all accounts covered by said receipts shall be deemed to have been fully settled and satisfied by Lessee.

5. That if the possession and enjoyment of the mining properties by Lessee shall be interfered with as the result of any legal proceedings brought by any party other than Owner and Lessee shall thereafter be restored to possession by the judgment of the court in any such proceedings, then the term of this lease shall be extended for a period equal to the period during which Lessee's possession and enjoyment was so disturbed and interrupted.

6. That Owner (A) within thirty (30) days from the date hereof will place in escrow with the First National Bank of Nevada,

Elko Branch, of Elko, Nevada, a proper and duly executed (1) deed and assignment and (2) bill of sale running to Murray A. Schutz as grantee therein in form to permit recording under Nevada laws and or registering under United States laws and (B) within thirty (30) days after written notice to Owner of assignment of this lease and option to purchase by said Schutz to said American Western Exploration Company will place in escrow similar instruments running to American Western Exploration Company as grantee therein upon withdrawal of the instruments running to said Schutz; and that at the time of creating the escrow within thirty (30) days from the date hereof the parties will deposit with the escrow agent a copy of this agreement and of instructions to said escrow agent signed by the parties hereto to deliver to Lessee, its permitted successors and assigns said deed and bill of sale upon proof that the terms, covenants and conditions hereof have been completely fulfilled, and to be returned to Owner in the event Lessee shall not acquire title to the premises as provided herein and this lease shall have otherwise terminated at the expiration of the term hereof or any sooner determination; it being understood that all costs incidental to said escrow and any subsequent expenses in connection with the recordation of said instruments (including documentary taxes) shall be borne by Lessee. Said deed shall be substantially in the form of Exhibit B hereof; and said bill of sale shall be substantially in the form of Exhibit C hereof; in each case the instructions to said title company as escrow agent shall be substantially in the form and prepared in the manner specified in paragraph G. 14.

7. That Schutz, as said Lessee, may assign this lease and option to purchase to American Western Exploration Company, a California corporation, at any time (a) when said corporation shall have been qualified to do business in the State of Nevada and established a principal office and place of business in Elko County in said state and (b) when said corporation has obtained

a permit from the Commissioner of Corporations of the State of California for the issuance and sale of shares of its capital stock to the public and to the organizers (and if any condition thereof is the assignment of this lease and option) and (c) when said corporation as a part of such transaction of assignment has assumed in writing all of the obligations hereof, provided however that said Schutz shall not be relieved of any obligations hereunder unless and until the said corporation shall have sold shares of capital stock to the public to yield the company gross proceeds of $40,000.00 or such greater amount imposed as a first impound (or only impound) by the California Commissioner of Corporations. It is specifically understood that all payments made by Lessee to Owner prior to any such assignment shall be credited on the purchase price and inure to the benefit of said corporation as if made by it.

C.

It is mutually understood and agreed between Owner and Lessee as follows:

1. Lessee shall be excused from any and all obligations hereunder with respect to exploration, development or extraction of ore during each and every period when the smelter price of copper is less than eighteen cents (18¢) per pound, and for every period during which Lessee is prevented from carrying on any particular operations as the result of fire, flood, explosion, damage to or destruction of machinery, improvements, or equipment, riots, strikes, work stoppage, acts of God, acts of the state or federal government, acts of the public enemy, failure of railroad or motor carrier or other transportation facilities for ore, metals, minerals or workers or other causes beyond the control of Lessee.

2. That Lessee shall not be required to ship ore, metal and minerals to a smelter but may, in its discretion and at its own cost and expense, erect a mill for concentrating ores and

thereafter concentrate ores produced from the mining properties at said concentrator to be operated by Lessee, and in such event Lessee may suspend the shipment of ores without penalty and without violation of this lease during the period necessary for installation of such a concentrator in accordance with commonly accepted engineering practices under the circumstances.

3. That Lessee shall have the possession and full right to use in connection with mining operations on said mining properties all of the machinery and equipment itemized in Exhibit A hereof to the point of using up said machinery and equipment through normal wear and tear and Lessee shall not be obliged to maintain, repair or replace any of such machinery and equipment which has become unusable for its operations solely through such normal wear and tear. But in the event Lessee shall maintain or repair any of such machinery and equipment said machinery and equipment shall remain the property of the Owner.

4. That title to all of the machinery and equipment itemized in Exhibit A hereof shall be and remain in Owner unless and until one or the other of the following events shall have happened, namely: either Lessee shall have exercised the option of purchase hereunder and shall have become entitled to the bill of sale thereto, or Lessee shall have paid to Owner (in addition to the cash payments totaling $25,000.00 to be made to Owner by the end of business on January 15, 1955) the further sum of $35,000.00 from the 10% royalties provided to be paid hereunder, at which time Lessee shall become the owner thereof and entitled to a bill of sale; and that until Lessee shall have acquired title to said machinery and equipment as herein provided Lessee shall not remove any of said machinery or equipment from the premises, nor encumber, sell or dispose of the same in any way.

5. That Lessee may use and consume without taking any inventory thereof or without in any way accounting therefor any

and all supplies on the mining premises at the date of this lease, supplies being defined as all tangible movable personal property other than the machinery and equipment itemized in Exhibit A.

6. That any and all machinery, equipment, materials and supplies acquired from others by Lessee and brought onto the mining properties or any part thereof for use in connection with Lessee's operations hereunder shall be and remain the property of Lessee, and Owner shall not acquire any title thereto or lien thereon by virtue of the fact that Lessee brings them onto the mining properties and uses them in its mining operations; it being understood that any such machinery, equipment, materials and supplies may be subject to any form of financing and security which Lessee may desire either in connection with the original acquisition thereof or subsequently, and that the existence of claims, liens and encumbrances solely thereon shall not be deemed to be a violation of any provisions hereof against sale, disposition or encumbrance of the mining properties; and it being further understood that this provision shall apply even in the case of machinery, equipment, materials and supplies acquired by Lessee to substitute for or to replace any of the machinery and equipment described in Exhibit A hereof and used up or becoming unusable through normal wear and tear alone.

7. That in the event Lessee shall terminate this lease by written notice of termination as hereinafter provided Lessee may remove any and all machinery, equipment, materials and supplies acquired by it from others and brought onto the premises or acquired from Owner as provided herein within sixty (60) days after the effective date of such written notice of termination; except however that all materials and supplies such as mine track in place, mine timbers or mine supports of any kind which are reasonably required to preserve the safety of the mine shall not

be removable by Lessee under any circumstances.

8. That Lessee may at any time at its sole and absolute discretion terminate this lease and option effective as of the last day of the third month following the month in which notice is given by giving written notice thereof to Owner and in such case Lessee shall continue to operate said mine and perform all of the obligations of this lease until such time, and on the last day of said third month Lessee shall yield and surrender and deliver and reassign as required all of the mining properties then subject to this lease to Owner free and clear of all claims, liens and encumbrances and shall confirm instructions to the escrow agent to return to Owner the deed and bill of sale deposited with it and shall execute and deliver any and all such other legal instruments as shall be reasonably necessary to restore to Owner its title free and clear of this lease and option; and Owner shall be entitled to retain any and all payments theretofore made to it (including any of the cash payments made on or before the date hereof or any of the three payments which may have been made on October 15, 1954, December 15, 1954, and January 15, 1955, and any and all payments made with respect to operations hereunder), and to have paid to it any and all payments required to be made with respect to operations through the last day of said third month which are to be paid promptly.

9. That in the event of failure by Lessee to pay the royalties or other moneys provided to be paid hereunder and/or to keep or perform any of the terms, covenants and conditions provided in this lease to be kept and performed by Lessee, Owner shall be entitled to give written notice of suhh default to Lessee and in the event Lessee shall not pay such sums or shall not proceed with reasonable diligence to remedy such other defaults within thirty days (30 days) after receipt of such written notice, then Owner at its option shall be entitled by further

written notice to Lessee to terminate this lease and option and declare the same forfeited and terminated, and in the event of such termination Lessee shall and will peaceably yield up and surrender and deliver and reassign said mining properties and every part and portion thereof (except machinery and equipment and supplies used up during the term hereof) to Owner free and clear of any and all claims, liens and encumbrances and in addition thereto Lessee shall surrender up and Owner shall be entitled to re-enter upon the mining properties and to have and take possession of as its own and for all purposes (but subject to the rights of any third parties based upon a purchase money or subsequent mortgage or encumbrance) all machinery, equipment, materials and supplies brought onto the premises by Lessee and to keep and retain all moneys previously paid by Lessee to Owner, and Lessee shall remain liable to Owner for payment of all sums due or to become due prior to the date of such termination and for the keeping and performance of all terms, covenants and conditions required to be kept and performed hereunder prior to the date of such termination.

10. That either (a) the appointment of a receiver to take possession of all or substantiall all of the assets of Lessee, or (b) a general assignment by Lessee for the benefit of creditors, or (c) any action taken or suffered by Lessee under any insolvency or bankruptcy act shall constitute a breach of this lease by Lessee, for which this lease shall automatically terminate, and in such event Owner shall have the rights and Lessee shall be under the duties set forth in the preceding paragraph in cases where Owner has elected to terminate this lease and option.

11. That neither this lease nor the option to purchase accompanying this lease nor any of the mining properties covered hereby nor any interest of Lessee herein or hereunder shall be

conveyed or transferred whether in the form of a sublease, partial assignment or otherwise during the term hereof without the consent in writing of Owner first had and obtained, excepting as provided in paragraph B-7 hereof with respect to a possible assignment to American Western Exploration Company, a corporation.

12. That Lessee may use the surface of the mining claims, any sub-surface workings, any machinery and equipment itemized in Exhibit A and any existing buildings or improvements or any buildings or improvements or concentration plant (if erected) in connection with the exploration, development, extraction, concentrating or other service for any mining operations in the vicinity.

13. That Lessee shall at all times determine the quantity and quality of ores, metals and minerals extracted from any of the mining properties by separate weighing and separate sampling and assaying prior to permitting any such ores, metals or minerals to be commingled in any way with any other ores, metals or minerals which Lessee may bring to or upon the surface of the demised premises for purposes of shipping before concentration or for purposes of concentrating (if a concentration plant is erected) before shipment; and that in the event Lessee shall use any of the subsurface tunnels, drifts or workings of the demised premises for bringing to the surface any ores, metals or minerals extracted from any other mining properties all operations in connection with the loading, movement and dumping of such ores, metals and minerals from other mining properties shall be conducted in such a way as to prevent any possibility of confusion or co-mingling with ores, metals and minerals from the mining properties covered hereby and any and all of such ores, metals and minerals shall be separately weighed, sampled and assayed; and that similarly in the event Lessee shall bring onto the surface of the demised premises any ores, metals or minerals by

surface transportation from other mining properties for purposes of concentration (if a concentration plant is erected) then Lessee shall prevent any confusion or co-mingling prior to the time when said ores, metals and minerals have been weighed, sampled and assayed.

D.

Owner hereby certifies that a lease of an ore dock site at Contact, Nevada, dated October 5, 1943, was made and entered into between Oregon Short Line Railroad and Maurice M. Marshll, an individual of Contact, Nevada, doing business under the firm name and style of Marshall Mining Company, for a term of 5 years from September 10, 1943, to September 9, 1948, at an annual rental of $10.00 payable in advance to Union Pacific Railroad Company, that said lease was extended for a further period of 5 years September 9, 1953, and that it has been further extended for a current term of 5 years to expire on September 9, 1958, by virtue of an extension rider dated July 31, 1953, between Oregon Short Line Railroad-Union Pacific Railroad Company as lessor, and Maurice M. Marshall, doing business under the firm name and style of Marshall Mining Company, as lessee; and that said Maurice M. Marshall as one of the three co-partners of Owner's said predecessor held, and as one of the two General Partners of Owner holds said lease in his name as a partnership asset and said lease is a partnership asset; and Owner hereby assigns to Lessee subject however to first obtaining the consent in writing of lessor in said lease the balance of the term expiring on September 9, 1958, and Lessee hereby accepts said assignment and assumes all of the obligations of said lease from the date hereof to the balance of the term. Lessee shall make its own arrangements with respect to any further or other lease of said ore dock site which it may desire, but it shall not be obligated to obtain or maintain any such lease and Owner does not make any representation or warranty with respect to any renewal thereof.

Further and in connection with the assignment of said lease Owner hereby licenses Lessee to use the loading ramp constructed by Owner on said ore dock site for as long a time as there is any lease of said ore dock site and this lease and option is in effect.

E.

Owner has provided Lessee with a copy of the amended Exploration Project Contract of Owner's said predecessor with the Defense Minerals Exploration Administration of the Department of the Interior of the United States of America dated May 29, 1953, and identified as Docket No. DMA-67X, Copper Contract Idm-E 153 together with Annex I and Annex II (with Exhibits A and B) and has received an extension thereof to January 1, 1955. To the extent that there shall be any lien or encumbrance in favor of DMEA thereunder, Owner shall not be deemed to have broken its covenants of freedom from encumbrances created by Owner. As of the date hereof there remains approximately $18,361.75 worth of exploration work to be completed. Subject to the written consent of the Government, Owner assigns the contract to Lessee to complete the balance of the work and Lessee agrees to complete the balance thereof.

The Owner shall pay to the Defense Minerals Exploration Administrantion (D.M.E.A.) out of the royalties to be paid to the Owner by the Lessee hereunder any and all sums due said D.M.E.A. by reason of money advanced to Owner's said predecessor by D.M.E.A. prior to the time Lessee takes possession of the property. If the unfinished work under the amended D.M.E.A. contract is transferred by D.M.E.A. to the Lessee and if Lessee shall receive money from D.M.E.A. for work performed by Lessee, then and in that event Lessee shall, in addition to the 10% royalty payable to the Owner hereunder, pay the royalty due D.M.E.A. on all ore sales or shipments made by Lessee until the total sum advanced to Lessee by D.M.E.A. shall have been repaid. As

D.M.E.A. requires only a single royalty on sales or shipments, payments by Owner to D.M.E.A. will not be made from royalties paid to Owner on said ore sales or shipments. After the completion of the aforesaid payments by Lessee, royalties to D.M.E.A. sahll be paid by Owner as hereinabove provided.

F.

In consideration of the execution of this lease and of other considerations moving to Owner with respect thereton Owner hereby irrevocably grants to Lessee, its heirs, executors, administrators, devisees, legatees, successors and assigns an option to purchase all of the aforesaid mining properties covered by this lease and option on or before the last day of the termination of this lease; namely, July 25th, 1964, for the total purchase price of three hundred thousand dollars ($300,000.00), which shall have been previously paid in part and the balance of which, if any, shall be paid at the time of the exercise of the option, all in the manner hereinafter set forth:

1. Lessee shall exercise this option by giving written notice to Owner by registered mail (as hereinafter provided for the giving of written notice) that it is exercising the option and by paying to Owner in cash or by certified check of a bank in San Francisco, California, any further sum which may be required to be paid so that Owner shall receive the total purchase price of $300,000.00.

2. If and when the total sum paid to Owner (including the $5,000.00 paid on or before the execution of this lease and option, the $20,000.00 paid in three installments on October 15, 1954, December 15, 1954, and January 15, 1955, and all other moneys paid as royalties hereunder) shall have amounted to $300,000.00 prior to the last day of the term of this lease, then Lessee may exercise the option to purchase without being required to pay any further sum or sums to Owner.

3. If Lessee shall elect to exercise this option at any time during the term of this lease and option and prior to the time when Owner shall have received the total sum of $300,000.00 in the manner described in the preceding subparagraph 2 hereof then Lessee shall as a condition of the exercise of said option and at the time of exercising said option pay to Owner in the manner described in subparagraph 1 hereof the difference between $300,000.00 and the total credits against said purchase price of the down payment of $5,000.00 plus any part or all of the $20,000.00 to be paid in three installments plus anyand all royalties theretofore paid or accrued.

4. Owner shall not be entitled to any interest on said $300,000.00 or any part thereof and Lessee shall not be entitled to any discount on said $300,000.00 or any part thereof in the event it anticipates oayment prior to the expiration of the term of this lease and option.

5. Upon the exercise of this option in the manner aforesaid with or without any payment in connection therewith as the circumstances may require Lessee shall thereupon be and become entitled to have the escrow agent immediately deliver to it for recording the deed and bill of sale theretofore deposited with the escrow agent and Lessee shall be and become the owner of all of the mining properties covered hereby; it being understood that the fact that any of the machinery and equipment itemized in Exhibit A hereof shall no longer be in existence at the time of the passage of titles shall not constitute any breach of this agreement by Owner or any objection on the part of Lessee with respect thereto.

6. Upon the exercise of this option and when Lessee shall have become the equitable or legal owner of all of the mining properties covered hereby and entitled to the evidences of ownership and to the deed and bill of sale heretofore deposited with

the escrow agent, Lessee shall also be entitled to have in addition to said deed and said bill of sale another deed and another bill of sale in similar form from the person or persons (including corporations) in whom legal title may be vested at the time of the exercise of this option, and such person or persons shall sign, execute, acknowledge and deliver in form to permit recording a deed and a bill of sale for the purpose of carrying this agreement into effect and any other legal instrument reasonably necessary to complete the sale.

7. Anything to the contrary herein notwithstanding if Lessee shall have paid to Owner out of the 10% royalties provided to be paid hereunder the sum of $35,000.00 prior to the exercise of the option to purchase hereunder and shall thereby have become entitled to have title to and a bill of sale for the machinery and equipment itemized in Exhibit A hereof (as provided in paragraph C-4 herein), then the escrow agent at such time shall deliver said bill of sale to Lessee for recording, and Lessee shall be entitled to any further bill of sale by way of assurance from any person or persons (including partnerships or corporations) in whom title may then be vested, and as a result if Lessee shall later exercise this option the provisions with respect thereto shall be deemed to have been amended to eliminate the machinery and equipment and the bill of sale with respect thereto.

G.

It is further also mutually understood and agreed

1. Anything to the contrary elsewhere in this lease and option to purchase notwithstanding it is specifically understoon and agreed that Lessee (before or after assignment) at its option may terminate this lease and surrender up the mining properties to Owner and recover from Owner the down payment of $5,000.00 and the cash payment of $7,500.00 to be made on October 15, 1954, if any one of the following things have not been done by Owner on or

before December 1, 1954, to wit:

a. If the acquisition by Owner's immediate predecessor on July 12, 1954 at a tax sale of the Waterloo and Ilo claims hereinabove described as Parcel Three has not been confirmed by the appropriate governmental authority of the County of Elko, State of Nevada, and appropriate Deed thereto has not been recorded.

b. If Owner has not placed title of record to said claims in its name.

In connection with the foregoint it is understood and agreed that the inclusion hereinabove of Parcel Three is based upon the acquisition at said tax sale and the expectation that the same will be confirmed. In addition to the acquisition of said claims at said tax sale, Owner's predecessor claimed and exercised, and Owner claims, certain rights in and to said Waterloo and Ilo Claims. In the event that the things hereinabove specified as a. and b., or either of them, have not been done before December 1, 1954, Lessee may, by notice in writing to Owner at any time during the month of December, 1954, exercise the rights hereinabove in this paragraph given to it, but Lessee shall have no other claim against Owner for any such default or failure. Lessee may, in the event that the things hereinabove specified as a. and b., or either of them, have not been done by December 1, 1954, elect to continue this Agreement in full force and effect, in which event there shall be substituted for Parcel Three, as hereinabove specified, all of Owner's right, title and interest in and to said Waterloo and Ilo Claims and appurtenances, and failure of Lessee to exercise its said rights hereinabove in this paragraph granted by notice in writing during the month of December, 1954, as aforesaid, shall constitute said alternate election by Lessee and this Agreement shall then be deemed modified accordingly as to said Parcel Three.

Despite the date of December 1, 1954, mentioned above, it is the intent of the parties that each of the matters referred to above be done by Owner with due diligence.

2 2. That time is of the essence of this lease and option and every term, covenant and condition thereof.

3. That this lease and option contains and expresses the entire agreement between the parties and that there are no other terms, covenants, conditions, representations or warranties binding upon either of the parties hereto.

4. That this lease and option shall not be amended except by a written agreement between Owner and Lessee executed and acknowledged in form to permit recordation thereof, a copy of which shall be filed with said escrow agent, together with any appropriate changes in the escrow instructions.

5. That this lease and option shall be construed and interpreted as if made and executed in the State of Nevada and in accordance with the laws of the State of Nevada.

6. That any controversy or claim arising out of or relating to this lease and option or the breach thereof shall be settled by arbitration in accordance with the rules of the American Arbitration Association and judgment upon the award rendered by the arbitrator or arbitrators may be entered in any court having jurisdiction thereof.

7. That this lease and option shall be binding upon and run in favor of theheirs, lagatees, devisees, executors, administrators, successors and assigns of each of the parties hereto except as herein specifically provided.

8. Owner and Lessee are separate and distinct parties who have negotiated this lease and option at arm's length and nothing herein shall be deemed to constitute them associates, joint adventurers or copartners of a general or limited partnership.

9. This lease and option shall be recorded.

10. That every notice required to be given by either party to the other shall be given in writing and shall be sent by registered mail, postage prepaid, addressed as follows:

To Owner: Marshall Mining Company, a limited partnership,
c/o Maurice M. Marshall, a General Partner
36 Fifth Street
San Francisco, California.

To Lessee: Murray A. Schutz
70 Palm Avenue
San Francisco, California

provided that either party may give written notice as hereinbefore first provided that notices are to be addressed in a manner and at a place different from the above. Notice shall be deemed received at the actual time of receipt or 36 hours after mailing if mailed in San Francisco, California, or 48 hours after mailing if mailed in Nevada, whichever shall be the earlier. No notice of default shall be given by Owner unless joined in by all co-owners in situations where title is not of record in a partnership or corporate name.

11. The pronoun "it" wherever used herein either with respect to Owner as antecedent or Lessee as antecedent shall be interpreted as the masculine or feminine or neuter in the singular or plural or in combination as the context may require from time to time.

12. This lease and option shall be executed in triplicate and out of the set of three Owner shall have one, Lessee shall have one and one shall be deposited with the escrow agent; and any amendments shall likewise be executed in triplicate and distributed in the same way.

13. All payments to be made hereunder by the Lessee to the Owner shall be made by payment to the First National Bank of Nevada, Elko Branch, escrow holder, and wherever herein recited that moneys shall be paid by Lessee to the Owner either in cash or through royalties, the same shall mean that payment shall be made through the escrow holder.

14. The escrow instructions referred to in paragraph B.6 shall conform to all applicable provisions of this Agreement and may, to the extent acceptable to said escrow agent, refer to or incorporate

by reference said applicable provisions of this Agreement. Said proposed escrow instructions shall be prepared by Lessee and submitted to Owner for approval or modification, and the parties hereto agree to cooperate in the preparation of such escrow instruction in such final form as shall be mutually satisfactory to the parties hereto and to said escrow agent.

IN WITNESS WHEREOF, in triplicate, the parties hereto have set their hands on the day and year first above written.

MARSHALL MINING COMPANY, a limited partnership,

By Maurice M. Marshall /signed/
MAURICE M. MARSHALL

By George Victor Marshall /signed/
GEORGE VICTOR MARSHALL

The General Partners Thereof

"OWNER"

Murray A. Schutz /signed/
MURRAY A. SCHUTZ

"LESSEE"

STATE OF CALIFORNIA,)
(ss.
CITY AND COUNTY OF SAN FRANCISCO.)

On this 20th day of July, 1954, personally appeared before me, a Notary Public in and for said City and County and State, MAURICE M. MARSHALL and GEORGE VICTOR MARSHALL, the General Partners of MARSHALL MINING COMPANY, a limited partnership, known to me to be the persons described in and who executed the foregoing instrument, and acknowledged to me that they executed the same freely and voluntarily and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal the day and year in this Certificate last above written.

Christine S. McKey /signed/

NOTARY PUBLIC

In and for the City and County of
San Francisco, State of California

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STATE OF CALIFORNIA,)
(ss.
CITY AND COUNTY OF SAN FRANCISCO.)

On this 20th day of July, 1954, personally appeared before me, a Notary Public in and for said City and County and State, MURRAY A. SCHUTZ, known to me to be the person described in and who executed the foregoing instrument, and acknowledged to me that he executed the same freely and voluntarily and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal the day and year in this Certificate last above written.

Christine S. McKey /signed/

NOTARY PUBLIC

In and for the City and County of
San Francisco, State of California

EXHIBIT A

Machinery, Equipment, and Improvements

One (1) Mall Chain Saw
One (1) Eimco 128 Mucking Maching (spare parts)
Eight (8) Mine Cars - side dump - 26 cu. ft.
One (1) Chev. Pickup Truck 1951 Model - 1 Ton
One (1) Atlas Locomotive - Electric
One (1) Bench Grinder
One (1) Electric Saw
One (1) Battery Charging Unit
One (1) Storage Battery for Locomotive
Ingersoll Rand - General Motors Diesel 365 Compressor
One (1) Ford V8 - 1941 Dump Truck
Four (4) Ingersoll Rand Jr. 38 Jackdrills
One (1) Thor Jackleg and Drifter
One (1) Thor Stoper
1000 feet hose
One (1) Heavy Duty Electric Drill with bit
Four (4) Air Receivers
One (1) Gardner Denver - International Compressor - 132 cu. ft.
One (1) Hoist and cable
One (1) Jaw Crusher
One (1) UD 4 intertational engine new - 31½ H.P.
One (1) General Electric Generator - 50 K.V.A.
Two (2) Fuel Tanks - 500 gallon
One (1) Ingersoll Rand MRV Motor Pump - 15 HP
One (1) Sullivan Tugger
One (1) Gardner Denver sump pump (air operated)
Blacksmith shop with contents
Compressor House with contents
Shaft House
Mine Cars, Miscellaneous
Miscellaneous tools and equipment

EXHIBIT B

MINING DEED

THIS INDENTURE, made this _____day of_____, 1954, by and between MARSHALL MINING COMPANY, a limited partnership, first party, and MURRAY A SCHUTZ, of San Francisco, California, (or _____corporation, registered and qualified to do business and to own property in the State of Nevada, second party;

W I T N E S S E T H:

That the said first party, for and in consideration of the sum of Ten ($10.00) Dollars, lawful money of the United States of America, to it in hand paid by the said second party, the receipt whereof is hereby acknowledge, does by these presents grant, bargain, sell, remise, release and forever quitclaim unto the said second party, his heirs and assigns, those certain patented lode mining claims situate in the Salmon River Mining District, in the County of Elko, State of Nevada, known as and called as follow:

Patent No. 339831, being U. S. Survey 3854 comprising patented claims generally known as Delano 1, Delano 2, Allen 2, Copper King, Copp King 2, Western Union and Arkansas, less 70 feet of surface as described in Book 41 of Deeds, Page 63, Records Elko County Recorder's Office.

Patent No. 485359, being U. S. Survey 4233 comprising a patented claim generally known as Lincoln Lode, being 3.51 acres of land all as described in Book 37 Deeds, Page 174, Records Elko County Recorder's Office.

Patent Nos. 485359 and 284982, being U. S. Surveys 4233 and 3659, comprising patented claims generally known as Waterloo and Ilo Claims described in Book _____Patents, Page_____, Records Elko County Recorder's Office. (Note: The said Waterloo and Ilo Claims are being acquired and if the tax sale to first party's predecessor is not confirmed, then only first party's right, title and interest in and to said Waterloo and Ilo Claims shall be included in this Deed, and first Party's right, title and interest in and to the four-room house described in Parcel Nine of the within lease and option shall also be included.)

Together with one unpatented lode mining claim immediately adjoining the foregoing group of patented claims to the west and generally known as Bellevue or Ethiopia.

Together with all the dips, spurs, and angles, and also all the metals, ores, gold and silver bearing quartz, rock and earth therein; and all the rights, priviliges and franchises thereto incident, appendant and appurtenant or therewith usually had and enjoyed; and also all and singular the tenements, hereditaments, and appurtenances thereunto belonging, or in anywise appertaining, and the rents, issues and profits thereof.

TO HAVE AND TO HOLD, all and singular the said premises, together with the appurtenances and privileges thereto incident, unto the said second party, his heirs and assigns, forever.

The first party for itself, its successors and assigns covenants with the second party, his heirs, successors and assigns, that it is in the sole possession of said aforegranted premises, that it has not previously (and that the partners of first party have not previously, except as to transactions among and between themselves or their immediate predecessors or with first party) conveyed the same or any right, title or interest therein to any person other than the second party, his heirs, successors or assigns, that said aforegranted premises now are free from claims, liens or encumbrances suffered by it or any person claiming under it.

This Deed is executed pursuant to that certain lease and option between first party and second party (therein designated as "Owner" and "Lessee", respectively), dated July 20th, 1954, and recorded on_____, 1954, in Volume_____, of Elko County Records, at Page_____ .

IN WITNESS WHEREOF, the first party has hereunto set its hand and seal the day and year first above written.

MARSHALL MINING COMPANY,
A LIMITED PARTNERSHIP,

By_____
MAURICE M. MARSHALL

By_____
GEORGE VICTOR MARSHALL
The General Partners Thereof

To be acknowledged for
Nevada Recording

EXHIBIT C

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS:

That, for value received, MARSHALL MINING COMPANY, a limited partnership, hereinafter called "Owner", does hereby bargain, sell, convey and set over to MURRAY A. SCHUTZ. o San Francisco, California, his heirs, executors, administrators, successors and assigns, hereinafter called "Purchaser", absolutely and forever each and all of the following articles of personal property now situated and located in, upon or under any part of the mining properties of Owner near Contact, Neavada, described in that certain lease and option between Owner and Purchaser (therein called "Lessee") dated July 20th, 1954, and recorded on_____, 1954, in Volume_____ of Elko County Recors at Page_____, which articles of personal property are particularly described as follows:

One (1) Mall Chain Saw
One (1) Eimco 128 Mucking Machine (spare parts
Fight (8) Mine cars - side dump - 26 cu. ft.
One (1) Chev. Pickup Truck 1951 Model - 1 Ton
One (1) Atlas Locomotive - Electric
One (1) Bench Grinder
One (1) Electric Saw
One (1) Battery Charging Unit
One (1) Storage Battery for Locomotive
Ingersoll Rand - General Motors Diesel 365 Compressor
One (1) Ford V8 - 1941 Dump Truck
Four (4) Ingersoll Rand Jr. 38 Jackdrills
One (1) Thor Jackleg and Drifter
One (1) Thor Stoper
1000 feet hose
One (1) Heavy Duty Electric Drill with bit
Four (4) Air Receivers
One (1) Gardner Denver - International Compressor -132 cu. ft.
One (1) Hoist and cable
One (1) Jaw crusher
One (1) UD 4 International engine new - 31½ HP
One (1) General Electric Generator - 50 K.V.A.
Two (2) Fuel Tanks - 500 gallon
One (1) Ingersoll Rand MRV Motor Pump - 15 HP
One (1) Sullivan Tugger
One (1) Gardner Denver sump pump (air operated)
Blacksmith shop with contents
Compressor House with contents
Shaft House
Miscellaneous Mine Cars
Miscellaneous tools and equipment

And Owner does hereby covenant and agree that it is the owner of each and every article of personal property hereinbeofre described, that it has full and absolute title thereto free of any liens and encumbrances, that it has full right, power and authority to sell the same and that it will warrant and defend the sale thereof unto Purchaser, his heirs, executors, administrators, successors and assigns, against all and every person or persons lawfully claiming or to claim the same.

It is understood between the parties that these articles of personal property are sold and delivered in their condition "as is" and are accepted by Purchaser on that basis and that Owner does not guarantee or warrant the fitness or suitability of any of them.

It is further understood and agreed that in the event any or all of said articles of personal property have been used up by Purchaser during the period of lawful use under said lease and option the fact that said articles or any of them may not be in existence on the date of delivery hereof shall not constitute any breach of condition or warranty on the part of Owner.

This Bill of Sale is executed pursuant to the lease and option aforesaid between the parties hereto.

IN WITNESS WHEREOF, Owner has hereunto set its hand and seal the _____day of _____, 1954.

MARSHALL MINING COMPANY,
a limited partnership,

By_____
MAURICE M. MARSHALL

By_____
GEORGE VICTOR MARSHALL

The General Partners Thereof

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code

PROJECT SUMMARY REPORT

By: J. W. Alt July 7, 1958

1. Docket No. DMEA-67X (Copper)
Contract No. Idm-E153
Property: Marshall Mine
Elko County, Nevada

Operator: The Marshall Mining Company
1355 Bay Street
San Francisco, California

Operator's Property Rights: Owner

2. Contract dated September 19, 1951. To complete - 12 months.

Work Authorized

STAGE I

1. Set up and recondition the Ilo adit, labor and supervision $ 4,100.00

STAGE II

1. Drive 2,250 feet of drift, labor and supervision @ $8.98/ft. $20,200.00

Summary of Estimated Costs

1.	Stage I	$ 4,100.00
2.	Stage II	20,200.00
3.	Fixtures and improvements	2,900.00
4.	Operating equipment:	
	Equipment to be purchased	10,777.00
	Supplies to be purchased	8,400.00
	Allowances for operator's equipment, 11 months	2,944.37
	Rehabilitation and repairs	1,100.00
	Total	$50,421.37
	Government Participation @ 50%	$25,210.68

Amendments

No. 1 Dated March 17, 1952.

Allows Operator to pay increased wages to some employees.

No. 2 Effective date September 19, 1952.

Completion time extended to September 28, 1952.

Amended Exploration Contract

Contract dated May 29, 1953. To complete - prior to June 1, 1954.

Work Authorized

Actual cost of the work performed under the prior contract in Stages I and II (subject to final audit)	$50,421.37

Agreed Unit Costs, Stage II

600 feet of drifting @ $30.25/ft.	$18,150.00	
100 feet of raising @ $30.25/ft.	3,025.00	
100 feet of sublevel drifting @ $30.25/ft.	3,025.00	
		$24,200.00

Total Estimated Cost of Project	$74,621.37
Government Participation © 50%	$37,310.63

Annex I provides for repayment of one-half of equipment purchased or one-half of $6,534.00 or $3,267.00 at the rate of $600.00 per month until the full amount is paid.

Amendments

No. 1 Effective September 19, 1951.

Extends completion time from June 1, 1954, to January 1, 1955.
Extends royalty period from 10 years to 12 years.

No. 2 Effective September 19, 1951.

Completion time extended from January 1, 1955 to April 1, 1955.

No. 3 Effective September 19, 1951.

Completion time extended from April 1, 1955, to August 1, 1955.
Royalty payment period from 12 years to 13 years.
New Exhibit "A", description of the work.

Actual Cost of the work performed under the prior contract in Stages I and II	$43,899.80	
Agreed Unit Costs, Stage II		
1015.6 feet (rounded) drifting and crosscutting @ $30.25/ft.	30,721.57	
Estimated Total Cost of the Project		$74,621.37
Government Participation @ 50%		$37,310.68

No. 4 Agreed July 27, 1955.

Completion time extended to November 1, 1955.
Royalty payment period increased from 13 years to 14 years from the date of the prior contract (September 19, 1951).

Assignment of Contract by Marshall Mining Company to Murray A. Schultz, dated November 12, 1954.
Owner's Consent to Lien dated December 12, 1954.

Work Completed

Work under the original contract consisted of 435.5 feet of drift and 2,475.7 feet of drift rehabilitation at a cost of	$43,899.80
Work under the amended contract consisted of 986 feet of drifts and crosscuts @ $30.25/ft.	29,826.50
Total Cost of Entire Project	$73,726.30
Government Participation @ 50%	$36,863.15

Work under the original contract was started in October, 1951, and completed in October, 1952.
Work under the amended contract was started August 29, 1953, and was stopped incomplete October 8, 1955, when the Operator's lease was cancelled.

3. Report of Review dated January 17, 1956.

Total cost as billed by the Contractor	$74,391.80
Exceptions	665.50
Total Accepted Cost	$73,726.30
Government Participation @ 50%	$36,863.15

Operator's final report - none from original contract.
Field Team final report - original contract - dated February 4, 1954.
Operator's final report - final narrative report dated October 18, 1955.
Field Team final report dated June 22, 1956.

4. Certification Dates: March 16, 1953, and February 16, 1956.

The discovery consists of copper ores in a series of lenses in a copper-bearing quartz vein and also in the adjacent granodiorite wall rock. Estimated ore reserves were 31,000 tons

containing 3.53% copper and 0.958 ounces of silver per ton. There has been some production and the actual estimated reserves are 24,000 tons of the same grade as above.

5. Comments

All of the original contract and the first part of the amended contract was completed by the Marshall brothers. The contract was assigned to Murray A. Schutz on November 26, 1954, who performed the rest of the work under the amended contract. The engineer for the assignee spent very little time at the project and contributed little toward expediating the work, and as a consequence, progress was slow.

The crosscut did not reach the target area but the vein is inferred to contain about 31,000 tons. The total reserves of all classes made more accessible from the Ilo level by DMEA are estimated to be 62,000 tons averaging about 3.5% copper, 1 oz. of silver, and 0.2 oz of gold per ton.

That part of the project east of the Delane shaft was capably done and the vein adequately explored.

Additional work with Government participation is not warranted and is not recommended.

J. W. Alt

J. W. Alt

JWAlt/ss 7/1/58
Copy to: Docket
Chron.
F. Johnson

ϕ Amended Contract

[x] Audited 1st Conti WORK ANALYSIS SHEET - DMEA PROJECT [x] Actual Cost

[x] Certified (Twice 2/17/56) Analysis as of _____ * [x] Agreed Unit Costs

Incl. Voucher for October 1955

Name Murray A. Schutz (Assignee of Marshall Mining Co.) Docket No. 67X

State Nevada Commodity Copper Idm-E No. 153

Amended Contract

OPERATION	AUTHORIZED Units	AUTHORIZED Cost	COMPLETED Units	COMPLETED Cost	NET COST
Drifting & Crosscutting * (1)	435.4'	$ 9,649.05	435.4'	$ 9,649.05	
	1,015.6' @ $30.25	30,721.57	986'	29,826.50	
Raising					
Shafts					
Winzes					
Drilling (Specify)					
Surface Excavation					
Underground Excavation					
Roads and Trails					
Operating Equipment Purchased (1) Includes Salvage payment		5,365.06		5,365.06	
Surface Rehabilitation & Repairs (1)		920.54		920.54	
Underground Rehabilitation (1)		27,965.15		27,965.15	
New Building, Improvements, etc.					
Other (Specify)					
Totals		$74,621.37		$73,726.30	

(1) Original Contract (audited)

Prepared by W. P. Klugescheid/er

71626

+ Amend. Contract. +

☒ Audited 1st Contract. WORK ANALYSIS SHEET - DMEA PROJ. ☒ Actual Cost

☒ Certified (Linda 2/12/56) Analysis as of _____ *☒ Agreed Unit Costs

Incl. Voucher for Oct 1955.

Name MURRAY A. SCHUTZ (Assignee of Marshall Mining Co.) Docket No. 67X

State NEVADA Commodity COPPER Idm-E No. 153

AMENDED CONTRACT.

OPERATION	AUTHORIZED Units	AUTHORIZED Cost	COMPLETED Units	COMPLETED Cost	NET COST
Drifting & Crosscutting ①	435.4'	$9,649.05	435.4'	$9,649.05	
*	1,015.6 @ 30.35	30,721.57	986'	$29,826.50	
Raising					
⊕ Equipment Purchased 10,855.00 Proceeds from Equip. Sales 5,490.00 net Equip. Cost 5,365.06					
Shafts					
Winzes					
Drilling (Specify)					
Surface Excavation					
Underground Excavation					
Roads and Trails					
Operating Equipment Purchased (Includes Salvage Payment.) ①	5,365.06	⊕		5,365.06	
Surface Rehabilitation & Repairs ①	920.54			920.54	
Underground Rehabilitation ①	27,965.15			27,965.15	
New Building, Improvements, etc.					
Other (Specify)					
Totals	$74,621.37		Corrected	$73,726.30	

Project Summary

① Original contract. (audited)

Termination Date: Nov. 15, 1955.

Assignment Dated November 26, 1954.

Original Contract Dated May 29, 1953. (Amended contract)

Lease cancelled by Marshall for payment default.

Expiration date for Royalty payments: Sept. 19, 1965.

In June 1955 - Corrections -35' or $1,058.75 (Error carried forward for Marshall work)

F.T. Final Report received June 27, 1956.

Total Royalties to date 11/7/57. = $10,045.92

Royalties: See next sheet

Checks Report of Review

Prepared by W. K. Klugescheid

Indicated Ore Reserve due to DMEA work remaining = 20,133 tons of 3.5% Cu, 7 contiguous claims have been assigned. 6/30/56.

(over)

71626

3 Lots shipped by Murray Schutz.

Royalty Received, 65.52

3,403.17

Total Receipts $3,468.69

Royalties to Dec. 31, 1955 = $3,403.17

Marshall	1/11/56	205.48 ✓
Schutz	1/23/56	65.52 ✓
Marshall	3/1/56	40.64 ✓
Marshall	4/3/56.	178.57 ✓
Marshall	5/7/56.	380.64 ✓
J. A. Tertelling & Sons (Lots 1-10)	6/25/56.	624.91 ✓
Marshall	6/25/56.	3.54 ✓

4,902.47

Their Date 7/19/56.	J. A. Tertelling & Sons.		Aug. 7, 1956.	422.31
" " 8/16/56.	"	" "	" 27, 1956.	260.16
"	"	" "	Sept 21, 1956.	376.34
" " 10/16/56	"	" "	Oct. 25, 1956.	531.97
" 12/20/56	"	" "	Nov. 26, 1956	537.36
			Dec. 26, 1956	256.39
	Schutz	4/13/55		7.02
	Marshall	12/7/55		204.19
" " 1/16/57	J. A. Tertelling & Sons.		1/22/57.	279.41
		"	2/18/57.	284.41
		"	3/25/57.	853.46
	Marshall Mining Co.		4/3/57.	189.58
	"	" "	5/6/57.	645.15
	"	" "	6/14/57.	409.25
	"	" "	9/17/57.	97.66

Murray A. Schutz (Assignee of Marshall Mining Co.) —
Nevada — 67X - E - 153.

Stage I —

Set up + Rehab. Slo Adit - Labor + Supervision $1,100.00

Stage II

Drive 2,250' — Labor + Supervision 8.98/ft (6'x7½') 20,200.00

Fixtures + Improvements —	Building in Place	700.00
	Rail	1,000.00
	Pipe	1,200.00
		2,900.00
Equip. Purchase		10,777.00
Materials + Supplies		8,400.00
Depreciation allowance (11 Mos x 267.67)		2,944.37
Rehabilitation + Repairs (Bldg + Rail)		1,100.00
		$50,421.37

Prior Contract Sept. 19, 1951.
Amended Contract May 29, 53
assignment Nov 12, 1954.

Prior Contract as on Sheet (1)
Stage II agreed Unit Costs

600'	Drifting @	30.25	$ 18,150.00
100'	Raising @	30.25	3,025.00
100'	Sublevel Drifting @	30.25	3,025.00
			24,200.00

~~Total to Date~~ $ 74,621.37

Amend. 3. March 16, 1955.
Actual Cost of work under Prior Contract Stages I + II,
$43,899.80

agreed Unit Costs,

1015.6'	Drifting + Crosscutting @	30.25	30,721.57
			$ 74,621.37

2 v. 16

Recapitulation 1st Contract.

Equip. Purchased. 10,855.06 − 5,490.00 = $5,365.06

Initial Rehab + Repairs. (Audit) 920.54

Underground Rehabilitation 27,965.15

(Distribution Probably Incorrect)

435.4' Drifting + Crosscutting (By Difference) 9,649.05

$43,899.80

Audit. Orig.

MF-104 50,932.02

Exceptions − 498.22

50,433.80

Procurable Equip. − 5,490.00

44,943.80

Less Sales Supplies 1,044.00

43,899.80 accepted.

~~June~~ ~~May~~ July ~~Sept.~~ Aug.

Add. ~~May~~ ~~Oct.~~ 1955

~~755'~~

~~600~~ Drift X.C.S. @ 30.25 18,150.00

~~840~~ 71,306.30

~~856~~ − 1,058.75 corr

~~906'~~ ~~19,247.55~~ June

(− 35' corr) June Report, ~~23,793.80~~

871' ~~61,309.80~~ ~~60,060.80~~ ~~66,155.55~~

Aug (corr) 964' ~~986'~~ ~~July 71,941.55~~ Aug. 73,060.80 ~~$~~ 62,049.80

~~Aug. 29,161.00~~ ? Oct. 73,726.30

June Rept. (−1,058.75 corr)

Audit through Sept 28, 1952

Oct. ~~29,826.50~~

Aug. ~~29,161.00~~

~~28,041.75~~

~~26,347.75~~

~~24,406.50~~

~~22,833.75~~

~~25,410.00~~

~~25,894.00~~

Preliminary Project Summary Report

(No final audit or final reports from Field Team or Operator)

By: W.P.Klugescheid

1. DMA-67X (copper)

Contract No. Idm-E153

Property: Marshall Mine (formerly Nevada-Bellevue Mine)

Elko County, Nevada

Operator: Marshall Mining Co.

~~XXXXXXXXXXXXX~~ 36 Fifth Street

San Francisco, California

Operator's Property Rights: Owner

2. Contract--dated September 19,1951. To complete--12 months.

Work Authorized:

Stage I.		
1.	Rehabilitate and repair Ilo adit(labor & supervision)	$ 4,100.00
Stage II.		
2.	Drive 2,250 feet of drift(labor & supervision)	20,200.00
3.	Fixtures and improvements	2,900.00
4.	Operating Equipment	
	Equipment to be purchased	10,777.00
	Supplies to be purchased	8,400.00
	Allowance for operator's equipment,11 months	2,944.37
5.	Rehabilitation and repairs(surface)	1,100.00
	Total	$ 50,421.37
	Government's participation @ 50%	$ 25,210.68

Amendments.

No. 1.---datedMarch 17,1952.

Permitted payment of increased wage scale. No increase in total cost of the project.

No. 2.---dated February 12,1953.

Completion time of contract is extended to September 28,1952.

Amended Exploration Project Contract---datedMay 29,1953.

Annex I provides for repayment of one half cost of equipment purchased or,one half of $6,534.00 or $ 3,267.00 at the rate of $600.00 per month until the amount is paid.

Annex II added to this contract, which concerns certification etc.

Work Authorized:

Actual cost of work performed under prior contract1/ $ 50,421.37

Agreed Unit Costs, Stage II.

600 feet of drifting @ $30.25 per foot	$ 18,150.00	
100 feet of raising @ $30.25 per foot	3,025.00	
100 feet of sub-level drifting @ $30.25/ft.	3,025.00	24,200.00
Total Estimated Cost of the Project		$ 74,621.37
Government's Participation @ 50%		$ 37,310.68

1/ Subject to final audit.

There was no clause in this amended contract which incorporated the Certification of March 16,1953 into this contract and the amended contract will have to be recertified according to advice of Legal division.

Amendments to Amended Contract.

No. 1.---dated May 28,1954.

Completion date changed from June 1,1954. to January 1,1955.

Annex III substituted for Annex II. Royalty repayment period changed from 10 years to 12 years. No increase in cost of the project.

No. 2.---dated December 15,1954.

Completion date changed from January 1,1955 to April 1,1955.

No increase in cost of the project.

No. 3.---dated March 16,1955.

Completion date changed from April 1,1955 to August 1,1955.

Royalty repayment period changed from 12 years to 13 years.

New Exhibit "A".

Actual cost of the work performed under the Prior Contract in stages I and II.	$ 43,899.80
Agreed Unit Costs, Stage II.	
1,015.6 feet(rounded) drifting and crosscutting @ $30.25 per foot.	30,721.57
Total Estimated Cost of the Project	$ 74,621.37
Government's Participation @ 50%	$ 37,310.68

No increase in the total cost of the project.

Owner's Consent to Lien---dated December 2,1954.

Assignment of Contract---dated November 12,1954.

By Marshall Mining Co. to Murray A. Schutz

No. 4.---dated July 27,1955.

Completion date changed from August 1,1955 to November 15,1955.

Royalty repayment period increased from 13 years to 14 years.

Amendments Nos. 2,3, and 4 were in the name of Murray A. Schutz, Assignee of Marshall Mining Co.

Work Completed:

435.4' Drifting and crosscutting	$ 9,649.05
1,986.6' Drifting and crosscutting @ $30.25/ft/	29,826.50
Operating equipment purchased	5,365.06
Surface rehabilitation and repairs	920.54
Underground rehabilitation	27,965.15
Total	$ 73,726.30
Government's participation @ 50%	$ 36,863.15

3. Audit.--Final audit not made to date.

Interim Audit Certificate---dated October 26,1953.

This is an audit of the work done on the original contract.

Total cost as billed by contractor	$ 50,932.02
Exceptions	498.22
	$ 50,433.80
Less proceeds from property disposition	6,534.00
Total	$ 43,899.80

The above total is the one carried to Amendment No. 3.

4. Certification of Discovery---dated March 16,1953.

Comments:

Marshall has requested reassignment of the remaining footage in the contract to him. Apparently Schutz defaulted in some way on his lease and it was cancelled by Marshall.

Footage remaining in the contract is rounded to 30 feet.

Murray Schutz had requested an additional drilling program consisting of 900 feet @ $6.00 per foot or $5,400.00.

If the Dunkle vein has not been found to date it is uncertain whether an additional thirty feet will be of any value. Some form of drilling would be much more useful and promises more success and is also cheaper.

On April 1,1955 a very narrow vein of copper mineralization was struck in the heading. There was no further information on this and this is not enough to constitute a discovery. Vein was 4" to 6" wide containing copper carbonates

Letter accompanying Certification states that liability for royalties up to $ 25,210.68(subject to audit) and until September 19,1961. This washes out as the certification was not incorporated into the amended contract.

Conditions for Certification on amended contract: Six months after final report is received from the Operator.

Final work on the project done by Murray A. Schutz during the month of October 1955.

Approximate total royalties paid to date $ 3,403.17

The Interim Report of June 30,1955 stated that there were no ore reserves of economic value as of that date. Interim 12/31/56.-24,000 tons @ 3.5% Cu.

Final narrative report of Murray Schutz was dated October 18,1955.

Details of property disposition according to the Interim Audit:

Proceeds from disposition of	equipment	$ 5,490.00
ditto	timber	243.00
ditto	pipe	297.00
ditto	track	431.00
ditto	fuel etc.	73.00
Total		$ 6,534.00

An endeavor is being made to have Maurice Marshall put in some long holes at his own expense to search for the Dunkle vein.

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
4/8/66	Kirkemo	120K
		110
		220

APR 8 1966

Mr. Murray A. Schutz
127 Montgomery Street
San Francisco 4, California

Re: DMEA-67 (Copper)
Murray A. Schutz
Assignee of The Marshall Mining Company
Marshall Mine
Elko County, Nevada
Amended Contract Idm-X153

Dear Mr. Schutz:

Enclosed is a copy of a self-explanatory letter of today to The Marshall Mining Company.

This correspondence relates to the Assignment of Contract executed by you November 12, 1954.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

Enclosure

cc: Director's Reading File
Division File
Economic Geology File
DMEA Docket
OME Reading File
Region II
120M

MMerrithew/mm (4/7/66)

23263

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

555 Battery Street
San Francisco 11, California

OFFICIAL FILE COPY
O. M. E.
RECEIVED SEP 20 1961

DATE	INITIALS	CODE
9/20		800
9/23		100
		~~100~~
		220

September 23, 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, Region II

Subject: DMEA-67 (Copper)
Murray A. Schutz
Assignee of Marshall Mining Company
Marshall Mine
Elko County, Nevada
Amended Contract Idm-E 53

The Acting Field Officer, OME, Region II hereby concurs in the facts stated by Mr. E. D. Talbert, OME Auditor in his enclosed Report of Royalty Review of the subject contract on September 6, 1961.

Glenn G. Gentry

GLENN G. GENTRY

Acting Field Officer, OME, Region II

Enclosures:

Copy to: E. D. Talbert, Acting Chief,
Contract Administration and Audit Division
Office of Minerals Exploration
Washington 25, D. C.

OME File

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
555 Battery Street
San Francisco 11, California

OFFICIAL FILE COPY O. M. E RECEIVED SEP 5 1961		
DATE	INITIALS	CODE
September 1, 1961		
9/6		800
		~~500~~
	glo	~~500~~
		220

Memorandum

To: Mr. E. D. Talbert, Acting Chief
Contract Administration & Audit Division
Office of Minerals Exploration
Washington 25, D. C.

From: Acting Field Officer, OME, DRegion 11

Subject: DMEA-67X (copper)
Murray A. Schutz
Assignee of Marshall Mining Company
Marshall Mine
Elko County, Nevada
Amended Contract Idm-E 153

Pursuant to your letter of August 15, 1961 in reference to the above contract, we enclose the original and one copy of the "Checksheet of Examining Engineer."

Glenn G. Gentry

Glenn G. Gentry

Attachments:

Copy to: Chief, Division of Minerals Exploration, OME
Washington 25, D. C.
OME Files

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
		220

AUG 1 5 1961

Memorandum

To: Acting Field Officer, Region II

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

Subject: DMEA-67 (Copper)
Murray A. Schutz
Assignee of Marshall Mining Company
Marshall Mine
Elko County, Nevada
Amended Contract Idm-E153

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.

It appears that this project has been inactive since August 1957. If this is so, please make an appropriate statement under item 8 of MME Form 22.

EDTalbert/ama
August 15, 1961

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

43683

Retained
220

REQUEST FOR INFORMATION FROM OPERATOR ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

From: Field Officer, OME
Custom Building, 555 Battery Street
San Francisco 11, California

Concerning:
Docket No. DMA-67X
Property Marshall Mine
Location Elko County, Nevada

Date: September 19, 1960

Marshall Mining Co.
36 Fifth Street
San Francisco 3, California

FEB 17 1961
O.M.E.

With the certification of the exploration project identified above, you were asked to inform our office about changes in the status of the property and production from it.

To assist you to furnish this information and to assure the accuracy of our records, we ask that you answer the questions below and return one copy to this office with copies of any pertinent documents.

GLENN G. GENTRY Field Officer, Region II

1. Since August, 1957, has there been a change in ownership, lease, or sublease about which the OME has not been notified? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents. Yes ☐ No ☒

2. Since August, 1957, has there been any production from the property? *Yes ☐ No ☒

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

Property is completely shut down and equipment is being sold

Quantity Value

B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity		Estimated Grade	Location
Ore		Tons		
Concentrates		Tons		
Other		Tons		

Submitted by:

Name Marion M. Marshall Title partner

Address 36 5th Street, San Francisco 3 Cal Date Sept 21, 1960

MME Form 63 8-60 * Property means land subject to the contract. 79340-60

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
11/7	Fisher	800
11/8	gb	220
11/12	Fleming	500

NOV 8 1957

Mr. George Mavor
DMEA Auditor
420 Custom House
555 Battery Street
San Francisco 11, California

Re: Royalty Audit Report
Idm-E153, DMA-67X
The Marshall Mining Company

Dear Mr. Mavor:

Receipt is acknowledged of your Royalty Audit Certificate and Report covering the above-cited project.

The report is accepted and normal distribution is authorized after correcting the date in the fourth paragraph of the Audit Certificate from September 15, 1951, to September 19, 1951.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Director
Contract Administration
and Audit Division

CEFisher/wb
November 7, 1957

Copy to: Docket
Admr. Reading File
Mr. Chambers

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
10/7	B	220
~~10/7~~	~~[illegible]~~	~~500~~
	C.	

OCT 4 1957

Mr. George Mavor
DMEA Auditor
420 Custom House
555 Battery Street
San Francisco 11, California

Re: The Marshall Mining Co.
DMEA-67, Idm-E153
and
Northfield Mines, Inc.
DMEA-861, Idm-E323

Dear Mr. Mavor:

In your letter of October 2, 1957, advising of the steps taken to comply with my instructions of September 25, 1957, relative to the Comptroller General's decision No. B-132441, advice is requested as to the action to be taken in respect to royalty overpayments by the referenced Operators.

A copy of your royalty audit report, which specifically sets forth and identifies the overpayments, was furnished each of these Operators. Therefore, no further action on the part of the Government is in order. In fact, any further action might be construed as solicitation of a claim against the United States.

It is the responsibility of the Operator, in each of these cases, to initiate the claim by either invoice, voucher, or letter.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Director
Contract Administration
and Audit Division

EDTalbert/wb
October 4, 1957

Copy to: Docket (2)
Admr. Reading File
Mr. Chambers

8623

DMEA Form 7
(12-56)

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Date	Surname	Code
6/21	Fisher	800
6-21	Chambers	270
6/21	C	220
		225

JUN 21 1957

Mr. George Mavor
DMEA Auditor
420 Custom House
555 Battery Street
San Francisco 11, California

Re: Second Royalty Audit Report
The Marshall Mining Company
Contract No. Idm-E153
Docket No. DMA-67X (Copper)

Dear Mr. Mavor:

Receipt is acknowledged of your Second Royalty Audit Certificate and Report covering the above-cited project.

The Report is acceptable and normal distribution is authorized.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Director
Contract Administration
and Audit Division

CEFisher/wb
June 21, 1957

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Admr. Reading File
Mr. Chambers

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Date	Surname	Code
5/16	Fisher	800
"	Johnson	110
"	Martinsky	100
5/20	C	220
		225

MAY 16 1957

Mr. George Mavor
DMEA Auditor
420 Custom House
555 Battery Street
San Francisco 11, California

Re: Idn-E153, DMA-67X
The Marshall Mining Co.
Royalty Audit

Dear Mr. Mavor:

The data furnished in your letter dated May 1, 1957, indicates that the ore received at the smelter in Shipper's Lot No. 11 and in other lots sold at about the same time was very low grade.

It has been administratively determined that the 1½ percent royalty rate should be applied to the amount received from the smelter for the ore and the amount of the freight claim settled by the railroad applicable to Lot No. 11. This is based on the assumption that car UCR 20060 contained approximately 50 tons of ore when shipped so the total proceeds ($330.04) were less than $8.00 per SDT.

Your Second Royalty Audit Report and Certificate may be resubmitted on this basis.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

CEFisher/wb
May 16, 1957

Copy to: Docket
Admr. Reading File
S. Ricker, Reg. II
Mr. Chambers

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DMEA Form 7
(12-56)

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Date	Surname	Code
4/18	Fisher	800
4-18	Chambers	800
4/18	C	220
		225

APR 18 1957

Mr. George Mavor, Auditor
420 Custom House
555 Battery Street
San Francisco 11, California

Re: Idm-E153, DMA-67X
The Marshall Mining Co.
Royalty Audit

Dear Mr. Mavor:

Your revised Second Royalty Audit Report and Certificate pertaining to the subject exploration contract are returned herewith for further consideration and revision.

The correction sheet applicable to shipper's lot No. 11 furnished with your letter dated April 12, 1957, was not previously received by the Washington office.

Your attention is directed to Article 6 which was incorporated in the contract as Annex III attached to Amendment No. 1. Paragraph b. provides that the Operator "shall pay to the Government a royalty on all minerals mined or produced from the land" and paragraph c. provides "The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold". (Emphasis added.)

Apparently, there is no question but that the freight claim settled by the railroad was based on the loss of ore mined or produced from the property subject to the DMEA lien for royalty and that the operator received $223.58 in settlement for the loss. The record is not clear with respect to the quantity of ore that was lost in transit. Mr. Marshall has stated that the car probably contained 50 or 60 tons of ore.

The correction sheet indicates that the freight charges, as adjusted, were based on 50 wet tons. In the absence of any other evidence as to the quantity of ore involved, the settlement weight should be accepted for purpose of computing the royalty payable to the Government. The wet weight of ore received at the smelter was 36.56 tons indicating a transit loss of 13.44 wet tons. Assuming a moisture content of 5.3 percent the dry weight of the

8623

ore amounted to 12.728 tons. The proceeds ($223.58) from the settlement with the railroad thus amounted to $17.57 per short dry ton indicating that the royalty rate should be 5 percent and the amount of unpaid royalty should be $11.18 instead of $3.35 as shown on Exhibit "B".

According to your letter dated April 5, 1957, The Marshall Mining Company will deduct the amount of the overpayment determined by your audit from some future remittance for royalties due DMEA. Whether the adjustment is made by deduction from a future payment or by direct refund of the overpayment is immaterial. We are dealing with The Marshall Mining Company who are the owners of the mine and who executed the original exploration contract. It would appear to be equitable for Marshall to refund the amount overpaid by J. A. Terteling & Sons, however, DMEA is not especially concerned with what, if any, adjustment is made with the latter company or with Murray A. Schutz.

Sincerely yours,

(Signed) J. L. Chambers.

Jay L. Chambers, Chief
Contract Administration
and Audit Division

CEFisher/ama
April 18, 1957

Copy to: Docket
Admr. Reading File
Mr. Chambers
Mr. S. Ricker

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
4/3	Fisher	800
4/4	C	220
		225

APR 3 - 1957

Mr. George Mavor
DMEA Auditor
420 Custom House
555 Battery Street
San Francisco 11, California

Re: Second Royalty Audit Report
The Marshall Mining Company
Docket DMA-67X, Contract Idm-E153

Dear Mr. Mavor:

Second Royalty Audit Report and Certificate pertaining to the subject exploration contract is returned herewith for necessary explanation and revision.

1. The tabulation in the fourth paragraph of the audit certificate should agree in all respects with the tabulation in the first royalty audit certificate, that is, royalty due and paid should be shown as $3,191.96 with no balance due.

In view of the fact that your second audit now indicates that $66.30 has been overpaid applicable to the period covered by the prior audit, suitable explanation should be made in the audit report. This may be accomplished by revising the third paragraph of page 3 of the report as follows:

> "The first royalty audit included a list of overpayments and underpayments of royalty applicable to the period September 19, 1951, to July 19, 1954, indicating a net overpayment of $6.43; however, due to the small amount involved, no adjustment of such royalty payments was made in the audit report. Recomputation of the royalty due in connection with this second royalty audit has indicated a net overpayment of $66.30, rather than $6.43, as being applicable to that period as shown on page 1 of Exhibit "B" attached to this report."

2. The following is suggested in lieu of the second sentence in the last paragraph of page 1 of the report:

> "This agreement was dated July 20, 1954, for a period of 10 years. On November 26, 1954, the Government consented to the assignment of the exploration contract to Murray A. Schutz."

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3. The second paragraph under II General Information refers to Annex II of the Amended Contract. Annex II was superseded by Annex III in accordance with the provisions of Amendment No. 1, dated May 28, 1954. The royalty repayment period was extended to 14 years from September 19, 1951, by Amendment No. 4 dated July 27, 1955. The following wording is suggested for this paragraph:

> "Under provisions of Annex III of the Amended Contract and Amendment No. 4 of the Amended Contract, the Government is entitled to a percentage royalty on all minerals mined or produced from the land described in said Article 2 for a period of 14 years from the date of the Prior Contract (September 19, 1951) or until the total amount contributed by the Government without interest is fully repaid, whichever occurs first."

4. The second full paragraph on page 3 of the report appears to be unnecessary as the information contained therein is also included in Exhibit "A" attached to the report. If this paragraph is eliminated, the word "above" should be removed from the first and fifth lines of the second following paragraph.

5. The remaining information under Section II General Information (beginning at the bottom of page 3) relates to explanation of the manner in which the audit was conducted. This should be omitted from the audit report and reference thereto deleted from the second paragraph on page 2 of the audit report.

6. On Exhibit "B" an overpayment of royalty in the amount of $.06 is indicated in connection with operator's lot No. 11 received at the smelter 11-7-55. Your computation is based on 1½ percent applied to the $106.46 net value of 34.622 tons. According to a copy of the settlement sheet on file in the Washington office, the net proceeds to the shipper amounted to $110.94 and there has been no overpayments of royalty on this shipment.

The exhibit also indicates that $223.58 applicable to this shipment was recovered on a freight claim and you have computed royalty thereon on basis of 1½ percent, without showing either tonnage or value per ton. Possibly the total proceeds from 34.622 tons of ore in this shipment amounted to $334.52 ($110.94 plus $223.58) or $9.66 per ton. In such event, royalty at the applicable 3 percent rate would amount to $10.04, or $8.38 in excess of $1.66 previously paid. On the other hand, it is noted that other shipments to the smelter at about the same time contained 50 or more dry tons. This would suggest that 16 or 17 tons of ore may have been lost by the railroad who settled on basis of around $13.00 or $14.00 per ton, and royalty on that portion would be rate of 5 percent.

7. Exhibit "B" also lists an additional receipt of $68.41 on operator's lot No. 9, received at the smelter 3-29-56 on which you have correctly computed the royalty due on the 1½ percent basis. However, settlement sheets indicate that the shipment consisted of 72.781 tons of ore on which $351.94 ($4.84 per ton) was initially paid to the operator. Subsequently the additional amount of $68.41 ($.94 per ton) was paid, making total payments of $5.78 per ton. While the amount of royalty due is not affected, the net value per ton has been incorrectly stated.

This also is true in connection with lot No. 11, received at the smelter 4-3-56, where the net value is shown as $10.09 instead of $10.30 per ton when the additional payment is taken into account.

It is believed that you should review your work papers pertaining to this audit for the purpose of determining whether there are any other instances in which "Net Value per Ton" used in computing the applicable royalty rate should be adjusted in the manner set forth in items Nos. 6 and 7. In those instances in which the additional payment is sufficient to change the applicable royalty rate, a recomputation of the royalty due should be made on Exhibit "B".

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

Enclosure

CEFisher/wb
April 3, 1957

Copy to: Docket
Admr. Reading File
Mr. Chambers

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
9/7	COC	220

SEP 6 1961

Memorandum

To: Acting Field Officer, Region II

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

Subject: DMEA-67 (Copper)
Murray A. Schutz
Assignee of Marshall Mining Company
Marshall Mine
Elko County, Nevada
Amended Contract Idm-E153

The original and one copy 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.; and
(b) One copy for your files.

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

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

Attachments

EDTalbert/ama
September 6, 1961

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

43683

File Copy
Surname
Klugescheid
Reviewed
Concurred
Martin
Hillemann
Mottendorf

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION 500
WASHINGTON 25, D. C.

AUG - 6 1956

Mr. Spangler Ricker
Executive Officer
DMEA Field Team, Region II
1605 Evans Avenue
Reno, Nevada

Re: Docket No. DMEA-67X (Copper)
Murray A. Schutz
Assignee of Marshall Mining Co.
Marshall Mine
Elko County, Nevada
Amended Contract No. Idm-E153

Dear Mr. Ricker:

We refer to the Semi-Annual Reports of Certified Projects of the cited project dated December 31, 1955 and June 30, 1956.

In the report dated December 31, 1955, the production was given not with an accompanying grade but as a gross value of the ore. This is a rather uncertain method as prices have fluctuated so greatly in the past few years. In the report dated June 30, 1956, the grade of the ore produced to date is given as the estimated grade of the ore reserves in the mine. This is an inaccurate figure as ore reserve grades seldom check production grades.

Would it not be possible to figure the actual grade of the ore produced to date from the settlement sheets? We would do so here in Washington but unfortunately we do not have all of the early sheets and we also do not know exactly which shipments are included in the different periods. We could not check the 2,422 tons produced from January 1 through June 30, 1956, from the settlement sheets.

We hope that you will be able to give us the actual produced grade of ore for the certified projects whenever possible.

Sincerely yours,

W. S. Martin
ACTING Chairman, Operating Committee

APPROVED:

FRANK D. LAMB
Member, Bureau of Mines

N. E. Nelson
Member, Geological Survey

WPKlugescheid/er 8/3/56
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Pennington, USBM
Mr. Kiilsgaard, USGS
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
WASHINGTON 25, D. C.

RECEIVED
JUL 18 1956

July 17, 1956

Memorandum

To: W. R. Griswold, Defense Minerals Exploration Administration

From: Commodity Industry Analyst, Branch of Base Metals

Subject: Field Team final report, Docket No. DMEA 67X (copper), Marshall Mining Company and Murray A. Schutz, Assignee, Marshall (Nevada-Bellevue) Mine, Elko County, Nevada. Contract No. Idm - E 153

The final report, dated June 22, 1956, on this project by R. W. Osterstock and R. M. Smith, Geological Survey, and H. W. Jones, Bureau of Mines, has been reviewed and found adequate.

Exploration was done under an original contract Idm-E 153 dated September 19, 1951, and an amended contract Idm-E 153 (amended) dated May 29, 1953. Under the original contract the work consisted of moving in a building and equipment, rehabilitating 1329.1 feet of the Ilo crosscut, drifting 174.3 feet on the vein east of the crosscut, rehabilitating 1146.6 feet of the Ilo drift, and drifting 261.1 feet west to the Delano shaft. Under the amended contract the work consisted of 986 feet of crosscut west of the Delano shaft. Although 1015.6 feet were authorized, 29.6 feet of the project was not completed.

The exploration made accessible about 25,000 tons of known oxidized ore along the Ilo drift, discovered 5,000 tons of ore by the west drift and 1,000 tons by the east drift, and 31,000 tons of inferred ore. Total reserves made more accessible from the Ilo level are estimated to 62,000 tons averaging 3.5 percent copper, 1 ounce of silver, and 0.2 ounces of gold per ton.

Since reopening the Ilo level, about 9,000 tons of ore has been mined and DMEA has received $4,274.62 in royalties. No payments are owing.

A Certificate of Discovery was issued March 16, 1953 to the Marshall Brothers and another on February 17, 1956, to Murray A. Schutz.

The report fully describes the exploration project and is both satisfactory and acceptable.

J. W. Pennington

J. W. Pennington

Copy to: Division of Minerals
Branch of Base Metals (2)
Thor Kiilsgaard, U.S.G.S.
R. W. Geehan
F i l e s

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

RECEIVED
JUN 27 1956

1605 Evans Avenue
Reno, Nevada

June 25, 1956

Memorandum

To: Operating Committee, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMEA-67X - Copper
Marshall Mining Company and
Murray A. Schutz, Assignee
Marshall (Nevada-Bellevue) Mine
Elko County, Nevada
Contract No. Idm-E153

Attached are four copies of our final report on subject project by R. W. Osterstock and R. M. Smith, Geological Survey and H. W. Jones, Bureau of Mines.

S. Ricker

Attach.

Reviewed by
DMEA OPERATING COMMITTEE
6-29-56
(date)

JUN 27 8 42 AM '56

RECEIVED
JUN 27 1956

UNITED STATES
DEPARTMENT OF THE INTERIOR
FRED A. SEATON, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM
REGION II

FINAL REPORT

DMEA-Docket No. 67X - Copper
Marshall Mining Company and
Murray A. Schutz, Assignee
Marshall (Nevada-Bellevue) Mine
Elko County, Nevada
Contract No. Idm-E153

by

R. W. Osterstock
R. M. Smith
U. S. Geological Survey

H. W. Jones
U. S. Bureau of Mines

June 22, 1956

Reviewed by
DMEA OPERATING COMMITTEE
6-29-56
(date)

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Conclusions and Recommendations	3
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ILLUSTRATIONS

Figure 1 . . . . . Index map

2 . . . . . Geologic sketch map of the mine

3 . . . . . Geologic sketch map of west crosscut, Ilo tunnel level

INTRODUCTION

The Marshall mine, also known as the Nevada-Bellevue mine, Contact, Elko County, Nevada, was explored by the Marshall brothers, 36 Fifth Street, San Francisco, California, and by Murray A. Schutz, 127 Montgomery Street, San Francisco, California, in cooperation with the Defense Minerals Exploration Administration, docket DMA-67X. Two DMEA contracts were executed, the original contract Idm-E153 dated September 19, 1951, and an amended contract Idm-E153 (amended) dated May 29, 1953. Exploratory work under the original contract was started in October 1951 and completed in October 1952. Work under the amended contract was started August 29, 1953 and was stopped incomplete October 8, 1955, when the operator's lease was cancelled. All of the original contract and the first part of the amended contract was completed by the Marshall brothers. The contract was assigned to Murray A. Schutz on November 26, 1954 who performed the rest of the work under the amended contract.

An examination to evaluate the completed project was made on October 20, 1955 by H. W. Jones, U. S. Bureau of Mines, and R. W. Osterstock, U. S. Geological Survey.

SUMMARY

The purpose of the project was to explore for oxidized copper ore in the Nevada-Bellevue vein east and west from the existing drift on the Ilo level, and (under the amended contract) for oxidized copper ore in the downward continuation of the Dunkle vein, which is inferred to be also the faulted continuation of the Nevada-Bellevue vein, west of the Delano shaft.

The exploratory work under the original contract consisted of moving in a building and equipment, of rehabilitating the Ilo crosscut (1329.1 ft.), drifting east from the crosscut on the vein (174.3 ft.), rehabilitating the Ilo drift (1146.6 ft.), and drifting west to the Delano shaft (261.1 ft.). Work under the amended contract consisted of 986 feet of crosscut west of the Delano shaft. This part of the project was not finished and 29.6 feet of the 1,015.6 feet authorized by the contract is unused.

The principal accomplishment of the work under the original contract was to make accessible about 25,000 tons of known oxidized copper ore along the Ilo drift. In addition, ore was discovered by the DMEA drifting -- 5,000 tons by the west drift, and 1,000 tons by the east drift. Work under the amended contract was not completed. The crosscut did not reach the target area but the vein

is inferred to contain about 31,000 tons. The total reserves of all classes made more accessible from the Ilo level by DMEA are estimated to be 62,000 tons averaging about 3.5 percent copper, 1 oz. of silver, and 0.2 oz. of gold per ton.

During the life of, and as a result of, the DMEA project, higher grade ore bodies along the old Ilo drift have been mined. Since reopening the Ilo level, about 9,000 tons of ore has been mined and the DMEA has received $4,274.62 in royalties. No payments are owing.

A certificate of discovery was issued March 16, 1953 to the Marshall brothers and another on February 17, 1956 to Murray A. Schutz.

CONCLUSIONS AND RECOMMENDATIONS

That part of the project east of the Delano shaft was capably done and the vein adequately explored. The new ore that was discovered and the old reserves that were made accessible for mining were not of commercial grade in 1953 at 29-cent copper, but are commercial now with 47-cent copper. Continued small production can be expected from the Nevada-Bellevue vein.

That part of the project west of the shaft was not completed owing to poor supervision and management. No production can be expected from the Dunkle vein until exploration is completed, but a few feet of crosscutting or long-hole drilling at the face will probably locate the vein. This work is recommended, although it

now appears that additional Government participation is unnecessary and that the owner will probably finish the work without requesting aid.

Certification of discovery is unnecessary as the entire project has been certified.

? pseudo ?
no — cofd 2/17/56

LOCATION, ACCESSIBILITY, AND LOCAL FACILITIES

A gravel road leads northwesterly 1.5 miles from Kings Station on U. S. Highway 93, through the old town of Contact to the mine. The mine is accessible throughout the year.

The nearest supply center is Wells, Nevada, about 52 miles south. Labor is housed in and around Contact. Power is supplied by diesel and gasoline engines and water is piped to the mine from a nearby spring. A siding on a branch line of the Oregon Shortline Railway is located 1.5 miles from the mine and supplies, timber, and explosives are obtained in Wells, or in Twin Falls, Idaho, about 63 miles north of Contact.

PROPERTY

The patented claims: Allen, Delano No. 1, Delano No. 2, Bellevue, Copper King, Copper King No. 2, Arkansas, Western Union, and the unpatented Lincoln claim are all included in the contract and subject to royalty on production.

Surface installations at the portal of the Ilo tunnel consist of a combination compressor shed, change room and shop; a framing shed; and an ore bin.

Several hundred feet of underground drifts, stopes and winzes were served in part by the Delano shaft, now caved, and by old tunnels. Underground access at present is through the Ilo tunnel, 3,846 feet in length, which serves as a haulageway for current operations.

Recorded production from 1917 through November 1955 amounted to 25,331 tons of crude ore containing 311.9 oz. gold, 27,911 oz. silver, and 1,849,572 lbs. copper. Production from September 1952 through November 22, 1955 amounted to 8,445 dry tons of crude ore having a gross value of $126,210.69.

Ore is shipped to the American Smelting and Refining Co., Garfield, Utah. A premium of $1.00 per ton is paid for the high silica (60% plus) ore.

THE PROJECT

The work was justified by the past production from the Nevada-Bellevue and Dunkle veins, by the persistence of the vein structure for 2,000 feet along the strike, and by the inference that additional ore bodies would be found along the strike of the vein.

All of the work was on the Ilo tunnel level.

Under the original contract two stages of work were authorized: Stage I -- move and rehabilitate a building, install equipment, and rehabilitate 1,360 feet of the Ilo level; Stage II -- drift 900 feet east and 1,350 feet west on the main vein. Two amendments increased wages at no increase in total cost and extended the completion date.

All of the work in Stage I was completed but only a part of the work in Stage II. The east drift was driven 174.3 feet, the first 40 feet of which was in ore, but work was terminated because the vein pinched and was found to be only a few inches wide and discontinuous. The west drift was driven 261.1 feet to the Delano shaft along the main vein which averaged 2.6 feet wide and 3.8 percent copper. At this point all funds authorized by the contract had been expended as a result of increased costs and rehabilitation expense not anticipated in the contract[1/]. To explore the area west

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1/Gentry, G. G., Smith, R. M., and Tillman, C. G., February 4, 1953 Final Report, DMA-67X, Marshall Mining Company, p. 6.

---

of the Delano shaft additional funds were authorized by the amended contract.

Work authorized in the amended contract was 600 feet of drifting, 100 feet of raising, and 100 feet of sublevel drifting to explore for the faulted continuation of the Nevada-Bellevue vein west of the Delano shaft.

It was impractical to start the drift in the caved shaft, so a second drift was driven in firm ground south of the shaft and DMEA measurements started from the projected shaft position. First attempts to crosscut north to the vein just west of the fault zone (fig. 2) were unsuccessful owing to severe caving. A thin quartz vein containing a little bornite was tentatively identified by the operator as the Nevada-Bellevue vein but drifting revealed that it was too discontinuous to be the main vein. It was then concluded that the best course would be crosscutting westerly to a point down dip from the Dunkle workings. The contract was accordingly amended (No. 3) to allow 1,015.6 feet of crosscutting and drifting to explore the area directly down dip from the Dunkle workings. Amendments also extended the completion date to November 1, 1955.

All of the original contract, and the first part of the amended contract, was completed by the Marshall brothers. Murray A. Schutz, the assignee, performed the rest of the work under the amended contract. The engineer for the assignee spent very little time at the project and contributed little toward expediting the work and,

as a consequence, progress was slow.

A total of 986 feet of crosscut and drift was completed under the amended contract, and 435.5 feet of drift plus 2,475.7 feet of drift rehabilitation under the original contract.

Actual cost of work performed under original contract in Stages 1 and 2: (audited and accounts closed)		$43,899.80
Approved cost amended contract 1,015.6 ft. @ $30.25/ft.	$30,721.00	
Total approved cost of entire project:	$74,621.37	
Total footage driven, amended contract 986 ft. drifts and crosscuts @ $30.25/ft.		$29,826.50
Total cost entire project		$73,725.30
Government's share of original contract:	$21,949.90	
Government's share of the amended contract:	$14,913.25	
Government's share unexpended	$ 447.53	
Government's share of entire project:		$36,863.15
Royalties paid the Government through March 1, 1956:		$ 4,274.62

The amended contract was placed on a unit cost/foot basis and no equipment or supplies were purchased in which the Government has an interest.

GEOLOGY

The Contact mining district is underlain principally by Carboniferous sedimentary rocks intruded by a granodiorite stock. A veneer of Tertiary volcanics and lake beds partly mantled by Quaternary alluvium obscures some of the geologic features.

The geology of the district is most recently described by F. C. Schrader (The Contact Mining District, Nevada, U. S. Geological Survey Bull. 847a, pp. 1-41, 1935). Schrader notes that Paleozoic strata, consisting mostly of thick-bedded limestone, quartzite and argillaceous beds, form an irregular belt from one to several miles wide surrounding the central granodiorite mass. The strata are flexed into a gentle dome with the intrusive granodiorite mass as the core.

In the area of the Marshall mine, the sedimentary rocks are mostly quartzite and slate; these strata are identified Carboniferous in age from faunal evidence. The granodiorite-quartzite contact exposed in the Ilo tunnel is on the northern contact of the intrusive mass approximately one and one-half miles west of the present townsite of Contact, Nevada. Except for the small quartzite exposure where the Ilo tunnel level intersects the Nevada-Bellevue

vein, the mine workings are entirely within the granodiorite. This rock varies from gray to green on fresh surfaces and is medium-grained with local porphyritic phases.

The major structural feature of the mine area is the strong, northeasterly-striking, southeast-dipping Nevada-Bellevue vein. All of the mining operations have been on this structure. Recent exploration activity has demonstrated that the Nevada-Bellevue vein is offset at one or more points by strong northerly-striking, nearly vertical, crossfaults.

ORE DEPOSITS

The entire production of the Marshall mine has come from the Nevada-Bellevue vein. Except for a small segment of the vein in quartzite where the Ilo tunnel intersects the vein, granodiorite is the host rock for the ore minerals.

Schrader has classified the Marshall mine as a "fissure vein" deposit and his maps indicate that ore was produced from a "main vein" and to a lesser extent from parallel hanging- and footwall veins. The "main vein", identified by its massive vein quartz content, outcrops boldly at the surface and may be traced over 1,000 feet along strike. Prior to the inception of the DMEA program the Nevada-Bellevue vein had been exposed underground over 1,000 feet also, the workings extended approximately 400 feet downdip.

Not all of the exposed portions of the vein have been minable, as it ranges in width from a few inches to 8 feet.

Throughout the workings the mineralized portions of the vein have been almost entirely oxidized and contain malachite, chrysocolla and some cuprite. In a few localities minor amounts of chalcopyrite, chalcocite and bornite remain as relicts in the oxidized material. Some enrichment by chalcocite is inferred at the water table, below the largest ore shoots. This may be as much as 100 feet below the Ilo tunnel level. Most of the oxide copper minerals are in the quartz vein itself and to a lesser extent in fractures in the adjacent granodiorite wall rock. Alteration of the granodiorite in close proximity to the copper-bearing vein is quite pronounced; many of the feldspars, particularly the larger phenocrysts have been altered to copper stained clay minerals, and in some places the original texture of the rock is completely obscured by the alteration. The average grade of the ore on the Ilo tunnel level is 3.53 percent copper and the average width is 3.3 feet.

Outcrops of the copper-bearing quartz vein are more sporadic and less conspicuous to the southwest of the Marshall mine. The Dunkle adit (about 700 feet west of the Delano shaft) has exposed a copper-bearing quartz vein near the surface. This structure is

approximately parallel in strike and dip to the main Nevada-Bellevue vein and is tentatively identified as the same vein structure offset to the north by a strong crossfault. Caved conditions of the Dunkle workings preclude more than a cursory inspection. Samples taken from the open unstoped portions of the vein contained an average of 1.62 percent copper. This vein contains a higher average silver content than is shown along the Ilo tunnel level.

SAMPLING (Amended Contract)

Sample No.	Width, feet	% Cu	Oz/T Ag	Description
1185	0.75	3.90	0.20	North side abandoned crosscut, 80 ft. from DMEA starting point.
1186	4.0	1.80	0.10	Northeast wall drift, 17 ft. northwest of Station O.
1187	3.2	2.30	0.10	Northeast wall drift, 8 ft. northwest of No. 1186.
1188	1.5	0.65	0.40	Quartz showing on southwest wall, opposite No. 1187.
1189	1.5	1.97	0.10	Quartz stringer on southeast wall, opposite No. 1188.
1236	2.0	1.32	0.40	Hanging-wall side of main vein, Ilo level, 25 ft. east of shaft.
1237	1.9	2.41	0.50	Quartz vein on north side and face of northwest crosscut, 180 ft. from DMEA starting point.
1367	---	6.28	1.95	Fissure sample, west side; intersection of west drift and northwest crosscut.

Sample No.	Width, feet	% Cu	Oz/T. Ag	Description
1421	0.5	0.15	-----	Narrow quartz fissure, some copper stain, southwest drift, 46 ft. from west drift intersection.
1490	1.7	0.38	0.35	West side southwest drift, footwall, large fault zone.
183	0.5	2.35	0.90	Fault, west drift 211 ft. west of intersection with southwest drift.
184	0.333	0.33	0.20	Parallel to and in same fault zone as No. 183.

ORE RESERVES

In the report which described the work performed under the original contract, it was stated that in the final 261 feet of drifting along the Nevada-Bellevue vein only two samples assayed over 5 percent copper and even these sample areas would not be economic if a 5-foot stoping width were maintained. Thus, although no commercially exploitable ore is present in this segment of the vein, the 261-foot segment for 45 feet above and below the Ilo tunnel level contains 5,000 tons of material averaging 3.8 percent copper, 0.52 oz. silver, and 0.016 oz. gold. The average width of samples in this block is 2.6 feet. The remainder of the Ilo tunnel level exposure of the Nevada-Bellevue vein to the east of the final 261-foot segment is estimated to contain 30,958 tons of material averaging 3.53 percent copper, 0.958 oz. silver, and 0.05 oz. gold over a strike length of 1,191 feet with vertical limits of 45 feet above and below the Ilo tunnel level. Since

this estimate was made there have been some highly selective stoping operations which have reduced the figure by a few hundred tons.

The grade along the vein in the Dunkle workings is 1.62 percent copper, 2.31 oz. silver, and 0.12 oz. gold over an average sample width of 3.2 feet and a length of 98 feet along the vein.

It was originally inferred that similar grades and vein widths would be found along the unexplored segment of the Nevada-Bellevue vein west of the Delano shaft. Unfortunately, the offset segment of the Nevada-Bellevue (Dunkle) vein was not encountered in the most recent DMEA work and the ore potential of this segment has not been determined. There is, however, no reason to believe that this unexplored portion of the vein will not yield, when it is eventually exposed, substantially the same tonnage (31,000 tons) and the same grade and width as originally predicted.

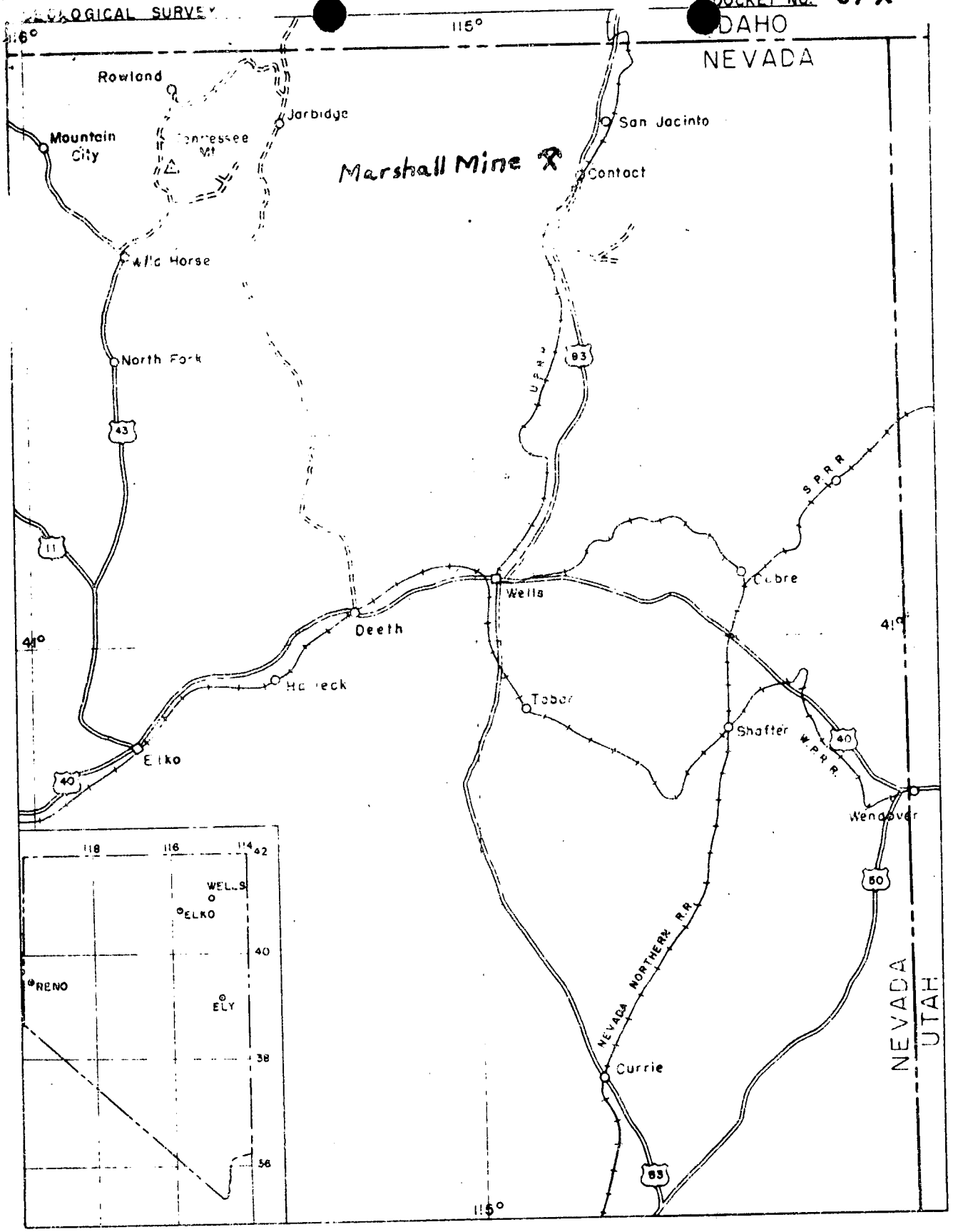


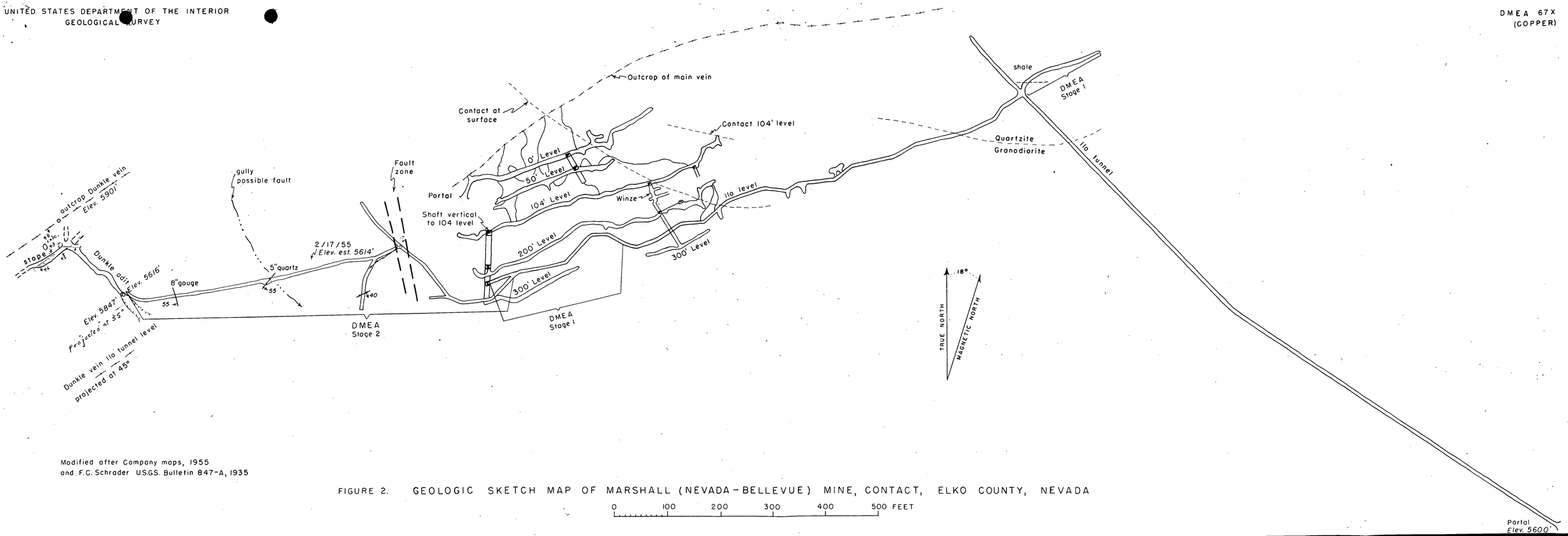
FIG. 1

INDEX MAP OF NEVADA

0 10 20 30 40 Miles

Scale 1:1,000,000

RECEIVED
JUN 27 1956



Modified after Company maps, 1955
and F.C. Schrader U.S.G.S. Bulletin 847-A, 1935

FIGURE 2. GEOLOGIC SKETCH MAP OF MARSHALL (NEVADA-BELLEVUE) MINE, CONTACT, ELKO COUNTY, NEVADA

0 100 200 300 400 500 FEET

RECEIVED
JUN 2 7 1956

RECEIVED
JUN 2 7 1956

MAP

BELONGS

HERE

R m E a

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

1605 Evans Avenue
Reno, Nevada

May 2, 1956

Memorandum

To: Operating Committee, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMA-67X (Copper)
Murray A. Schutz
Assignee of Marshall Mining Co.
Marshall Mine
Elko County, Nevada
Amended contract No. Idm-E153

Reference is made to your letter of April 26, 1956 regarding royalties on shipment of dump material.

Mr. Maurice Marshall has assured me that any dump material that he has shipped and on which a settlement statement and royalty check has not been submitted is dump material that predates the signing of the contract.

I understand that the ore shipped from the Ilo dump by Mr. Schutz had been mined since the contract was effective.

Mr. Schutz evidently does not know that the Marshall Mine is now optioned to J. A. Terteling & Sons, Box 1428, Boise, Idaho. A copy of a letter from Mr. Marshall advising us of the option was forwarded to you on April 24, 1956. One of our engineers' will visit the property at the first opportunity.

S. Ricker

RECEIVED
MAY 4 - 1956

BUREAU OF MINES
WASHINGTON, D. C.

MAY 4 8 47 AM '56

File Copy
Surname
Klugescheid
Hiswood
Chambers
Kilsgaard
Gehan
Selfridge
Johnson

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

APR 26 1956

Mr. Murray A. Schutz
127 Montgomery Street
San Francisco 4, California

Re: Docket No. DMEA-67 (Copper)
Murray A. Schutz
Assignee of Marshall Mining Co.
Marshall Mine
Elko County, Nevada
Amended Contract No. Idm-E153

Dear Mr. Schutz:

Reference is made to your letter of April 17, 1956, in connection with the subject contract.

If the dumps which the Marshalls are shipping at the present time were in existence prior to the signing of the contract with the Defense Minerals Exploration Administration, they are not subject to royalties.

We have written a letter to Mr. Ricker apprising him of the information which you have given us and requesting him to investigate the matter and decide whether the dumps are actually old ones or whether they might contain some ore which has been recently mined.

We will advise you of the results of Mr. Ricker's inquiries as soon as we receive them.

Sincerely yours,

C. O. Mittendorf (for)

Administrator

WPKLugescheid/er 4/23/56
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Pennington, USBM
Mr. Kiilsgaard, USGS
Region II (2)
Chron.

R.C.R.

File Copy
Surname
Klugescheid
Griswold
Chandler
Selfridge
Hyperman

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

500

APR 26 1956

Mr. Spangler Ricker
Executive Officer
DMEA Field Team, Region II
1605 Evans Avenue
Reno, Nevada

Re: Docket No. DMEA-67 (Copper)
Murray A. Schutz
Assignee of Marshall Mining Co.
Marshall Mine
Elko County, Nevada
Amended Contract No. Idm-E153

Dear Mr. Ricker:

We are enclosing two copies of a letter written to the Administrator by Mr. Murray Schutz.

If the dumps, which Mr. Schutz alleges are now being shipped, predate the signing of the contract with DMEA then they are not subject to royalty.

Will you kindly look into this matter and advise us if they are shipping from dumps at the present time and whether these dumps are old ones or if possibly they may contain ore that has been recently mined.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GCS)

Enclosures

WPKlugescheid/er 4/23/56
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Pennington, USBM
Mr. Kiilsgaard, USGS
Chron.

APPROVED:

/s/ Robert W. Geehan (GCS)
Member, Bureau of Mines

Thor H. Kiilsgaard (GCS)
Member, Geological Survey

R.C.S.

D M E A

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

RECEIVED
APR 23 1956

1605 Evans Avenue
Reno, Nevada

April 24, 1956

Memorandum

To: Operating Committee, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMA-67X (Copper)
Marshall Mine
Elko County, Nevada
Amended contract No. Idm-E153

For your information on subject docket, I am attaching two copies of an undated letter just received from Mr. Maurice M. Marshall.

S. Ricker

Attach.

BUREAU OF MINES
WASHINGTON, D. C.

APR 26 9 21 AM '56

COPY

RECEIVED
APR 2 6 1956

MARSHALL MINING COMPANY
Copper Mines
Contact, Nevada

36 - Fifth Street
San Francisco, Calif.

Defense Minerals Exploration Adm.
Reno, Nevada
Mr. S. Ricker, Executive Officer

Dear Sirs:

Please be advised that, effective April 9, 1956, we have entered into a lease and option agreement with J. A. Terteling and Sons, Box 1428, Boise, Idaho providing for mining and development work on our property at Contact, Nev. The lease runs to Dec. 31st, 1956, and the option to purchase is for the same period.

Mr. Chris Kuhn is in charge at Contact and has started core drilling work as well as mining and development work. It is his intention to call on you soon in order to enjoy the benefit of your advise and knowledge of the property.

Returns on ten additional cars shipped by us should be in within two weeks and we will then send settlement to you.

Sincerely yours,

Marshall Mining Co.
/s/ Maurice M. Marshall

MURRAY A. SCHUTZ
127 MONTGOMERY STREET
SAN FRANCISCO 4, CALIFORNIA

RECEIVED
APR 19 1956

April 17, 1956

TELEPHONE
YUKON 6-5588

Honorable C. O. Mittendorf
Administrator
Defense Minerals Exploration Administration
Washington 25, D. C.

Re: Docket No. DMEA-67 (Copper)
Murray A. Schutz
Assignee of Marshall Mining Co.
Marshall Mine
Elko County, Nevada
Amended Contract No. Idm-E153

Dear Mr. Mittendorf:

As Mr. Ricker, Executive Officer of the DMEA Field Team at Reno, has probably told you, my associates and I were ordered off the property of the Marshall mine in Elko County, Nevada last fall. It was our opinion that we had a sufficient extension from the Marshalls to continue the work we had started. Otherwise we would have surrendered our contract and left the property probably a year ago in January.

The Marshalls did everything possible to encourage us to continue and spend our money, together with the assistance we were receiving from DMEA. However, when the price of copper went up last summer they began sending us demands certainly not justified by the present operations at Contact. What they evidently wanted to do was ship various dumps that they had on the property - I believe such dumps were the result of mining many years ago. Now we do not know whether or not, under our DMEA contract, we are responsible for any ore shipped from such dumps, though on some ore that was shipped from the Ilo Tunnel dump by us, the royalty was remitted to you.

If the Marshalls have not remitted to the Government such sums as might be due on royalties from dumps that they shipped, if you will advise me I will then make demand upon them to pay the Government any monies that may be due. I do not believe it is a very large amount but at the same time if it is due it should be paid.

We have been hoping consistently to be able to work out some type of deal with the Marshalls so we could continue further work at the Marshall Mine at Contact. The temporary high price of copper has made them unusually arbitrary in their demands.

I am certain from your engineering report and from the reports of the engineers I have sent to the property that there is practically no ore of any kind in sight, and a mine can only be made at Contact with systematic development. A little gophering here and there, which the Marshalls are trying to do, is certainly not going to develop a mine that will repay the Government for the time, effort and money that have been expended, neither will it repay us the more than $30,000 we have put into it.

The thing that gives us some concern is that the Marshalls, when doing their gophering, do not keep up their regular mining work and it is possible, if we cannot reach an agreement with them in the near future, that the underground work will deteriorate to a point where it would be very costly ever to try to start it up again.

I have discussed this with Mr. Ricker and also with Mr. Smith of the U. S. Geological Service and they both agree that the only way a mine can be made at Contact is systematically, the way mining people endeavor to develop mines.

Very truly yours,

Murray A. Schutz

Murray A. Schutz

MAS/mb

File Copy
Surname - Klugerchard
Yurawold
Putnin
Chamberlin
Reckon
Gilpatrick
Selfridge
Flynn

C

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

FEB 17 1956

Mr. Murray A. Schutz
127 Montgomery Street
San Francisco 4, California

Re: Docket No. DMEA-67 (Copper)
Murray A. Schutz
Assignee of Marshall Mining Co.
Marshall Mine
Elko County, Nevada
Amended Contract No. Idm-E153

Dear Mr. Schutz:

Transmitted herewith is a certification of discovery or development related to the Amended Exploration Project Contract No. Idm-E153, dated May 29, 1953, on the lands described in the contract.

By the terms of the Amended Exploration Project Contract and of the Certification, all production from the land described in the contract is subject to the Government's percentage royalty as set forth in said contract. You are required to continue payment of royalty until the sum which the Government has advanced as its participating interest is repaid, or until September 19, 1965, whichever occurs first.

Payments should be made to Mr. S. Richer, Executive Officer, DMEA Field Team, Region II, 1605 Evans Avenue, Reno, Nevada. 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.

R.G.B.

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

Although this project previously was certified under the prior contract, it becomes necessary to certify it again because of the provisions of the amended contract. However, please be assured that the Operator's liability for royalty continues as previously, only one royalty being due as set forth above.

Sincerely yours,

G. O. Mittenhart (for)

Administrator

Enclosure

WPKlugescheid/er 2/14/56 rewritten
(1/30/56)

Copy to:
Docket
Mr. C.A. Fredell, Dr., MD, EPS
Mr. Geehan, USBM
Mr. Kiilsggard, USGS
Admr R. File
Op. Committee
Base Metals
Cont. Adm.&Audit Div.
Finance Office
Region II (2)
F. E. Johnson
W. R. Griswold
Chron.
Mr. Maurice M. Marshall, Marshall Mining Co.

File Copy
Surname
Klugescheid
Winsowd
Chambers
Geehan
Kiilsgaard
Selbridge
Jackson

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

FEB 17 1956

Mr. Maurice M. Marshall, Partner
Marshall Mining Company
36 Fifth Street
San Francisco 3, California

Re: Docket No. DMEA-67 (Copper)
Murray A. Schutz
Assignee of Marshall Mining Co.
Marshall Mine
Elko County, Nevada
Amended Contract No. Idm-E153

Dear Mr. Marshall:

For your information, we are enclosing a copy of a certification of discovery or development covering the cited property, which has been sent to Mr. Murray A. Schutz. We are also enclosing a copy of our letter of transmittal of this certification.

The above are in connection with the Assignment of Contract signed by you on November 12, 1954.

Sincerely yours,

W. D. Mitchell

Administrator

Enclosures

WPKlugescheid/er 2/14/56
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Region II (2)
Mr. Geehan, USBM
Mr. Kiilsgaard, USGS
Chron.

R.C.K.

File Copy
Surname
Klugscheid
Silsbee
Talbert
Gehon
Kilgeard
Selfridge

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

Mr. Maurice M. Marshall, Partner
Marshall Mining Company
36 Fifth Street
San Francisco 3, California

Re: Docket No. DMEA-67 (Copper)
Marshall Mining Company
Marshall Mine
Elko County, Nevada
Amended Contract No. Idm-E153

Dear Mr. Marshall:

Transmitted herewith is a certification of discovery or development related to the Amended Exploration Project Contract No. Idm-E153, dated May 29, 1953, on the lands described in the contract.

By the terms of the Amended Exploration Project Contract and of the Certification, all production from the land described in the contract is subject to the Government's percentage royalty as set forth in said contract. Your company is required to continue payment of royalty until the sum which the Government has advanced as its participating interest is repaid, or until September 19, 1965, whichever occurs first.

Payments should be made to Mr. S. Ricker, Executive Officer, DMEA Field Team, Region II, 1605 Evans Avenue, Reno, Nevada. 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. Ricker of any changes in ownership and production rights that might affect the Government's right to its percentage royalty. Also, if production ceases at any time for an extended period please notify Mr. Ricker at six-month intervals that such is the case.

Although this project previously was certified under the Prior Contract, it becomes necessary to certify it again because of the provisions of the amended contract. However, please be assured that the Operator's liability for royalty continues as previously, only one royalty being due as set forth above.

Sincerely yours,

Administrator

Enclosure

WRKrugescheid/er (1/30/56)
Copy to: Docket
Mr. C.A. Freedell, DR.,MD,EPS
Mr. Geehan, USBM
Mr. Kiilsgaard, USGS
Admr R File
Op. Committee
Base Metals
Cont.Adm&Audit Div
Finance Office
Region III (2)
Mr. F.E. Johnson
Mr. W.R. Griswold
Chron.

File Copy
Surname
Klugescheid
Fiswood
Chambers
Geehan
Kiilsgaard
Selbridge
Johnson

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

FEB 17 1956

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

Re: Docket No. DMEA-67 (Copper)
Murray A. Schutz
Assignee of Marshall Mining Co.
Marshall Mine
Elko County, Nevada
Amended Contract No. Idm-K153

Dear Mr. Fredell:

Enclosed is a copy of a certification of discovery or development related to Amended Exploration Project Contract No. Idm-K153.

The contract was dated May 29, 1953, with the Government participating to the extent of 50 per cent in an exploration project estimated to cost $74,621.37. Actual expenditures were $73,726.30, with the Government's share being half of such amount or $36,863.15.

The total amount of work provided for under the contract consisted of 1,451 feet of drifting and crosscutting and rehabilitation of an adit and drift. Work actually done consisted of 1,421.4 feet of drifting and crosscutting and the rehabilitation of 2,215 feet of adit and drift.

The discovery consists of copper ores in a series of lenses in a copper-bearing quartz vein and also in the adjacent granodiorite wall rock. Estimated ore reserves were 31,000 tons containing 3.53 per cent copper and 0.958 ounces of silver per ton. There has been some production and the actual estimated reserves are 24,000 tons of the same grade as above.

This project has been certified under the Prior Contract but it has been deemed necessary to certify the Amended Contract also.

Sincerely yours,

G. D. Mitterdorf (for)

Administrator

Enclosure

WPKlugescheid/er (1/30 & 2/14/56)
Copy to: Docket
Mr. Geehan, USBM
Mr. Kiilsgaard, USGS
MK.Admr R File
Region II (2)
F. E. Johnson
W. R. Griswold
Chron.
Op. Committee
Base Metals
Cont. Adm&Audit Div.
Finance Office

P.G.F.

File Copy
Surname
Klugescheid.
Wiswell
Talbert
Geehan
Kilsgaard
Selfridge.

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

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

Re: Docket No. DMEA-67 (Copper)
Marshall Mining Company
Marshall Mine
Elko County, Nevada
Amended Contract No. Idm-E153

Dear Mr. Fredell:

Enclosed is a copy of a certification of discovery or development related to Amended Exploration Project Contract No. Idm-E153.

The contract was dated May 29, 1953, with the Government participating to the extent of 50 per cent in an exploration project estimated to cost $74,621.37. Actual expenditures were $73,726.30, with the Government's share being half of such amount or $36,863.15.

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This project has been certified under the Prior Contract but it has been deemed necessary to certify the Amended Contract also.

Sincerely yours,

Administrator

Enclosure

Finance Office

Base Metals
Cont.Adm&Audit Div.
Region II (2)
F. E. Johnson
W. R. Griswold
Chron.

WPKLUGESCHEID/er 1/30/56
Copy to: Docket
Mr. Geehan, USBM
Mr. Kiilsgaard, USGS
Admr R File
Op. Committee

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

JAN 20 1956

Mr. George Mayer
DMEA Auditor
420 Custom House
555 Battery Street
San Francisco 11, California

Re: Report of Review
I&m-X153, DMA-67X
Murray A. Schutz, Assignee
for the Marshall Mining Co.

Dear George:

Your recently submitted Report of Review covering the referenced project is acceptable and normal distribution is authorized after effecting a slight change in reason (s) for the review in lieu of audit.

The words "a large portion" should be changed to "the remainder" on all copies before release. This change has been made on the Washington copies.

Sincerely yours,

C. E. F.

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

WBorovies/wb
January 20, 1956

Copy to: Docket
Admr. Reading File
Mr. Chambers

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

RECEIVED
JAN 24 1956

1605 Evans Avenue
Reno, Nevada

January 18, 1956

Mr. Murray A. Schutz
127 Montgomery Street
San Francisco 4, California

Re: Docket No. DMA-67x (Copper)
Murray A. Schutz
Marshall Mine
Elko County, Nevada
Amended Contract No. Idm-E153

Dear Mr. Schutz:

We have been informed that your firm shipped 3 cars of ore from the referenced property during the period of August 1, 1955 to October 8, 1955 to the American Smelting and Refining Company, Garfield, Utah.

Will you please furnish us smelting settlement sheets and send your check for royalties due made out to The Defense Minerals Exploration Administration.

Very truly yours,

S. Ricker
Executive Officer
DMEA Field Team, Region II

SRicker:gh
cc: Opr. Com., DMEA, Wash., D.C.
R. M. Smith
Finance Off., Reg. II
Geo. Mavor
File

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

JAN 13 1956

Mr. George Mayer
DMEA Auditor
420 Custom House
555 Battery Street
San Francisco 11, California

Re: Idm-8153, DMA-67X
and Amended Contract
Murray A. Schurts
Assignee for
The Marshall Mining Co.

Dear George:

Receipt is acknowledged of your letter of January 11, 1956, raising a question as to the preparation of a Report of Review covering the referenced project.

The answer to the question posed in the penultimate paragraph is "Yes".

Sincerely yours,

(Signed) E. D. Talbert

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

EDTalbert/wb
January 13, 1956

Copy to: Docket
Admr. Reading file
Mr. Chambers

R.S.S.

DMEA

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

RECEIVED
OCT 31 1955

1605 Evans Avenue
Reno, Nevada

October 28, 1955

Memorandum

To: Operating Committee, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMA-67X (Copper)
Murray A. Schutz
Marshall Mining Co. (Marshall Mine)
Elko County, Nevada
Contract No. Idm-E153 (amended)

Attached are two copies of letter dated October 22, 1955 from Mr. Maurice M. Marshall requesting a reassignment of subject contract to the Marshall Mining Company and two copies of our reply dated October 28, 1955.

According to our last interim report there remains 29.6 feet of drifting to be completed under the contract. On the otherhand the two copies of attached narrative report from Murray A. Schutz, dated October 18, 1955, requests additional funds of $5,400.00 for 900 feet of diamond drilling. Two copies of our reply to Mr. Schutz are attached and we are holding any further action or recommendation on the project in abeyance until we have a reply.

You have copies of our letter of October 26, 1955 to our finance office regarding payment on the final MF-104 and MF-104A vouchers from Mr. Schutz.

S. Ricker

Attach.

Washington, D.C.
OCT 31 8 59 AM '55

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

RECEIVED
OCT 31 1955

1605 Evans Avenue
Reno, Nevada

October 28, 1955

Marshall Mining Company
Contact, Elko County, Nevada

Re: Docket No. DMA-67X (Copper)
Murray A. Schutz
Marshall Mining Co. (Marshall Mine)
Elko County, Nevada
Contract No. Idm-E153

Dear Mr. Marshall:

Reference is made to your letter of October 22, 1955 relative to reassignment of above contract to you. Until we make our final settlement with Murray A. Schutz we will hold a definite reply to your letter in abeyance. The final footage remaining in the contract is not yet settled. In the meantime, would suggest that you do some long hole drilling in search of the Dunkle vein on your own account.

We were glad to learn that you are again operating the mine and trust we will soon be able to place your company on the list of those currently paying royalties.

Sincerely yours,

S. Ricker
Executive Officer
DMEA Field Team, Region II

SRicker:gh

cc: Operating Committee, DMEA, Wash., D.C.
Finance Officer, Reg. II
Geo. Mavor, Auditor, DMEA
H. C. Miller
R. M. Smith
File

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

RECEIVED
OCT 31 1955

1605 Evans Avenue
Reno, Nevada

October 28, 1955

Murray A. Schutz
127 Montgomery Street
San Francisco, California

Re: Docket No. DMA-67X (Copper)
Murray A. Schutz
Marshall Mining Co. (Marshall Mine)
Elko County, Nevada
Contract No. Idm-E153 (amended)

Dear Mr. Schutz:

Reference is made to letter of October 18, 1955 in which you enclosed your final MF-104-MF-104A forms for September and October 1955.

Your total footage is 1,008 feet. Our engineer's measurement shows a total advance of 986 feet. The difference is 22 feet. We would be pleased to have your engineer meet ours at Contact, Nevada at some mutually agreed time in order to adjust this difference.

You request an amendment for Government participation in a 600 foot drilling program at a cost of $5,400.00. We cannot understand this request as Mr. Maurice M. Marshall of the Marshall Mining Co. has advised us that he has canceled your lease and option on the property and is now operating it.

Very truly yours,

S. Ricker
Executive Officer
DMEA Field Team, Region II

SRicker:gh
cc: Operating Committee, DMEA, Wash., D.C.
Geo. Mavor, Auditor, DMEA
H. C. Miller
Finance Off., Reg. II
R. M. Smith
File

S. Ricker

MARSHALL MINING COMPANY
COPPER MINES

CONTACT (Elko County) NEVADA

Oct 22, 1955

RECEIVED
OCT 31 1956

Defense Minerals Exploration Adm.
Reno, Nev.
att Mr S Ricker, Executive Officer

Dear Sirs:

We are of the impression that there remains approximately 30 feet of work uncompleted under the contract No Idm-E153- Docket No DMA 67 X Copper. As we contemplate continuous work now we wish to apply for the reassignment to Marshall Mining Co of any remaining funds under the above contract.

We have shipped 4 cars of newly mined ore and are opening new ground at present. The smelter is anxious for our siliceous flux ores and we believe will work closely with us.

Very Truly Yours
Marshall Mining Co
Warren M Marshall

October 18, 1955

H. Toper 10/21/55

Mr. S. Ricker, Executive Officer
DMEA Field Team, Region II
1605 Evans Ave.
Reno, Nevada

RECEIVED
OCT 31 1955

Dear Mr. Ricker:

Enclosed herewith are five copies each of our "Operator's Unit Cost and Progress Report" and the "Operator's Monthly Report and Voucher" for September and part of October. This is the final report because according to our measurements there are only some seven feet of cross-cut left in the contract and since there was no indication of ore in the face when I visited Contact on Friday October 14th, we see no reason for doing any more cross-cutting until we have done some diamond core drilling, which we intend to do in the very near future.

I have measured the work done under Docket 67X, part with a transit and steel tape, part with a metallic tape and came up with a total of 1,008.8 feet, 758 feet of this is along the center line of the main cross-cut from your station #392 to the present face of the tunnel; 111.6 feet in the north cross-cut; 106.2 feet in the south cross-cut and 35 feet in the stub drift which was started by the Marshalls and abandoned shortly before we took over the job.

Since we were allowed only 964 feet as of the end of August, according to our figures we are entitled to payment for 44 feet instead of the 30 feet shown on the enclosed forms.

I shall appreciate it very much if you will ask your engineers to advise me of any discrepancy between their measurements and mine.

When I examined the face of the cross-cut on October 14, it was still in blocky granodiorite showing considerable iron stain along a slip and more moisture but no copper. Since we are now in a favorable location for core drilling both to the NW and to the SE we feel their is no point in additional cross-cutting until we have located the vein or veins with the core drill.

We intend to drill three holes each 150 feet long on the bearings North 15 West, North 39 West and North 63 degrees West from the present face of the cross-cut and three holes SE at 180° to the first three. This will make a total of 900 feet of core drilling which we estimate will cost $0.00 per foot, or $5,400.00 total.

Naturally we would like very much to have the DMEA lend us 50% of this drilling cost, however since our agreement with the owners of the property provides that we do this drilling before December 6th of this year, we obviously must have prompt approval of the project. Will you please let us know whether it can be arranged within a time which will permit us to complete the work before December 6th.

Very truly yours,

AMERICAN WESTERN EXPLORATION CO.

Murray A. Schutz
by

J.D. Porter

cc
Encl.

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

RECEIVED
OCT 28 1955

1605 Evans Avenue
Reno, Nevada

October 26, 1955

Memorandum

To: Lloyd Sjolander, Chief, Budget & Finance Br., Reg. II

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMA-67X (Copper)
Murray A. Schutz
Marshall Mining Co. (Marshall Mine)
Elko County, Nevada
Contract No. Idm-E153 (amended)

Attached are four copies of final MF-104-MF-104A forms and narrative report on subject contract for September and October, 1955.

According to the Operator's report, a total advance of 1008 units has been made on the amended contract. Our measurements show a total advance of 986 units. Total footage called for in amended contract is 1015.6 units. This leaves a balance of 29.6 feet remaining under the contract allotment.

The lease and option to Murray A. Schutz from Maurice Marshall has apparently been cancelled and Marshall is again operating the property.

I would suggest that payment of 22 feet be made on the vouchers totaling $665.50 and that balance be held in abeyance until the past Operator agrees to have his enginner meet ours on the property in case he wishes a check measurement.

S. Ricker

Attach.

SRicker:gh
cc: Operating Committee, DMEA, Wash., D.C.
Geo. Mavor, Auditor, DMEA, Reg. II
R. M. Smith, USGS
cc: H. C. Miller
File

2 m Ea

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

RECEIVED
OCT 24 1955

1605 Evans Avenue
Reno, Nevada

October 21, 1955

Memorandum

To: Operating Committee, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMA-67X - Copper
Murray A. Schutz
Marshall Mine
Elko County, Nevada
Amended contract No. Idm-E153

For your records relative to above subject contract, we are enclosing two copies of letter dated October 17, 1955 from Maurice Marshall of the Marshall Mining Company in which he states he has cancelled the lease and option on the Marshall Mine to Murray A. Schutz.

Work under the contract is completed and an inspection preliminary to processing a final report is now being made. I believe Mr. Marshall will probably do some work in hopes of contacting the Dunkel vein.

S. Ricker

Encl.

RECEIVED
WASHINGTON, D. C.
OCT 24 9 42 AM '55

S. Ricker

NOTED DATE

MARSHALL MINING COMPANY
COPPER MINES
CONTACT, NEVADA

Oct. 17, 1955

Defense Minerals Exploration Agency
Reno Nev.
att Mr S Ricker, Executive Officer

RECEIVED
OCT 24 1955

Dear Sirs:

Please be advised that effective Oct 8th, 1955, we have cancelled the lease and option on our property running to Murray A Schutz of American Western Exploration Co. We have retaken possession of the property and are proceeding with mining and development work. We will keep you advised as to our progress. The writer will be at Contact until Oct 26th and then away for a short period.

Very Truly Yours,
Marshall Mining Co
Maurice M Marshall

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

RECEIVED
SEP 30 1955

1605 Evans Avenue
Reno, Nevada

September 28, 1955

American Western Exploration Company
127 Montgomery Street
San Francisco 4, California

Re: Docket No. DMA-67X (Copper)
Marshall Mining Company (Marshall Mine)
Elko County, Nevada
Contract No. Idm-E153 (amended)

Dear Mr. Porter:

Reference is made to your narrative letter of September 23, 1955 which accompanied your MF-104 and MF-104A forms for the month of August in which is suggested additional diamond drilling.

Whether or not we would participate would depend on final report by our geologist and engineer upon conclusion of above referenced contract. Furthermore, we have been advised by Mr. Maurice Marshall that he intends to terminate his lease agreement with you 30 days from September 2, 1955 unless you comply with terms of the agreement.

In the meantime I would suggest that you send us a formal letter outlining your proposed diamond drilling, costs, and plans showing location of drill holes. If approved by us and our Washington office, an amended contract would have to be executed.

Very truly yours,

S. Ricker
Executive Officer
DMEA Field Team, Region II

SRicker:gh

cc: Operating Committee, DMEA, Wash., D.C. w/attach.
Finance Office, Reg. II
H. C. Miller, Regional Director, Reg. II
R. M. Smith, USGS
Geo. Mavor, Auditor, DMEA
File

BUREAU OF MINES
WASHINGTON, D.C.

SEP 30 8 20 AM '55

MARSHALL MINING COMPANY
COPPER MINES
CONTACT, NEVADA
36 Fifth Street
San Francisco 3, California

REFER TO	NOTED DATE
S. Rickey	9/23/55
ANSWERED	

September 20, 1955

Defense Minerals Exploration Agency
Bureau of Mines
Reno, Nevada

Attention: Mr. Rickey, Director

Dear Sirs:

This letter refers to the agreement dated July 20, 1954 under which we gave a lease and option on our property at Contact, Nevada to Mr. Murray A. Schutz of American Western Exploration Company.

On September 2, 1955 we gave notice of default to Mr. Schutz and it is our intentionto cancel the agreement with him 30 days after that date unless full compliance with the terms of the agreement is had within that time limit.

We feel it is proper that we give you this information at this time.

Very truly yours,

MARSHALL MINING COMPANY

Per Maurice M. Marshall

Two Copies to Washington

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

RECEIVED
SEP 30 1955

1605 Evans Avenue
Reno, Nevada

September 28, 1955

Memorandum

To: Lloyd Sjolander, Finance Officer, Region II

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMA-67X - Copper
Marshall Mining Company
Marshall Mine
Elko County, Nevada
Contract No. Idm-E153 (amended)

Attached are four copies of MF-104, MF-104A forms and Narrative Reports for the month of August 1955 on above subject contract. The forms show a total advance of 978 feet at a total cost of $29,584.50. Our engineer's measurement as of August 31, 1955 is only 964 feet at a total cost of $29,161.00.

In as much as this contract is nearly concluded, 14 feet at a total cost of $423.50 should be withheld from the payment. Furthermore, Mr. Maurice M. Marshall has advised us that he has given notice of default to Mr. Murray A. Schutz of American Western Exploration Company and that he intends to cancel his agreement with them 30 days after September 2, 1955 unless they comply with terms of said agreement.

S. Ricker

Attach.

SRicker:gh
cc: R. M. Smith
Operating Committee, DMEA, Wash., D. C.
Geo. Mavor, Auditor, DMEA
H. C. Miller, Regional Director, Region II
File

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

1605 Evans Avenue
Reno, Nevada

August 17, 1955

Memorandum

To: Operating Committee, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMEA-67 (Copper)
Murray A. Schutz
Marshall Mine
Elko County, Nevada
Amended Contract No. Idm-E153

Reference is made to your letter of July 28, 1955 in which you transmitted the original and five copies of amendment No. 4 to above subject contract.

The amendment has been executed by the Operator and we are attaching the original and two copies. The remaining copies have been distributed in the usual manner.

S. Ricker

S. Ricker

Attach.

RECEIVED
AUG 1955

BUREAU OF MINES
WASHINGTON, D. C.

AUG 19 9 37 AM '55

File Copy
Surname
Klugescheid
Spangler
Channel
Martin
Johnson

UNITED STATES
DEPARTMENT OF THE INTERIOR 500
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D.C.

JUL 2 8 1955

Mr. Spangler Ricker
Executive Officer
DMEA Field Team, Region II
1305 Evans Avenue
Reno, Nevada

Re: Docket No. DMEA-67 (Copper)
Murray A. Schutz
Marshall Mine
Elko County, Nevada
Amended Contract No. Idm-5153

Dear Mr. Ricker:

We are enclosing the original and five copies of Amendment No. 4 to the above contract, signed by this office for the Government.

If the amendment meets with your approval, kindly present it to the Operator for approval and signature and, when completed, distribute the copies in the usual manner. In the event that the amendment is not satisfactory and cannot be amended within your delegated authority, return all copies with your recommendations concerning any modifications.

Sincerely yours,

W. S. Martin
ACTING Chairman, Operating Committee (SHB)

Enclosures

WPKlugescheid/er 7/26/55
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Volin, USBM
Mr. Kiilsgaard, USGS
Chron.

APPROVED:

/s/ Robert W. Geehan (SHB)
Member, Bureau of Mines

Thor H. Kiilsgaard (SHB)
Member, Geological Survey

R.C.S.

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

RECEIVED
JUL 25 1955

1605 Evans Avenue
Reno, Nevada

July 21, 1955

Memorandum

To: Lloyd Sjolander, Finance Officer, Region II

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMA-67X - Copper
Marshall Mine
Elko County, Nevada
Contract No. Idm-E153

Attached are four copies of MF-104-MF-104A forms and narrative reports on above subject contract for the month of June.

A deduction of 35 feet should be made and 15 feet only should be paid. Somehow or other, the present Operator in his measurement has been including the 35 feet that had been deducted from the Marshall Mining Company before the assignee, Murray Schutz, took over operations in July 1954. This is the 35 feet referred to on page 2 of Amendment No. 3 dated March 16, 1955.

S. Ricker

Attach.
SRicker:gh
cc: Operating Committee, DMEA, Wash., D.C.
R. M. Smith
H. C. Miller
File

BUREAU OF MINES
WASHINGTON, D. C.
JUL 25 10 34 AM '55

File Copy
Surname
Klugeschied
Griswold

UNITED STATES
DEPARTMENT OF THE INTERIOR 500
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

July 14, 1955

Memorandum

To: Acting Assistant Solicitor, Defense Minerals

From: Chief, Base Metals Division

Subject: Preparation of Amendment No. 4 for Docket No. DMEA-67, Murray A. Schutz, Marshall Mine, Elko County, Nevada Amended Contract No Idm-E153, Copper.

Will you please prepare an Amendment No. 4 to the cited project, this amendment to grant the Operator an extension of three and one half months in order to complete the work of the project. By Amendment No. 3, the work was to be completed no later than August 1, 1955. Under this new amendment the work is to be completed no later than November 15, 1955.

As the date of the contract is September 19, 1951, the completion time under Amendment No. 4 would be four years and two months and the royalty payment period should be increased to fourteen years. Item 2 of Amendment No. 3 changed the royalty payment period from twelve years to thirteen years.

W. R. Griswold

W. R. Griswold

WRKlugeschied/er

Copy to: Docket
Base Metals
Chron.

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

RECEIVED
JUL 12 1955

1605 Evans Avenue
Reno, Nevada

July 8, 1955

Memorandum

To: Operating Committee, DMEA, Interior Building
Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMA-67X - Copper
Murray A. Schutz
Marshall Mine
Elko County, Nevada
Amended Contract No. Idm-E153

Attached are three copies of a letter dated July 5, 1955 from Murray A. Schutz requesting an extension of completion time on above referenced contract from August 1, 1955 to November 15, 1955.

Roscoe Smith and I recommend that the requested extension be granted as we are now in the critical area. As of June 22, 1955, there remained 170 feet of drifting to be completed.

Your suggestion of July 5, 1955 of long hole drilling both to the north and south is well founded and was discussed by Roscoe Smith and me with the operating engineer several days ago. We are all of the opinion that the Dunkle vein should be to the north, but it could possibly be to the south. In the meantime Osterstock was instructed to make an inspection of the recent advance and to keep us informed. We are endeavoring to keep in close touch with this operation and may do some long hole drilling dependent on next report from the field.

Would appreciate early advice as to requested extension of completion time in order not to interrupt the operations.

S. Ricker

Attach.

BUREAU OF MINES
WASHINGTON, D. C.

JUL 11 10 06 AM '55

RECEIVED
JUL 1 1955

July 5, 1955

Mr. S. Ricker, Executive Officer
DMEA Field Team, Region II
1605 Evans Avenue
Reno, Nevada

Dear Mr. Ricker:

As you know, we have been running about 40-50 feet a month under our DMEA Assistance Loan at Contract, Nevada, on what is known as the "Marshall Mine", your file No. 67-X.

It would appear that we should have a further extension under this work, and we would like you to consider an extension to November 15th. We hope any time now that we will be cutting the Dunkel vein at the Ilo tunnel level.

We have some reason to be quite encouraged, and hope that our anticipations will prove to be well founded.

Very truly yours,

MAS/f

Murray A. Schutz
127 Montgomery Street
San Francisco 4, California

File Copy
Surname
Klugescheid
Selfridge
Johnson
Whitehead

UNITED STATES
DEPARTMENT OF THE INTERIOR 500
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

JUL - 5 1955

Mr. Spangler Ricker
Executive Officer
DMEA Field Team, Region II
1605 Evans Avenue
Reno, Nevada

Re: Docket No. DMEA-67 (Copper)
Murray A. Schutz
Marshall Mine
Elko County, Nevada
Amended Contract No. Idm-E153

Dear Mr. Ricker:

We refer to Mr. R. W. Osterstock's memorandum to the Field Team, dated June 20, 1955.

We suggest continuing the west crosscut in the same direction as at present for another 60 feet. If there is still no sign of the Dunkle vein at that time it might be advisable to do some long hole drilling both to the north and to the south of the West crosscut with the object of obtaining some clue to the location of the vein before turning the crosscut.

We would appreciate hearing your reaction to this suggestion.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (GHB)

APPROVED:

/s/ Robert W. Geehan (GHB)
Member, Bureau of Mines

Thor H. Kiilsgaard (GHB)
Member, Geological Survey

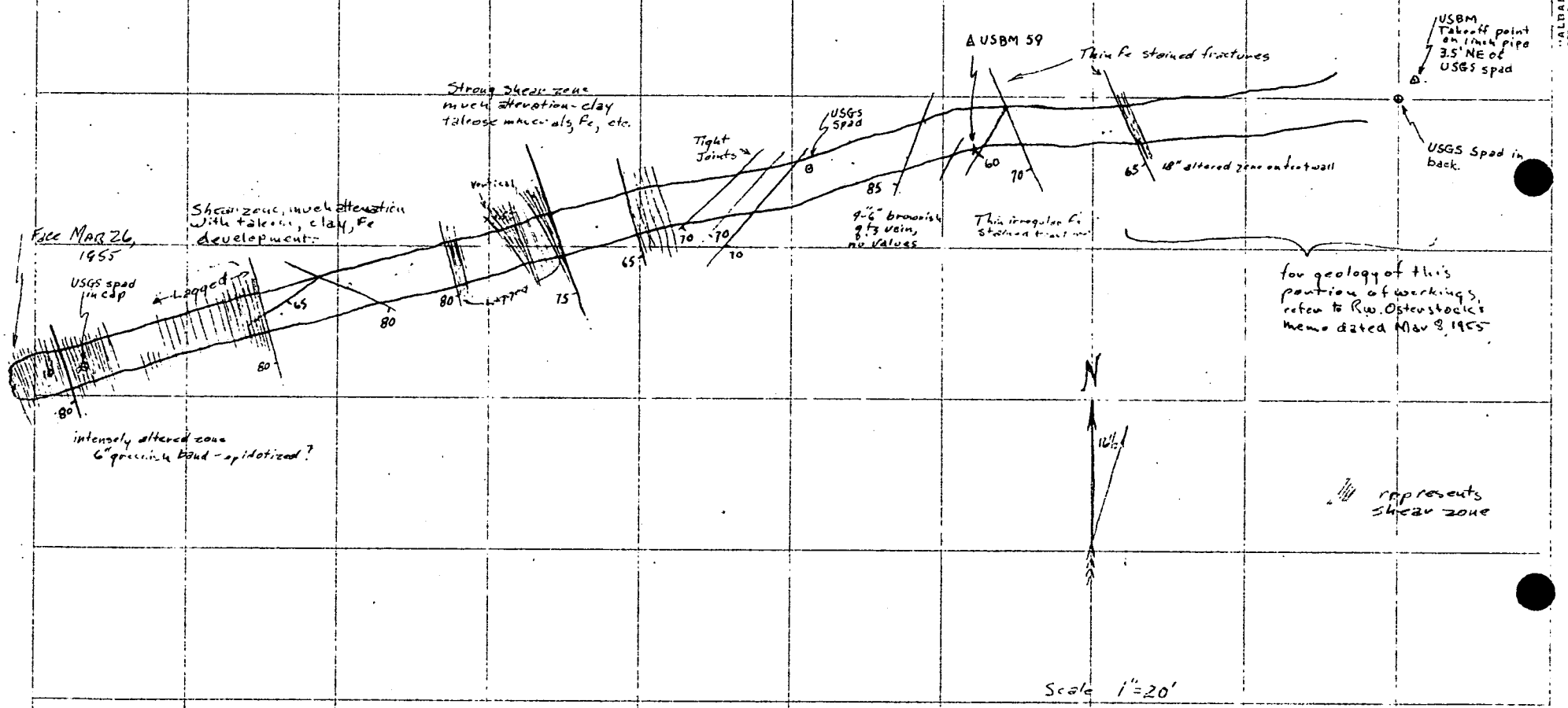
WPKlugescheid/er 6/30/55

Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Volin, USBM
Mr. Kiilsgaard, USGS
Chron.

R.C.S.

DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DEFENSE MINERALS EXPLORATION ADMINISTRATION
Docket No 67x



Plan Map of West Crosscut on Tio Level
of Marshall Mine, Contact, Elko County, NEVADA

Mar 9, 1955

Bricker also reports that to the best of his knowledge the lease agreement between the American Western Exploration Company and Marshall, the original owner, is in default as no payments have been made to Marshall.

Jacob Porter, the general superintendent of the operation for the American Western Exploration Company, has visited the property only three times for less than a day each since mid-December, 1954, according to Bricker. This apparent lack of interest by the superintendent is explained by Bricker as a preoccupation with uranium exploration. Substantiating this statement is Porter's forewarding address -- the LaCourt Hotel, Grand Junction, Colorado.

The situation as it now stands is intolerable from either the government's or the creditor's points of view. The project is in imminent danger of collapse without having searched out its geological objectives. In order to protect the government's interest I recommend that the operators be reminded in no uncertain terms of their obligations under the existing contract.

R. W. Osterstock
R. W. Osterstock

RWO/rs

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

	Noted	Date
R. M. SMITH	RMS	4/5
IN REPLY REFER TO:		
Answered		

222 So. West Temple - Room 208
Salt Lake City 1, Utah
April 1, 1955

Memorandum

To: R. M. Smith, DMEA Field Team, Region II

From: R. W. Osterstock

Subject: DMEA Docket 67X, Marshall Mine, Contact, Elko County, Nevada

Defense Minerals Administration
RECEIVED
APR 18 1955

On advice from G. G. Gentry (USBM) that the operator was experiencing difficulty in penetrating a thick disturbed zone in the present DMEA West crosscut, the subject property was visited March 26, 1955. Mr. Leo Bricker, mine foreman, accompanied the writer during the inspection.

The enclosed geologic sketch map of the completed portion of the West crosscut illustrates the existence of two strong north trending shear zones which probably obscure faults with approximately the same trend. The degree of alteration and the amount of gouge present indicate that these structures are not as strong as the fault zone encountered in the north crosscut. What effect these structures may exercise on the position of the Dunkel vein projection is uncertain; however, the projection of the Dunkel vein to the Ilo tunnel level should not be materially changed. Consequently it is recommended that the west crosscut be continued.

Several other features of this project which merit the attention of the Field Team were brought to light in a discussion with Mr. Bricker, the mine foreman. The present DMEA project will be forced to shut down on April 1 if the operators (The American Western Exploration Company) do not pay their outstanding bills which are as follows:

Labor, from February 15 to date.
Fuel, January, February, March -- unpaid.
Supplies from A. W. Hesson Company, Elko, Nevada -- $500-$600
2 months old.
Equipment repair -- Kyle Waite, Twin Falls, Idaho -- $50.00

There was only enough timber on hand March 26 to provide for three or four more sets. All mining supplies, powder, fuse, carbide, steel, etc. are dangerously low. Bricker has warned the Company of their obligations by letter on four separate occasions -- February 1, February 16, March 1, and March 16.

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Answered		

222 So. West Temple - Room 206
Salt Lake City 1, Utah
April 1, 1955

Memorandum

To: R. M. Smith

From: R. W. Osterstock

Subject: DMEA Docket 67K (Copper) Marshall Mine, Contact, Elko County, Nevada.

I have received today a note from Lee Bricker, mine foreman at the Marshall mine, to the effect that the American Western Exploration Company had sent pay checks to March 1, 1955. The company also informed Bricker that the following outstanding bills had been paid:

Meason's Hardware, Elko, Nevada
Thousand Springs Trading Post, Wilkins, Nevada
Vaughn & Bull, Attorneys, Elko, Nevada

Bricker reports that payment of these bills will permit continued operation in the DMEA heading.

As an afterthought Bricker mentioned that on April 1 the west crosscut encountered 4" of good ore crossing the face in a N-S direction and that the face was making much water. An ore trend in this direction is unforeseen — it may be only an isolated pod or it may represent an offshoot from the Dunkle vein lying somewhat to the north of the present workings.

R. W. Osterstock

RWO/rs

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

1605 Evans Avenue
Reno, Nevada

April 12, 1955

Memorandum

To: Operating Committee, DMEA, Interior Building
Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMA-67X (Copper)
Amended Contract No. Idm-E153
Murray A. Schutz, Assignee of
Marshall Mining Co.,
Marshall Mine, Elko County, Nevada

In reference to Mr. Osterstock's attached interim report, the question of Mr. Schutz's delinquincies were taken up with Mr. Schutz by telephone on April 5, 1955, and I do not anticipate any more similar problems.

Mr. Osterstock's memorandum of April 1, 1955 would indicate that favorable action had been taken.

S. Ricker

Attach.

WASHINGTON, D. C.

Cor

RMEA

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

MAR 28 1955

1605 Evans Avenue
Reno, Nevada

March 24, 1955

Memorandum

To: Operating Committee, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMEA-67 (Copper)
Amended Contract No. Idm-E153
Murray A. Schutz, Assignee of
Marshall Mining Company
Marshall Mine
Elko County, Nevada

Reference is made to Mr. Selfridge's letter of March 17, 1955 enclosing the original and seven copies of Amendment No. 3 to the above subject contract.

The Amendment No. 3 has been executed on the part of the Operator and one copy retained by him for his files. Distribution has been made of Finance and Field copies and the original and two remaining copies are being returned to you herewith.

S. Ricker

S. Ricker

Attachments

BUR[illegible]NLS
WASHINGTON, D. C.

[illegible] 0 AM [illegible]

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

Surname copy Ching Ellis Selfridge Johnson Underwood

Department of the Interior
DMEA
14X4401(01) Revolving Fund, Defense Production Act, Interior
(Allocated Working Fund to the Office of the Secy.)

MAR 17 1955

(Copper)

TELETYPE

SPANGLER RICKER, EXECUTIVE OFFICER
DMEA FIELD TEAM, REGION II
U. S. BUREAU OF MINES
RARE AND PRECIOUS METALS EXPERIMENT STATION
1605 EVANS AVENUE
RENO, NEVADA

RE MURRAY A. SCHUTZ DOCKET 67 AMENDMENT NO. 3 WILL PROBABLY BE MAILED MARCH 17.

George C. Selfridge

GEORGE C. SELFRIDGE
CHAIRMAN, OPERATING COMMITTEE

MChing/gla
3-16-55
cc to: Admr.'s Reading File
Operating Committee
Docket
Messrs. M.E.Volin, Rm. 3621
T.H.Kiilsgaard, Rm. 5224
Code 700
Mr. Ching
Confirmation to DMEA Field Team, Region II

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

Surname copy
Ching
Ellis
Chandler
Johnson
Mittenhof

MAR 17 1955

Mr. Spangler Ricker
Executive Officer
DMEA Field Team, Region II
U. S. Bureau of Mines
Rare and Precious Metals
Experiment Station
1605 Evans Avenue
Reno, Nevada

Re: Docket No. DMEA-67 (Copper)
Amended Contract No. Idm-E153
Murray A. Schutz, Assignee of
Marshall Mining Company
Marshall Mine
Elko County, Nevada

Dear Mr. Ricker:

In accordance with your memoranda of January 20 and February 18, 1955, we are enclosing the original and seven copies of proposed Amendment No. 3 to the subject contract, executed by the Administrator.

If you and the Operator find the amendment in order, please have the latter sign all the copies, return the Government, Docket, and Division copies to this office, and make your usual distribution in the field. Please note that there are two extra copies for the use of the field engineers and geologists.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee

Enclosures

APPROVED:

J. H. Hedges
Member, Bureau of Mines

Thor H. Kiilsgaard
Member, Geological Survey

MChing/gla
3-14-55
cc to: Admr.'s Reading File
Operating Committee
Docket
Messrs. M. E. Volin, Rm. 3621
T.H.Kiilsgaard, Rm. 5224
Code 700
Mr. Ching

R.C.G.

Rubin

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

MAR - 8 1955

Memorandum

To: The Administrator, DMEA
Attention: E. W. Ellis

From: Acting Assistant Solicitor, Defense Minerals

Subject: Docket No. DMEA-67X (Copper), Murray A. Schutz, Assignee, Marshall Mining Company, Marshall Mine, Elko County, Nevada, Contract No. Idm-K153 (Amended)

There is attached hereto in proper legal form for execution an Amendment covering the above-identified project, subject to the attachment of the map, Exhibit C, referred to in the Amendment.

We did not have the map before us in drafting the Amendment.

J. L. Hofflund

J. L. Hofflund
Acting Assistant Solicitor,
Defense Minerals

HCRubin:gjb

Copy to: DMEA Docket
Sol. Docket
H. C. Rubin
E. W. Ellis
J. L. Hofflund
Chron. File

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 21 1955

420 Custom House
555 Battery Street
San Francisco 11, Calif.

February 18, 1955

Air Mail

Memorandum

To: George C. Selfridge, Chairman, Operating Committee, DMEA
Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMEA-67X (Copper)
Murray A. Schutz, Assignee
Marshall Mining Company
Marshall Mine
Elko County, Nevada
Contract No. Idm-E153 (Amended)

In response to your teletype of January 28, 1955, relative to amendment to above subject contract, we are attaching three copies of map made by W. H. Settelmeyer, Elko, Nevada, from his transit survey. Roscoe Smith and I believe this survey and map are satisfactory although it may be necessary to swing the tunnel to the north if structure indicates the Dunkle vein is steeper than shown on map.

S. Ricker
Executive Officer
DMEA Field Team, Region II

Attachment

Copy to: A. C. Johnson, Reno
Roscoe Smith, USGS

MAP

BELONGS

HERE

Surname copy

Ching
Ellis
Hedges
Newcomb
Selfridge
Johnson
Kittendorf
700

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

JAN 28 1955

Department of the Interior
DMEA
14X1401(01) Revolving Fund,
Defense Production Act, Interior
(Allocated Working Fund to the
Office of the Secy.)

T E L E T Y P E

SPANGLER RICKER, EXECUTIVE OFFICER
DMEA FIELD TEAM, REGION II
420 CUSTOM HOUSE
555 BATTERY STREET
SAN FRANCISCO 11, CALIFORNIA

REURMEMO JANUARY 20 MARSHALL MINE DOCKET 67 PROPOSED WORK SHOWN ON OPERATOR'S SKETCH APPARENTLY NOT BASED ON ACCURATE SURVEY. TRUE RELATIVE POSITIONS LATEST WORKING FACE AND PROJECTED POSITION DUNKIE VEIN MUST BE DETERMINED TO OBVIATE AIMLESS DRIFTING. IN PROJECTION DUNKIE VEIN ON 50-DEGREE DIP SATISFACTORY. OLD R. M. SMITH MAP SHOWS 43-DEGREE TO 46-DEGREE DIP. PLEASE HAVE OPERATOR FURNISH PRECISE MAP AS BASIS PROPOSED AMENDMENT.

George C. Selfridge
GEORGE C. SELFRIDGE, (JB)
CHAIRMAN, OPERATING COMMITTEE

MChing/glm
1-28-55
cc to: Admr.'s Reading File
Operating Committee
Docket
Messrs. C. H. Johnson, Rm. 3621
T.H.Kiilsgaard, Rm. 5224
Code 700
Mr. Ching
Confirmation to Region II Field Team

R.C.

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

420 Custom House
555 Battery Street
San Francisco 11, Calif.

January 20, 1955

Memorandum

To: George C. Selfridge, Chairman, Operating Committee, DMEA
Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMA-67X (Copper)
Murray A. Schutz, Assignee
Marshall Mining Company
Marshall Mine
Elko County, Nevada
Contract No. Idm-E153 (Amended)

We are attaching two copies of a letter (with accompanying map) dated January 3, 1955, from Mr. Schutz in which he requests an amendment permitting additional work to that outlined in the cited contract.

The financial status of this project as of November 30, 1954, is set forth as follows:

Original Contract - 9/19/51	$50,421.37
Costs - 10/7/51 to 9/28/52	43,899.80
Unexpended	$ 6,521.57
Amended Contract - 5/29/53	$74,621.37
Drifting to November 30, 1954	
547 ft. at $30.25 - $16,546.75	
Costs to 9/28/52 - $43,899.80	
	$60,446.55
Unexpended	$14,174.82
Government Participation	$7,087.41

According to the amended contract, there remains 53 feet of drifting, 100 feet of sublevel drifting, and 100 feet of raising to be completed, amounting to a total cost of $7,653.25.

It is requested by the operator that the remainder of the funds, including the $6,521.57 unexpended in the original contract, be used to extend the drift to the possible downward extension of the old Dunkel ore body as shown on the attached maps.

I have discussed this request with Roscoe Smith, of the Geological Survey, and Mr. Glenn Gentry, of the Bureau of Mines. Mr. Gentry has been the engineer who inspected the operations under the contract. We are all agreed that this drift should be driven before the exploration can be considered complete.

There are no authentic records of production from the Dunkel ore body, but Mr. Marshall reports that he shipped the dumps which assayed between 3 and 4 per cent copper content. According to Mr. Marshall, Mr. Dunkel had shipped appreciable high-grade ore up to 30 per cent copper content from the area which is now inaccessible.

Our suggested amendment, to be dated December 1, 1954, would read under Exhibit "A" as follows:

Estimated Cost of the Project

Actual Cost of the Work Performed under the Prior Contract in Stages I and II	$43,899.80
Agreed Unit Costs, Stage II	
1,015.5 feet of drifting at $30.25/ft.	30,718.87
Total Estimated Cost of Contract	$74,618.67
Government participation - 50%	37,309.34

This would permit 468.5 feet of drifting after December 1, 1954, and just be sufficient to get well under the old Dunkel workings. This will take more time than that allowed for completion under Amendment No. 2 to the amended contract. Therefore, if you approve of the proposed amendment, we suggest the completion date of the contract be extended to July 30, 1955. The work should be completed before that date but the extra time will take care of any contingencies. Taking care of completion time now will avoid the preparation on another amendment in a few months.

According to the map, there appears to have been considerable wandering around in the faulted block area with possibly insufficient geological advice. The only proper course would seem to me to be to drive straight through this block and to get into the area where the vein is known to exist.

We would be pleased to have your reaction as soon as convenient as the amount of drifting allowed under the amended contract is almost completed.

S. Ricker
Executive Officer
DMEA Field Team, Region II

Attachments

Copy to: A. C. Johnson, Reno
R. M. Smith, USGS

MURRAY A. SCHUTZ
127 MONTGOMERY STREET
SAN FRANCISCO 4, CALIFORNIA

January 3, 1955

Defense Minerals Administration
RECEIVED
JAN 24 1955

Answered

TELEPHONE
YUKON 6-5588

Re: Docket No.DMA-67-X (Copper)
Marshall Mining Company
Marshall Mine
Elko County, Nevada
Contract No.Idm-E153 (Amended)
Amendment No.2

Mr. S. Ricker
Executive Officer
DMEA Field Team, Region III
420 Customs House
555 Battery Street
San Francisco 11, California

Dear Mr. Ricker:

Enclosed herewith is a sketch of the work done to date on the Marshall Mine under DMEA Contract and the work which we would like to do with your further assistance.

We have completed the south cross-cut to a point well beyond the projection of the main vein through the north-south fault zone and found no ore. We now believe that it will be necessary to drive tunnel westerly to the Dunkel ore body before the exploration of the property can reasonably be considered as complete.

In our opinion we have encountered a pre-mineral fault situation and we believe that we will have to go through a second fault before we get into the true Dunkel mineralized zone. We hope that shortly after passing through this second fault we will be able to drift on ore but, of course, that remains to be seen.

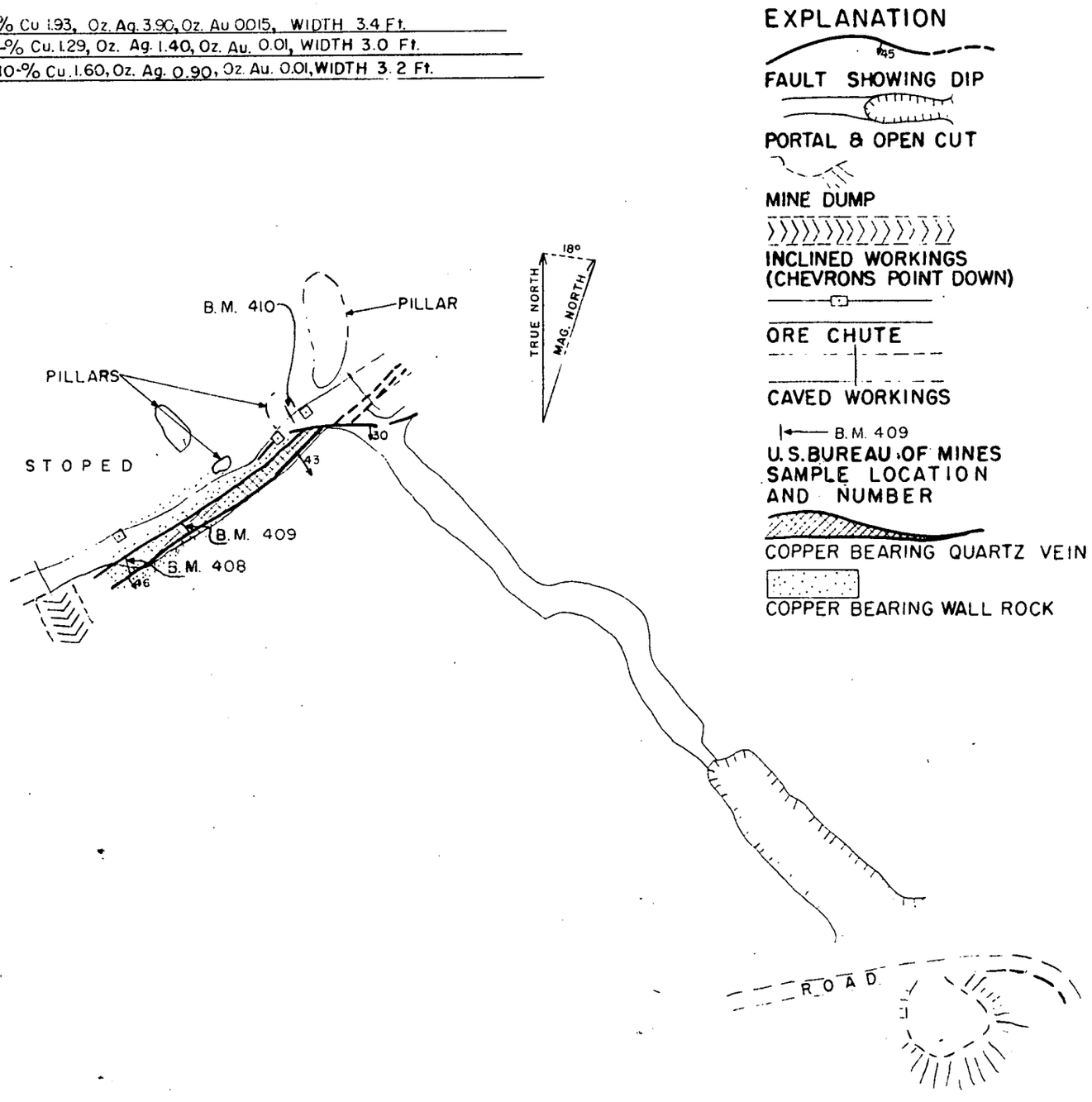
We shall very much appreciate your early and favorable consideration of this application for the additional work.

Yours very truly,

Murray A. Schutz

MAS:cc
Encl.

B. M. 408-% Cu 1.93, Oz. Ag. 3.90, Oz. Au 0.015, WIDTH 3.4 Ft.
B.M. 409-% Cu. 1.29, Oz. Ag. 1.40, Oz. Au. 0.01, WIDTH 3.0 Ft.
B.M. 410-% Cu. 1.60, Oz. Ag. 0.90, Oz. Au. 0.01, WIDTH 3.2 Ft.



GEOLOGIC AND ASSAY MAP OF THE DUNKLE ADIT CONTACT, ELKO COUNTY, NEVADA

0 40 80 120 FT.
SCALE

FIG. 5

GEOLOGY BY R. M. SMITH, 1952
ASSAYS BY U. S. BUREAU OF MINES, 1952

MAP

BELONGS

HERE

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

420 Custom House
555 Battery Street
San Francisco 11, California

December 28, 1954

Memorandum

To: Operating Committee, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMA-67X (Copper)
Murray A. Schutz, Assignee of
Marshall Mining Company
Marshall Mine
Elko County, Nevada
Contract No. Idm-E153
Amendment No. 2

Reference is made to Mr. George C. Selfridge's letter of December 16, 1954, transmitting to this office amendment number 2 to the subject docket contract.

We have submitted this amendment to Mr. Schutz and have now received the executed copies from him. We are, therefore, forwarding the original and two carbons of this amendment to you, and disposition has been made of the Finance Officer and Field Team copies.

A justification sheet has been attached to each copy of the contract.

S. Ricker
Executive Officer
DMEA Field Team, Region III

Attachments

Copy to: Finance Officer, Region III (with attachments)
A. C. Johnson, Reno (with attachments)
R. M. Smith-USGS
George Mavor

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

DEC 27 1954

420 Custom House
555 Battery Street
San Francisco 11, California

December 21, 1954

Mr. Murray A. Schutz
127 Montgomery Street
San Francisco, California

Re: Docket No. DMA-67-X (Copper)
Marshall Mining Company
Marshall Mine
Elko County, Nevada
Contract No. Idm-153 (Amended)
Amendment No. 2

Dear Mr. Schutz:

In accordance with your letter request of November 16, 1954, an amendment has been prepared to extend the completion date on the above subject contract to April 1, 1955.

If this amendment meets with your approval, kindly sign all copies and return the original and four copies to this office. The copy marked "Operator's Copy" is for your files.

Sincerely yours,

S. RICKER
S. Ricker
Executive Officer
DMEA Field Team, Region III

Copy to: DMEA-Washington, D.C.
A. C. Johnson, Reno
R. M. Smith-USGS

Surname 700

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

Ching
Ellis
Chandler
Selfridge
B. Johnson

DEC 16 1954

Mr. Spangler Ricker
Executive Officer
DMEA Field Team, Region III
420 Custom House
55 Battery Street
San Francisco, California

Re : Docket No. DMEA-67 (Copper)
Amended Contract No. Idm-E153
Murray A. Schuts, Assignee of
Marshall Mining Company
Marshall Mine
Elko County, Nevada

Dear Mr. Ricker:

In accordance with your memorandum of November 24, 1954, we are enclosing the original and five copies of a proposed Amendment No. 2 to the subject contract.

If you and the Operator find the amendment in order, please have the latter sign all six copies and make the usual distributions thereafter.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (JB)

Enclosures

APPROVED:

C. H. JOHNSON
Member, Bureau of Mines (JB)

Thor H. Kiilsgaard
Member, Geological Survey (JB)

MChing:am
12-14-54
cc to: Admr. Reading File
Operating Committee
Docket
Messrs. C. H. Johnson, Rm. 3621
T. H. Kiilsgaard, Rm. 5224
Code 700
Mr. Ching

☐ Audited - original contract

WORK ANALYSIS SHEET - DMEA PROJ

☒ Actual Cost

☒ Certified

Analysis as of 12/15/54

Incl. Voucher for Oct. 1954

☒ Agreed Unit Costs 1/ Amendment

Name Murray A. Schutz, Assignee of Marshall Mining Co.

DMA Docket No. 67X

State Nevada.

Commodity Copper.

Idm-E No. 153

Amended to $74,621.37

OPERATION	AUTHORIZED Units	AUTHORIZED Cost	COMPLETED Units	COMPLETED Cost	NET COST
Original contract 1/	1050	10698.62	435.4	11209.27	10165.27 3/
Drifting & Crosscutting Amended Contract adds. 2/	700	21,175.00	477	14429.25	
Raising Amended Contract adds. 2/	100	3025.00	—	—	
Shafts					
Winzes					
Drilling (Specify)					
Surface Excavation					
Underground Excavation					
Roads and Trails					
Operating Equipment Purchased 1/		10,835.06		10835.06	5365.06 3/
Surface Rehabilitation & Repairs 1/		902.54		902.54	902.54
Underground Rehabilitation 1/		27965.15		27965.15	27965.15
New Building, Improvements, etc.					
Other (Specify)		—			
Totals		$74,621.37		65,361.27	

3/ Result of proceeds from sale of equipment $5490.00 and supplies $1044.00 at end of original contract.

Prepared by J M Marshby

Aug.

7162

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

Defense Minerals Administration
RECEIVED

420 Custom House
555 Battery Street
San Francisco 11, Calif.

December 10, 1954

Memorandum

To: George C. Selfridge, Chairman, Operating Committee, DMEA
Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMA-67X - Copper
Marshall Mining Company
Marshall Mine
Elko County, Nevada
Contract No. Idm-E153 (Amended)

Reference is made to letter of November 26, 1954, from Mr. E. W. Ellis, Acting Chairman, Operating Committee, relating to above-subject docket.

Owner's Consent to Lien forms have been executed by the Marshall Mining Company, and the Government's, Division, and Docket copies are attached. The owner retained his copy and the other copies have been distributed to the Field Team, Finance Officer, and the Operator.

The executed copies of Assignment of Contract, Assignee's Acceptance, and the Government's Consent have been distributed to the Assignee, Assignor, Field Team,and Finance Office.

S. Ricker
Executive Officer
DMEA Field Team, Region III

Attachment

Copy to: A. C. Johnson, Reno (With attachments mentioned above)
Finance Officer, Region III (With attachments mentioned above)
R. M. Smith, USGS
George Mavor

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

Defense Minerals Administration
RECEIVED
DEC 14 1954

420 Custom House
555 Battery Street
San Francisco 11, Calif.

December 10, 1954

Mr. Maurice H. Marshall
Marshall Mining Company
36 Fifth Street
San Francisco 3, California

Re: Docket No. DMA-67X - Copper
Marshall Mining Company
Marshall Mine
Elko County, Nevada
Contract No. 1dm-E153 (Amended)

Dear Mr. Marshall:

We acknowledge receipt of your letter of December 8, 1954, with which you returned 6 executed copies of Owner's Consent to Lien.

Enclosed herewith is your copy of Assignment of Contract, Assignee's Acceptance, and Government's Consent.

Sincerely yours,
S. RICKER

S. Ricker
Executive Officer
DMEA Field Team, Region III

Attachment

Copy to: DMEA, Washington, D. C.
Roscoe Smith, USGS

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

Defense Minerals Administration
RECEIVED
DEC 14 1954

420 Custom House
555 Battery Street
San Francisco 11, Calif.

December 10, 1954

Mr. Murray A. Schutz
127 Montgomery Street
San Francisco, California

Re: Docket No. DMA-67X - Copper
Marshall Mining Company
Marshall Mine
Elko County, Nevada
Contract No. Idm-B153 (Amended)

Dear Mr. Schutz:

Enclosed herewith are executed copies of Owner's Consent to Lien and Assignment of Contract, Assignee's Acceptance, and Government's Consent made in connection with above-cited contract.

Sincerely yours,

S. Ricker
Executive Officer
DMEA Field Team, Region III

Enclosures

Copy to: DMEA, Washington, D. C.
Roscoe Smith, USGS

700

Ching
Ellis

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

INTERIOR DEPT.
DEC 9 - 1954
SOLICITOR

December 7, 1954

Memorandum

To: Acting Assistant Solicitor, DMEA

From: Michael Ching, Mining Engineer
Rare and Miscellaneous Metals Division

Subject: Proposed Amendment No. 2
Docket No. DMEA-67 (Copper)
Amended Contract No. Idm-E153
Murray A. Schutz, Assignee of
Marshall Mining Company
Marshall Mine
Elko County, Nevada

Will you kindly prepare an Amendment No. 2 to the subject contract extending the completion date from "prior to January 1, 1955" to "prior to April 1, 1955". No extension of the royalty payback period, now 12 years, is necessary.

/s/ Michael Ching

Michael Ching

MChing/gla
cc to: Docket
Code 700
Mr. Ching

Surname 700

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

Ching
Ellis
Shalbert
Jefferson
Mittendorf

Mr. Spangler Ricker
Executive Officer
DMEA Field Team, Region III
420 Custom House
555 Battery Street
San Francisco 11, California

NOV 26 1954

Re: Docket No. DMEA-67 (Copper)
Contract No. Idm-E153 (Amended)
Marshall Mining Company
Marshall Mine
Elko County, Nevada

Dear Mr. Ricker:

Enclosed are four executed copies of a combination form of Assignment of Contract, Assignee's Acceptance, and Government's Consent for distribution to the Assignee, Assignor, Field Team, and Finance Office.

However, such distribution should not be made until the enclosed seven copies of Owner's Consent to Lien are executed by the three partners of the Marshall Mining Company. Please advise the Marshall Mining Company that the copies of Owner's Consent to Lien enclosed with its letter of November 12, 1954 to the Washington office were improperly prepared and the enclosed forms should be executed in their stead. Upon execution please make the usual distribution of the forms. The seventh form is for the Owner.

Sincerely yours,

Ernest Wm. Ellis By EST
ACTING Chairman, Operating Committee

Enclosures

MChing:am
11-26-54
cc to: Admr. Reading File
Operating Committee
Docket
Messrs. C. H. Johnson, Rm. 3621
T. H. Kiilsgaard, Rm. 5224
Code x 700
Mr. Ching

APPROVED:

T. H. Hedges By EST
Member, Bureau of Mines

Thor H. Kiilsgaard By EST
Member, Geological Survey

R.C.G.

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

420 Custom House
555 Battery Street
San Francisco 11, Calif.

November 24, 1954

Memorandum

To: George C. Selfridge, Chairman, Operating Committee, DMEA
Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMA-67X - Copper
Marshall Mining Company
Marshall (Nevada-Bellevue) Mine
Elko County, Nevada
Contract No. Idm-E153 (Amended)

Relative to above subject docket we are enclosing four copies of a letter dated November 16, 1954, signed by Maurice M. Marshall and Murray A. Schutz, of the Marshall Mining Company, to Mr. C. O. Mittendorf, asking for a 3-month extension of the completion date of the contract. As the two year period since the original contract was promulgated has expired, we are forwarding the request to you for your consideration.

This project has been fairly successful and Roscoe Smith and I recommend that the request for extension be granted. We are assuming of course that the assignment to Murray A. Schutz will be forthcoming.

S. Ricker
Executive Officer
DMEA Field Team, Region III

Attachment

Copy to: A. C. Johnson, Reno
Roscoe Smith, USGS

MARSHALL MINING COMPANY

COPPER MINES

CONTACT (Elko County) NEVADA

36 Fifth Street
San Francisco 3, California

November 16, 1954

Defense Minerals Exploration
Washington 25, D.C.

Attention: Mr. C. O. Mittendorf, Director

Re: Docket DMA 67X Copper
Contract Idm E-153 Amended
Marshall Mining Company
Contact, Nevada

Gentlemen:

Due to unexpected delays, it now appears impossible for us to complete the specified work under our contract prior to the expiration date of December 31, 1954. Therefore we respectfully request a three (3) month longer extension to permit us to carry on the work.

We are working steadily on the project and will continue to do so thru the winter months.

Necessary ventilating equipment to permit faster progress has just been installed.

This request is being signed jointly by Marshall Mining Company and Murray A. Schutz.

Very truly yours,

MARSHALL MINING COMPANY

Maurice M. Marshall

Murray A. Schutz

Ruf'w

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

November 22, 1954

Memorandum

To: The Administrator, DMEA
Attention: Mr. E. W. Ellis

From: Acting Assistant Solicitor, Defense Minerals

Subject: Docket No. DMEA-67X (Copper), Marshall Mining Company, Contract No. Idm-E153

As requested in the reference slip dated November 17, from the Chief, Rare and Miscellaneous Metals Division, we have reviewed the proposed assignment of contract and Owner's Consent to Lien submitted by Marshall Mining Company in connection with the proposed assignment of the subject contract to Murray A. Shutz.

The combination assignment form is in proper form for execution. However, we regret that the Owner's Consent to Lien is not, and it is required that the Owner's Consent to Lien be acquired on the attached form.

J. L. Hofflund

J. L. Hofflund
Acting Assistant Solicitor
Defense Minerals

Attachments
HCRubin/end
Copy to: DMEA Docket
Solicitor's Docket
E. W. Ellis
J. L. Hofflund
chron.

11/16/54 gh

MARSHALL MINING COMPANY
COPPER MINES

CONTACT (Elko County) NEVADA

36 Fifth Street
San Francisco 3, California

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 16 1954

INTERIOR DEPT.
NOV 17 1954
SOLICITOR

November 12, 1954

United States Department of the Interior
Defense Minerals Exploration Administration
Washington 25, D. C.

Re: Docket No. DMA-67X (Copper
Marshall Mine - Elko County, Nevada
Contract No. Idm-E153 (Amended)

Attention: Mr. C. O. Mittendorf
Administrator

Gentlemen:

Enclosed are papers which have been signed in accordance with the instructions in your letter of October 19, 1954.

Some delay was caused by the absence from this vicinity of one of the signators to the agreement.

Thanking you for your courtesies and cooperation in this matter, we remain,

Very truly yours,

MARSHALL MINING COMPANY

Per Maurice M. Marshall

Encl.

RECEIVED
NOV 17 1954
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

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

NOV 8 - 1954

Mr. George Mayer
DMEA Auditor
420 Custom House
555 Battery Street
San Francisco 11, California

Re: Idm-E153, DMA-67X
The Marshall Mining Co.
Elko County, Nevada

Dear Mr. Mayer:

Receipt is acknowledged of your First Royalty Audit Report and Certificate covering the referenced Exploration Project Contract.

This Report and Certificate are accepted and normal distribution may be effected.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

WBorovies/wb
November 8, 1954

Copy to: Docket
Admr. Reading File
Mr. Chambers

R.C.G.

140

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

Boston
Hoffland
Ching
Ellis
Chamberlin
Hedges
Kirkgaard
Selfridge
Johnson

OCT 19 1954

Mr. Maurice M. Marshall
Marshall Mining Company
36 Fifth Street
San Francisco 3, California

Re: Docket No. DMA-67X (Copper)
Marshall Mine
Elko County, Nevada
Contract No. Idm-E153 (Amended)

Dear Mr. Marshall:

Your letter dated August 27 to the Executive Officer enclosed an Owner's Consent to Lien, a copy of a lease and option agreement dated July 20, 1954, between Marshall Mining Company, a limited partnership, and Murray A. Schutz, and a letter dated August 27 to the Administrator requesting the Government's consent to an assignment of the subject contract to Mr. Schutz.

The subject contract is an Amended Contract on Form MF-200A (February 1953) in which the Operator is set forth as The Marshall Mining Company, apparently a general partnership, and all three partners signed the Amended Contract. The Amended Contract recites that the Operator owns the land. It appears from recitals and provisions in the lease and option agreement mentioned above that Marshall Mining Company, a limited partnership, is transferee of all the Operator's interest in the land which is the subject of the Amended Contract. The Amended Contract provides, in Article 7, that the Operator shall not transfer its rights in the land without making suitable provision for preserving the Government's right to percentage royalty and lien for repayment. As we have not heretofore been informed by you of the transfer of land referred to above, we request that the interest of the limited partnership in the land be clarified.

Under the lease and option agreement the limited partnership purports to assign the Amended Contract to Mr. Schutz, but as this partnership does not appear to have any interest in the Amended Contract, such purported transfer is a nullity. There is enclosed for your use a combination form of Assignment of Contract, Assignee's Acceptance, and Government's Consent. When this form is executed and submitted to us, we will consider granting the Government's

R.C.G.

consent to it. In this connection, we received only two copies of an Owner's Consent to Lien and these copies contain typewritten corrections in the last paragraph. As we require more than two copies of the Consent to Lien there are enclosed seven copies of new Owner's Consent to Lien forms which we require executed in connection with the assignment. In the execution of the form it should clearly appear that the limited partnership is the owner of the land, if that is the case.

Sincerely yours,

Administrator

Enclosures 14

~~JLHofflund/emd~~
HCRubin/emd 10/12/54

Copy to: DMEA Docket
Solicitor's Docket
Adm. R. File
Operating Committee
C. H. Johnson, USBM
Mr. Kiilsgaard, USGS
E. W. Ellis (2)
J. L. Hofflund
H. C. Rubin
chron.
pending
Field Team, Reg. III (2)

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

1012 Flood Building
870 Market Street
San Francisco 2, Calif.

February 10, 1954

Mr. Maurice M. Marshall
Marshall Mining Company
Copper Mines
Contact, Nevada

Re: Docket No. DMA-67X (Copper)
Marshall Mining Company
Marshall Mine
Elko County, Nevada
Contract Idm-B153 (Amended)

Dear Mr. Marshall:

In his report dated December 8, 1953, on your operations under your amended contract, Mr. Glenn C. Gentry, Mining Engineer, Bureau of Mines, stated that the work (under the contract) had been suspended on or about October 30, 1953. Regular mining operations, however, were being continued according to Mr. Gentry.

I have now been requested by the Washington office of DMEA to arrange a definite recess period with you so that your responsibility to perform within a time limit will be maintained.

Will you therefore be so kind as to let me know when you plan to resume operations under the amended contract and give me an estimate of the time that will be required to complete the work.

Sincerely yours,

H. C. Miller

H. C. Miller
Executive Officer
DMEA Field Team, Region III

Copy to: DMEA, Washington, D. C.
Roscoe Smith, USGS
A. C. Johnson, Reno

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

Ching
Ellis

September 16, 1954

Memorandum

To: Acting Assistant Solicitor, DMEA

From: Michael Ching, Mining Engineer

Subject: Assignment of DMEA contract
Docket No. DMA-67X (Copper)
Contract No. Idm-E153 (Amended)
Marshall Mining Company
Marshall Mine
Elko County, Nevada

The attached material is related to the proposed assignment of the subject contract by the Marshall Mining Company to the American Western Exploration Company through Murray A. Schutz.

A lease and option agreement between Marshall Mining Company and Murray A. Schutz provides for assignment of the lease and option to American Western Exploration Company after certain conditions have been complied with.

In a letter dated August 27, 1954, Marshall Mining Company requests DMEA approval of assignment of the subject contract to Murray A. Schutz. Since the new Operator will eventually be American Western and not Murray A. Schutz, no useful purpose will be served by our consenting to an assignment to Schutz. It appears that it would be more appropriate for us to wait until the lease and option is assigned to American Western after which we could consent to an assignment to the latter.

It has been reported by the examining engineer that work under the subject exploration contract was taken over by American Western on July 26, 1954.

Will you kindly prepare an appropriate reply to Marshall Mining Company's letter of August 27, 1954, for the Administrator's signature.

/s/ Michael Ching

Michael Ching

Attachments

MChing/gla
cc to: Docket
Code 700 Division file
Mr. Ching

D.W.E.A.

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

420 Custom House
555 Battery Street
San Francisco 11, Calif.

September 1, 1954

Memorandum

To: George C. Selfridge, Chairman, Operating Committee, DMEA
Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMA-67X - Copper
Marshall Mining Company
Marshall Mine
Elko County, Nevada
Contract No. Idm-E153 (Amended)

Relative to above subject we are enclosing two copies of a letter dated August 27, 1954, from Mr. Maurice Marshall, of the Marshall Mining Company, in which he explains his intent to lease his property to American Western Exploration Company which in turn wishes to continue with the DMEA contract.

One original and two copies of a letter dated August 27 to you from Mr. Marshall on the same subject as well as the original and two copies of executed Consent to Lien forms MF-203 are enclosed.

One copy of the lease and option to purchase Copper Mine by Murray A. Schutz is also attached. There is only one copy of that document.

Will you please advise us if there is any action we should take regarding this matter.

S. Ricker for
H. C. Miller
Executive Officer
DMEA Field Team, Region III

Attachments

Copy to: Roscoe Smith, USGS
A. C. Johnson, Reno

BUREAU OF MINES
WASHINGTON, D. C.

SEP 7 12 52 PM '54

MARSHALL MINING COMPANY
COPPER MINES

CONTACT (Elko County) NEVADA
36 Fifth Street
San Francisco 3, California

Refer to	Noted	Date
J. Bechell		
Answered		

August 27, 1954

Mr. H. C. Miller
Executive Officer
Defense Minerals Exploration Administration
420 Custom House
555 Battery Street
San Francisco 11, California

Re: Docket DMA-67X - Copper
Contract Idm-E153 Amended
Marshall Mining Co.
Contact, Nevada

Dear Mr. Miller

Herewith are "Consent to Lien" forms signed by Marshall Mining Company, and a copy of the lease and option between Marshall Mining Company and Murray A. Schutz. Also enclosed is our letter to Mr. Mittendorf asking for approval of assignment of our contract to Murray A. Schutz.

You will note in the lease and option agreement that Mr. Schutz may assign his lease and option to American Western Exploration Company when certain conditions have been complied with (Note Page 11, Paragraph 7). Our delay in applying for assignment of our D.M.E.A. contract was due to our desire to give Mr. Schutz time to effect this transfer. However, there may be some further delays so we are sending along herewith a request for assignment to Mr. Schutz. Your letter of August 23 relative to this matter has prompted us to delay no further.

If there is any further information or requirement please advise us and the matter will get our immediate attention.

Very truly yours,

MARSHALL MINING COMPANY

Per: Maurice M. Marshall

Encl.

Note: Please change your records so that all mail for us will now be addressed:-

Marshall Mining Company
36 Fifth Street
San Francisco 3, California

MARSHALL MINING COMPANY
COPPER MINES

CONTACT (Elko County) NEVADA

36 Fifth Street
San Francisco 3, Calif.

August 27, 1954

Defense Minerals Exploration Administration
Washington 25, D.C.

Attention: Mr. C. O. Mittendorf
Director, Production Exploration
Expansion Division

Re: Docket DMA-67X - Copper
Contract Idm-E153 Amended
Marshall Mining Co.
Contact, Nevada

Gentlemen:

We have concluded a lease and option agreement with Murray A. Schutz of the American Western Exploration Company, a new California corporation, under which he will carry on a more aggressive mining and development program on our property at Contact, Nevada.

Mr. J. B. Porter is the mining engineer who will be in charge of the work at the property.

Mr. Schutz has his office at 127 Montgomery Street, San Francisco, California.

We are desirous of assigning, and Mr. Murray A. Schutz is desirous of assuming, the unexpended portion of our D.M.E.A. Exploration Project contract, as amended, and we enclose herewith filled in copies of "Owner's consent to Lien" forms and a copy of the lease and option agreement between Murray A. Schutz and ourselves.

Please refer to the following pages of this agreement for reference to the existing Defense Minerals Exploration Administration contract.

Page 9 - No. 1 Paragraph under Section B.
Page 19 - Section E.

As you will note in the lease and option agreement, Mr. Schutz has agreed to complete the D.M.E.A. work if assignment to him is approved by D.M.E.A. and to make the royalty payment to D.M.E.A. for money advanced to him.

We feel that our lease and option with Mr. Schutz is in the best interests of the property and all concerned and that the extensive work planned by him will make a good producer of the property.

Let us take this opportunity to again thank you for the cooperation of your department which has been most helpful in our program at Contact.

Very truly yours,

MARSHALL MINING COMPANY

Maurice M Marshall

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

420 Custom House
555 Battery Street
San Francisco 11, Calif.

August 23, 1954

Mr. Maurice M. Marshall
1355 Bay Street
San Francisco, California

Re: Docket No. DMA-67X - Copper
Marshall Mining Company
Marshall Mine
Elko County, Nevada
Contract No. Idm-E153 (Amended)

Dear Mr. Marshall:

When you and Mr. Jacob Porter, of the American Western Exploration Company, called at the office recently, you informed me of a proposed deal whereby Mr. Porter's company would take over the operation of the Marshall Mine.

At that time I outlined what we would need if an assignment of the DMEA contract was involved. To date, however, nothing further has been heard from either of you concerning that matter.

When our engineer visited your property recently, he learned from your brother - V. C. Marshall - that the Marshall Mining Company had requested the transfer of the DMEA contract to the lessee, American Western Exploration Company, but as stated above, nothing has come to this office concerning your wishes or copies of papers indicating the arrangement you have made with that company.

We would appreciate learning of your wishes in this matter so that it can be taken up with our Washington office in order to get the matter legally formulized.

Sincerely yours,

H. C. MILLER

H. C. Miller
Executive Officer
DMEA Field Team, Region III

Copy to: DMEA, Washington, D. C.
Roscoe Smith, USGS
A. C. Johnson, Reno

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

420 Custom House
555 Battery Street
San Francisco 11, Calif.

August 18, 1954

Memorandum

To: George C. Selfridge, Chairman, Operating Committee, DMEA
Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMA-67X - Copper
Marshall Mining Company
Marshall Mine, Elko County, Nevada
Contract No. Idm-E153 (Amended)

Reference is to the Interim Report dated August 12, 1954, on the subject property by Glenn G. Gentry.

This report is the first information I have had that Marshall Mining Company has consummated a deal and option agreement with American Western Exploration Company. I note also on Page 4 of the Gentry report that "Mr. V. C. Marshall reports that the Marshall Mining Company have requested the transfer of the DMEA exploration contract, Idm-E153 (amended) to the lessee, American Western Exploration Company."

I knew that something was brewing, as Mr. Maurice Marshall and Mr. Jacob Porter called at the office about a month ago to learn what steps had to be taken to assign the exploration contract to Mr. Porter's company. At that time I told them what we would need, such as a copy of their agreement with Marshall Mining Company, Owner's Consent to Lien, etc. To date, however, I have heard nothing from either Mr. Marshall or Mr. Porter.

I will make every effort to contact the parties involved and get this matter straightened out in the near future.

H. C. Miller
Executive Officer
DMEA Field Team, Region III

Copy to: Roscoe Smith, USGS
A. C. Johnson, Reno, Nevada

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

Defense Minerals Administration
RECEIVED
JUN 4 1954

420 Custom House
555 Battery Street
San Francisco 11, Calif.

June 9, 1954

Memorandum

To: Operating Committee, DMEA, Interior Building
Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMA-67X - Copper
Marshall Mining Company
Marshall Mine, Elko County, Nevada
Contract No. Idm-E153 (Amended)

Attached are the original and two copies of Amendment No. 1, dated May 28, 1954, extending the time of completing work under the subject contract.

A justification sheet is attached to each copy of the amendment.

Proper distribution has been made of the remaining copies.

H. C. Miller
Executive Officer
DMEA Field Team, Region III

Attachment

Copy to: A. C. Johnson, Reno (With copy of amendment)
Finance Officer, Region III (With copy of amendment)
Roscoe Smith, USGS
George Mavor

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUN 7 1954

420 Custom House
555 Battery Street
San Francisco 11, Calif.

June 3, 1954

Mr. Maurice M. Marshall
Marshall Mining Company
Contact, Elko County, Nevada

Re: Docket DMA-67X (Copper)
Marshall Mine
Elko County, Nevada
Contract Idm-E153 (Amended)
Amendment No. 1

Dear Mr. Marshall:

Reference is made to your letter of May 12, 1954, requesting an extension of time in order to complete the work covered by subject contract.

Enclosed are the original and five copies of proposed Amendment No. 1 to the subject contract, signed by the Administrator for the Government. If the amendment meets with your approval, please sign all six copies, retain the one marked "Operator's Copy" for your records, and return the original and four remaining copies to this office.

Sincerely yours,

H. C. Miller

H. C. Miller
Executive Officer
DMEA Field Team, Region III

Enclosure

Copy to: DMEA, Operating Committee, Washington, D.C.
Roscoe Smith, USGS
A. C. Johnson, Reno

Surname
Docket copy

700

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

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MAY 28 1954

Mr. H. C. Miller
Executive Officer
DMEA Field Team, Region III
1012 Flood Building
870 Market Street
San Francisco 2, California

Re: Docket No. DMEA-67 (Copper)
Contract No. Idm-E153
Marshall Mining Company
Marshall Mine
Elko County, Nevada

Dear Mr. Miller:

Enclosed are the original and five copies of a proposed Amendment No. 1 to the subject Amended Contract, executed by the Administrator.

Please have all the documents signed by the Operator, retain copies for the Field Team, Finance Officer, and Operator, and return the remaining copies to this office.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Enclosures 6

APPROVED:

C. H. Johnson

Member, Bureau of Mines

D. M. Larrabee

Member, Geological Survey

MChing/gla
5-27-54
cc to: Adm. Reading File
Operating Committee
Docket
Messrs. CHJohnson, Rm. 3621
B.Gildersleeve, Rm. B-242A, GSA
Code 700
MChing

R.C.G.

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

1012 Flood Building
870 Market Street
San Francisco 2, Calif.

May 17, 1954

Memorandum

To: George C. Selfridge, Chairman, Operating Committee, DMEA
Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMA-67X - Copper
Contract Idm-E153 (Amended)
Marshall Mine
Elko County, Nevada

Reference is made to your subject memorandum dated March 1, 1954, in which you suggested we wait until May before considering an extension to the contract as requested by the operator.

I am now in receipt of a letter dated May 12, 1954, (copy attached), from the Marshall Mining Company, requesting an extension of time to December 31, 1954.

I recommend that the extension be granted. Therefore, kindly prepare Amendment No. 1 to the amended contract to authorize the requested extension of time.

H. C. Miller
Executive Officer
DMEA Field Team, Region III

Attachment

Copy to: Roscoe Smith, USGS
A. C. Johnson, Reno

MARSHALL MINING COMPANY
COPPER MINES

CONTACT (Elko County) NEVADA

May 12, 1954

Defense Minerals Exploration Administration
1012 Flood Building
870 Market Street
San Francisco, 2, California

Attention: Mr. H. C. Miller

Re: Docket No. DMA-67X (Copper)
Contract No. Idm-E153 (Amended

Gentlemen:

We are writing to again request an extension of time for completion of our Amended contract No. IDM-E153, as suggested in your letter of March 8th.

Our contract calls for a total of 800 feet of drifting and raising and we have completed 187 feet of this work to May 1, 1954.

Our failure to make the scheduled progress was due mostly to the physical difficulties encountered. At the outset we found it necessary to drift 75 feet around the old shaft before starting on contract work and recently we have had to start back from the face to avoid some very bad ground. During April we lost two sets of timbering by reason of squeezing ground and this slowed our progress. At present the ground is firmer and we believe we can make rapid progress by working two shifts.

We are preparing ourselves financially to concentrate on the contract work and if given an extension at this time we assure you we will make every effort to complete the work during the extended period.

We respectfully request a six months extension or until December 31, 1954 if possible.

Very truly yours,

MARSHALL MINING COMPANY

Per: (Signed) Maurice M Marshall

DEPARTMENT OF INTERIOR
BUREAU OF MINES
REGION III
RECEIVED

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SAN FRANCISCO, CALIFORNIA

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

RECEIVED
MAR 12 1954

1012 Flood Building
870 Market Street
San Francisco 2, Calif.

March 8, 1954

Mr. Maurice H. Marshall
Marshall Mining Company
Copper Mines
Contact (Elko County), Nevada

Re: Docket No. DMA-67X (Copper)
Marshall Mining Company
Marshall Mine
Elko County, Nevada
Contract No. Idm-E153 (Amended)

Dear Mr. Marshall:

The matter of extending the completion date of the captioned contract to December 1, 1954, as requested in your letter of February 16, was referred to the Washington office of the Defense Minerals Exploration Administration.

I now have a reply to my referral, the pertinent paragraphs of which read as follows:

> "Since the Operator has three months of working time remaining under the contract as now constituted, and his rate of progress may be somewhat erratic, we prefer to wait until May before amending the contract. At that time any new factors affecting the project can be taken into account, and our engineers, as well as the Operator, will have a better picture of requirements.
>
> "With the proper justification there should be no difficulty in extending the completion date when required. In the meantime the Operator will be expected to make steady and reasonable progress in the work outlined."

I suggest, therefore, that you continue as you have been, and sometime early in May you write me again requesting an extension if at that time you still desire such an amendment to your contract.

Sincerely yours,

R. C. Miller, Executive Officer
DMEA Field Team, Region III

Copy to: DMEA, Washington, D. C.
Roscoe Smith, USGS
A. C. Johnson, Reno

Surname
Docket Copy

700

Ching
Ellis
Selfridge
Johnson
McMurdy

MAR 1 1954

Mr. H. G. Miller
Executive Officer
DMEA Field Team, Region III
1012 Flood Building
870 Market Street
San Francisco 2, California

Re: Docket No. DMEA-67 (Copper)
Contract No. Idm-E153
Marshall Mining Company
Marshall Mine
Elko County, Nevada

Dear Mr. Miller:

Reference is made to your letter of February 17, 1954, in which you advise us that the subject Operator has resumed work after a three-month delay, and has requested an extension of the contract completion date from May 31 to November 30, 1954.

Since the Operator has three months of working time remaining under the contract as now constituted, and his rate of progress may be somewhat erratic, we prefer to wait until May before amending the contract. At that time any new factors affecting the project can be taken into account, and our engineers, as well as the Operator, will have a better picture of requirements.

With the proper justification there should be no difficulty in extending the completion date when required. In the meantime the Operator will be expected to make steady and reasonable progress in the work outlined.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (JVB)

MChing/gla
2-26-54
cc to: Adm. Reading File
Operating Committee
Docket
Messrs. C.H.Johnson, Rm.3621
A.R.Kinkel, Jr., Rm.B-232A, GSA
M. Ching
Code 700

APPROVED:

J. H. Hedges
Member, Bureau of Mines (JVB)

D. M. Larrabee
Member, Geological Survey (JVB)

R. L. 3-2-54

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

2 3 1954

1012 Flood Building
870 Market Street
San Francisco 2, Calif.

February 17, 1954

Memorandum

To: George C. Selfridge, Chairman, Operating Committee, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMA-67X (Copper)
Contract Idm-E153 (Amended)
Marshall Mining Company
Marshall Mine, Elko County, Nevada

Reference is to the last paragraph of your subject letter to me, dated January 25, 1954, in which you suggest that "a definite recess period be arranged with the Operator so that his responsibility to perform within a time limit will be maintained."

The matter was taken up with the Operator by letter dated February 10, 1954, and I now have a reply dated February 16, informing me that the work under the contract has again been started after a three month delay.

Mr. Marshall writes: "We are starting at a point approximately 40 feet back from the westerly face of the Ilo drift and will endeavor to go around the bad ground by swinging northerly. We are prepared to spile and timber as we go and hope to be in new footage during the month of March. The difficulty caused by the freezing of the water in the dump cars should be somewhat lessened from now on."

The Operator's amended contract calls for completion of the work "prior to June 1, 1954." However, Mr. Marshall informs me as follows: "Due to past difficulties and delays encountered this will be impossible. We therefore respectfully ask a six months postponement of this deadline to enable us to proceed with the work past June 1. If granted by you this would make our time for completion prior to December 1, 1954, which would enable us to do the work on the most economical basis."

The original contract was dated September 19, 1951, and was to run for twelve months. Amendment No. 2 extended the completion of the contract to September 28, 1952. The amended contract, dated May 29, 1953, extended the completion date to "prior to June 1, 1954."

As the extension now requested by the operator places the completion date more than two years after the date of the original contract, it is requested that the Washington office prepare the necessary amendment as I have no authority to do so even though the Operator has an amended contract dated less than two years previous to the proposed completion date.

H. C. Miller
Executive Officer
DMEA Field Team, Region III

Copy to: Roscoe Smith, USGS
A. C. Johnson, Reno

Docket
Surname

Ching
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Alexander
Selfridge
Yeomans
Mitchell

JAN 2 3 1954

Mr. H. C. Miller, Executive Officer
RFC Field Team, Region III
1082 Flood Building
870 Market Street
San Francisco 2, California

Re: Docket No. DMA-67X (Copper)
Contract Ida-8153
Marshall Mining Company
Marshall Mine
Elko County, Nevada

Dear Mr. Miller:

Reference is made to your memorandum of January 13, 1954, and the Interim Report, dated December 8, 1953, by Glenn O. Gentry, on the subject project.

We note that in calculating the amount due the Government for equipment sold to the Operator you start with the agreed value of the Government's share of such equipment, $3,267.00, and then deduct the amount withheld under the amended contract, $1,200.00, and arrive at an unpaid balance of $2,067.00.

A review of the Interim Audit, dated October 26, 1953, show that after all adjustments had been made for disallowances and disposal of property under the original contract, the Operator owed the Government as of September 28, 1952, the sum of $2,179.04; therefore, under the terms of the amended contract dated May 29, 1953, the amount of $2,179.04 remained to be liquidated at the rate of $600.00 per month by deducting from the amount due the Operator on monthly RF-104 vouchers, commencing with the month of September, 1953. Two such deductions of $600.00 have since been made leaving an actual unpaid balance of $979.04, not $2,067.00.

One method of arriving at the $979.04 balance follows:

Accepted costs to 9-28-52, before sale of equipment	$50,433.80
Government's share @ 50%	25,216.90
Paid by Finance Officer	24,128.94
Balance due Operator	1,087.96
Agreed value of Government's share of equipment	3,267.00
Amount due Government as of 9-28-52	2,179.04
Amount deducted under amended contract	1,200.00
Balance due from Operator	979.04

R.C.S.
1-25-54

While the Government's share of the equipment sold under the original contract was worth $3,267.00, our equity in such equipment now amounts to only $979.04. Since the contract period does not end until May 31, there appears to be ample time in which to arrange for liquidation of this unpaid balance.

In connection with suspension of work under the DMEA contract, it is suggested that a definite recess period be arranged with the Operator so that his responsibility to perform within a time limit will be maintained.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (JB)

Approved:

J. H. Hedges
Member, Bureau of Mines (JB)

D. M. Larrabee
Member, Geological Survey (JB)

MChing/foc
1-21-54
cc to: Adm. Reading File
Operating Committee
Docket
Messrs. C. H. Johnson, Rm. 3621
A. R. Kinkel, Rm. B-242A, GSA
Ellis
Ching
DMEA Field Team, Region III

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 18 1954

1012 Flood Building
870 Market Street
San Francisco 2, Calif.

January 13, 1954

Memorandum

To: George C. Selfridge, Chairman, Operating Committee, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMA-67X - Copper
Marshall Mining Company
Marshall Mine, Elko County, Nevada
Contract Idm-E153 (Amended)

Reference is made to the Interim Report on the subject property, dated December 8, 1953, by Glenn G. Gentry, Mining Engineer.

In that report Mr. Gentry brings out that work under the amended contract was suspended on or about October 30, 1953. In the meantime, regular mining operations have been carried out, supposedly to enable the operators to accumulate funds for exploration.

During the mining operations the operator is using equipment purchased under the DMEA contract, which, according to the amended contract, was sold to the operator for $3,267.00, payable at the rate of $600.00 a month. According to the amended contract, the $600.00 a month may be deducted from any money to become due the operator for work performed after September 1, 1953. To date we have withheld $1,200.00 from money due the operator, leaving an unpaid balance of $2,067.00. Obviously, for those months that no work is being done under the contract we are unable to withhold $600.00 a month, and that is just what has happened lately. No vouchers for work done have come in recently so no money could be withheld.

Work according to the present contract is to be completed prior to June 1954, or virtually four months from now.

If exploration operations are resumed at an early date and continue to June 1954, we still have a chance of withholding enough to settle the unpaid balance at the rate of $600.00 a month. It is likely also that the Marshalls will request an extension beyond June 1954.

The question in my mind at this time is whether to take the matter up with the Marshalls and try to get them to pay each month for the use of the equipment while no exploration is under way, or to stay strictly within the contract and deduct $600.00 a month only from money due them.

The Marshalls are conscientious operators and are trying to get along in spite of the reduced grade of ore presently being mined. We are getting royalty checks quite regularly, so I am in favor of letting the matter ride a while longer, trusting that exploration will soon be resumed so that we can again deduct $600.00 a month from money due them.

Have you any thoughts on this matter?

H. C. Miller
Executive Officer
DMEA Field Team, Region III

Copy to: Roscoe Smith, USGS
A. C. Johnson, Reno
Finance Officer, Region III

FILE COPY
SURNAME:
800

Talbert
Chamber

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

NOV 23 1953

Mr. George Mavor
DMEA Auditor
1012 Flood Building
870 Market Street
San Francisco 2, California

Re: Idm-4153, DMA-67X
The Marshall Mining Co.
Elko County, Nevada

Dear Mr. Mavor:

Receipt is acknowledged of your letter of November 19, 1953, transmitting a revised Audit Certificate and certain revised pages for the Audit Report covering the referenced Exploration Project Contract.

These revised pages have been substituted in the Washington copies and the old pages have been destroyed. In addition, the word "Interim" has been inserted as part of the heading of the Audit Certificate. Please make this correction on the field copies after which the Audit Report may be distributed in the usual manner.

Sincerely yours,

SIGNED

Jay L. Chambers, Chief
Contract Administration
and Audit Division

EDTalbert/ama
November 23, 1953

Copy to: Docket
Admr. Reading File
Mr. Chambers

R.C.S.
11-23-53

FILE COPY
SURNAME:

Talbert

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

NOV 1 0 1953

AIR MAIL

Mr. George Mavor
DMEA Auditor
1012 Flood Building
870 Market Street
San Francisco 2, California

Re: Idm-1153, DMA-67X
The Marshall Mining Co.
Elko County, Nevada

Dear Mr. Mavor:

Receipt is acknowledged of copies of your Audit Report and Audit Certificate covering the referenced Exploration Project Contract.

I have reviewed the Report and find it acceptable except for clarification of one item. On page 5 the applicable Unemployment Insurance Tax is indicated as being 2% for the State of Nevada. On the basis of the labor payroll allowed as a cost of the project, i.e. $19,846.81 (Labor of $19,642.31 and Initial Rehabilitation and Repairs of $204.50), the maximum amount of such tax allowable would be $396.94, but you have allowed $545.86 for this item. An explanation of your computation would be appreciated.

Pending clarification of this item, acceptance of your Report and Certificate is being held in suspense.

For your future guidance I have another rather "technical" comment. In Section II of your Report you state that the later forms MF-104 "had all of the necessary supporting documents attached." A better wording would be "had the required documentation attached." The word "necessary" implies many things, such as original invoices, receipts, time cards, cancelled checks, etc., necessary for proper audit, whereas the word "required" refers only to the certified copies of invoices, receipts or payrolls required by DMA Circular 19.

Sincerely yours,

(Signed) E. D. Talbert

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

EDTalbert/wb
November 8, 1953

cc: Docket
Admr. Reading File
Mr. Chambers

R. L. L. 11-10-53

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

1012 Flood Building
870 Market Street
San Francisco 2, Calif.

August 31, 1953

Memorandum

To: Operating Committee, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMA-67X - Copper
Marshall Mining Company
Elko County, Nevada
Contract Idm-E153 (Amended)

Reference is made to Mr. W. S. Martin's letter of August 13, 1953, transmitting to this office the original and five copies of the subject contract.

The contract has been executed on the part of the Operator and one copy retained by him. Proper distribution has been made of the Field Team's and Finance Officer's copies, and the original and two remaining copies are returned herewith.

H. C. Miller
Executive Officer
DMEA Field Team, Region III

Attachment

Copy to: A. C. Johnson, Reno (with copy of contract)
Finance Officer, Region III (with copy of contract)
E. H. Bailey, USGS
George Mavor

9-4

depreciation of equipment at $4,723.39
Gov. part. $2,366.69
Company used 8 months
for mining $480.82/mo
depreciation

Oct 1, '52 = $8,579.95
4,289.89

recalculation by
Mayer 2,366.69
773.10 rental or 3,139.79
Schmidt & Johnson
2367
905 rental
$3272 Total
rounded $3267

FILE COPY
SURNAME:

140

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

Rewritten By Ch.Cnsl

Ellis
AEKane
Butler
Ellis
Chandler
Martin

AUG 13 1953

Air Mail

Pending
Oper. Comm.

Mr. H. C. Miller
Executive Officer
DMEA Field Team, Region III
1012 Flood Building
870 Market Street
San Francisco 2, California

Re: Docket No. DMA-67X (Copper)
Contract No. Idm-E153 (Amended)
The Marshall Mining Company
Elko County, Nevada

Mr. Ellis
Mr. Hofflund
Mr. Kane
Chron.

Dear Mr. Miller:

Returned herewith are the original and five copies of the above-captioned amended contract.

In your letter of July 23 to Mr. Marshall, you state that "for a sum of $3,267, everything concerning the equipment would be settled," and this amount was broken down into a rental charge of $900 and the Government's equity in the equipment amounting to $2,367. Your attention is invited to the fact that in Item 4 of Annex I, we have stated $6,534 as the value of the equipment, in which the Government has a 50 percent interest, but have omitted any reference to a rental charge.

Sincerely yours,

W. S. Martin
ACTING Chairman, Operating Committee

Enclosures 6

Approved:

J. H. Hedges
Member, Bureau of Mines

A. R. Kinkel, Jr.
Member, Geological Survey

Copy to: Mails & Files
Adm. Reading File
Mr. C. H. Johnson, Rm 3621
Mr. A. R. Kinkel, Rm B-242A GSA

EWEllis:
AEKane:ep 8-10-53

8-13-53

FILE COPY
SURNAME:

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

August 6, 1953

Memorandum

To: Chief Counsel

From: Ernest Wm. Ellis, Chief
Rare and Miscellaneous Metals Division

Subject: Docket No. DMA-67X (Copper)
Contract No. Idm-E153 (Amended)
The Marshall Mining Company
Elko County, Nevada

The above captioned amended contract (attached hereto), has been returned to Washington in accordance with our instructions to Region III dated July 31, 1953.

Two changes will be necessary: Completion date, and Clause 4 of Annex I appertaining to purchase of equipment.

Kindly change the completion date as shown on the enclosed proposed amended contract from "prior to April 1, 1954" to "prior to June 1, 1954".

Clause 4 of Annex I will be deleted as written and will be revised on the following basis: The arrangement now is to accept as payment for the Government's equity in the equipment, the sum of $2,367.00, payable at the rate of $400 a month. In addition, rental for the use of this equipment from the completion date of October 1, 1952, is to be figured at the rate of $90 for 10 months, or $900.00, payable at the rate of $200.00 per month until the sum of $900.00 has been repaid. Thus, the Operator would pay the sum of $600.00 per month, payable by deductions from the Operator's monthly MF-104 vouchers until the sum of $2,367.00, which is the Government's adjusted equity, plus the $900.00 rental, is paid.

Your early attention to this matter will be appreciated since there has been considerable delay in arriving at an agreement as to the disposition of the equipment.

Ernest Wm. Ellis

Ernest Wm. Ellis

EWEllis/gla
cc to: Docket
Division contract file

FILE COPY
SURNAME:

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

N.S. Ow R.R. August 5, 1953

Memorandum

To: Mr. George C. Selfridge
Chairman, Operating Committee

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

Subject: Docket DMA-67 (Copper)
The Marshall Mining Company, Former Nevada-Bellevue Mine
Elko County, Nevada, Contract Ida-E153 (Amended)

Attached is a copy of a letter from Mr. H. C. Miller, Executive Officer, Region III, in regard to the above-cited project, further discussing the settlement on equipment purchased by the Marshall Mining Company for the project in which the Government has a 50 percent equity. It is my understanding that Mr. Schmidt has or is preparing a reply to Mr. Miller recommending a settlement price.

Ordinarily, I do not like to have our auditors enter into evaluating equipment. In this particular case, however, the work involved accounting technicalities which, in my opinion, justified the auditor's action.

Attachment

JLChambers/wb
August 5, 1953

Copy to: Docket
Admr. Reading File
Mr. Ellis
Mr. Chambers

D. In EC mDa

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
AUG 1953

1012 Flood Bldg.
870 Market St.
San Francisco 2, Calif.

July 31, 1953

Memorandum

To: C. O. Mittendorf, Administrator, DMEA, Interior Bldg., Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMA-67X (Copper)
Contract Idm-E153 (Amended)
The Marshall Mining Company (Former Nevada-Bellevue Mine)
Elko County, Nevada

As requested in your teletype of this date, we are returning herewith all six copies of subject amended contract for corrections and additions.

Attached also is a copy of letter dated July 26, 1953, from Mr. Maurice M. Marshall to me.

cae
8-4

H. C. Miller
Executive Officer, DMEA Field Team
Region III

Attachments

Copy to: E. H. Bailey, USGS

BUREAU OF MINES
WASHINGTON, D. C.

AUG 4 2 29 PM '53

DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration
RECEIVED
JUL 1953

MARSHALL MINING COMPANY
COPPER MINES
CONTACT, NEVADA

July 26, 1953

Defense Minerals Exploration Administration
1012 Flood Building, San Francisco, California

Mr. H. C. Miller

Dear Mr. Miller:

I am in receipt of your letter of July 23, outlining the final basis on which the government is willing to settle the matter of the equipment in which they have an equity.

I am willing to settle at the figure and on the terms outlined in your letter and authorize you to proceed accordingly. In drawing the amended contract I would appreciate and extension from April 1 to June 1, 1954 for completion of the new work provided for therein. The ground condition around the shaft is very bad and we may experience some serious delays in this work.

When completed contracts are ready for signature I suggest you send them to 1355 Bay St., San Francisco, or phone my brother at YU 2-5463 and he will pick them up.

Thanking you for your efforts in this matter and with kindest regards, I remain,

Very truly yours,

/s/ Maurice M. Marshall

Reasons for teletype to Miller 7/31

The contract sent to Miller was signed by Mittendorf. There were bla nks for Millers office to fill in paragraf 4 Annex 1 . Marshall did not agree to our original figure arrived at by Millers office. We have now come to agreement with Marshall which involves inserting the figures agreed upon and also adding a new paragraf to cover the rental of the equipment. also changing the date. of completion.

This could possibly be done by writing a letter to Miller but since these contracts have been signed by Mittendorf I do not like to have this done by instructions by mail. I therefore think the best way is to hve Miller mail these contracts and we will mak e the changes and additions etc. I discussed this with legal. When these contracts get here there should be little delay in making the corrections and additions since they have already been cleared by legal.

Meantime Miller knows and Marshall knows that the contract will be ~~correct~~ corrected according to their understanding

Schmidt

FILE COPY
SURNAME:

Schmidt
FSSchmidt

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

DMEA

5295 4640

14X3923.970 Working Fund, Interior, DMEA
July 30, 1953

H. C. Miller, Executive Officer, DMEA Field Team, Region III,
1012 Flood Building, 870 Market Street, San Francisco 2, California
Docket No. [illegible]-67[illegible], Contract Idm-[illegible]153, (Amended) Marshall Mining Co.

REURLET JULY 23 and TT JULY 29, RETURN ALL SIX COPIES AMENDED CONTRACT MARSHALL MINING COMPANY IDM-[illegible]153, FOR CORRECTIONS AND ADDITIONS AS PER AGREEMENT WITH MARSHALL.

C. O. Mitteldorf (fsw)

C. O. MITTELDORF, ADMINISTRATOR

FSSchmidt/gla
7-30-53
cc to: Adm. Reading File
Docket
Messrs. C.H.Johnson, Rm. 3621
A.R.Kinkel, Rm. B-242A GSA
Ellis
Schmidt
Confirmation to DMEA Field Team, Region III

R.C. 7-31-53

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 30 1953

RECEIVED
JUL 29 4 23 PM '53
GENERAL SERVICES ADMIN.
PUBLIC BLDGS. SERVICE
BMD - COMMUNICATIONS

276 WA SFS /I-BOM/

SAN FRANCISCO CALIF 7-29-53 1213PM

DEFENSE MINERALS EXPLORATION ADMINISTRATION

INTERIOR BUILDING WA

DOCKET DMA 67X-COPPER MARSHALL MINING COMPANY, CONTRACT IDM-E 153 /AMENDED/

MAURICE M MARSHALL WRITES IN ANSWER TO MY LETTER DATED JULY 23 THAT HE IS WILLING TO SETTLE ON THE TERMS OUTLINED THERIN/// THEREIN. YOU HAVE AA CCOPY OF THAT LETTER. IN DRAWING THE CONTRACT MARSHZXXX MARSHALL REQUESTS AND EXTENSION FROM APRIL 1 TO JUNE 1, 1954 IN WHICH TO COMPLETE DUE TO POSSIBLE BAD GROUND.

H C MISXXXX MILLER EXECUTIVE OFFICER DMEA FIELD TEAM REGION III

67X-COPPER IDM-E 153 23 1 1 1954

LM 1220PM

CCN PLS MK PLS XXXX WNXX 2ND WD ON NEXT TO LST LN FM BTM RD AN RPT AN

JUL 30 8 17 AM '53
BUREAU OF MINES
MAIL ROOM
WASHINGTON D. C.

276 WA SFS /I-BOM

SAN FRANC[redacted] CALIF 7-29-53 1213PM

7/30/53 gla

DEFENSE MINERALS EXPLORATION ADMINISTRATION
INTERIOR BUILDING WA

DOCKET DMA 67X-COPPER MARSHALL MINING COMPANY, CONTRACT IDM-E 153 AMENDED

MAURICE M MARSHALL WRITES IN ANSWER TO MY LETTER DATED JULY 23 THAT HE IS WLLING TO SETTLE ON THE TERMS OUTLINED THEREIN. YOU HAVE A COPY OF THAT LETTER. IN DRAWING THE CONTRACT MARSHALL REQUESTS AND EXTENSION FROM APRIL 1 TO JUNE 1 IN WHICH TO COMPLETE DUE TO POSSIBLE BAD GROUND.

H.C. MILLER EXECUTIVE OFFICER DMEA FIELD TEAM REGION III

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

Mineral Administration
RECEIVED
JUL 31 1953

COPY

XXXXXXXXXXXXXXX
102 Old Mint Building
San Francisco 3, Calif. July 27, 1953

Air Mail

Subject: DMEA 67X, Idm-153 (Copper)
Marshall Mining Co.,
Elko County, Nevada

Mr. A. R. Kinkel
Mineral Deposits Branch
Geologic Division
U. S. Geological Survey
Department of the Interior
Washington 25, D. C.

Dear Art:

The enclosed carbon of a letter from C. G. Tillman to me, and the accompanying maps, were prepared in reply to your letter (signed by F. J. Lyons) dated May 25, 1953. In this letter certain errors in the final report on the Marshall Mining Company project (DMA-67X) were pointed out. Through the efforts of Mr. A.C. Johnson's office at Reno and Ralph Roberts' office at Salt Lake City, corrections have been made and new data added. This new and corrected data should be added to the DMEA files.

I appreciate your calling these errors to my attention.

Sincerely yours,

Edgar H. Bailey

Enclosures

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

1012 Flood Bldg.
870 Market St.
San Francisco 2, Calif.

July 23, 1953

Mr. Maurice M. Marshall
Marshall Mining Company
Contact
Elko County, Nevada

Re: Docket DMA-67X - Copper
Contract Ida-E153 (Amended)
Marshall Mining Company
Elko County, Nevada

Dear Mr. Marshall:

Reference is made to your letter dated July 10, 1953, with which you returned unsigned the six copies of an amended exploration contract.

I have been in communication with the Washington Office since receiving your letter, in an endeavor to work out something mutually agreeable concerning the sale and rental of the equipment at your property, in which the Government has an equity.

I have just talked over the telephone with the Washington office and have learned that the best it can do is as follows:

(a) Sell the Government's equity in the equipment for $2367 as previously agreed upon. (The Washington Office thinks that this is a big bargain.)

(b) Rental to be charged for the equipment from date of expiration of the contract, 10 months at $90 a month, $900.

Thus, for a sum of $3267 everything concerning the equipment would be settled.

$4734 total val.

As for paying the $2,367, the Washington Office agreed to add a paragraph to the amended contract to permit you to pay us at the rate of $400 a month; the $900 rental charge would be payable at the rate of $200 a month.

Will you kindly let me know promptly if you will accept settlement on the above basis. The Washington Office is holding up completion of an appendix to the amended contract, awaiting a wire from me as to your acceptance of the cited terms.

The men in the Washington Office tell me that they worked hard to get the terms down to what they are and that there is no chance of whittling them down any farther. It is my thought that they are extremely fair.

Sincerely yours,

H. C. MILLER

H. C. Miller
Executive Officer, DMEA Field Team
Region III

Copy to: (2) DMEA, Washington, D.C.
E. H. Bailey, USGS
A. C. Johnson, Reno

7/23/53

Memo of telephone conversation with Miller San Francisco informing him that we would accept $, 2,367 for our equity in the equipment and charge $900 rental for the use of it for the 10 months and that the equipment could be bought for $400 a month and the rental paid at the rate of $200 a month making a total of $600 a month to be deducted from money to be paid him by the government.

Schmidt

Memo from Schmidt to file concerning calculation lf equipment charge and rental due from Marshall calculation made ~~xxx~~ with Frank Johnson

DMA 67 X E 153 Marshall Mining Co 7/23/53

Calculation of charges to Marshall for quipment and rental approved by Frank Johnson

Contract in operation from 10/7/51 to 9/28/52 12 mos
After contract complettd operator used equipment 10/1/52-7/31-53 10 "

Total value of equipment 14,509

Supplies included which should be eliminated

rail	2,075	
pipe	1,419	
ties	159	
	3,653	3,653
		10,856
1/2 is our equity		5,428

Our equpity in supplies is 3,653
95 miscellaneous in addition to those listed above
3,748 supplies
our equity 1/2 is 1,874

Depreciation for 12 mos on the 60 mos basis is 1/5 of 5,428 or 1085

Net depreciated vaue of equipment at end of contract or 12 mos is	$ 5,428
less	1,085
	4,343
our equity in supplies	1,874
At end of contract Total depreciated value of equip-supplies	6,217

Depreciation for zdditional 10 mos basied on the original new value and not the depreceiated value after the completion of contract.

Depreciation for 10 mos on 60 basis on $ 5,428 is 905	905
depreciated value at 7/31 of equip and supplies	5,312

We are willing to settle this amount for the Gentry figure of 2367
ut the rental charge for use of equipment for 10 mos is 905
which is the depreciation charge for that time and must be paid
by the rentor
3,272

this can be paid at rate of 600 per mos by deductions from 104 vouchers.the figure of 600 was suggested by Fran, Johnson
Legal wishes to split the equipment and supplies from the rental hence

pay off the 2367 at rate of 400 per mos and the 905 rental at 200 per month

Sch

With Frank Johnson 4/23/53

Total 14,509.
Fees
3,653 shortage

Cash 10,856.
Our ½ 60% 5,429.
Mos 905.
12
10,856.

Appr Value 4,343.
@ Sold Contract 1,874
Surplus 6,217.

2,045
1,419
159
3,653
95
2 3748 Surplus
1,874 Our Share

6,217

additional Dep on
Rem 10 mos × 5,429 = 905
60

905
5,312
Sentry exp. 2,367

will accept 2,367 + 905 Rent
905
3,272 @ 60 mos.

Pd. G. deducting from 104 Vouchers.

148
548
68

COPY

Room 208, 222 South West Temple
Salt Lake City 1, Utah
July 21, 1953

Mr. Edgar H. Bailey
U. S. Geological Survey
102 Old Mint Building
San Francisco 3, California

Subject: [illegible]-67X, Idm-153
Marshall Mining Co.
Elko County, Nevada

Dear Mr. Bailey:

Ore at the Marshall Mine is material which averages 5 percent copper or more. Areas containing more than 5 percent copper, the cutoff grade, are not sufficiently well delineated by samples to permit an accurate calculation of ore reserves. In order to give at least a rough idea of the copper content of this deposit we have, therefore, calculated tonnage and grade for the full length of the Ilo Tunnel level, omitting barren intervals. The following assumptions were made in these calculations. The influence of each sample extends halfway to the neighboring sample, but not in excess of 45 feet. Thus, no sample has a strike length influence greater than 90 feet. Influence of the westernmost sample extends to the shaft. Along the dip, sample influence extends to the level above and to the level below, a total slope distance of 90 feet. Width of the sample is used as the width of the vein at each sample locality. A factor of 12 cubic feet per ton of ore was used.

Overall dimensions of the Ilo Tunnel level reserve block are 1,140 ft. x 90 ft. x 3.0 ft. (fig. 4, revised). Total tonnage in this block is 26,280 tons averaging 3.6 percent copper. This figure is somewhat smaller than that in our original report and results from using a lower specific gravity (larger tonnage factor) and additional sample data. No reduction in the total tonnage figures has been made to allow for ore already stoped.

We also calculated reserves of a block 209 ft. x 90 ft. x 2.5 ft. at the westernmost end of the West Drift of the Ilo Tunnel level (fig. 4, revised). This part of the level was completed under DMA contract. The total tonnage in this block is 4,85[illegible] tons averaging 4.19 percent copper. This block is included in the Ilo Tunnel level reserve block.

The results obtained in both cases above are somewhat on the high side because ore grade material has probably been allowed more strike length than it should, owing to insufficient sample data. On the other hand much of the copper bearing material along the level is unmineable owing to narrowness of the vein. These factors are impossible to evaluate without very close sampling.

As the full length of the Ilo Tunnel level was treated as a reserve block no reserve map is included. Copies of the corrected assay map showing the limits of the two reserve blocks mentioned above are included.

Sincerely yours,

C. C. Tillman

CCT/rt
cc: A. C. Johnson
Enc. - Revised Assay Map
(6 copies)

MAP

BELONGS

HERE

E153

MARSHALL MINING COMPANY
EQUIPMENT PURCHASED FOR PROJECT
CONTRACT IDM-E153

	Cost	Condition	Cost % of Value	Est. Value	Monthly Deprec. on Est. Value 60 Mo Basis		Proposed Rental Oct. 1, 1952 to May 31, 1953
1 Mall chain saw	$ 225.00	Good	50	$ 112.50	$ 1.87	X 8 Mos.	$ 14.96
1 Mucking machine	2,231.15	"	40	892.46	14.87	"	118.96
8 Mine cars	1,178.56	Poor	20	235.71	3.93	"	31.44
1 Chev. Pickup Truck	1,972.43	Good	50	986.21	16.44	"	131.52
1 Locomotive, Atlas, Battery type	3,202.27	"	40	1,280.91	21.35	"	170.80
1 Bench grinder & elec. saw	128.00	"	50	64.00	1.07	"	8.56
1 Battery charging unit & Gaso. Eng	1,000.00	Fair	20	200.00	3.33	"	26.64
1 Storage Battery for Locomotive	917.60	"	20	183.52	3.06	"	24.48
Mine rail (16 lb.) 6,324 ft.	2,075.48	"	15	311.32	5.19	"	41.52
Iron Pipe & Fittings 1 1/2 in. and 2 in. - 2575 ft.	1,419.24	Fair	15	212.89	3.55	"	28.40
455 Railroad tires (secondhand)	159.25	same as pur. price	100	159.25	2.65	"	21.20
	14,508.98			$4,638.77	$77.31		$618.48

Supplies to be purchased and replaced by Marshall Mining Company

40 Gal. Diesel Fuel oil at $0.193.....	7.72)	
175 Gal. gasoline at 0.276.....	48.30)	
20 gal. No. 30 oil at 0.75.....	15.00)	94.62
10 gal. Gear lub. at 0.15.....	1.50)	
260 B F lumber at $85.00 M.....	22.10)	
	$14,603.60	$4,733.39
		1/2 = 2,366.69

~~Add: Supplies 94.62~~

Total Cost to Operator ~~$733.10~~ 618.48

Note:
(a) Contract was in operation from Oct. 7, 1951 to Sept. 28, 1952.
(b) After contract was completed Operator used equipment Oct. 1, 1952 to May 31, 1953 = 8 mos.

Continued on page 2

(c) After contract was completed Operator wanted to purchase this equipment which was never consummated due to application for additional loan - new contract dated 5/29/53.

(d) This Operator has a certificate of discovery and paying royalties approx. $300.00 per mo. for past 8 mos.

(e) Operator has maintained equipment in first class condition, and if contract had not been successful, Government would possibly have lost more in property equity from disposal.

(f) Rental rates as computed appear reasonable, taking into consideration all of circumstances involved.

MARSHALL MINING COMPANY
COPPER MINES

CONTACT (Elko County) NEVADA
July 10, 1953

Refer to		
Answered		

Defense Minerals Exploration Administration
1012 Flood Building
870 Market Street
San Francisco, California

Attention: Mr. H. C. Miller

RE: Copper Contract Idn. E153
Docket No. 67X

Gentlemen:

Enclosed herewith is copy of Amended Exploration Project contract which we are returning as per your request. We regret that circumstances do not permit us to undertake this program if the cost to us of purchasing the government's share of equipment is in excess of $2,366.69 which was the appraisal figure of June 11, 1953.

After the completion on October 1, 1952 of Stage I of our original contract we undertook a mining program while awaiting word on additional work from D.M.E.A. and also in expectation of a better price for copper. This mining program resulted in a substantial loss to us during the remaining months of 1952.

Early in 1953 we hit into a high grade stope which enabled us to keep going and add much needed equipment. Our estimated net profit for the first six months of 1953 is $5,000.00 before any allowance for full time management and supervision.

During this six month period we have purchased equipment totaling $13,000.00, all of which is vital in our present production of approximatley 200 tons per week.

During the month of April our net smelter return averaged $10.33 per ton and during the month of May (the last complete month) $10.03 per ton. It is only by close supervison, sorting and minimum mining costs that we are able to show any profit on present grade of ore. Most tonnageshipped is at a loss but we have fortunately found sufficient amounts of high grade to bring the average up to the above figures.

We are mining all ore as we find it and have no reserve tonnage opened up on which to base a prediction ahead. Thus we do not know from month to month if we can operate profitably or not.

Defense Minerals Exploration Administration July 10, 1953

In the face of still further outlay for equipment during the second half of 1953 and necessity for provision for year end taxes on any profit we might be able to show, and as your department has certified our property, we had intended to ask the Government to sell their share of equipment to us for $1.00. However, we felt the June 11 appraisal to be fair and have been and still are willing to undertake purchase of the equipment on that basis. That portion of the equipment we have used since October 1, 1952 was for extraction of ore for our joint benefit.

It is our plan to carry on future extraction of ore at least as energetically as at present and to even further expand production if possible. If we undertake Stage II under the Amended contract we will need considerable equipment for that work in order to not hamper our present mining.

It is only thru the cooperation of your department that we have accomplished what we have to date. We wishto express our appreciation of this fact. Our first thought now is to make the extraction of ore our No. 1 object, which of course is to our mutual benefit. In assuming any obligations we must be limited by our resources and ability to fulfill.

We trust this gives you a clearer picture of our attitude in this matter.

Very truly yours,

MARSHALL MINING COMPANY

Per: Maurice M[illegible]

7/21/53 glw

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

JUL 20 1953

Office of
Executive Officer
DMEA Field Team
Region III

1012 Flood Building
870 Market Street
San Francisco 2, Calif.

AIR MAIL

July 17, 1953

Memorandum

To: George C. Selfridge, Chairman, Operating Committee, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA-67 (Copper)
The Marshall Mining Company, Former Nevada-Bellevue Mine
Elko County, Nevada, Contract Idm-E153 (Amended)

Reference is made to your letter dated May 29, 1953, with which you sent 6 copies of subject amended contract, to my subject memorandum to you dated June 26, to my teletype dated July 7, referring to the subject contract , to a telephone call from Washington concerning my teletype, and to your subject memorandum dated July 6 which reached this office on July 9.

Last week Mr. Maurice M. Marshall was in from the mine, and I had him call at the office. When he called I showed him a copy of the amended contract and the figure I intended to insert in Annex 1 as the agreed value of the equipment ($8,580.00), of which amount we were to deduct $4290 from any moneys now due or to become due to the Operator.

Mr. Marshall previously had written this office that he would pay the sum of $2,366.69 for the Government's equity in the equipment purchased under the contract, which figure is based on 50 percent of the appraised value of the equipment as determined by Glenn G. Gentry on June 11, 1953. Mr. Marshall was surprised to learn that the appraisal should have been made as of October 1, 1952 and that our figures indicate that the Government's equity in the equipment as of that date was $4,290.00. Mr. Marshall has refused to pay that amount for the equipment as is indicated in the attached copy of his letter to me dated July 10, 1953.

We discussed with Mr. Marshall the matter of rental of the equipment from the date of the expiration of the contract to date, and though I am not certain that he will not pay us a reasonable

rental, we have made no suggestions to him of what a fair rental might be.

In my memorandum to you dated June 26, 1953, I made some calculations leading to a figure of the possible worth of the equipment as of October 1, 1952, based upon Gentry's June 11 appraisal. I made no estimate of the probable rental that should be charged after October 1, 1952. You agreed with my appraisal and waived subsequent rental.

The GAO auditors who have been auditing our DMEA files for sometime caught us even before we had any discussion concerning the matter now before us. Upon finding out that Marshall has been using the equipment since completion of his contract during pending negotiations for an amended contract, they have intimated that some fair rental should be charged for the Government's equity in the purchased equipment.

Subsequently, we have discussed what might be done and possible means for doing it. The GAO auditors, of course, will not commit themselves so Mr. Mavor and I have tried to work out something that seemed to us would be fair and best for the Government to do.

We are confronted, of course, with Marshall's refusal to pay anything like $4,290.00 for the Government's equity. Assuming that the matter rests there, then what do we do? We could make Marshall advertise and sell the equipment to the highest bidder. The likelihood is, however, that we would not realize anything like $8,580.00 from the sale and would be lucky if we got a quarter of that amount.

Mr. Mavor has suggested what he feels would be a fair way in which to compute the rental for the equipment. The attached table is a copy of his work sheet. His calculations are based upon rental from October 1, 1952 to May 31, 1953, or 8 months. The equipment has now been used another 1 1/2 months and the matter is not yet settled so that rental probably should be computed on the basis of 10 in place of 8 months. On that basis, according to Mavor's plan, Marshall would owe the Government $2,366.69 plus $773.10, or $3,139.79 as of July 31.

We, of course, have no assurance that Marshall will agree to pay even that figure. According to his letter to me dated July 10, 1953, his top figure is $2,366.69 which was 50 percent of the June 11

appraisal. It seems to me, however, that we ought to come back at him with a counter offer which includes a fair rental figure in addition to $2,366.69. He might, if he learns that we are definitely expecting something for the use of the equipment, reconsider his stand and agree to paying some rental.

In looking over Mr. Mavor's work sheet which is attached herewith, I question whether Railroad ties (secondhand) costing $159.25 should be included as an item on which rental should be paid. The ties probably should be sold to the company for one-half of the purchase price, and a deduction then made in the rental calculations for what was calculated as rental for railroad ties.

We have considered many other ways of determining what Marshall might owe us. The calculations given in my June 26 memorandum to you, based the October 1, 1952 appraisal on the June 11 appraisal, plus the average reduction in salvage value per month times the months since October 1952. Another method that has been suggested is to take the initial cost of the equipment and deduct from its cost 1/60 of its cost for every month it was used to October 1, 1952, to get its value on that date, and then charge rental on the basis of 1/60 of its initial cost each month for the time it is used since expiration of the contract. It could be argued that we allow an Operator per month 1/60 of the value of his equipment used on a project so why should not the Government do the same when the tables are turned. We face the fact, however, that anyway we figure the matter we come up with a figure considerably higher than Marshall is willing to pay. We frankly have reached the point where we do not know what to do or what to propose doing. We must not overlook the fact that after all we are looking out for the Government's interests, yet, we cannot squeeze blood out of a turnip and must therefore come to some give-and-take arrangement that will be satisfactory to both parties concerned.

This memorandum already is much too long but its length indicates that we are concerned on what the next move should be. We will certainly appreciate any help that you can give us.

H. C. Miller
Executive Officer
DMEA Field Team, Region III

Attachment

Copy to: E. H. Bailey, USGS

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

1012 Flood Bldg.
870 Market Street
San Francisco 2, California

July 9, 1953

Memorandum

To: Operating Committee, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Royalty payments

In accordance with instructions in the Minutes of the Operating Committee for March 20, 1953, below is a list of the projects in Region III that were producing ore subject to royalty payments as of June 30, 1953:

Contract	Docket	Operator	
Idm-E153	DMA-67X	Marshall Mining Co.	(Copper)
E424	DMEA-2441	L. D. Foreman, Mary R. Foreman, and Ida L. Cannon	(Lead-Zinc)

H. C. Miller
Executive Officer, DMEA Field Team
Region III

Copy to: E. H. Bailey, USGS

July 9, 1953

MEMORANDUM

To: The file

From: Ernest Wm. Ellis

Subject: Marshall Mining Company, Dock.DMA-67X.Contract Idm-E153

Disposal of equipment of subject project where a Certificate of Discovery had been issued and Operator had continued to use said equipment under and prior to, a proposed amended contract calling for additional funds.

I phoned H.C. Miller, Exec.Officer Region III,on this date and explained that we believed the the Operator should settle for the Government's equity in said equipment at one half the appraised value as of Oct. 1,1952, the date when the original contract expired. This was in accordance with our teletype to him on June 30, 1953. I further explained that if the Operator insisted on paying only one-half the appraised value as of June 1,1953 or $2,366.69 then quite naturally the Operator would be expected to pay rent on the equipment for the months that is was used. I stated that the sum Operator proposed to pay plus the rent would probably amount to more that one-half the appraised value as of Oct. 1,1952.

Mr. Miller stated that he had not received our letter of July 6 and that when he did he would contact the Operator and tell hmmof the two ways that we proposed to settle the account and would then get in touch with us.

Ernest Wm. Ellis

Marshall Mining Company
Docket DMA-67X (Copper)
Contract Idm-E153 (Amended)

Notes on phone call to Miller (Region III)
on July 9, 1953.

Equipment cost originally $14,349.73 (per Region III June 26, 1953)
June 1st 1953 appraisal 4,733.39
∴ 20 months depreciation = 9,616.34 or $480.82/mo.

On 60 month depreciation = $\frac{14,349.73}{60}$ = $239.16/mo.

Oct 1-52 to July 1, 53 = 9 months
9 x $480.82 = $4,327.38 amount depreciated during 9 mos.
∴ $4,733.34 appraised amount June 1st
+ 4,327.38
$9,060.77 value as of Oct. 1, 1952 as of June 1, 53
− 480.82
$8,579.95 Oct 1-52 value calculated back from July 1, 53

$8,580 rounded out ÷ 2 = $4,290 as Govt's equity

480.82/mo depreciation is twice as much depreciation as a normal 60 mo rate. Actually equipment remaining on the job, would be on a 60 mo. basis, as follows
$\frac{14,349.73}{60}$ = $239.16 then 239.16 x 21 mos. = $5,022.36

and the equip. (on the job) should be worth as of July 1 '53, $14,349.73 − $5,022.36 or $9,327.37 & Govts share would be $9,327.37 ÷ 2 or $4,663.69. This compares with $4,290 per telegram

Questions:

1. Has equipment been in use since Oct. 1, 1953 as stated in Miller's letter of June 26, 1953? → Over.

Questions continued:

2. Why does Marshall think he owes nothing for rental of equipment?
Having a hard time meeting ends & they wanted to make it as easy as possible on him.

3. Why was an appraisal of this equipment not made on or about Oct. 1, 1952?
Did not think it would take long for new loan

4. Have you (Miller) ascertained what a standard rate of rent this equipment should bring?
Don't know

5. Have you rec'd. our letter of July 6?
No

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL - 8 1953

RECEIVED
JUL 7 4 45 AM '53
GENERAL SERVICES ADMIN.
PUBLIC BLDGS. SERVICE
BMD - COMMUNICATIONS

B

106 WA SFS /I-BOM/

SAN FRANCISCO CALIF 7-7-53 1213PM

GEORGE C SELFRIDGE CHAIRMAN

OPERATING COMMITTEE DMEA INTERIOR BUILDING WA

DOCKET DMA-67X /COPPER/, MARSHALL MINING COMPANY, CONTRACYXX

CONTRACT IDM-E153

REFERENCE IS TO MY SUBJECT MEMORANDUM, DATED JUNE 26, 1953 AND C. O. MITTENDORF-S TELETYPE, DATED MXX JUNE 30, 1953. IN CONFERENCE TODAY WITH MAURICE MARSHALL AND GEORGE MAVOR, DMEA AUDITOR RE.. APPRAISAL OF GOVERNMENT-S EQUITY IN EQUIPMNXX EQUIPMENT PURCHASED UNDER ORIGINAL CONTRACT, IT WAS AGREED THAT RENTAL OR DEPRECIATION OF EQUIPMENT DURING COURSE OF NEGOTIATIONS LEADING TOWARD AMENDED CONTRACT SHOULD NOT BE CHARGED TO OPERATOR. IT IS OUR THOUGHT THAT APPRAISAL VALUE OF $4,733.38 MADE ON JUNE 11, 1953 SHOULD BE BASIS FOR DETERMINING GOVERNMENT-S EQUITY. OPERATOR WILLING TO HAVE GOVERNMENT DEDUCT $2,366.69 ON ACCOUNT OF ITS EQUITY FROM MONEYS NOW DUE OR TO BECOME DUE TO HIM. TAKING EVERYTHING INTO CONSIDERATION MAVOR AND I BELIEVE SUCH IS A SATISFACTORY SETTLEMENT AND TO GOVERNMENT-S ADVANTAGE. KINDLY TELETYPE IF YOOXX YOU CONCUR. MARSHALLS READY TO SIGN AMENDED CONTRACT ON THAT BASIS TOMORROW.

H C MILLER REGIONAL DIRECTOR REGION III

DMA-67X IDM-E153 26 1953 30 1953 $4,733.38 11 1953 $2,366.69

LM 1233PM

JUL 8 8 28 AM '53
BUREAU OF MINES
MAIL ROOM
WASHINGTON D.C.

FILE COPY
SURNAME:

Docker.
Ellis
Chandler
Martin
Hedlund
Jeffries
Mittendorf

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

Mr. H. C. Miller
Executive Officer
DMA Field Team, Region III
1012 Flood Building
870 Market Street
San Francisco 2, California

JUL 6 1953

Re: Docket No. DMA-67X (Copper)
Contract No. Idm-E153 (Amended)
The Marshall Mining Company
Former Nevada-Bellevue Mine
White County, Nevada

Dear Mr. Miller:

Further reference is made to your memorandum of June 26, 1953, and Mr. Mittendorf's teletype of June 30, concerning the Amended Contract forwarded to you on May 29, 1953, for the signature of the Operator.

By way of confirmation, Mr. Mittendorf's teletype advised you as follows:

> REFERENCE JUNE 26 MARSHALL MINING COMPANY AMENDED CONTRACT IDM-E153 DELETE WORD QUOTE PRESENT UNQUOTE THIRD LINE ARTICLE 4, ANNEX I, AND INSERT EIGHT THOUSAND FIVE HUNDRED EIGHTY DOLLARS IN FIRST SPACE AND FOUR THOUSAND TWO HUNDRED NINETY DOLLARS IN SECOND SPACE. CONTINUING WITH FOLLOWS.

Accordingly, Paragraph 4 of Annex I should read as follows when corrected pursuant to the above advice:

> 4. The equipment purchased under the Prior Contract, in which the Government has a 50 percent equity, is hereby agreed to be of the value of $8,580.00, and the Government on account of its said equity may deduct the sum of $4,290.00 from any moneys now due or to become due to the Operator.

Referring to your letter of June 26, last paragraph, item (1), if the Government was reimbursed in the amount of $4,289.89 (rounded out to $4,290.00), that sum would represent 50 percent of the estimated value of the equipment as of October 1, 1952. Consequently no rental would be charged for the equipment following that date. This method for payment of the Government's equity in the equipment, seemed to be the more satisfactory. However, if we followed your item (2) and only received 50 percent of $4,733.39, we would then have to charge rental for nine months as of July 1, 1953, which would necessitate considerable effort on your part to arrive at the proper rental for the equipment. Even though this

R.C.B.
7-6-53

method of calculation were employed, the rental amount when added to the June 1st appraisal (or revised as of July 1st), undoubtedly would very closely reach the total figure we arrived at and which we believe to be a just amount.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (EWB)

APPROVED:

J. H. Hedges

Member, Bureau of Mines (EWB)

A. R. Kinkel, Jr.

Member, Geological Survey (EWB)

EWEllis/gla/db
7-1-53
cc to: Adm. Reading File
Operating Committee
Docket
Messrs: C.H.Johnson, Rm. 3621
A.R.Kinkel, Rm. B-242A, GSA
Ellis
DMEA Field Team, Region III (2)

FILE COPY
SURNAME:

Ellis

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

DMEA

14X3923.970 Working Fund, Interior, DMEA 5295 4640
June 30, 1953

H. C. Miller, Executive Officer, DMEA Field Team, Region III,
1012 Flood Bldg., 870 Market Street, San Francisco 2, Calif.
Docket DMA-67X (Copper) Contract Idm-E153 (Amended)
Marshall Mining Company, Elko County, Nevada

REURLET JUNE 26 MARSHALL MINING COMPANY AMENDED CONTRACT IDM-E153 DELETE WORD QUOTE PRESENT UNQUOTE THIRD LINE ARTICLE 4, ANNEX I, AND INSERT EIGHT THOUSAND FIVE HUNDRED EIGHTY DOLLARS IN FIRST SPACE AND FOUR THOUSAND TWO HUNDRED NINETY DOLLARS IN SECOND SPACE. CONFIRMING MEMO FOLLOWS.

C. O. Mittendorf

EWEllis/gla 6-30-53 C. O. MITTENDORF, ADMINISTRATOR
cc to: Adm.Reading File
Docket
Mr. Ellis

6-30-'53

Marshall Mining Company
Jacket DMA-67X (Copper)
Contract Idm-E153 (Amended)

Disposal of equipment on subject project where a Certificate of Discovery was issued & Operator has continued to use the equipment under and prior to an amended contract calling for additional funds.

Original cost of equip. $14,349.73 (*)
June 11, '53 appraisal $4,733.39
Oct. 1, '52 " $8,579.95 @ ½ = $4,289.98

$14,349.73
loss $4,733.34
$9,616.34 for 20 mos. or $480.82 /mo. depreciation

(*) Equipment $10,855.06
Pipe 1,419.24
Rail 2,075.48
$14,349.78

At depreciation of $480.82 per month for 9 months (Oct. 1 to July 1-'53) total deprec. would be for that period, — $4,327.38 thus on Oct 1st value of equipment was $9,060.77
$9,060.77 ÷ 2 = $4,530.39 = Govt's. equity Oct. 1-'52

$14,349.78 / 60 = $239.16 / mo. depreciation on 5 year basis.

$9,060.77 − $480.82 = $8,579.95 calculated back from July 1, '53
8,579.95 ÷ 2 = $4,289.98 say 4,290 due Govt.
Other way to figure would be: $4,733.34 ÷ 2 = $2,366.69
plus a fair rental

RWB

6/29/53 gh

DOCKET FILE

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

DEPARTMENT OF THE INTERIOR
JUN 29 1953

1012 Flood Bldg.
870 Market Street
San Francisco 2, Calif.

June 26, 1953

Air Mail

Memorandum

To: George C. Selfridge, Chairman, Operating Committee, DMEA, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMA-67X (Copper)
Contract Idm-E153 (Amended)
Marshall Mining Company
The former Nevada-Bellevue Mine, Elko County, Nevada

Reference is to your subject letter, dated May 29, 1953, with which you sent us six copies of an amended contract with instructions to appraise the equipment in which the Government has an equity and to insert its present value in Annex I.

7,174.37

The equipment has now been appraised by one of our mining engineers, and he and Mr. Maurice Marshall valued it on June 11, 1953, at $4,733.39. The original cost of the equipment was $14,349.73. The equipment has been in use since the termination date (October 1, 1952) of the original contract which was dated September 19, 1951. Thus, the equipment has been in use a total of 20 months and the average depreciation per month has been $480.82.

9616/0
4806.20

On the basis of the appraisal value in June 1953 of $4,733.39, Mr. Marshall has agreed to buy the Government's equity and allow us to deduct from any monies now due the sum of $2,366.69. However, in accepting that figure no account is taken of the 8-months' use the company has had of the equipment since the expiration date of the original contract.

2160
2367
4527

We believe that Marshall Mining Company should be asked to pay some kind of rental for the equipment for its use during the eight months since the contract expired. We are not sure if Mr. Marshall will agree to that but we think he should. Your thoughts on that matter will be appreciated.

On the basis of the June 1953 appraisal, the equipment during 20 months' service depreciated $9,616.34, or an average of $480.82 per month. On that basis and figuring backward, the equipment had a value of $8,579.95 on October 1, 1952, when the contract terminated. The Government's equity at that time and on that basis was $4,289.89. The questions then arise (1) should we ask the Marshall Mining Company to agree to reimburse us in the amount of $4,289.89, plus rental of the equipment for 8 months; (2) pay us one-half of the June 1953 appraised value of $4,733.39, plus some amount for the eight months the equipment has been used since the termination of the contract; or (3) disregard rental in either case. Marshall, as I wrote, has agreed to pay $2,366.69; whether he will pay more is something for the future when he calls at the office. I would, however, like to hear from you what figure I should accept and a teletype reply would be appreciated.

H. C. Miller
Executive Officer, DMEA Field Team
Region III

Copy to: E. H. Bailey, USGS
A, C. Johnson, Reno

FILE COPY
SURNAME:

Docket.
Ellis
Chumpelin
Selfridge
Kinkel
Hedges

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

Mr. L. C. Miller
Executive Officer
DMA Field Team, Region III
1012 Flood Building
870 Market Street
San Francisco 2, California

MAY 29 1953

Re: Docket No. DM-37X (Copper)
Contract No. Ida-153 (Amended)
The Marshall Mining Company
The Former Nevada-Bellevue Mine
Elko County, Nevada

Dear Mr. Miller:

Enclosed are original and five copies of subject amended contract which have been signed for the Government. When properly signed by the Operator kindly make the usual distribution.

You will note that the proposed work follows the recommendation of the Field Team. However the estimated costs are in agreement with the Applicant's estimate of April 7, 1953.

Your attention is drawn to Article 4 of Annex I which involves an appraisal of the Government's interest in the equipment bought under the contract prior to this amendment. Kindly insert the proper values in the spaces provided. It will be noted that the agreed sum, representing the Government's equity, may be deducted from funds payable to the Operator in order to dispose of the Government's equity in said equipment to the Operator. It is expected since the Operator is seeking further financial aid, that there should be no objection to acquiring this interest at a figure acceptable to both parties.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee

APPROVED:

J. H. Hedges
Member, Bureau of Mines

A. R. Kinkel, Jr.
Member, Geological Survey

Messrs: C. H. Johnson, Rm. 3621
A. R. Kinkel, Rm. 4-2A GSA
Ellis
DMEA Field Team, Region III (2)

EWEllis/db
5-27-53
cc to: Adm. Reading File
Operating Committee
Docket

S.H.
5-29-53

FILE COPY
SURNAME:

140

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

AEKane
Pubin

May 25, 1953

1 n.s. in P. & P.

Memorandum

To: The Administrator
Through: Mr. E. W. Ellis

From: Chief Counsel

Subject: The Marshall Mining Company, Docket No. DMA-67X (Copper)

There is attached, in satisfactory legal form for execution, a contract covering the above-described project, subject to—

1. Attachment of map referred to in Exhibit "A."
2. Insertion in paragraph No. 4, Annex I, of the agreed value of the Government's equity in purchased equipment.

/S/ AEKane
for J. L. Hofflund
Chief Counsel

Attachments

AEKane:ep

Copy to: Mails & Files
Mr. Hofflund
Mr. Kane
Chron.

Notes for Amended contract 5/21/53

Marshall Mining Co DMA 67X Contract 153

Notes by Schmidt 5/21/53

Contract 153
Money used up before accomplishing the object. But results good. Ore discovered — shipments made — royaltiaities pa id.

Now wish to do additional work — drift South Westerly 600 ft, raise 100, then two drifts at top of raise of 50 ft. each, making total of 800 ft.

Charles Johnson approves of doing this additional work, Lyons of the survey denies. ~~Field Team recommends. I recommend because of the good results obtained, not in making underground footage, but in finding ore, and since the ore found is all oxidized it seems that at greater depth there should be secondary enrichment.~~

In this section of the Country (namely Camp Contact) one can look for the enrichment due to leaching which caused the oxidation of these original sulfide ores to these oxidized ores. Therefore the more of this copper leaching one finds the better chance for good sulfide ores below, which to date have not been explored. This copper mine, if there is one, is to be found below this ILO tunnel level.

Assume therefore that we wish to do this proposed project, the trouble is that the operator has one set of costs and the field team another, and if the operator was higher we could insist on the field teams costs, but the operator seems to be willing to do the work cheaper than the field team estimates.

Letter 4/7 /53 from operator Maurice Marshall figures 8 months, total per foot $27.00 except depreciation which figures $2.27 making total of 29.27 allowing 98¢ per ft for contingencies makes a total of $30.25

Field Team report by C.C. Gentry and R.M. Smith 2/4/53 gives $37.67 per foot for both drifting or raising.

We should take the attitude that we agree in doing this work. That it can be done by an amendment to the original contradt as in the case of similar contracts like the Day Co which required more money. That an amendment should be presented to

written based on the realistic costs agreed to by the Operator for if he is willing to do the job for $30.25 per ft there is no justification for us to contract it for $37

~~In Marshalls letter 4/7 with his cost estimate he says that he~~ ~~xxxxxxxx~~ has on order a new compressor and other equipment which he is to buy and which is to be depreciated in this contract. He lists also the $ 10,855.06 (See 104) worth of equipment jointly owned by DMEA and the operator 50-50. In depreciating this total amount only one half of the equipment is allowed that is owned by the operator. We are depreciating his equipment and not ours. The difference is about $1.00/ft

In figuring the total cost per foot it is recognized that the operator has figured very closely and is $7 per ft lower than the field team so a very modest contingency of 98 cents per foot has been allowed him to bring the figure to $30.25 per foot and the total footage of 800 feet is figured on that basis.

Notes by Schmidt

~~DMA~~ DMA 67X Marshall Mining Co Copper 5/21/53

Notes showing what has been accomplished by contract E-153 as compared with the work specified.

Contract No. IdmE 153
Docket No DMA 67X
Contract date Sep 19, 1951
Old long form MF 200
Contractor Marshall Mining Co
~~Contr~~
Location Nevada Bellevue Mine Elko County Nevada
Contract amount $50,421.37
Govt share 25,210.68
amount spent $50, 932.02
Govt share ~~25,210.68x~~ ~~25,344.57~~ 25,210.68 less Royalty 254.89 is 24,955.79

Funds exhausted Oct. ~~19~~ 1, 1952

Contract was for two stages
Stage 1

Stage 1

Work contracted	Work accomplished as per Field Team report page 6
1- Move and rehabilitate buildings now on property	1- All accomplished
2- Move in and set up equipment	2- All accomplished
3- Rehabilitate the 1360 ft Ilo adit and the West drift in preparation for driving east and west	3- All accomplished

Stage 2

1- Drive 900 ft easterly from Ilo adit on main vein	1- East drift advanced 174 ft
2- Drive 150 ft westerly from face of west drift to connect to shaft and then drive an additional 1200 ft west of the shaft Total drifting east and west is 2250 ft	2-From west end of the old west drift it was necessary to drive 261 ft thru solid ground to connect with the shaft. (not the 150 ft expected) Cleaning up the accumulated caved material in the west drift from the Ilo adit to the solid rock formation amounted to 1146 ft. Cleaning up the accumulated caved material in the Ilo adit from the portal to the intersection of the East and west drifts 1329 ft. 173 sets of timber lagged top and sides were installed in Ilo and E and W drifts Mine rail installed 6,364 ft 2 inch pipe " 2,575

Notes continued on accomplishments of contract 153

Funds exhausted 10/1/52 Therefore unable to extend west drift from shaft or do any of the 1200 ft of the West drift West of shaft

Reason applicant could not do all of stage 2 was because expense and time of cleaning up Ilo adit and west drift had been underestimated. 75% more caved ground was encountered than originally expected and more timbering was necessary than expected.

The field team reports page 8 that " The work accomplished in the mine has been done in a satisfactory manner and has followed good mining practice "

Rpyalties amounting to $254.89 have been paid
Certificate of discovery was written March 16,1953

The funds have been exhausted since Oct 1952 but it is recommended by the field team that the following work be done for the purpose of opening a new target and this plan is endorsed by the operator who has provided the cost figures which will be used.
Drift 600 ft Southwesterly on the vein from the main shaft by continuing the Ilo adit
At the end of the 600 ft westerly drift raise 100 ft.
At the top of the 100 ft raise drift on the vein 50 feet easterly and 50 feet westerly. Making a total of 800 feet of workings.

As a result of the work accomplished there is estimated a reserve of 31,000 tons of ore containing 3.5% copper
The field team reports that the chances are reasonably good that the additional exploration work proposed in the requested amendment would reveal a vein of similar width ad grade.
The work south westerly from the main shaft is heading toward the Dunkle workings which were productive during past operations.

The Field Team report is dated 2/4/53
On 4/7/53
The operator wrote requesting more money and endorsing the above exploration work giving his proposed costs.

there is a discrepancy between the two estimates the Field team estimates $37.67 per ft and the Operator Marshall $30.25 per foot for all of the work whether drifts rais or sublevel drift.

Since the Operator proposes to do the work for less money and his estimate is dated two months later there should be no objection to using the Operators own estimate.

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

May 18, 1953

Memorandum

To: Mr. E. Wm. Ellis

From: Erwin J. Lyons

Subject: Recommendation for denial

Docket DMA-67X
Marshall Mining Company
Marshall (Nevada-Bellvue) mine, Elko County, Nev.
Total cost, $30,136
Copper

Exploration to date under DMEA funds has revealed only small amount of ore of marginal or submarginal grade along the Ilo tunnel level. No ore shoots of higher grade are apparent. On the the basis of the final report, there is no reason to expect any appreciable improvement in the grade of the ore to the west toward the Dunkle adit. For this reason it is the opinion of the present reviewers that further Government participation in this project is not warranted at this time, and it is therefore recommended that the application for additional funds be denied.

Erwin J. Lyons
Geologist

5/6/53 gla

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
WASHINGTON 25, D. C.

May 5, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 5 1953

Memorandum

To: E. W. Ellis, DMEA

From: C. H. Johnson, Bureau of Mines

Subject: DMEA-67X (Copper) Marshall Mining Company, Nevada Bellevue Mine, Elco County, Nevada

I have reviewed the file transmitted to me under cover of your memorandum of April 20, requesting an amendment to contract IDM-E-153 in the amount of $35,000 and have sent the file along to Mr. Kinkel, as requested, for his comments.

The Field Team recommends the work, which is essentially what was to have been done or part of what was to have been done under the original contract but could not be completed because of the unexpectedly high costs of rehabilitation. I feel that the original justification still holds good and has in fact been considerably strengthened by the showings exposed in the Ilo tunnel as opened up during the first contract.

Applicant proposes that the same cost of approximately $30 a foot be applied to both drifting and raising and I see no reason why this estimate should not be accepted. Obviously, he cannot be allowed credit for depreciation on the Government's share of the jointly owned equipment.

I hope I may be excused for suggesting that if this supplemental contract is approved the Field Team be definitely instructed that the contractor must comply with that part of the contract pertaining to sampling. Evidently, the contractor did no sampling whatsoever during the first phase of the contract.

C. H. Johnson

C. H. Johnson

Copy to - Mr. Kinkel, GSA-Room 4234
Minerals Division
C. H. Johnson
Files

700
FILE COPY
SURNAME:

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

April 20, 1953

Memorandum

To: Mr. C. H. Johnson, Commodity Member, Bureau of Mines

Mr. A. R. Kinkel, Commodity Member, Geological Survey

From: Ernest Wm. Ellis, Chief
Rare and Miscellaneous Metals Division

Subject: Docket No. DMA-67X (Copper)
Contract No. Idm-R153
The Marshall Mining Company
The former Nevada-Bellevue Mine
Elko County, Nevada

J.C. 4/21/53

As you know, DMEA issued a Certification of Discovery on the subject property under date of March 16, 1953. Page 2 of the Field Team report, dated February 4, 1953, which was transmitted to Washington with Mr. Miller's memorandum of February 26, referred to the Operator's request of September 25, 1952, to the Region for an amendment to the contract in the amount of $33,606.03 "for the purpose of extending the West drift from the shaft in a southwesterly direction for a distance of 1,200 feet along the vein and to purchase additional machinery required for the exploration work." This request was further discussed in our letter to Mr. Miller, Executive Officer of Region III, dated March 17, 1953, copies of which were furnished you.

Since there are insufficient copies of various data supplied by the Regional Office bearing upon this matter following our letter to Mr. Miller of March 17, we are forwarding our Division contract file to you for your comments upon the Operator's request for additional funds. Your attention is called to the following communications for this purpose:

Mr. Miller's memorandum to the Operating Committee, dated March 26, 1953, to which is attached the Marshall Mining Company's letter of September 25, 1952.

Mr. Mittendorf's telegram to Mr. Miller, dated March 31, 1953, advising Applicant's proposal and the Field Team's recommendations are at considerable variance as to the work proposed and itemized cost per foot.

Mr. Miller's memorandum dated April 10, 1953, to Mr. Wittendorf, attaching cost estimate submitted with the Operator's letter dated April 7, 1953.

The file is forwarded herewith, first to Mr. Johnson, with a request that he forward it to Mr. Kinkel when he has completed his review.

Ernest M. Ellis

GLAult/EWEllis/gla
4-20-53
cc to: Adm. Reading File
Docket
Mr. Ellis
Mr. Kinkel, Rm. 4234 GSA

4/13/53

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

Office of
Executive Officer
DMEA Field Team
Region III

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 13 1953

1012 Flood Building
870 Market Street
San Francisco 2, Calif.

April 10, 1953

AIR MAIL

Memorandum

To: C. O. Mittendorf, Administrator, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMA-67X - Copper
Marshall Mining Company
The former Nevada-Bellevue Mine, Elko County, Nevada
Contract Idm-E153

Reference is made to your subject teletype, dated March 31, 1953, requesting us to contact the applicant and submit, in triplicate, single proposal separating drifting from raising.

I had Mr. A. C. Johnson contact the applicant who, by letter dated April 7, 1953, sent me directly his cost estimate for the revised program, providing for 600 feet of drifting along the vein westerly from the shaft, plus 100-foot raise and two 50-foot drifts off the raise--a total of 800 feet of work.

Copies of the applicant's letter are attached to each of the three copies of his cost estimate enclosed herewith.

H. C. Miller
Executive Officer
DMEA Field Team, Region III

Attachment

Copy to: E. H. Bailey, USGS
A. C. Johnson, Reno

MARSHALL MINING COMPANY
COPPER MINES
CONTACT, NEVADA

Copy

April 7, 1953

Department of Interior
Defense Minerals Exploration Administration
1012 Flood Building
San Francisco 2, Calif.

Attention: Mr. H. C. Miller,
Executive Officer, Region No. 3.

Dear Sirs:
Enclosed herewith is an itemized cost statement, as asked for by you, in connection with proposed development work on our property. This estimate is for a revised plan providing for 600 feet of drift along the vein westerly from the shaft, plus a 100 foot raise and two 50 foot drifts off the raise, a total of 800 feet of work. We estimate the cost of the drifting and the cost of raising, to be the same per foot and so have combined the total footage in making our breakdown. This estimate of costs per foot would still apply on a greater or lesser amount of work.
The only item of expense we have not included is the item of depreciation on equipment. We have on order, a new compressor which will be used in this work, and have listed the equipment and value there-of on our estimate schedule, leaving to your department the proper provision for depreciation.
We have estimated 8 months for the work as being the most economical period to avoid overtime and allow for unforseen delays.
Trusting the information contained herein is in conformity with your desires in the matter,

We remain,

Sincerely yours,

Marshall Mining Co.

By. W. Lawson ... W. Marshall

DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION III
RECEIVED

1983 APR 10 AM 8:57

SAN FRANCISCO, CALIFORNIA

[redacted]hall Mining Co.,
Contact, Nevada.

ITEMIZED COST STATEMENT FOR 600 FEET OF DRIFT PLUS A 100 FOOT RAISE, PLUS 50 FEET OF DRIFT IN EACH DIRECTION OFF THE RAISE - A TOTAL OF 800 FEET OF WORK.

	PER FOOT
TRACK (including spikes, splice bars and bolts.....	$ I.10
TIMBER.....	I.00
POWDER, FUSE AND CAPS.....	I.50
SUPPLIES (fuel, bits, steel and incidentals).....	I.75
REPAIRS AND PARTS	.35
PIPE AND FITTINGS.....	.50
COMPENSATION INSURANCE.....	I.00
Nevada Unemployment Insurance.....	.35
PAYROLL TAXES	.20
OTHER INSURANCE	.25
PAYROLL.. BASED ON A NET FOOTAGE OF 4 FEET PER DAY	
I Man at I6.00 per day... 200 days... $3200.00	
3 Men at I4.00 per day... 200 days.. 8400.00	
$ II,600.00	I4.50
SUPERVISION:	
BOOKKEEPING, SUPT..MGR...450.00 PER MONTH $ 3,600.00	4.50
Total per foot before depreciation.....	$ 27.00

EQUIPMENT TO BE USED IN ABOVE WORK:

New Compressor.....Cost	$7,500.00
New Drifter.....	700.00
Equipment jointly owned by DMEA and Marshall Mining Co.	$I0, 855.06
TOTAL.....	$I9,055.06

800 x 30 = 24000

DEPARTMENT OF INTERIOR
BUREAU OF MINES
REGION III
RECEIVED

1953 APR 10 AM 8:57

SAN FRANCISCO, CALIFORNIA

FILE COPY
SURNAME:

Ellis

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

DMEA

5295 4640

14X3923.970 Working Fund, Interior, DMEA
March 31, 1953

H. C. Miller, Executive Officer, DMEA Field Team, Region III
1012 Flood Bldg., 870 Market St., San Francisco 2, California
Docket No. DMA-67X, Contract No. Idm-E153, The Marshall MiningCo

RELET MARCH 26, 1953, AND MARSHALL REQUEST SEPTEMBER 25, 1952, AMENDING CONTRACT IDM-E153, ENDEAVORING TO WRITE AMENDED SHORT FORM CONTRACT. APPLICANT'S PROPOSAL AND FIELD TEAM'S RECOMMENDATION AT CONSIDERABLE VARIANCE AS TO WORK PROPOSED AND ITEMIZED COST PER FOOT. SUGGEST CONTACT APPLICANT AND SUBMIT IN TRIPLICATE SINGLE PROPOSAL SEPARATING DRIFTING FROM RAISING.

C. O. Mittendorf (for)

C. O. MITTENDORF, ADMINISTRATOR

EWEllis/ela 3-31-53
cc to: Adm. Reading File
Docket
DMEA FT, Reg. III
Messrs. CHJohnson, Rm. 3621
ARKinkel, Rm. 4234
Ellis

3/31/53

COPY

1012 Flood Blg.
870 Market St.
San Francisco 2, Calif.

Memorandum

To: Operating Committee, DMEA, Interior Building.

From: Executive Officer, DMEA Field Team, Region III

Subject: Certified Projects - royalty payments

In accordance with instructions in the Minutes of the Operating Committee for March 20, 1953, below is a list of the projects in Region III that were producing ore subject to royalty payments, as of December 31, 1952:

Contract	Docket	Operator	
Idm-E104	DMA-1131X	Sierra Copper Company	(Copper)
E136	DMA-229X	Cherry Creek Tungsten	(Tungsten)
E153	DMA-67X	Marshall Mining Co.	(Copper)

/s/ H. C. Miller
Executive Officer, DMEA Field Team
Region III

Copy to: E. H. Bailey, USGS

COPY

3/30/53 gla

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 27 1953

1012 Flood Bldg.
870 Market St.
San Francisco 2, Calif.

March 26, 1953

Air Mail

Memorandum

To: George C. Selfridge, Chairman, Operating Committee, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMA-67X (Copper) - Contract Idm-E153
The Marshall Mining Company
The former Nevada-Bellevue Mine, Elko County, Nevada

Reference is made to your subject letter dated March 17, 1953, concerning the application for additional funds in the amount of $33,606.03 to carry out work not completed under the present contract by the Marshall Mining Company.

It is true that the applicant applied for additional funds by letter to me dated September 25, 1952. No copy of the request was sent to the Washington Office, as Mr. Bailey and I thought it advisable to have an engineering-geologic examination made before taking up the request with your office. Accordingly, an examination was ordered to determine if we should or should not recommend that consideration be given for granting additional funds. The final examination and the examination relating to the request for additional funds were made concurrently on October 15-18, 1952. That is why the examining engineer and geologist included the results of the two examinations in one final report.

The final report is dated February 4, 1953, and you may question why it took so long to prepare it. The answer is that shortly after the examination was made in October, Mr. Roscoe Smith, of the Geological Survey, suffered a prolonged serious illness, which prevented him from completing his part of the report until early this year.

Mr. Smith was in my office on March 25, at the time Mr. Bailey and I were discussing your March 17 letter. Mr. Smith told us that the new proposed work is directed toward a new target and that the target is a new ore body, or, as he stated, a different ore shoot on the same vein system. As such, Mr. Smith recommends that consideration be given to granting the requested additional funds.

The Operator has purchased equipment in which the Government has a half-interest. The Operator indicated to me that he would like to buy the Government's interest but suggested if his request for additional funds is granted that the new contract, or the amended contract, be so worded as to allow the project depreciation based on the Government's interest in the equipment. This was done as is indicated at the bottom of Page 4 of the final report.

With these additional facts, I am wondering if you have enough information to enable you to consider whether to write an amendment to the old contract, write a new contract under a new application and contract number, or decline the request.

I would appreciate a teletype from you if your conclusion is that a new applic ation should be filed, as it willbe necessary to so inform Mr. Maurice M. Marshall, who is at the mine.

For your records, I am enclosing a copy of Mr. Marshall's letter dated September 25, 1952.

H. C. Miller
Executive Officer, DMEA Field Team
Region III

Attachment

Copy to: E. H. Bailey, USGS
A. C. Johnson, Reno

Contract No. Idm-E153
Docket No. DMA-67X
Contract date: September 19, 1951
Commodity: Copper
Contractor: The Marshall Mining Company
Location: The former Nevada-Bellevue Mine
Elko County, Nevada
Contract Amount: $50,421.37
Govt. share: $25,210.68 - 50%
Amount spent: $50,932.02 (Excess expenditures above authorization: $510.65 -- See FT report, page 2.)
Govt. share: $25,144.57, lessroyalties $188.78, shows Govt. investment $24,955.79
All funds have been expended.

See Division contract file for letters to Operator and DMPA transmitting copies of Certification of Discovery dated March 16, 1953

The contract time started on October 19, 1951. Funds allocated to the project were exhausted on October 1, 1952, which terminated the exploration work. Final examination by the field representatives was made from October 15 to 18, 1952.

* Under Stage I the contract provided for the moving in of equipment and rehabilitation of buildings then on the property. Also under this stage, the contract provided for the rehabilitation of a 1360-foot adit (the Ilo adit) together with the West drift off the Ilo adit.

* Under Stage II the contract provided for driving 900 feet easterly from the Ilo adit on the main vein and also driving 150 feet westerly from the then existing West drift face to connect with the main shaft; also to continue the drift westerly for an additional 1200 feet. Thus Stage II provided for drifting some 2250 feet.

* According to the final report of the Field Team, considerably more time and money were spent on rehabilitation than had been estimated as necessary. Accordingly, the Applicant, while evidently doing a very satisfactory job from a mining standpoint, did not accomplish the work as set forth in the contract. There was approximately 75 percent more caved ground encountered than was originally expected and, furthermore, the ground required far more timbering than had been estimated.

* Stage I was completed according to the contract. However, Stage II consisted of driving 174 feet on the East drift and it required 261 feet of drifting to reach the main shaft instead of 150 feet. Thus the total drifting amounted to only 435 feet.

* According to the Field Team report, the work resulted in discovering some 31,000 tons of ore containing 3.5 percent copper with minor amounts of gold and silver. Applicant is presently shipping ore and paying royalties to the Government.

The Field Team report dated February 4, 1953, was transmitted to Washington with Mr. Miller's memorandum of February 26, 1953. No Operator's final report, as such, was received. The Certification of Discovery, dated March 16, 1953, was mailed to the Operator on March 17, 1953, and simultaneously a letter was forwarded to the Acting Administrator of DMPA together with a copy of the Field Team report. (Paragraphs above indicated by asterisks were copied verbatim from that letter.)

- - -

In addition to the letters pertaining to the Certificate referred to in the above paragraph, a letter was written and mailed to the Executive Officer of Region III on March 17, 1953, covering the request of the Operator (referred to in the Field Team report as being received by Region III onSeptember 25, 1952) for additional funds in the amount of $33,606.03 with which to do work not completed under the subject contract.

In brief, it was suggested that if the Operator is still requesting additional funds that an application be filed and acted upon -- that it might be difficult to reconcile additional funds for a project upon which ore has already been discovered. Then it could be determined what course should be followed on such request.

709
FILE COPY
SURNAME:

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

Mr. Russell Forbes
Acting Administrator
Defense Materials Procurement Agency
General Services Administration Building
Washington 25, D. C.

MAR 17 1953

Re: Docket No. DMA-67X (Copper)
Contract No. Idm-E153
The Marshall Mining Company
a partnership composed of
George V. Marshall, Maurice M. Marshall
and Mrs. Virgil L. Marshall
Elko County, Nevada

Dear Mr. Forbes:

Enclosed is a copy of a "Certification of Discovery" and a copy of the Field Team's final report on the above referenced property.

The project contract was signed September 19, 1951, with Government participation to the extent of 50% in an exploration project estimated to cost $50,421.37, Government's share $25,210.68. All of the funds provided for under the terms of the contract have been expended.

Under Stage I the contract provided for the moving in of equipment and rehabilitation of buildings then on the property. Also under this stage, the contract provided for the rehabilitation of a 1360-foot adit (the Ilo adit) together with the West drift off the Ilo adit.

Under Stage II the contract provided for driving 900 feet easterly from the Ilo adit on the main vein and also driving 150 feet westerly from the then existing West drift face to connect with the main shaft; also to continue the drift westerly for an additional 1200 feet. Thus Stage II provided for drifting some 2250 feet.

According to the final report of the Field Team, considerably more time and money were spent on rehabilitation than had been estimated as necessary. Accordingly, the Applicant, while evidently doing a very satisfactory job from a mining standpoint, did not accomplish the work as set forth in the contract. There was approximately 75 percent more caved ground encountered than was originally expected and, furthermore, the ground required far more timbering than had been estimated.

Stage I was completed according to the contract. However, Stage II consisted of driving 174 feet on the East drift and it required 261 feet of drifting to reach the main shaft instead of 150 feet. Thus the total drifting amounted to only 435 feet.

According to the Field Team report, the work resulted in discovering some 31,000 tons of ore containing 3.5 percent copper with minor amounts of gold and silver. Applicant is presently shipping ore and paying royalties to the Government.

Sincerely yours,

C. O. Mittenderf (for) J.C. 3/17/53

Administrator

Enclosures 3

EWEllis/gla
3-11-53
cc to: Adm. Reading File
Operating Committee
Mr. Hedges, Rm. 4604
Mr. Thayer, Rm. 5216 GSA
Mr. Murkland
Contract Adm. and Audit Division
Mails & Files (Docket)
Rare and Misc. Metals Division
Field Team, Region III (2)
F. E. Johnson

700

FILE COPY
SURNAME

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

Ellis
Boyting
Hoffman
Selfridge

BEW

Mr. E. C. Miller
Executive Officer
DMEA Field Team, Region III
1012 Flood Building
870 Market Street
San Francisco 2, California

MAR 17 1953

Re: Docket No. NA-77 (Copper)
Contract No. DMA-H153
The Marshall Mining Company
The former Nevada-Bellevue Mine
Elko County, Nevada

Dear Mr. Miller:

In the final Field Team report on captioned project, upon which a Certificate of Discovery has been issued, it is noted that Operator, on September 22, 1952, applied for additional funds in the amount of $33,606.03 with which to do work not completed under the present contract.

Our files do not reveal a copy of such request. It is noted, however, that the Field Team recommends that the contract be amended to provide for these funds providing "it is in the National interest to explore for material of this grade." Obviously, since the six months have nearly expired for the issuing of a Certificate of Discovery and lacking more information, no action is being taken at this time on the Operator's request. Actually, it would have been better to have handled the report on the Operator's request separate from the final report and possibly much earlier than that report, so that the proposed amendment could have been fully considered and acted upon before this late date.

It is suggested that if the Operator is still requesting additional funds that an application be properly filed and acted upon. It might be difficult to reconcile additional funds for a project upon which ore has already been discovered. Of course if the target is possibly a different ore body than now known, that is something else again. If a new application is filed, with all the facts included, at that time we can consider whether to write an

amendment to the old contract, write a new contract under a new application and contract number, or decline the request, all, of course, subject to your recommendation at that time.

Kindly let us have your views on this question.

Sincerely yours,

George C. Selfridge

(JWB)

Chairman, Operating Committee

Enclosures 3

J. C. 3/17/53

EWEllis/gla
3/11/53
cc to: Adm. Reading File
Operating Committee
Docket
Messrs. C. H. Johnson, Rm. 3621
A. R. Kinkel, Rm. 4234 GSA
Mr. Ellis
DMEA Field Team, Region III

APPROVED:

J. H. Hedges (JWB)

Member, Bureau of Mines

A. R. Kinkel, Jr. (JWB)

Member, Geological Survey

FILE COPY
SURNAME:

Ellis
Anton
Hoffman
Nichol
Heslop
Selridge
Fitzhugh

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

Mr. Maurice H. Marshall
1355 Bay Street
San Francisco, California

MAR 17 1953

Re: Docket No. DMA-67X (Copper)
Contract No. 1dm-2153
The Marshall Mining Company
The former Nevada-Bellevue Mine
Elko County, Nevada

Dear Mr. Marshall:

Enclosed is a "Certification by the United States of America of a Discovery or Development Under an Exploration Project Contract." This certification covers the discovery made under the above contract at the former Nevada-Bellevue mine.

By the terms of the Exploration Project Contract and of the certification, all copper and other valuable minerals produced from claims subject to the aforesaid contract, beginning from September 19, 1951, the date of the contract, are subject to the Government's percentage royalty as set forth in the contract until the sum of $25,210.68 (subject to final audit) is paid, or until September 19, 1961.

Payments should be made to Mr. H. C. Miller, Executive Officer, DMEA Field Team, Region III, 1012 Flood Building, 870 Market Street, San Francisco 2, California. Checks should be made payable to the Treasurer of the United States. The purchaser should be advised to deduct the royalties from the amount due on each shipment and forward the check directly to the Executive Officer. 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. It is our understanding that you are now shipping ore and are complying with these instructions.

You are requested to notify Mr. Miller of any changes in ownership or production rights that might have any effect on the Government's right to its percentage royalty. Also, if production ceases at any time for an

extended period, please notify Mr. Miller at six-month intervals that no production has been made, when that is the case.

Sincerely yours,

C. O. Mittendorf (for)

Administrator

J.C. 3/17/53

Enclosure

EWEllis/gla
3-12-53
cc to: Adm. Reading File
Russell Forbes, Acting Adm., DMPA
Operating Committee
Mr. Hedges
Mr. Thayer
Field Team, Region III (2)
Docket
Mr. Ellis
Mr. Chambers
Mr. F. E. Johnson

3/18/53 gla

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

Office of
Executive Officer
DMEA Field Team
Region III

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 17 1953

1012 Flood Building
870 Market Street
San Francisco 2, Calif.

March 13,1953

Memorandum

To: Defense Minerals Exploration Administration, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMA-67X (Copper)
Marshall Mining Company, Elko County, Nevada
Contract Idm-E153

Reference is made to my memorandum, dated February 27, with which final reports on the subject property were submitted along with recommendations for additional proposed work.

You are, no doubt, giving consideration to certifying the property as to discovery and may be considering the advisability of granting the company additional exploration funds. This memorandum is not to prod you in any way, but to let you know that on March 12, Mr. Maurice M. Marshall brought me a check for $683.11 representating 5 percent of the net smelter returns on ore shipped during the months of January and February 1953.

During these months 7 carload of ore were shipped, running 9.32, 13.75, 12.11, 14.58, 11.92, 9.5, and 8.82 copper respectively and small amounts of gold and silver. The ore shipped was not sorted but just as it came from the mine.

Mr. Marshall informs me that shipments of probably 5 or more cars will be made in March. Two cars already have been shipped.

H. C. Miller
Executive Officer
DMEA Field Team, Region III

Copy to: E. H. Bailey, USGS
A. C. Johnson, Reno

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

March 9, 1953

MEMORANDUM

To: Hazel Berry
Operating Committee

From: Grace L. Ault
Rare and Misc. Metals Division

Subject: Docket DMEA-67X
Contract Idm-E153
Amendment No. 2

Mr. Ellis has reviewed Amendment No. 2 dated February 12, 1953, on the above-captioned contract and has approved it.

Grace L. Ault
Grace L. Ault

Posted 3-10-53 (PA)

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 3 1953

Office of
Executive Officer
DMEA Field Team
Region III

1012 Flood Building
870 Market Street
San Francisco 2, Calif.

February 27, 1953

Memorandum

To: Operating Committee, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Contract Idm-E153, Docket DMEA-67X, (Copper) Marshall Mining Company, Elko County, Nevada
Amendment No. 2

Attached are the original and two copies of Amendment No. 2, dated February 12, 1953, extending the time of completion of subject contract.

A justification sheet is attached to each copy of the amendment.

Proper distribution has been made of the remaining copies.

H. C. Miller
Executive Officer
DMEA Field Team, Region III

Attachments

Copy to: A. C. Johnson, (With copy of amendment)
Finance Officer, Region III (With copy of amendment)
E. H. Bailey, USGS
Geo. Mavor

RECEIVED
MAR 18 1953
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

3-3-53

3/9/53 gla

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 2 1953

Office Of
Executive Officer
DMEA Field Team
Region III

1012 Flood Building
870 Market Street
San Francisco 2, Calif.

February 26, 1953

Memorandum

To: Defense Minerals Exploration Administration, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMA-67X - Copper - Marshall Mining Company, Elko County, Nevada, Contract Idm-E153

Attached are four copies of the final report on the subject property titled "Final Report, Contract No. Idm-E153, DMA-67X, Marshall Mining Company, Elko County, Nevada (Copper)," by Glenn G. Gentry, Mining Engineer, U. S. Bureau of Mines, and R. M. Smith and C. G. Tillman, Geologists, U. S. Geological Survey, dated February 4, 1953.

The conclusions and recommendations of the examining engineer and geologists are to the effect that the project has indicated an estimated reserve of 31,000 tons of copper ore containing 3.5 percent copper and they have also recommended additional work for the property.

Ag. = 0.958 oz
Au. = 0.05 oz.

The examining engineer and geologists recommend additional drifting and raising for the purpose of making firm estimates of tonnages that have been indicated.

The Marshall Mining Company are still mining at the property and undoubtedly will make several shipments of copper ore from which the Government will receive royalty payments.

The proposed work recommended by the examining engineer and geologists has possibilities of indicating additional ore of similar grade. The work that has been recommended by the examining engineer and geologistsis sound and should be given favorable consideration, as there is a possibility that sufficient ore can be developed to warrant a leaching plant at the property.

Reviewed by
DMEA OPERATING COMMITTEE
3-6-53
(date)

cc 3/2/53

FIELD TEAM FILE COPY

In accordance with DMEA Circular 26, Supplement No. 2, dated January 26, 1953, a discovery on this property should be certified.

H. C. Miller
Executive Officer
DMEA Field Team, Region III

Attachment

Copy to: E. H. Bailey, USGS
Geo. Mavor

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 2 1953

5/29/53

UNITED STATES
DEPARTMENT OF THE INTERIOR
OSCAR L. CHAPMAN, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM
REGION III

FINAL REPORT

Contract No. Idm-E153

DMA-67X, Marshall Mining Company

Elko County, Nev.

(Copper)

Glenn G. Gentry, Mining Engineer
U. S. Bureau of Mines

R. M. Smith and C. G. Tillman, Geologists
U. S. Geological Survey

February 4, 1953

Reviewed by
DMEA OPERATING COMMITTEE
3-6-53
(date)

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Final Field
Main Report
Original Copy

ILLUSTRATIONS

Fig. 2 - Geological sketch map of the Marshall Mine.

Fig. 3 - Geological sketch map of Ilo tunnel level, Marshall Mine.

Fig. 4 - Assay map of the Ilo tunnel level, Marshall Mine.

Fig. 5 - Geologic and assay map of the Dunkle adit.

Fig. 6 - Map showing relation of Dunkle workings to vertical shaft at west end of Ilo tunnel level.

FINAL REPORT

DOCKET NO.: DMA-67X (Copper)

NAME AND ADDRESS OF OPERATOR: Marshall Mining Co.,
Contact, Nevada

Office address : 1355 Bay Street,
San Francisco, Calif.

NAME AND LOCATION OF PROPERTY: Marshall Mining Co.,
Elko County, Nev.

CONTRACT NO.: Idm-E153

SUMMARY

Contract Idm-E153, in the amount of $50,421.37, was signed on September 19, 1951 and 30 days time were allowed for the beginning of actual work. Therefore, the contract time would start on October 19, 1951. Funds allocated to the project were exhausted on October 1, 1952 which terminated the exploration work.

As a result of notification by the applicant that all funds allocated to the project had been expended as of October 1, 1952, a final examination of the project was made from October 15 to 18, inclusive, 1952, by a field examining team, composed of an engineer[1] of the Bureau of Mines of Region III and geologists[2] of the U. S. Geological Survey.

1/ Glenn G. Gentry.
2/ R. M. Smith and C. G. Tillman.

Amount of authorized expenditures		$50,421.37
Amount of Government participation -50% - $25,210.68		
Applicants expenditures		50,932.02
Excess expenditures above authorization		$ 510.65
Credits to excess expenditures:		
Nevada Industrial Commission, deposit . .	$450.00	
Howard Drullard Company - supplies . . .	36.88	
	$486.88	
		486.88
Total excess expenditures		23.77

Government participation in the amount of $25,210.68

Credit royalty payments from applicant @ 5%	66.11	
Government investment	$25,144.57	

Jan. 14, 1953

Credit royalties, lots 7 to 11, incl.	188.78
Government investment	$24,955.79

Under date of September 25, 1952 and prior to the exhaustion of funds and completion of the contract, the applicant, by letter addressed to the Department of the Interiof, DMEA, Mr. H. C. Miller, Executive Officer, Region III, requested consideration for an amendment to the contract in the amount of $33,606.03 for the purpose of extending the West drift from the shaft in a southwesterly direction for a distance of 1,200 feet along the vein and to purchase additional machinery required for the exploration work.

33,606.03

CONCLUSIONS AND RECOMMENDATIONS

The exploratory project on the Ilo Tunnel level has revealed copper-bearing material above and below the level. The vein averages 3.3 feet wide, and there is estimated a reserve of 31,000 tons of ore containing 3.5 percent copper.

The chances are reasonably good that the additional exploratory work proposed in the requested amendment, would reveal a vein of similar width and grade.

If it is in the national interest to explore for material of this grade, then it is recommended that the amendment be approved.

The field team are of the opinion that the West drift should be continued from the shaft in a southwesterly direction following the main vein for a distance of 600 feet in order to further explore the vein between the shaft and the exposure in the Dunkle adit workings which were productive during past operations.

From the end of this drift, the field team recommend raising on the vein for a distance of 100 feet and drifting for a total of 100 feet from the top of the raise.

The raising and sublevel drifting are recommended in order to further evaluate the property and to assist the engineers in estimating tonnages.

The field team recommend the approval of 600 feet of drifting (see fig. 6); extending a raise for a distance of 100 feet above the drift; and drifting East and West along the vein (50 feet in each direction) from the top of the raise in order to further delineate the orebody.

It is recommended that the proposed contract be made on a unit basis and that the applicant be required to purchase and furnish such additional machinery that may be required.

The details of the proposed work are as follows:

Supervision and insurance:

1 Superintendent @ $450.00 per month -	$17.28/day . .	$2.16/foot
1 Mine foreman @ $16.00/day -	18.42/day . .	2.30/foot

Mine labor and insurance:

4 Miners @ $15.00/day -	69.12/day . .	8.64/foot
2 Trammers @ $14.00/day -	32.26/day . .	4.03/foot
	$137.09/day	$17.13/foot

Drift on vein 600 feet; raise 100 feet; and drift off top of raise 100 feet. Total 800 feet, 5-day week, advance 8 feet per day = 2 shift 100 days or 5 months. (Allow additional 30 days for ground conditions, etc.)

Supervision, labor, social security, etc.	$17.13/foot
Powder, caps, fuse	2.43 "
Timber, wedges	2.25 "
Compressor supplies @ $28.00/day	3.50 "
Steel and bits	2.00 "
Repairs	1.00 "
Charging generator	.31 "
Lubricating oils and greases	.63 "
Installing mine track and cross ties	.27 "
Installing air and water lines	.25 "
	$29.77 "
Transportation (hauling miscellaneous mine supplies) . .	.45 "
Add 20% for unforeseen delays, heavy ground, reduced progress	5.95 "
	$36.17 "

The operator will furnish all equipment.

Rental of equipment on hand - (one half interest owned by Government). Used on contract Idm-E153.

Purchase price	$10,443.53
One half of cost	5,221.77

Monthly rental = $\frac{\$5,221.77}{60}$ = $87.03 x 6 months = $522.18 = $0.65/foot

Additional equipment to be purchased:

	Cost
Compressor	$4,150
Building to house compressor	300
Drifter drill, column and arm	435
Mine rail, spikes, bolts, splice bars.	1,250
Air receiver	300
600 ft. Pipe and fittings, 2-inch	75
Tools	150
Nails	25
Air and water hose	110
	$6,795.00

36.17
.65
.85
$37.67

Monthly rental = $\frac{\$6,795.00}{60}$ = $113.25 x 6 months = $679.50 = $0.85/foot

Total $37.67/foot

800 x $37.67 = $30,136

A study of the smelter settlement sheets, attached hereto, show that the present prices of copper are not adequate to ship ore which has a copper content below 5 percent. However, numerous samples from various parts of the West drift indicate that selective mining can maintain the grade of ore above 6 percent. It may also be necessary to hand sort some of the ore in an effort to upgrade the shipments.

There is a considerable tonnage of indicated ore in the mine that will probably vary from 2 percent to 4 percent copper and further metallurgical tests by leaching have been conducted by the Hydrometallurgical and Ore Dressing Branch of the Bureau of Mines of Region III in an effort to determine whether or not ores of this grade can be successfully treated on an economic basis.

Any increase in the price of copper will of course make it possible to mine and ship a lower grade of ore unless the increase in price is also accompanied by an increase in smelter treatment charges.

WORK COMPLETED

Contract Idm-E153 was divided into two stages, as follows:

Stage I - Move and rehabilitate building on property.

Move in and set up equipment.

Rehabilitate the 1,360-foot Ilo level and the West drift in preparation for driving east and west.

Note:- The work on the above items in Stage I has been completed.

Stage II - Drive 900 feet easterly from the Ilo adit on the main vein.

Note:- The applicant advanced this East drift a distance of 174.3 feet and completed 19.37 percent of this project.

Drive 150 feet westerly from the face of the West drift to connect with the main shaft and then drive an additional 1,200 feet west of the shaft. Total drifting east and west is 2,250 feet.

Note:- From the west end of the old West drift, it was necessary to drive 261.1 feet through solid ground to connect with the shaft. The contract estimate was therefore exceeded by 111.1 feet, or 74.06%.

Cleaning up the accumulated caved material in the West drift from the Ilo adit to the solid rock formation amounted to ~~1,146.0 feet~~ 885.5.

Cleaning up the accumulated caved material in the Ilo adit, from the portal to the intersection of the East and West drifts amounted to 1,329.1 feet.

173 sets of mine timbers, lagged top and sides, were installed in the Ilo adit and the East and West drifts.

Mine rail installed:

Ilo adit and mine dump	3,892 feet
Remaining in East drift	80 "
West drift	2,342 "
Rail in shop	50 "
	6,364 "

2-inch Black iron pipe:

Installed in mine	2,475 feet
Air receiver to portal	100 "
	2,575 "

West drift off Ilo adit:

Progress:	Previously reported	1,036.9 feet
	Advance 9/2-10/1/52	109.7 "
		1,146.6 " /less 261.1 Drifting = 885.5 Rehabilitation

East drift off Ilo adit:

Progress:	Previously reported	174.3 feet
	Advance this period	None
		174.3 feet

Total advance, both drifts 1,320.9 feet

The funds allocated for contract Idm-E153 were exhausted on Oct. 1, 1952. The applicant was therefore unable to extend the West drift in a westerly direction from the shaft and was unable to perform any part of the contract which called for driving 1,200 feet of adit west of the shaft.

The applicant was unable to complete the contract due to the fact that the expense and time of cleaning up the Ilo adit and the West drift had been badly underestimated. Approximately 75 percent more caved ground was encountered than originally expected, and the character of much of the rock required more timbering.

The air compressor could not furnish sufficient air to operate all of the equipment at maximum capacity at all times.

The work accomplished in the mine has been done in a satisfactory manner and has followed good mining practice.

Approximately 146 feet east of the shaft, the mining company have started to raise on ore. The purpose of this raise is to produce ore of shipping grade and to connect with the old 200 level in an attempt to reach the shaft. If the shaft is open on the 200 level, it would provide an additional safety exit from the mine and also increase the ventilation.

SAMPLING

Sample No.	Width Feet	%,Cu	Ounces/Ton Au.	Ounces/Ton Ag	Location
BM-381	2.3	6.22	0.01	1.25	Hanging wall side of vein at track level; 18.4 feet east of shaft.
382	3.0	2.43	0.005	0.40	Across back of drift; 9.6 feet east of BM-381.
383	2.9	2.93	0.005	0.40	Across back of drift; 31 feet east of station 50.
384	3.0	2.71	0.08	0.50	West side of raise; 14.9 feet above level; 12 feet east of station 49.
385	3.3	2.49	0.01	0.30	Center of raise and face of raise; 9.0 feet east of BM-384; 17.9 feet above level.
386	3.0	5.82	0.01	0.70	Across back of West drift; 27.0 feet east of BM-385.
387	3.0	3.79	0.005	0.30	Across back of West drift; 25 feet west of station 45.
388	2.8	3.82	0.01	1.10	East side of raise; 16.6 feet above West drift level; 19 feet east of station 45.
389	2.9	4.18	0.01	1.20	Across back of West drift; 16.6 feet west of station 41.
390	6.3	4.38	0.01	1.10	Across back of West drift; 6.4 feet east of station 41.
391	7.3	2.60	0.01	0.40	Across back of West drift; 33 feet west of station 39.
392	2.4	1.04	0.01	0.50	Granodiorite, water course, south wall of West drift, opposite winze, 5 feet west of station 39.
393	1.3	2.33	0.005	0.30	Hanging wall side of West drift, at floor level; 34.3 feet east of station 39.

Sample No.	Width Feet	%,Cu	Ounces/Ton Au	Ounces/Ton Ag	Location
BM-394	1.0	2.32	0.01	0.70	Hanging wall side of West drift; 2 feet above floor level; 10.5 feet west of station 38.
395	2.4	1.96	0.07	0.55	Across back of West drift; 35.8 feet west of station 37.
396	2.4	2.02	0.005	0.40	Quartz vein on south side of West drift; 4 feet east of station 37.
397	2.4	3.47	0.02	0.70	Across back of West drift; 32 feet east of station 37.
398	4.0	2.91	0.01	0.50	Across back of West drift; at station 35.
399	3.0	4.98	0.07	1.40	Across back of West drift; 13.6 feet east of station 29.
400	4.0	2.35	0.01	1.10	Across back of West drift; 40 feet west of station 25.
401	6.5	2.32	0.005	0.80	Horizontal sample; south side of West drift; 31.5 feet east of station 25.
402	4.5	6.19	0.02	1.00	Across back of East drift; 40 feet east of Ilo crosscut.
403	3.0	3.28	Trace	0.30	Across back of East drift; 16.8 feet east of BM-402.
404	1.0	2.38	0.005	0.50	Hanging wall side of West drift at floor level; 4.7 feet west of station 50.
405	3.7	2.28	0.01	0.90	West drift; stope above station 31; east side of stope; 26.7 feet above drift level.
406	1.5	2.30	0.005	0.50	West drift; stope above station 32; across vein in face of stope; 28 feet above drift level.
407	1.6	3.13	0.01	0.80	West drift; stope above station 32; west side of stope at bottom; 12 feet above drift level.
408	3.4	1.93	0.015	3.90	Dunkle adit; 18 feet east of caved end of adit and east of old, filled winze.
409	3.0	1.29	0.01	1.40	Dunkle adit; 20.4 feet east of BM-408.
410	3.2	1.60	0.01	0.90	Dunkle adit. Bottom of small pillar; 38 feet east of BM-409. (Stoped above).

West drift:

Sample No.	Width Feet	%,Cu	Ounces/Ton Au	Ounces/Ton Ag	Location
BM-201	17	2.88	0.02	0.90	Chip sample along south wall of drift.
296	4.5	2.50	0.005	1.40	Southwest face of small stope above station 25.
300	2.3	13.12	0.015	5.75	Hanging wall side at floor of drift; 4 feet east of station 28.
298	3.5	3.04	0.005	0.70	Southwest face of small stope; 23 feet west of station 28 and 12 feet above level of West drift.
299	2.5	2.67	0.005	1.00	Footwall side of drift; 27 feet west of station 42.
221	4.7	4.90	0.02	1.70	Across vein on hanging wall side of drift - face on 5/28/52.
222	-	3.25	0.01	1.20	Shovel sample of muck from old stope above BM-221.
223	2.3	7.30	0.01	2.95	Quartz vein in drift; 48 feet west of face on 5/28/52.
346	2.8	6.38	0.005	1.00	Across vein in back of drift; 14 feet west of station 39.
343	2.66	3.03	0.015	1.00	Footwall side of drift; 11.6 feet west of station 48.
344	1.66	3.16	0.03	1.20	Hanging wall side of drift at floor level; 18.5 feet west of station 45.

East drift:

198		2.40	0.005	0.10	Face of East drift on 4/30/52. Across 19 inches of ore on hanging wall side of drift.
199		0.47	Trace	Trace	Face of drift; footwall side of drift; across 32 inches of shattered and broken limestone.
200		0.65	Trace	Trace	Grab sample from 15 cars of broken rock blasted on 4/29/52.
219	3.0	2.70	0.02	1.50	Face of drift on 5/28/52
220	2.6	0.33	Trace	0.20	Across vein and footwall material in face of drift on 5/28/52.
297	1.5	1.66	0.01	1.10	Across vein in center of face of drift on 7/18/52.
301		1.32	Trace	0.60	Starting 10 feet east of face on 5/28/52, 5 samples at 10 feet intervals for length of 50 feet. Across vein in floor of drift; composite sample.
347	4.0			10.	North wall of East drift; 120 feet northeast of station 19. Less than 0.01% WO_3.

C O P Y

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
Rare and Precious Metals Experiment Station
Hydrometallurgical & Ore-Dressing Branch
Box D, University Station

Metallurgical Division

Reno, Nevada

Region III

October 7, 1952

IDM-E-153 Marshall Mining Company, Elko County, Nevada
Oxidized Copper Ore (Re-O-2.81) G. Gentry

At the request of the Mining Branch, flotation tests were run on a composite of their samples BM-343, 344, 345, and 346.

Analyses showed 4.0 percent copper of which 2.0 percent was copper carbonate, 0.12 percent was copper sulfide and the remainder, copper silicate. The minerals present were malachite, azurite, and chrysocolla. Part of the carbonate minerals occurred in an earthy portion of the ore. Accessory minerals present included quartz, iron oxides, and some altered silicates.

Several flotation tests were made with various combinations of reagents. The best results were obtained with the following treatment:

The ore was stage-ground to minus 100-mesh. The pulp was floated at about 25 percent solids. Three pounds of sodium sulfide per ton of ore were used to condition the pulp and 0.30 pound sodium ethyl xanthate was added in small increments, with 0.15 pound Aerofloat 25 and 0.05 pound cresylic acid. These reagents floated a small amount of brownish black concentrate. One pound of sodium sulfide was then added with 0.15 pound xanthate and 0.05 pound Aerofloat 25, which floated a dark green mineral.

The combined concentrates amounted to 6.9 percent of the original weight of ore, and contained 23.5 percent copper representing 38.5 percent recovery. The tailings carried 2.80 percent copper. Since only half the copper content of the ore was in copper carbonate minerals which might be amenable to treatment, this recovery can be considered fairly satisfactory. However, ore of this kind is usually considered more suitable for treatment by leaching.

J. B. Zadra, Chief
Hydrometallurgical & Ore-Dressing Branch
Region III

GEOLOGY

The geology of the Contact Mining District, Elko County, Nev., has been described by F. C. Schrader in U. S. Geological Survey Bulletin 847-A dated 1935. The rocks in the district consist of a stock or laccolith of granitic rock which intrudes and arches Carboniferous limestone containing some argillaceous and quartzitic beds. The Marshall (Nevada-Bellevue) mine (fig. 2) is on the north contact of the intrusive about two miles west of the present town of Contact, Nev. The quartzite-granodiorite contact is crossed on the Ilo tunnel level, (fig. 3), about 130 feet west of the tunnel and from that point westward the drift is in granodiorite. Mine workings have followed a copper-bearing quartz vein which crops out for several thousand feet in a generally east-northeast direction. Along the outcrop for several hundred feet southwest of the Marshall Mine, the vein averages 2 or 3 feet in thickness and contains very little copper.

ORE DEPOSITS

The orebody is composed of a copper-bearing quartz vein and adjacent mineralized wallrock; it has been worked 500 feet along the strike and nearly 400 feet down the dip.

The quartz vein crops out boldly at the surface above the Marshall mine and sporadically for several hundred feet southwest of it. It ranges in thickness from a few inches to over five feet in the Ilo tunnel level.

The orebody has been oxidized with the result that the principal ore minerals are copper carbonates, copper silicate and copper oxide. These secondary minerals occur in the quartz vein and also in the granodiorite throughout most of the mine adjacent to the vein; both vein and mineralized wallrock have been mined as ore. In addition, the primary minerals chalcocite* and chalcopyrite occur locally in the quartz vein. In many places the feldspars of the granodiorite have been altered to kaolinite and in a few places the original texture of the granodiorite has been obliterated by this alteration. A few voids in the quartz vein were noted indicating that the small quantity of primary sulfides contained in the vein has been leached. Schrader (1935, p. 17) reports minor quantities of sulfide minerals at the surface in the quartz vein west of the Marshall mine. Average grade along the Ilo tunnel level is 3.53 percent copper and the average width is 3.3 feet.

The Dunkle adit (fig. 5) is about 800 feet southwest of the Marshall mine. Here the quartz vein is exposed for sampling for only a short length, and caved conditions prevent further detailed inspection or sampling. The assays of samples taken averaged 1.62 percent copper. An occurrence of tetrahedrite was observed in the Dunkle workings and assays from this drift show a higher average silver content than is shown along the Ilo tunnel level.

Between the vertical shaft and the Dunkle adit the quartz vein has been step faulted with the west side displaced to the north about 150 feet. Additional step faulting occurs west of the Dunkle workings.

* chalcocite is secondary + very important
Schmidt

The attitude of the faults and their precise locations are obscured by wash.

ORE RESERVES

The applicants state that "In our opinion already an encouraging and worthwhile discovery has been made" in the new drift driven under exploration project contract number Idm-E153.

In the last 261 feet of drift, however, only two samples are above 5 percent copper, the cutoff grade, and if a stoping width of 5 feet is assumed, even these places will be below minable grade due to dilution by barren rock. Not enough silver or gold is present to effect a substantial increase in the value of the ore. Thus, no measured, indicated, or inferred ore can be calculated in the 261 feet of drift at the west end of the Ilo tunnel level which was completed with DMEA aid. Five thousand and six tons of material averaging 3.8 percent copper, 0.52 ounces of silver, and 0.016 ounces of gold per ton is indicated to be present along the westernmost 261 feet of the Ilo tunnel level in a block extending 45 feet above the level and 45 feet below the level (i.e. extending up to the 200-foot level and down to the 300-foot level). Average width of samples along this drift is 2.6 feet. Selective mining and hand sorting, however, are yielding some ore so government royalties should be collected on all ore shipped from the Ilo tunnel level as it now exists.

Neither can reserves of commercial ore be computed along the remainder of the Ilo tunnel level, nor along that part of the quartz vein opened by the Dunkle adit. Thirty thousand nine hundred and fifty-eight tons of material averaging 3.53 percent copper, 0.958 ounces of

silver, and 0.05 ounces of gold per ton is indicated to be present along 1,191 feet of the Ilo tunnel level extending 45 feet above the level and 45 feet below the level. Average sample width along this level is 3.3 feet.

An equal tonnage of material of the same average grade may be inferred along the 1200-foot exploratory drift now proposed by the applicants. Average grades along the quartz vein opened by the Dunkle adit are 1.62 percent copper, 2.31 ounces of silver, and 0.12 ounces of gold per ton over an average sample width of 3.2 feet and a length of 98 feet along the vein.

EXPENDITURES

Total funds approved	$50,421.37
Government participation - 50% =	$25,210.68
Total expenditures	$50,445.14

Work performed - 2,650 feet =	$19.03/foot	
Less operating equipment purchased @ $10,443.53	=	3.94/foot
Cleaning drifts & driving costs		$15.09/foot

The contract therefore provided funds for:

Purchase of equipment	$10,443.53
Tunnel work and supplies	40,001.61
	$50,445.14

All of the Government's share of the funds have been expended.

VALUE OF PRODUCTION

Four carloads of copper ore have been shipped to the American Smelting and Refining Company, Garfield Plant, Garfield, Utah and the fifth car has probably been shipped at this writing. Copies of the smelter settlement sheets have been received covering the first two cars of ore and are attached hereto. The net smelter returns to the

shipper have amounted to $1,322.18. The applicant has paid a 5% royalty amounting to $66.10 to the Government.

The smelter settlement sheets showing the returns for the remaining three cars of ore have not as yet been received.

The applicant is employing five men at this time and is engaged in stoping and expects to produce approximately 20 tons of shipping grade ore per day. The men are working one shift and five days per week.

EFFICIENCY OF OPERATIONS

The work in the mine has been done in a satisfactory manner and has followed good mining practice. The mine crew has been steady and reliable and have done their best to overcome caving conditions which have been the principal cause of not being able to complete the advance specified in the contract.

C O P Y

October 15, 1952.

Memorandum

To: Mr. H. C. Miller, Executive Officer, DMEA Field Team Region III

From: Chief, Mining Division, Region III

Subject: Repayment Check - Marshall Mining Co. - Contract Idm-E153

Enclosed is check No. 1741, drawn on Elko Branch, First National Bank of Nevada, Elko, Nevada, in the amount of $66.11, in favor of the United States Treasurer.

This check constitutes the first repayment under Contract Idm-E153.

Two statements from the American Smelting & Refining Company (Plant Lot No. 2203 and Plant Lot No. 2437) are enclosed to substantiate the amount of the check.

A. C. Johnson

Encls.

C O P Y

AMERICAN SMELTING AND REFINING COMPANY
700 Pacific National Life Building
Salt Lake City, Utah

Sep. 10 1952

Name of Shipper: Marshall Mining Co. Garfield Plant, Garfield, Utah
Address: Contant, Elko Co., Nev. Plant Lot 2203
Shipping Point: Contact, Nev. Shippers Lot 1
Mine Name Marshall Elko County Class Crude Sampled by Garfield

Date Recd.	Recd. Via	Car Initial	No.	Weights Net	Wet	%	Moisture Pounds	Net Dry Weight	Metal Quotations
8/30/52	UP	UP	65378	111	620	1.9	2,120	109,500	Gold $34.9126 per oz.
									Silver .90 per oz.
									Lead .16 per lb.
									Copper .24075 per lb.
									Based on week Ending 8-30 1952

Assays			Values per Ton			
	Smelter	Settlement	Pay Content	Price	Credit	Frt. Val.
Gold						
Oz. per Ton	.01	.01				
Silver			.5 Min.			
Oz. per Ton	2.3	2.3	1.8	.90	1.62	
Copper			Deduct 15#			
%	6.37	6.37	112.4#	.20875	23.46	12.14
			Gross Value		25.08	13.96 ?
			Deductions	Debit		
			Base	3.50		3.54
S_1O_2%	77.0	77.0				
Fe-Mn %	3.1	3.1				
C_aO %	1.0	1.0	Excess Val. over $20.	.51		10.22
			Bullion Frt. Tax	.04		
			Total Deductions	4.05		
			Net value per dry ton		21.03	
			Frt. value per wet tone			10.03

Distribution of Proceeds

			Debit	Credit
Total Value	54.750	Dry Tons @ 21.03 per ton		1151.39
Freight	55.810	Wet Tons @ 4.26 per ton incl. Transp tax plus 15%	281.61	
Amount withheld pending receipt of silver affidavit			6.57	
Balance Pay			863.21	

Lot No.	Date Rec'd	Tons Dry Weight	Ounces/ton Au	Ounces/ton Ag	% Cu	Value Ton	Gross Value	Per Ton Charge	Debit	Net Value	Royalty To Govt	% SiO_2
3	10/6/52	38.797	0.01	1.35	4.16	$11.49	$445.78	$3.89	$189.90	$255.88	1.5%	79.0
4	10/13/52	37.920	0.07	1.35	4.23	14.00	530.88	3.89	186.59	344.29	3.0%	78.4
5	10/27/52	47.160	0.018	1.20	4.65	13.38	589.99	3.89	219.50	370.49	1.5%	78.4
6	10/13/52	5.603	0.005	1.05	3.68	9.21	51.60	3.89	5 -	51.60	3.0%	80.2
		129.480					1618.25		595.99	1022.26	$21.41	

Letter dated Nov. 26, 1952, by Maurice Marshall, states: "We are presently negotiating with the Defense Materials Procurement Agency for an over the market price for copper based on a two year contract."

GENERAL INFORMATION 1/15/53

During the past month the applicant has started a new stope above stations 27-28 in the West drift off the Ilo level. The height of this stope on January 10, 1953 was approximately 60 feet above the level and had been opened for a length of 50 feet. The following samples were taken in this stope by an engineer[3/] of the U. S. Bureau of Mines, Region III on January 10, 1953.

		Ft. Width	% Cu	Ounces/Ton Au	Ounces/Ton Ag
BM-437	- Across vein in east end of stope	1.6	6.50	0.04	2.60
BM-438	- Across vein in back of stope and 15 feet east of BM-437	3.8	15.35	0.04	8.85
BM-439	- Grab sample of broken ore in stope	None	18.75	0.015	10.80
BM-440	- Specimen pieces of best appearing ore in vein	None	34.15	0.04	18.00

The mine foreman reports that four cars of ore have been shipped from this stope and an additional shipment is expected to be made on

3/ Glenn G. Gentry.

or about January 12, 1953.

Royalty payments to the Government for car lots No. 7, 8, 9, 10 and 11 have been forwarded to the Executive Officer, DMEA Field Team, Region III by Mr. Maurice Marshall under date of January 14, 1953.

Rough hand sorting is done by the mining company to maintain a shipping grade of ore.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Washington 25. D. C.

Office of
Executive Officer
DMEA Field Team
Region III

1012 Flood Building
870 Market Street
San Francisco 2, Calif.

By the terms of the exploration project contract under which you are operating, the Government acquires an interest in property purchased for use on the project which is ". . . paid for or purchased with funds contributed jointly by the Operator and the Government . . ." Such property includes any individual items of equipment and facilities, buildings, or other fixtures costing more than $50.00 each. It also includes materials and supplies considered in groups or categories (such as pipe, explosives, rails, drill steel), if the original cost of the remaining unexpended portion of any such category of materials or supplies exceeded $50.00. As to any facility, building, fixture, or piece of equipment, and as to any such group or category of materials or supplies the original cost of which or the unexpended portion of which did not exceed $50.00, the Government does not assert any claim or interest under the terms of the contract.

The effect of the contract provisions is to make you the agent of the Government for the disposition of its interest in such property. Therefore, it is your responsibility to make the best possible disposition of the property for the benefit of the Government. Every reasonable effort must be made to realize its full value. Such reasonable efforts might include: (1) Advertising in newspapers, periodicals, and posting notices in public places; (2) canvassing users of and dealers in such property; and (3) negotiating with the original vendor for the repurchase of the property.

Should you wish to retain the property or, in effect sell it to yourself, you may do this only after first having made every reasonable effort to procure a price higher than you yourself are willing to pay; or you may buy the Government's equity by paying for it either on the basis of the original cost or the ceiling price fixed by the Office of Price Stabilization, whichever is lower.

The undersigned is authorized to approve of and to join in the sale of such property for the joint account of the Operator and the Government. You are requested to advise this office in advance of the proposed disposition of any such property so that we may advise you if the Government will approve thereof and join in the transaction.

Upon completion of the exploration project or termination of the exploration project contract, your final report should include a detailed statement of the disposition you have made of such property. Proceeds from sales of property, or credit for its value in the event you retain it for your own account, should be indicated in your final monthly report, on Form MF-104, by the insertion of suitable credits in the "Monthly Total" column.

The Government will withhold from your final voucher or vouchers such sums as it deems necessary to cover its equity in property, until you have rendered your final report and final account, and the final auditing and settlement of the contract has been made.

Sincerely yours,

By H. C. Miller

H. C. Miller, Executive Officer
DMEA Field Team, Region III

C O P Y

AMERICAN SMELTING AND REFINING COMPANY
700 Pacific National Life Building
Salt Lake City, Utah

Oct. 7 1952

Name of Shipper: Marshall Mining Co.
Address: Contact, Elko Co., Nev.
Shipping Point: Contact, Nev.

Garfield Plant, Garfield, Utah
Plant Lot 2437
Shippers Lot 2

Mine Name Marshall Elko County Class Crude Sampled by Garfield

Date Recd.	Recd. Via	Car Initial	No.	Weights Net	Weights Wet	%	Moisture Pounds	Net Dry Weight	Metal Quotations		
9/23/52	UP	UP	66243	88	680	5.0	4,434	84,246	Gold	$34.9125	per oz.
									Silver	.90	per oz.
									Lead	.16	per lb.
									Copper	.24075	per lb.

Based on week
Ending 9-27 1952

Assays: Smelter	Assays: Settlement	Values per Ton: Pay Content	Price	Credit	Frt. Val.
Gold					
Oz. per Ton .015	.015				
Silver		.5 Min.			
Oz. per Ton 1.8	1.8	1.3	.90	1.17	
Copper		Deduct 15#			
% 5.05	5.05	86#	.20875	17.95	9.29
		Gross Value		19.12	10.46
		Deductions	Debit		
		Base	3.50		-3.53
S_1O_2 % 75.8	75.8				
Fe-Mn %					
C_AO %		Excess Val. over $20.			6.93
		Bullion Frt. Tax .03			
		Total Deductions 3.53			
		Net value per dry ton		15.59	
		Frt. value per wet ton			6.58

Distribution of Proceeds

			Debit	Credit
Total Value	42.123	Dry Tons @ 15. per ton		656.70
Freight	44.340	Wet Tons @ 3.89 per ton incl. Transp. Tax plus 15% 59	204.30	
Amount withheld pending receipt of silver affidavit			3.79	Pay 99.64 ?
Balance Pay			448.61	Pay 99.64 ?

EQUIPMENT PURCHASED FOR THE PROJECT

		Cost	Condition	Estimated value	
1	Mall, chain saw, air powered	$ 225.00	good	85%	$ 191.25
1	Mucking machine, EIMCO, Model 12B	2,231.15	"	70%	1,561.81
6	Mine cars, iron body, side dump, 27 cu. ft. capacity, 18-inch track gauge	895.08	"	70%	626.56
1	Chevrolet pickup truck, 1951 Model, capacity 1 ton, speedometer 14,433 miles	1,972.43	"	85%	1,676.57
1	Locomotive, Atlas, battery type, 18-inch gauge	3,202.27	"	70%	2,241.59
1	Battery charging unit, operated by gasoline engine	1,000.00	"	80%	800.00
1	Storage battery for locomotive	917.60	"	70%	642.32
		$10,443.53			$7,740.10

Add:	Mine rail purchased and installed	6,364 feet	50% of purchase price.
	$1\frac{1}{2}$-inch and 2-inch black iron pipe and fittings	2,575 feet	60% " " "
	700, 2nd hand railroad ties on hand		50% " " "

The above equipment is presently in use by the Marshall Mining Co. and is necessary for the production of copper ore which is currently being shipped to the A.S.&R. Co. smelter at Garfield, Utah and from these shipments the Government will receive a royalty payment. The field team recommend that the mining company be allowed to continue to use this equipment on a rental basis until a decision has been reached relative to the new application by the mining company for additional Government financial assistance for further advance of the West drift. If this application is denied, then the mining company should proceed with the disposition of the equipment as specified by the Executive Officer, DMEA Field Team, Region III, copy of which is attached hereto.

DEPARTMENT OF INTERIOR
BUREAU OF MINES
REGION III
RECEIVED

FEB 27 AM 9:0

SAN FRANCISCO, CALIFORNIA

It appears that in order to mine copper ores which have a copper content of below 5 percent that it will be necessary to construct a metallurgical plant properly designed for such ores.

With this idea in mind, the Hydrometallurgical and Ore Dressing Branch of the U. S. Bureau of Mines, Region III, have made up a composite sample from mine samples No. 381 to 410, inclusive and have submitted their results of a leaching test, as follows:

Re-O-2.81-A

Oxidized Copper Ore from Contact, Nevada

An additional lot of samples was received and at the request of the Mining Division, a leaching test was made on a composite of these samples.

The ore carried 3.4 percent copper. The minerals present were azurite, malachite, cuprite, chrysocolla, and copper stains, in quartz and altered silicate gangue.

The ore was leached in 10-percent sulfuric acid solution for seven days. Several batches of pregnant copper solution were recovered during treatment and the volume of solution and acid strength maintained with additional acid solution.

A total of 150 pounds of sulfuric acid per ton of ore was consumed. 63 pounds of copper per ton of ore was dissolved. The residue carried only 0.10 percent copper or about two pounds per ton of ore.

Extraction of copper was 97.2 percent.

FILE COPY
SURNAME:
800

Talbert
Chambers

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

JAN 9 1953

B.W.

Mr. George Mavor
DMEA Auditor, Region III
1012 Flood Building
870 Market Street
San Francisco 2, California

Re: Docket DMA-67X
Contract Idm-E153
Marshall Mining Co.

Dear Mr. Mavor

By letter dated January 6, 1953 you requested my comments on certain determinations you have made as a result of your audit of the referenced project. I concur with your determinations; therefore no comments are necessary.

With regard to your question as to method of settling for the disposition of property in which the Government has an equity, you are advised that such settlement may be made in any way that is appropriate to the situation. In this particular case settlement may be made in either of the two ways suggested by you.

The audit certificate should indicate the proceeds and net cost in the following manner:

Total cost as billed by Contractor	$ XXX
Less: Proceeds from property disposition	XXX
Net billed cost	XXX
Exceptions:	
etc.	

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

J.H.
1-9-53

EDTalbert/wb
January 9, 1953

Copy to: Admr. Reading File
Docket
Mr. Chambers

11/20/52 gla

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
WASHINGTON 25, D. C.

November 18, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 18 1952

Memorandum

To: E. W. Ellis, DMEA

From: C. H. Johnson, Bureau of Mines

Subject: DMA-67X (Copper) Maurice Marshall, Marshall Mining Company, Elko County, Nevada (Idm - E153)

It does not appear from the progress reports on this contract that the operator has sampled the ore exposed by the several hundred feet of drifting and rehabilitation. Our engineer has taken numerous samples, but I do not feel that these are adequate for more than a check on what the operator is supposed to do. Allowance was made in the cost estimate for samples, and I believe channel samples should be cut at frequent regular intervals across the vein wherever it is mineralized, and the widths and metal contents recorded on suitable maps.

C. H. Johnson

C. H. Johnson

Copy to - Mr. N. E. Nelson
Minerals Division
Base Metals Branch
C. H. Johnson
Files

MARSHALL MINING COMPANY
COPPER MINES
~~CONTACT, NEVADA~~
1355 Bay St.,
San Francisco, Calif.

September 25, 1952

Department of Interior
Defense Minerals Exploration Administration
Mr. Miller, Executive Officer Region #3
1012 Flood Building
San Francisco, 2, Calif.

Dear Sirs,

Reference is made to our Exploration Project Contract No. IDM-E153, Docket No. 67X Copper. All funds under this contract will have been expended as of October 1, 1952, and a final report to you will be made thereafter.

This letter is written as a request for consideration by you for an amendment to our contract to permit completion of the west drift for a distance of 1200 feet west of the shaft as provided in our original schedule.

The badly caved condition we encountered in the Ilo Tunnel and drift along the vein seriously delayed us in the most important part of our project, i. e. the opening of unexplored ground. The 275 feet of new drift driven to reach the shaft has been for the most part in good ore and in our opinion already an encouraging and worthwhile discovery has been made. However, the completion of the drift to the west, a distance of 1200 feet, holds great promise of opening a good tonnage of copper ore. The best outcroppings lie in this area and surface cuts show a wide well mineralized vein.

We have an experienced crew well qualified to carry on the work. Our equipment is in good condition and well selected for the work. The only additional equipment needed will be a larger compressor, an air receiver for underground and a drifter complete with column and saddle.

Enclosed is a breakdown of our estimate of the cost for completion of this work, showing a total of $93,606.03. We estimate nine months would be required to complete the work. In order to keep our operation intact and crew working, it is our plan to mine some of the better ore thus far made accessible pending the determination by you of this application for an amended contract.

The completion of this work should nearly double our present accessible tonnage. There is every indication that the vein will be of greater average width and in good copper ore. We are now prepared to carry on this work through the winter months and practically no loss of time nor efficiency should be suffered. The addition of a larger compressor and keeping the present compressor as a stand-by should increase our efficiency considerably. Operating 2 shifts with a mucking machine and large drifter has over-taxed our present 135 cubic foot compressor. With ample compressed air capacity we can accomplish more per man hour than we have in the past.

We wish to thank you sincerely and deeply appreciate your past cooperation.

Respectively submitted,

MARSHALL MINING COMPANY

BY Maurice M Marshall

MARSHALL MINING COMPANY
CONTACT, NEVADA

ESTIMATE OF EXPENSES

FOR AMENDED CONTRACT TO COMPLETE 1200 FEET OF DRIFT WESTERLY FROM SHAFT AS ORIGINALLY SCHEDULED

NEW EQUIPMENT NEEDED:		
Compressor	$4,150.00	
Drifter- Gardner-Denver D-73	435.00	
Air receiver	350.00	
Total Equipment.....	$4,935.00	
BUILDING NEEDED:		
Addition of roof and sides (concrete floor now ready)	300.00	
DEPRECIATION (Same rate as provided in contract)	$2,409.03	
1200 FEET OF DRIFT WEST:		per ft.
Track (including spikes, splice bars and bolts)	1,250.00	1.04
Timber	800.00	.67
Powder, Fuse, Caps	1,350.00	1.13
Incidental expenses and supplies, Tools, fuel, oil, carbide, bits and steel	2,000.00	1.67
Repairs to equipment and parts	300.00	.25
Pipe (500 feet of 2 inch, plus fittings)	350.00	.29
COMPENSATION INSURANCE	1,485.00	
NEVADA UNEMPLOYMENT INSURANCE	364.50	
PAYROLL TAXES	202.50	
LIABILITY INSURANCE	160.00	
FIRE INSURANCE	150.00	
PAYROLL: 180 days at $75.00 per day; 1 man at $15.00 per day; 5 men at $12.00 per day	13,500.00	14.63
SUPERVISION: Bookkeeping, Superintendent-Manager ($450.00 per month)	4,050.00	
GRAND TOTAL.....	$39,606.03	

EXPLANATION OF EXPENSES

COMPRESSOR: Cate Equipment Co., Salt Lake City, Utah
Quotation of $3,900.00 for 365 cubic foot new I. R. compressor, skid mounted with new G. M. diesel. Compact, simple and least weight. Total with freight, $4,150.00.

DRIFTER: Gardner-Denver D-73
Completely reconditioned and guaranteed. Complete with column, $435.00

BUILDING: We have already poured concrete floor to extend present compressor building 12' X 20' to house new compressor.

SUPPLIES: We have considerable 1½ inch pipe on hand so that the purchase of 500 feet of 2 inch plus fittings will give us sufficient pipe. We have approximately 700 rail ties on hand which will save on timbers necessary from now on.

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

Docket (Copper)

Office of
Executive Officer
DMEA Field Team
Region III

1012 Flood Building
870 Market Street
San Francisco 2, Calif.

March 27, 1952

Memorandum

To: Defense Minerals Exploration Administration, Interior Building, Washington, D. C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA-67X, Exploration Project Contract Idm-E153, Marshall Mining Company

Attached is the original and three copies of Amendment No. 1, dated March 17, 1952, to subject exploration project contract.

One copy of the amendment is being retained for our field engineer's files. We will expect our finance officer's copy from you shortly.

H. C. Miller
Executive Officer
DMEA Field Team, Region III

Attachment

Copy to E. H. Bailey, USGS

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
MAR 31 1952

400

FILE COPY
SURNAME:

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

OCT 17 1951

Selfridge
Mittendorf

Contract Service Section
General Accounting Office
Washington 25, D. C.

Re: Docket DMA 67X
Exploration Project Contract
Idm E-153
Marshall Mining Company
San Francisco, California

Gentlemen:

Enclosed for recording in your office is the original, signed copy of an Exploration Project Contract executed between the operator named in the above reference and the Government of the United States.

Sincerely yours,

C. O. Mittendorf (for)
C. O. Mittendorf, Director
Production Expansion Division

Enclosure-1
10-17-51
GCSelfridge/hmj
cc to: Reports and Records
Adm. Reading File
Mr. Mittendorf, Olund
Mr. Selfridge
Docket

UNITED STATES
DEPARTMENT OF THE INTERIOR
~~BUREAU OF MINES~~
~~REGION III~~
DEFENSE MINERALS ADMINISTRATION

DEPARTMENT OF THE INTERIOR
RECEIVED
OCT 1 5 1951
Defense Minerals Administration,
Production Expansion Division.

OFFICE OF
~~REGIONAL DIRECTOR~~
Executive Officer
DMA Field Team
Region III

1012 FLOOD BUILDING
870 MARKET STREET
SAN FRANCISCO 2, CALIFORNIA

October 9, 1951

Memorandum

To: C. O. Mittendorf, Director, Production Expansion Division, Defense Minerals Administration, Interior Building, Washington 25, D. C.

From: Executive Officer, DMA Field Team, Region III

Subject: Docket DMA-67X--Copper
The Marshall Mining Company
The Marshall (Nevada-Bellevue) Mine
Exploration Project Contract, Idm-E153

Reference is to your subject letter to me dated September 26. Attached are the original and three copies of the subject Exploration Contract, which were signed yesterday by the three partners comprising the Marshall Mining Company.

One copy of the executed contract was given to the Marshalls and one copy is being retained for our field engineer's files. We will expect the finance officer's copy from you shortly.

H. C. Miller
Executive Officer, DMA Field Team
Region III

Attachment

Copy to: E. H. Bailey, U.S.G.S.

Original and six copies
6 of which are to be
attached to form MF 200
filled by P.E.D.

JBG

Marshall Mining Co
Docket DMA 67X

Exhibit A.

Project: Reopening of Ilo Tunnel and driving a drift on vein 900 feet easterly. Also reopening of drift to West and driving 150 feet westerly to connect with shaft and then an additional 1200 feet west of shaft.

Summary of costs.

Repairs to existing buildings and facilities	1,100.00
Construction of new facilities	900.00
Rehabilitation of Ilo Tunnel	4400.00
Cost of new equipment	10,777.00
Material and supplies	6,800.00
Rental of equipment owned by applicant (10 mos)	12659.00
2250 feet drifting (payroll cost)	22000.00
Accounting and bookkeeping	1000.00
	59636.00

67X

23c. Cost of necessary repairs to existing facilities, structures, and buildings:

Moving structures from shaft location to Slo adit	250.00
Pouring concrete slab 30'×30'×4" = 11.1 cu yds @ 13.50 per yd	150.00
Labor	350.00
Materials necessary to put buildings in first class repair such as windows, plywood, etc	350.00
Total	1100.00 ✓

23d. Cost of necessary installation or construction of additional facilities, structures, and buildings:

Purchase of structure on gray property	500.00
Moving structure	150.00
Pouring concrete slab, 30'×50'×4" = 18.5 cubic yds @ 13.50 per yd	250.00
	900.00 ✓

23. e Cost of items of equipment, not now owned by the applicant which must be purchased for operations at a cost of $50 or more each:

67X

(23-e cont.)

1 - 1½ ton electric trammer and battery (Atlas)	3902.00
Freight FOB Cleveland	125.00
1 Battery Charger (Exide)	1000.00
1 Mucking Machine (air, factory rebuilt)	2250.00
1 Truck	2000.00
8 mine cars @ $187.50 each	1500.00
Total	10777.00

23-f not applicable:

23-g — Rental value of items of equipment which applicant now owns and which will be devoted to the work:

1- Skid mounted GE 50KVA generator direct connected to 100 HP International engine, Self starter, complete with switchboard, transformer, switches. List price $6800.
Rental value, per month: 395.00

1 Air compressor, Gardner-Denver, 2 stage 132 cfm, skid mounted and direct connected to International P 30 Semi Diesel engine. List price $4000
Rental value per month ✓ 226.00

1 Sullivan Jugger air hoist, 2000 pounds capacity complete with cable. List price $835
Rental value per month ✓ 73.00

67x

(23-g cont)

1 Buffalo air blower, List price $250
Rental value per mo. 25.00

1 Thor Cochise stoper (one inch hex)
List price $187 Rental value per mo. 66.75

1 Thor Cochise drifter with shell, one inch hex
List price $760 Rental value per mo. 73.50

1 Gardner Stoper, one inch hex
List price $250 Rental value per mo. 66.75

1 200 foot 3/4" air hose, list price $113.60
Rental value per mo. 28.20

1 200 foot 1/2" water hose, list price 98.80
Rental Value 22.80

2 500 gal fuel tanks - list price 179.20
Rental value per mo. 17.92

1 large air receiver, List price $1045
Rental value per mo. 60.00

Total, list price, 14518.60 Rental value per mo. 1054.92

Total Rental cost, 12 months $12659

23-h- Cost of materials and supplies:

Track rails	1000.00
Pipe	1200.00
Timber	2000.00
Powder	700.00
Drill steel & bits	500.00
Small tools and fuel	1000.00
Edison lamp equipment	400.00
Total	6800.00

23 a-b- ~~Labor and Supervision:~~

(6)
(to follow 23-h.)

67X

23-a-b Labor and Supervision:

1 mucking machine operator and miner per day	14.00
2 miners and timbermen at 11.00 per day	22.00
1 trammer operator 11.00	11.00
2 muckers and helpers at 11.00 per day	22.00
1 working foreman - Supt.	18.00
1 manager G.V. Marshall	13.00
Insurance & payroll tax	10.00
Payroll per day	110.00

FILE COPY
SURNAME:

400

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

SEP 26 1950

G.E.C.

Mr. H. C. Miller
Executive Officer, Region III
Defense Minerals Administration
1012 Flood Building
870 Market Street
San Francisco 2, California

Re: Docket No. DMA 67X - Copper
The Marshall Mining Company
The Marshall (Nevada-Bellevue) Mine
Exploration Project Contract, Idm-E153

Dear Mr. Miller:

Enclosed herewith are the original and five copies of the subject Exploration Contract, which I have signed for the Government, together with Exhibit "A" (3 pages) and two maps.

These are to be presented to the Operator for his signature. If the terms and conditions of this contract meet with the approval of the Operator, one copy is to be given to him and one copy retained for your files. Please return the original and three copies to this office for distribution.

If any part of this contract does not have the approval of the Operator, the original and all copies of the contract are to be returned to this office together with the proposed changes for consideration.

Please note that the following major changes have been made in the contract as originally outlined:

1. Equipment owned by the Operator which will be devoted to the work — this equipment was listed originally on a rental basis instead of a depreciation basis as it is now listed.
2. The list for supervision has been revised since only two faces will be driven.

3. Some changes have been made regarding the buildings.
4. The powder, fuse, and caps item has been increased from the original amount requested.
5. The item for supplies has been increased.

The above changes have reduced the total estimated cost of the project from $59,636.00 to $50,421.37.

Sincerely yours,

BJ 9-26

C. O. Mittendorf (J. K.)

C. O. Mittendorf, Director
Production Expansion Division

Enclosures-6

APPROVED:

John Lyon

Chairman, Coordinating Committee

Harvell B. Moon

Member, Bureau of Mines

J Lazy

Member, Geological Survey

GCSelfridge/meh
Typed: 9/20/51
cc to: Reports and Records
Adm. Reading File
Messrs. Mittendorf, Olund
Mr. Selfridge
Mr. Moon
Mr. Ho Gowen
Mr. C. H. Johnson
Mr. E. T. McKnight
Region III
Docket

FILE COPY
SURNAME:
140
Guthrie

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

Maurice M. Marshall

September 17, 1951

Memorandum

To: Director, Production Expansion Division

From: General Counsel

Subject: The Marshall Mining Company exploration contract -- Docket No. DMA-67X

The proposed exploration contract in this case is approved as to legal form and sufficiency for signature on behalf of the Government subject to:

1. Proper signature by the applicants.

2. Proper dating prior to delivery.

There appears to be an error in multiplication in reaching the total footage cost of Stage II. A drive of 2,250 feet at $~~10~~.00 per foot would cost $22,500 instead of $20,200. 8.98

Your file is returned herewith.

J. L. Hofflund

J. L. Hofflund
General Counsel

not stripped in RtR.

Attachment

RRGuthrie/ema

Copy to: Reports & Records
R. R. Guthrie
J. L. Hofflund
Chron.

6/5/51

Defense Minerals Administration

Review of Application for Exploration Assistance

To: Production Expansion Division for approval

Docket No. 67X AUG 17 1951

Commodity Copper

Total Amount $59636

Govt. Participation $29818

1. Name and Address of Applicant Marshall Mining Company 1355 Bay Street, San Francisco Calif.

2. Location of Property Salmon River Mining District, Elko County, Nevada.

3. Mineral or metal Copper Is it listed in Section 9 of MO-5?

If not, application will be rejected.

4. Geologic probability of discovery—based on data in application (question #16, 17, 18, 20 and 22)*

Mines or Survey reports, etc., do you rate chances:

a) Good ✓

b) Poor

c) None

d) Don't know—needs field examination no

e) Is there an alternative and favorable project? no
(If so, attach an explanation)

5. Is the applicant's right to the property clearly stated? yes-owner
(question 5, 6, 7)*

6. If applicant is a lessee, is a copy of the lease attached?

Does the lease have sufficient time to run to cover a future productive period? yes

*question numbers are those of MF-103

7. Are subordination agreements necessary? no

a) MF-201? _____

b) MF-202 _____

8. From the data presented, does the proposed project appear feasible from the point of view of:

a) Available manpower yes

b) Equipment and supplies yes
(Question 14 plus general knowledge of availability)*

c) Accessibility (question 12)* yes

d) Water (question 13)* yes

e) Power (question 13)* yes

Is a field check needed on any of these points? no

9. Does the experience of the applicant appear to be adequate to assure that he can properly conduct the proposed project? (question 4)* yes

Is a field check needed on this point? no

10. Exhibit A. (questions 21 and 22)*

a) Is the project adequately described? yes

If not, are there sufficient data given so that you can describe the project? _____ If so, attach a draft.

b) Is there an adequate map or sketch of the proposed work? yes

c) Is the proposed work "exploration" under the definition of Section 8, MO-5? yes

If not, what part of it is? _____

Is this part a worthwhile exploration project?_____

d) Are the cost estimates detailed? Yes

Can they be summarized, as on page 2 of Procedural Instruction 5-A, from the available data? Yes If so, attach a draft.

e) Are the cost estimates reasonable? Yes

f) Should more information be requested from applicant? No

g) Is a field examination necessary to complete Exhibit A? No

11. Exhibit B (question 23-d)*

a) Is it applicable? Yes

b) If so, are sufficient data furnished? Yes If so, attach a draft.

c) Is a field check needed? Has been done

12. Exhibit C (question 23-e, f and g)*

a) Is it applicable? Yes

b) Sufficient data? Yes If so, attach a draft.

c) Are rents and charges reasonable? Yes

d) Is a field check needed? Has been done

13. Exhibit D (question 23-a, b)*

a) Are there sufficient data? Yes

b) Is the schedule adequate for the work proposed?_____

c) Is the schedule excessive for the work proposed? Yes

d) Are the proposed wages and salaries reasonable? Yes

e) Is a field check needed? Has been done.

14. Exhibit E (question 23-c)*

a) Is it applicable? Yes

b) Sufficient data? Yes

c) Reasonable? Yes

d) Field check needed? No - Has been done

15. In your judgment, can the proposed work be done in the proposed time? Yes

(All exploration must be completed within two years)

16. If field examination is not needed, attach your recommendation.

17. If field examination is needed, do you have any special instructions for the field team not indicated by your answers to the foregoing question?

Project recommended for approval

Approved
Jim Lyon

Reviewed by: J B Gowen
K R MacLaren
C. D. Johnson

Date 8/8/54

97692

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS ADMINISTRATION

~~WASHINGTON 25, D.C.~~

Air Mail

1012 Flood Building
870 Market Street
San Francisco 2, Calif.

Office of
Executive Officer
DMA Field Team
Region III

July 12, 1951

Memorandum

To: Tom Lyon, Chairman, Coordinating Committee, Defense Minerals Administration, Washington, D. C.

From: Executive Officer, DMA Field Team, Region III

Subject: Docket DMA-67X - Marshall Mining Company, Nevada

Reference is made to your "Review of Application for Exploration Assistance", dated June 18, concerning subject docket.

The application has been reviewed with particular reference to the points raised in the "Review".

Four copies of a memorandum from Chief, Mining Division, Region III, to me dated July 9, 1951, are attached which give the information you requested.

Attached also is the complete subject docket.

H. C. Miller
Executive Officer, DMA Field Team
Region III

Attachment

Copy to: E. H. Bailey, USGS
A. C. Johnson

Copy by regular mail

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
JUL 16 1951
Executive Officer

FT Memo Rpt.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
P. O. BOX 1551
RENO, NEVADA

Answered

DEPARTMENT OF INTERIOR
BUREAU OF MINES
REGION III
RECEIVED
JUL 11 1951
SAN FRANCISCO, CALIFORNIA

July 9, 1951

To: H. C. Miller, Executive Officer, DMA Field Team, Region III

From: Chief, Mining Division, Region III

Subject: Docket DMA-67X Marshall Mining Co.

The Marshall Mining Co. property, situated in the Salmon Mining District, one mile west of the small settlement of Contact, Elko County, Nev., was visited by an engineer[1] of the Bureau of Mines on June 29, 1951 for the purpose of securing additional data so that applicants Exhibits B, C, and E, as set forth in Docket DMA-67X, could be completed.

Information supplied by the Marshall Mining Co. (Maurice M. Marshall) covers in part the data required in connection with an application for assistance to carry on a mining and development program on their property at Contact, Nev. This information, however, was not sufficiently detailed to permit the reviewing board to complete action on the applicants request. Resulting from this request, the items on which additional information was required are as follows:

Exhibit B (MF-103, Question 23-d)

Removal of the structures housing the compressor, storeroom, and hoist from the shaft location to the portal of the Ilo adit.

1/ W. T. Benson.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
JUL 16 1951
Executive Secretary

Purpose of moving these structures is to provide a change and store room at the Ilo adit location. In addition to moving the shaft structures, it is the plan of the company to purchase a 30- by 50-foot wood frame and corrugated iron covered building on the adjoining Grey property and moving it to the Ilo adit location to provide for a compressor room, blacksmith shop and garage space. In moving these structures, it would be necessary to place them on a flooring of concrete. Purchase, moving these facilities to the Ilo adit location, and necessary repairs are itemized as follows:

Purchase of structure on Grey property	$ 500.00	
Moving structure	150.00	
Pouring concrete slab 30'x50'x4"= 18 cu. yds. @ $13.50 per yd.	346.50	243.00
Moving structures from shaft location to Ilo adit	250.00	
Pouring concrete slab 30'x30'x4" = 8.5 cu. yds. @ $13.50 per yd.	114.75	
Labor	350.00	
Materials necessary to put the buildings in first class repair such as windows, plywood, etc.	388.75	
Total	$2,000.00	1,996.50
	~100.00	

This itemization includes 23 (c) Cost of repairs to existing facilities $1,000, and (d) Cost of new facilities and buildings $1,000.

Exhibit C (MF-103, Question 23-g)

The equipment inventory with present market and rental values are shown as follows:

1 Skid mounted G.E. 50 KVA generator direct connected to 100 H.P. International engine. Self-starter, complete with switchboard, transformer, switches. List price $6,800. Rental value $395. per month.

1 Air compressor, Gardner-Denver, 2-stage, 132 cu. ft. per minute, skid mounted and direct connected to International P 30 semi-Diesel engine. List price $4,000. Rental value $225. per month.

1 Ingersoll motor pump MRV $1\frac{1}{2}$ List price $850. Rental Value $40.25 per month.

1 Sullivan tugger air hoist, 2,000 lbs., capacity, complete with cable. List price $835. Rental value $73. per month.

1 Jaw crusher, Blake type 9 x 15. List price $2,430. Rental value $161. per month.

1 International gasoline power unit V.D.4, $31\frac{1}{2}$ H.P. List price $1,185. Rental value $107. per month.

1 Single drum hoist, 5 ton capacity. List price $1,687.50. Rental value $168.75 per month.

1 25-horsepower electric motor. List Price $640. Rental value $46.50 per month.

1 Gardner Denver Twinplex air and steam driven pump. List price $250. Rental value $25. per month.

1 Buffalo air blower. List price $250. Rental value $25. per month.

1 Large ore skip. List price $187. Rental value $18.70 per month.

1 Thor Cochise stoper (One inch Hex). List price $250. Rental value $66.75 per month.

1 Thor Cochise drifter with shell - one inch Hex. List price $760. Rental value $73.50 per month.

1 Gardner stoper - one inch Hex. List price $250. Rental value $66.75 per month.

1 200 ft. - 3/4" air hose. List price $113.60. Rental value $28.20 per month.

1 200 ft. - 1/2" water hose. List price $98.80. Rental value $22.80 per month.

2 500-gal fuel tanks. List price $179.20. Rental value $17.92 per month.

1 Large air receiver. List price $1,045. Rental value $60. per month.

The equipment as listed has a current value of $21,811.10 and a rental value of $1,651.12 per month.

The Ingersoll motor pump, jaw crusher, International power unit U. D. 4, 31-1/2 horsepower connected to a 5 ton hoist, 25 horsepower electric motor, Twinplex air or steam driven pump, and the ore skips, having a total list value of $7229.50 and a rental value of $599.95, could not be used in completing the work as outlined and is therefore eliminated from the list.

The current list price of the usable equipment totals $14,581.60 having a rental value of $1,051.17 per month.

Since buildings and structures are to be bought, moved and reconditioned on a cooperative basis, no rental value is assigned to these structures.

Exhibit E (MF-103, Question 23-c)

The cost of necessary repairs to existing facilities, structures, and buildings are itemized under heading Exhibit B.

It is noted that $10.00 per foot appears to be too low for drifting. This $10.00 per foot cost is debatable and is dependent upon the costs that would be considered.

If a drift size of 5- by 7-feet is considered, breaking can be contracted for $6.00 per foot, assuming 5 feet can be pulled per round, powder, fuse and caps would amount to about $8.00 per round. By using a mucking machine, the round could be mucked out in a half shift. The costs therefore would be:

	5 x $6.00 =	$30.00
	Powder =	8.00
Mucking 1/2 shift with pay of operator $14.00 per day		7.00
Direct cost		$45.00

or $45.00 ÷ 5 = $9.00 per foot cost.

However, should all cost of the project be charged directly to drifting, the total cost of $48,977 ÷ 2,200 feet would give an overall cost of $22.26 per foot.

Should the total mine payroll of $27,400 and necessary supplies, such as cars, rail, pipe, timber, powder, steel, and incidental supplies amounting to $7,900, the cost would amount to $16.00 per foot. The durable items amounting to $9,677. would have some salvage value and cannot at this time be figured into the footage cost.

The docket is being returned herewith.

A. C. Johnson

A. C. Johnson

FILE COPY
SURNAME:

Gowen
JBB

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

JUN 21 1951

Docket & letter mailed

Re: Docket No. DMA-67

Mr. Maurice M. Marshall
Marshall Mining Company
1355 Bay Street
San Francisco, California

Dear Mr. Marshall:

This is to inform you that your application for aid for an exploration project has been referred to the field team for further study. You should hear shortly from Mr. M. C. Miller, Executive Officer, DMA Field Team, Region III, 1415 U. S. Appraisers Building, San Francisco 11, California.

Very truly yours,

Tom Lyon, Director
Supply Division

Copy to: Executive Officer, DMA Field Team 11
Executive Secretary
Administrator's Reading File
Coordinating Committee
J. B. Gowen
Charles J. Johnson
D. Mac Laren
Files

JWALT:jp

Dma - 67X

MARSHALL MINING COMPANY

COPPER MINES

CONTACT, NEVADA

1355 Bay Street
San Francisco, California

Refer to	Noted	Date
Answered		

DEPARTMENT OF INTERIOR
BUREAU OF MINES
REGION III
RECEIVED
JUN 22 1951
SAN FRANCISCO, CALIFORNIA

U. S. Department of Interior
Defense Minerals Administration
Washington 25, D. C.

Attention: Mr. J. B. Gowen, Acting Chief
Copper Branch, DMA

Dear Sirs:

Enclosed you will find our application for participation and assistance under the Exploration Program, which your department has put into effect.

We have outlined a program calling for total expenditure of $50,000, of which we will provide $25,000.

Since previously submitting information to your department, there has been a change in our partnership. The interest of Maurice M. Marshall and George V. Marshall remains the same, but the interest of Virgil L. Marshall, now deceased, is held by Mrs. Virgil L. Marshall, his widow.

You will note in Form MF-103 that we have indicated that George V. Marshall will manage and supervise the project. His experience qualifies him in that capacity and he will devote his full time to the project. The undersigned, Maurice M. Marshall will devote considerable of his time at the property and in handling many of the business matters pertaining to the operation. No compensation for this work will be asked from the project.

Thank you sincerely for your letter of April 16, and the help and advise contained therein.

I trust that we have provided herein all of the required information and estimates for you.

Very truly yours,

MARSHALL MINING COMPANY

By Maurice M. Marshall

Encl.

Refer to		Date
Answered		

DEPARTMENT OF INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON, D. C.

DEPARTMENT OF INTERIOR
BUREAU OF MINES
REGION III
RECEIVED
JUN 22 1951
SAN FRANCISCO, CALIFORNIA

June 18, 1951

Mr. H. C. Miller
1415 Appraisers Bldg.
~~Minneapolis, Minnesota~~
San Francisco, California

Dear Sir:

We attach "Review of Application for Exploration Assistance" on:

Docket No. DMA-67X

Commodity Copper

Applicant Marshall Mining Co., Nevada

Please expedite the consideration of this application with particular reference to the points raised in the attached "Review."

Very truly yours,

Tom Lyon

Tom Lyon, Chairman
Coordinating Committee

Lowell B. Moon
For Bureau of Mines

Edwin T. McKnight
For Geological Survey

6/5/51

Defense Minerals Administration

Review of Application for Exploration Assistance

Docket No. DMA-67 X

Commodity Copper

Total Amount $50,000

Govt. Participation 50%

1. Name and Address of Applicant Marshall Mining Company, 1355 Bay Street San Francisco 26, California

2. Location of Property Salmon River Mining District, Contact, Elko County, Nevada

3. Mineral or metal Copper Is it listed in Section 9 of MO-5?

Yes If not, application will be rejected.

4. Geologic probability of discovery—based on data in application (question #16, 17, 18, 20 and 22)*

Mines or Survey reports, etc., do you rate chances:

a) Good ✓ ?

b) Poor

c) None

d) Don't know—needs field examination Yes

e) Is there an alternative and favorable project? No
(If so, attach an explanation)

5. Is the applicant's right to the property clearly stated? Yes
(question 5, 6, 7)*

6. If applicant is a lessee, is a copy of the lease attached? owner

Does the lease have sufficient time to run to cover a future productive period? Yes

*question numbers are those of MF-103

7. Are subordination agreements necessary? No

a) MF-201? _____

b) MF-202 _____

8. From the data presented, does the proposed project appear feasible from the point of view of:

a) Available manpower Yes

b) Equipment and supplies Yes
(Question 14 plus general knowledge of availability)*

c) Accessibility (question 12)* Yes

d) Water (question 13)* Yes

e) Power (question 13)* Yes

Is a field check needed on any of these points? No

9. Does the experience of the applicant appear to be adequate to assure that he can properly conduct the proposed project? (question 4)* Yes

_____

Is a field check needed on this point? No

10. Exhibit A. (questions 21 and 22)*

a) Is the project adequately described? Yes

If not, are there sufficient data given so that you can describe the project? _____ If so, attach a draft.

b) Is there an adequate map or sketch of the proposed work? Yes

_____

c) Is the proposed work "exploration" under the definition of Section 8, MO-5? Yes

If not, what part of it is? _____

_____

_____

_____

Is this part a worthwhile exploration project?_____

d) Are the cost estimates detailed? yes

Can they be summarized, as on page 2 of Procedural Instruction 5-A, from the available data? yes If so, attach a draft.

e) Are the cost estimates reasonable? yes

f) Should more information be requested from applicant?_____

g) Is a field examination necessary to complete Exhibit A? No

11. Exhibit B (question 23-d)*

a) Is it applicable? ~~Do not know~~ Yes - not itemized

b) If so, are sufficient data furnished? No ? If so, attach a draft.

c) Is a field check needed? yes ?

12. Exhibit C (question 23-e, f and g)*

a) Is it applicable? yes -

b) Sufficient data? not for g If so, attach a draft.

c) Are rents and charges reasonable? apparently, par. g) not detailed

d) Is a field check needed? yes

13. Exhibit D (question 23-a, b)*

a) Are there sufficient data? yes

b) Is the schedule adequate for the work proposed? yes

c) Is the schedule excessive for the work proposed? No

d) Are the proposed wages and salaries reasonable? yes

e) Is a field check needed? No

14. Exhibit E (question 23-c)*

a) Is it applicable? Probably

b) Sufficient data? Not detailed

c) Reasonable? Probably

d) Field check needed? Yes

15. In your judgment, can the proposed work be done in the proposed time? Yes

(All exploration must be completed within two years)

16. If field examination is not needed, attach your recommendation.

17. If field examination is needed, do you have any special instructions for the field team not indicated by your answers to the foregoing question? get data to complete exhibits B (question MF 103, 23-d.) C (MF 103 question 23 g) and E (MF 103 question 23-C) as indicated above

Reviewed by: J B Gowen
C H Johnson
D R Mechoen

Date

97692

DMA 67X

Exhibit A.

Summary of Cost Estimates

1	Repairs to existing buildings, facilities etc	✓1000.00
2	Construction of new facilities	✓1000.00
3	Repairs and cleaning cave in Flo Tunnel	4400.00
4	Cost of new equipment and supplies	17577.00
5	Cost of rental (Equipment owned by applicant)	~~2000~~
6	2200 feet of drifting @ $10.00 per foot	22000.00
7	accounting and bookkeeping	1000.00
	Total cost of project →	48977.00

Note: $10.00 per foot appears to be too low for drifting. OK

Exhibit B

d. Cost of new facilities and building (not itemized) 1000.00

Changes by FT: 3 - Rental value 1051.77

DMA 67X

23-e. ~~Exhibit C~~

Cost of Equipment and supplies.

1-1½ ton electric trammer and Battery (Atlas)	3902.00
FOB Cleveland, freight charge	125.00
Battery charger (Ex-ide)	1000.00
1 mucking machine (air, factory rebuilt)	2250.00
1 truck	2000.00
8 mine cars @ $187.50	1500.00
Track rails	1000.00
Pipe	1200.00
Timber	2000.00
Powder	700.00
Drill Steel & bits	500.00
Small tools (saws, wrenches etc) and fuel	1000.00
Edison Camp equipment	400.00
Total	17577.00

Exhibit D

1 mucking machine operator @ $14.00/day	$14.00
2 miners & timbermen @ $11.00/day	22.00
1 trammer operator	11.00
2 muckers and helpers @ $11.00/day	22.00
1 working foreman	18.00
1 manager	13.00

Exhibit E.

Cost of necessary repairs to existing facilities etc $1000.00
(not itemized)

May 15, 1951

Mr. Maurice M. Marshall
1355 Bay Street
San Francisco, California

Subject: DMA-67 X
Re: Exploration Loan
$50,000.00

My dear Mr. Marshall:

Receipt is acknowledged of your application and attachments of May 5, 1951 for an exploration loan under the Defense Production Act of 1950.

The application was assigned Docket Number 67 X and referred to Mr. J. B. Gowen, Chief, Copper Branch, on May 10, 1951.

In any future correspondence relating to your application, kindly refer to DMA-67 X.

Sincerely yours,

LANDON F. STROBEL

Landon F. Strobel
Executive Secretary

LFSTROBEL:aec
cc: Strobel-2
Files
Mr. Gowen
Mr. Lyon

FILE COPY
SURNAME:

Johnson
Barbara

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

February 23, 1951

Re: Docket No. DMA-67

Mr. Maurice M. Marshall
1355 Fay Street
San Francisco, California

Dear Mr. Marshall:

This is to acknowledge your letter of February 17 referring to your company's loan application and suggesting a somewhat reduced loan for a production project, excluding exploratory work.

The revised proposal will be given consideration as promptly as possible.

Very truly yours,

/s/ Tom Lyon

Tom Lyon, Chief
Copper Branch

CHJohnson:ba

Copy to Executive Secretary
Copper Commodity Committee
Files

856

B

Mr. Richardson

[illegible]

Referral of Applications for Government Aid

Docket No. DMA - 67

Commodity: copper

Name of Applicant: Maurice M. Marshall

Address of Applicant:

Name of Property:

Location of Property:

Nature of Application:

Mr. Richardson: Note memorandum from H. C. Miller to S. H. Williston, dated 12/6/50 and attachments of statement of facts and reports on the Marshall Mining Company. Memorandum from H. C. Miller addressed to S. H. Williston, dated December 8, 1950, and attachments.

Action Dates

Application:

Received: 12/20/50 by Copper Committee

Acknowledged:

Referred to _____ Committee:

Mr. C. W. Merrill

DEFENSE MINERALS ADMINISTRATION

Referral of Applications for Government Aid

Docket No. DMA-67

Commodity: copper

Name of Applicant: Maurice M. Marshall

Address of Applicant: 1355 Bay Street, San Francisco, Calif.

Name of Property: Marshal Mining Company

Location of Property: Contact, Nevada

Nature of Application: Exploration aid

Action Dates

Application: 10-30-50

Received: 11-13-50

Referred to NONFERROUS METALS Committee 11-30-50

MARSHALL MINING COMPANY
COPPER MINES
CONTACT, NEVADA

Rec'd. 11/1/50

October 30, 1950

Regional Director, Region III
U. S. Bureau of Mines
630 Sansome Street
San Francisco, California

Dear Sir:

The following information is respectfully submitted in connection with our application for assistance to carry out a mining, development, and exploration program at Contact, Nevada.

Our property consists of eight (8) patented claims and one unpatented claim (see Page 23 Geological Survey Bulletin 847-A submitted herewith). We cover the ledge known as the Main Vein for a continuous distance of 6000 ft. A second strong parallel vein (the Allen) is covered for a distance of 3000 ft.

The father of the three present owners organized the original Company to operate the property in 1906. Some work was carried on continuously thereafter and during 1916, 1917 and 1918 approximately 5000 tons of ore averaging 10% in copper content was mined from surface workings and shipped to the A. S. R. Co. Smelter at Garfield, Utah. This ore was hauled 38 miles to the railroad at Rogerson, Idaho and shipped from there. In spite of the high cost this entailed, operations were very profitable.

About 1921 the property was bonded for $250,000 to an operating company, the Nevada, Bellevue Co., and this company sold stock to carry on development. They drove the Ilo Tunnel which was a well planned project for the operation of the property, as shown on accompanying maps. Due to lack of funds and a low copper price the company defaulted in 1928 and the property was taken back by the Seattle-Contact Company.

My Father and his associates at that time were elderly men and did not care to operate the property themselves. However, the completion of the Union Pacific Railway line one mile from the property and a fine paved highway made the outlook very attractive. Considerable ore had been opened up and a business like program had been started for development of the property. When the property came back into possession of the original owners other mining people immediatley started negotiations for purchase of the property. While these negotiations were being carried on in part of 1928 and 1929, lessees were allowed to extract some ore and ship considerable ore from the dumps. During this period about 8000 tons of ore averaging 5% copper were shipped. During this period the Ilo Tunnel became closed by a cavein about 1000 feet from the portal. Only 20 cars of ore, totaling about 800 tons were mined through this tunnel prior to its closing so that the ore blocked out through this work is largely intact. The tunnel has not been reopened since. Practically no work was done on the property during the depression years, 1930 to 1941.

For Regional Office files

999.530.02

Shortly after Pearl Harbor the government offered a bonus of 5¢ per pound on new copper production and this writer started operations again at the property in a small way. About 20 cars of ore averaging 5% in copper were shipped to the smelter during the first year. The ore being valuable to the smelter as a flux, we were given a very attractive smelting rate which enabled us to thereafter ship a large amount of 2 to 2½% ore from the dumps. Some newly mined ore was produced and the shaft was reopened to the 300' level under a $17,500 R.F.C. loan. This loan has since been settled in full.

The newly mined ore came mostly from near the surface workings and the 200' level, and was composed largely of ore left in place or deemed too low grade during previous mining operations. Approximatley 15,000 tons were shipped during the war to 1946. Loss of the premimm price and a six month smelter strike caused closing at that time. In 1948 lessees opened the Ilo Tunnel for a distance of 900' from the portal, but abandoned the work upon reaching the cavein portion. This was the last work done on the property. To date, a grand total of about 30,000 tons have been shipped.

At present, the Marshall Mining Company is a partnership between Maurice M. Marshall, 1/2 interest; Virgil L. Marshall, 1/4 interest and George V. Marshall, 1/4 interest. All of the partners presently reside in San Francisco. Maurice M. Marshall and George V. Marshall operated the property during World War II.

Clear title to the property stands in the above names and there are no liens or encumberances on the property. All taxes and assesment work are up to date.

For an estimate of probable ore tonnage and other information, I refer you to the following reports submitted herewith:

A - United States Department of Interior Bulletin 847-A on the Contact Mining District.

B - W. A. RuKeyser Report of 1928.

C - Percy Rl Alsdorf Report of 1928.

None of the above reports were prepared at our request nor at any expense to us.

Reference to Seattle-Contact Copper Company, or Nevada Bellevue Company in any of the above reports refers to identical property now known as the Marshall Mining Company.

Also submitted herewith are two maps which have been partially copied from maps prepared in 1928.

It is our plan to proceed with the rehabilitation of the Ilo Tunnel and to develop and mine all of the ore above that level. Before sinking a shaft to open the property at depth, we think it advisable that enough diamond drilling be done to indicate what might be expected at lower levels.

In connection with the Mine Aid Program, we understand that provision has been made for assistance in mine development work where warranted or justified. It is our desire that your Bureau consider doing this deep drilling under that program.

Very truly yours,

Maurice M Marshall

MAURICE M. MARSHALL
1355 Bay Street
San Francisco, California

Enclosures

COPY

October 30, 1950

Regional Director, Region III
U. S. Bureau of Mines
630 Sansome Street
San Francisco, California

Dear Sir:

The following information is respectfully submitted in connection with our application for assistance to carry out a mining, development, and exploration program at Contact, Nevada.

Our property consists of eight (8) patented claims and one unpatented claim (see Page 23 Geological Survey Bulletin 847-A submitted herewith). We cover the ledge known as the Main Vein for a continuous distance of 6000 ft. A second strong parallel vein (the Allen) is covered for a distance of 3000 ft.

The father of the three present owners organized the original Company to operate the property in 1906. Some work was carried on continuously thereafter and during 1916, 1917 and 1918 approximately 5000 tons of ore averaging 10% in copper content was mined from surface workings and shipped to the A. S. R. Co. Smelter at Garfield, Utah. This ore was hauled 38 miles to the railroad at Rogerson, Idaho and shipped from there. In spite of the high cost this entailed, operations were very profitable.

About 1921 the property was bonded for $250,000 to an operating company, the Nevada, Bellevue Co., and this company sold stock to carry on development. They drove the Ilo Tunnel which was a well planned project for the operation of the property, as shown on accompanying maps. Due to lack of funds and a low copper price the company defaulted in 1928 and the property was taken back by the Seattle-Contact Company.

My Father and his associates at that time were elderly men and did not care to operate the property themselves. However, the completion of the Union Pacific Railway line one mile from the property and a fine paved highway made the outlook very attractive. Considerable ore had been opened up and a business like program had been started fro development of the property. When the property came back into possession of the original owners other mining people immediatley started negotiations for purchase of the property. While these negotiations were being carried on in part of 1928 and 1929, lessees were allowed to extract some ore and ship considerable ore from the dumps. During this period about 8000 tons of ore averaging 5% copper were shipped. During this period the Ilo Tunnel became closed by a cavein about 1000 feet from the portal. Only 20 cars of ore, totaling about 800 tons were mined through this tunnel prior to its closing so that the ore blocked out through this work is largely intact. The tunnel has not been reopened since. Practically no work was done on the property during the depression years, 1930 to 1941.

Shortly after Pearl Harbor the government offered a bonus of 5¢ per pound on new copper production and this writer started operations again at the property in a small way. About 20 cars of ore averaging 5% in copper were shipped to the smelter during the first year. The ore being valuable to the smelter as a flux, we were given a very attractive smelting rate which enabled us to thereafter ship a large amount of 2 to 2½% ore from the dumps. Some newly mined ore was produced and the shaft was reopened to the 300' level under a $17,500 R.F.C. loan. This loan has since been settled in full.

The newly mined ore came mostly from near the surface workings and the 200' level, and was composed largely of ore left in place or deemed too low grade during previous mining operations. Approximatley 15,000 tons were shipped during the war to 1946. Loss of the premimm price and a six month smelter strike caused closing at that time. In 1948 lessees opened the Ilo Tunnel for a distance of 900' from the portal, but abandoned the work upon reaching the cavein portion. This was the last work done on the property. To date, a grand total of about 30,000 tons have been shipped.

At present, the Marshall Mining Company is a partnership between Maurice M. Marshall, 1/2 interest; Virgil L. Marshall, 1/4 interest and George V. Marshall, 1/4 interest. All of the partners presently reside in San Francisco. Maurice M. Marshall and George V. Marshall operated the property during World War II.

Clear title to the property stands in the above names and there are no liens or encumberances on the property. All taxes and assessment work are up to date.

For an estimate of probable ore tonnage and other information, I refer you to the following reports submitted herewith:

A - United States Department of Interior Bulletin 847-A on the Contact Mining District.

B - W. A. RuKeyser Report of 1928.

C - Percy Rl Alsdorf Report of 1928.

None of the above reports were prepared at our request nor at any expense to us.

Reference to Seattle-Contact Copper Company, or Nevada Bellevue Company in any of the above reports refers to identical property now known as the Marshall Mining Company.

Also submitted herewith are two maps which have been partially copied from maps prepared in 1928.

It is our plan to proceed with the rehabilitation of the Ilo Tunnel and to develop and mine all of the ore above that level. Before sinking a shaft to open the property at depth, we think it advisable that enough diamond drilling be done to indicate what might be expected at lower levels.

In connection with the Mine Aid Program, we understand that provision has been made for assistance in mine development work where warranted or justified. It is our desire that your Bureau consider doing this deep drilling under that program.

Very truly yours,

MAURICE W. MARSHALL
1355 Bay Street
San Francisco, California

Enclosures

DRAFT Collins

Not sent

Mr. Maurice M. Marshall
Marshall Mining Company
1355 Bay Street
San Francisco, California

Re: Docket No. DMA-67
Contact, Nevada

Dear Mr. Marshall:

Your revised application of February 17 for a $30,000 production loan has been reviewed in the light of your RFC ~~experience~~ loan. In checking RFC records it appears that you have established a highly commendable reputation for personal integrity. However, it also appears that your min~~ing~~e ~~property~~ at Contact, Nevada, has been a difficult one to handle. ~~not established so enviable a record~~. I refer in particular to the apparent fact that ~~on the RFC loan of $17,500~~ during World War II, the R.F.C. suffered a $6000 loss on a $17,500 loan for this mine. ~~it was not possible for the mine to return $6,000 of this loan~~. It is recognized however that the RFC was glad to cancel the indebtedness in return for a smaller sum ~~from~~ paid by you personally.

It might seem that the present price of copper being at 24½ cents ~~would give~~ would have a you greater opportunity for profit than at the 17 cents price ~~which you received~~ prevailing during World War II. Unfortunately I must call your attention to the fact that ~~all~~ costs ~~in prices~~ have increased since that time; for example, the Bureau of Labor Statistics index of wholesale prices for all commodities averaged from 103 to 105 between 1943 and 1945, whereas the similar quotation for February 1951 is 183. This ~~represents~~ indicates an increase of roughly 75 percent in costs, whereas the increase in the price of copper is only 45 percent. There are some people who would think you would encounter more difficulty in repaying ~~the~~ a loan these days ~~out of production from you Contact mines~~ than you ~~would~~ had in the former period.

We ~~also~~ note that although Mr. Rukeyser's report was the last ore reserve estimate submitted by a mining engineer, at least one other mining organization has more recently investigated and turned down the property. I refer to the Brinton, Smith and Gibson, lessees, who in 1947

Over

drained and examined the mine and attempted to reopen the Ilo tunnel, as you propose. They have a reputation of being good miners with ~~As~~ financial backing. The fact that they gave up the lease after considerable expenditures, is ~~not~~ itself significant.

Under the circumstances we regretfully conclude that we cannot ~~the U. S. Government did enough financing for this property in World War II. Under the present program for copper supply the situation is not so desperate as to warrant the apparent risk inherent in this undertaking.~~ approve this project. Nevertheless, we thank you for bringing it to our attention and assure you that your straight-forward approach and excellent reputation are ~~would be~~ a considerable ~~great benefit to any other property which you might care to present to us.~~ asset to any venture you may propose.

Sincerely yours,

Tom Lyon
Director, Supply Division

DRAFT

Collins

Not sent

Memorandum for Record

To: ~~Coordinating Committee~~ Director, Supply Division

From: Chief, Copper Branch

Subject: DMA Docket No. 67, Marshall Mining Co., Contact, Nevada.

Inspection of RFC records of the subject property under their Docket No. ND-5778 indicated ~~that in addition to the~~ material additional to that presented in the attached letter ~~with the application and~~ To the owner. The RFC supervising engineer, George Zeigler prepared a summary report on the property December 30, 1948 in which he concluded: first, no ore reserves remain; second, the ore body has been exhausted. Since the property is now flooded and caved so as to be completely inaccessible to any examination, it seems that we must be guided by his conclusion and ~~review~~ reject the application as a production loan.

The applicant has been previously informed of the forthcoming exploration program, which ~~would~~ might put the property in an entirely different light, if the applicant is willing to participate 50-50 on expenditures.

Marshall - Contra Costa District 67

Should we request Field Team report?

Tell em no over market prices

drafted 1/2x

Entire contents of file
handed to JK Richardson 1/25/51
to go to ? with our recommending
denial of appl.

CEJ

Re DMA 67 Marshall

1) He wants a loan and a purchase contract at a price prob above present market - though he does not give any cost estimates to justify.

2) Ask RFC if it has reports available here - and if property is clear. If no reports here, then where?

3) Sounds a bit on the marginal side, though with the grades indicated and a good smelter schedule, there ought to be money in it, I should think. The proved + prob. tonnage would not justify the requested loan, I am afraid, tho haven't tried to work out. So much of the evidence re ore reserves is now inaccessible, and Alsdorf's estimate was based on unstated data, + was 24000 in sight, 48000 probable.

4) Check Bur of Mines records for reports on this.

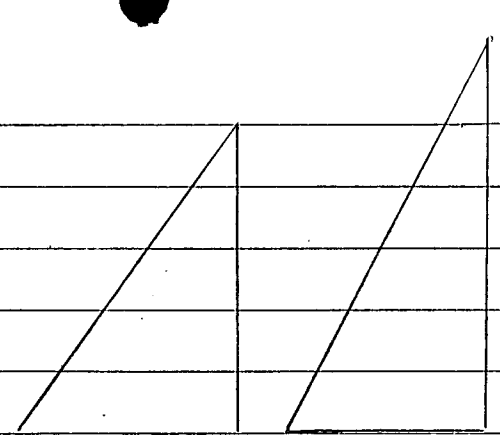
~~Just ask until get RFC stuff~~
Has been ask.

RFC

Maurice Marshall Docket ND-5778
$6000 unpaid but loan settled
George Zeigler, Insp. Eng Dec 30, 1948
Conclusion: 1. no ore reserve
2. ore body has been exhausted

1947 lessees Brinton, Smith & Gibson drained & examined mine, attempted to re-open Flo Tunnel.
Gave up. Good miners with backing

150'
5
750,000
12 | 75,000
6



~~2000~~ 750,000 | 2,000,000

375 T 20,000 $500T
~~400~~

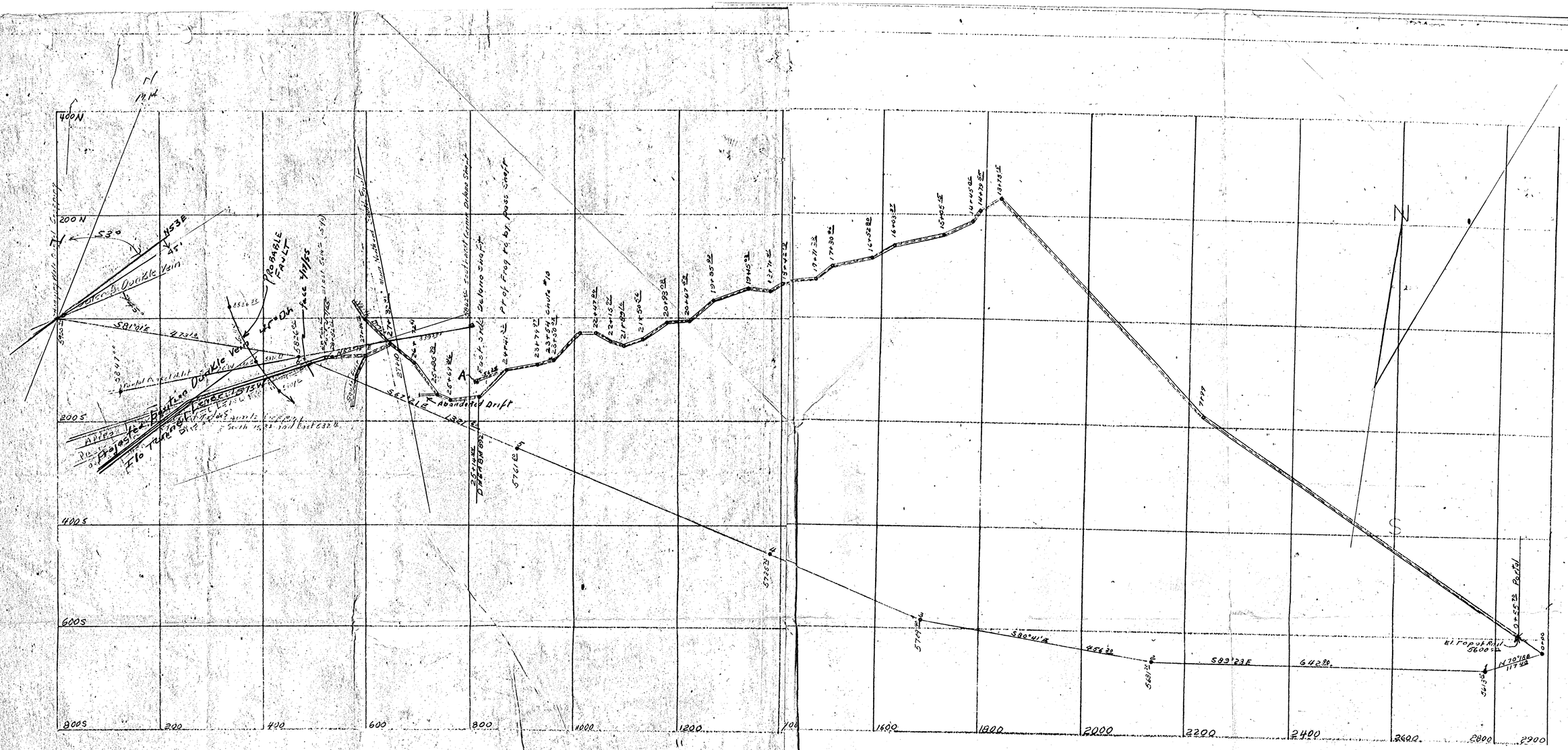


Exhibit C

MAP

OF PORTION OF WORKS OF MARSHALL MINE AT CONTACT, ELKO COUNTY, NEVADA

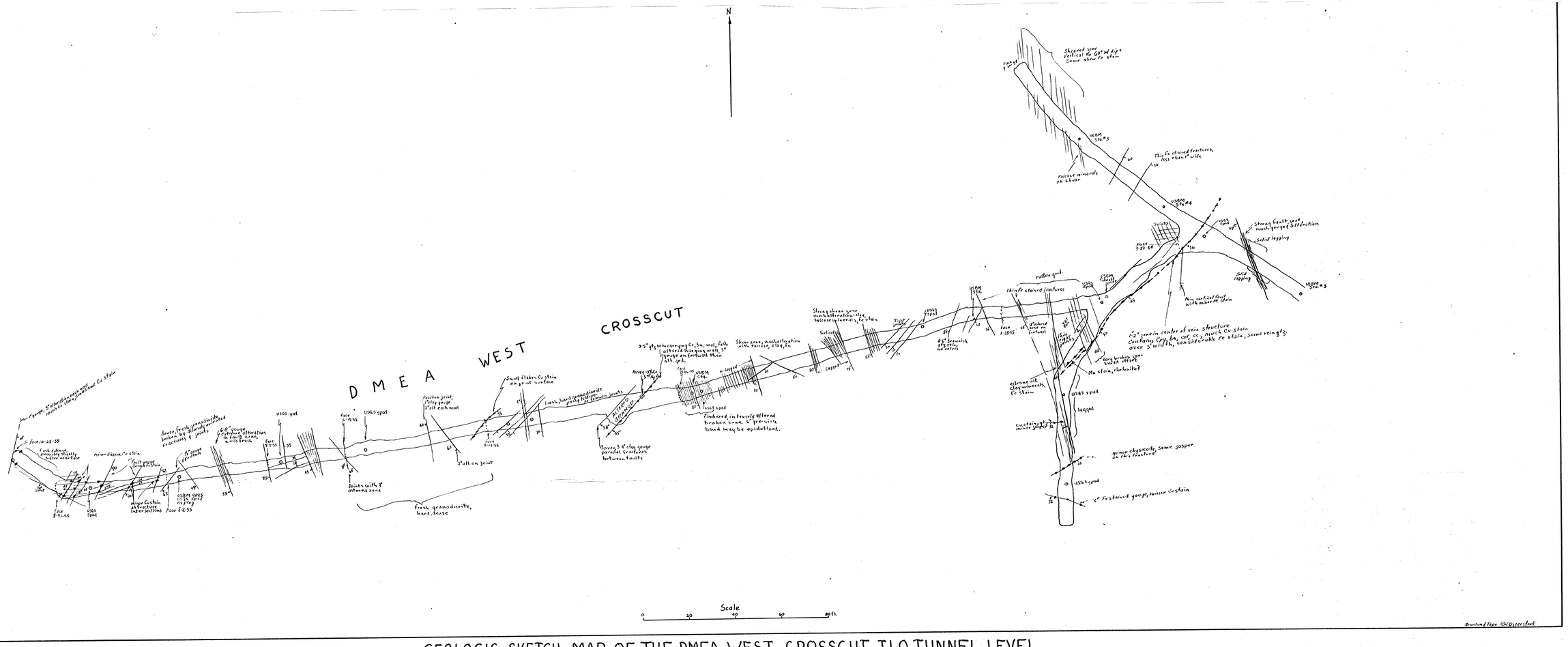
SCALE 1" = 100 FEET

FEB. 1955

WESTERN AMERICAN EXPLORATION COMPANY
SAN FRANCISCO, CALIF.

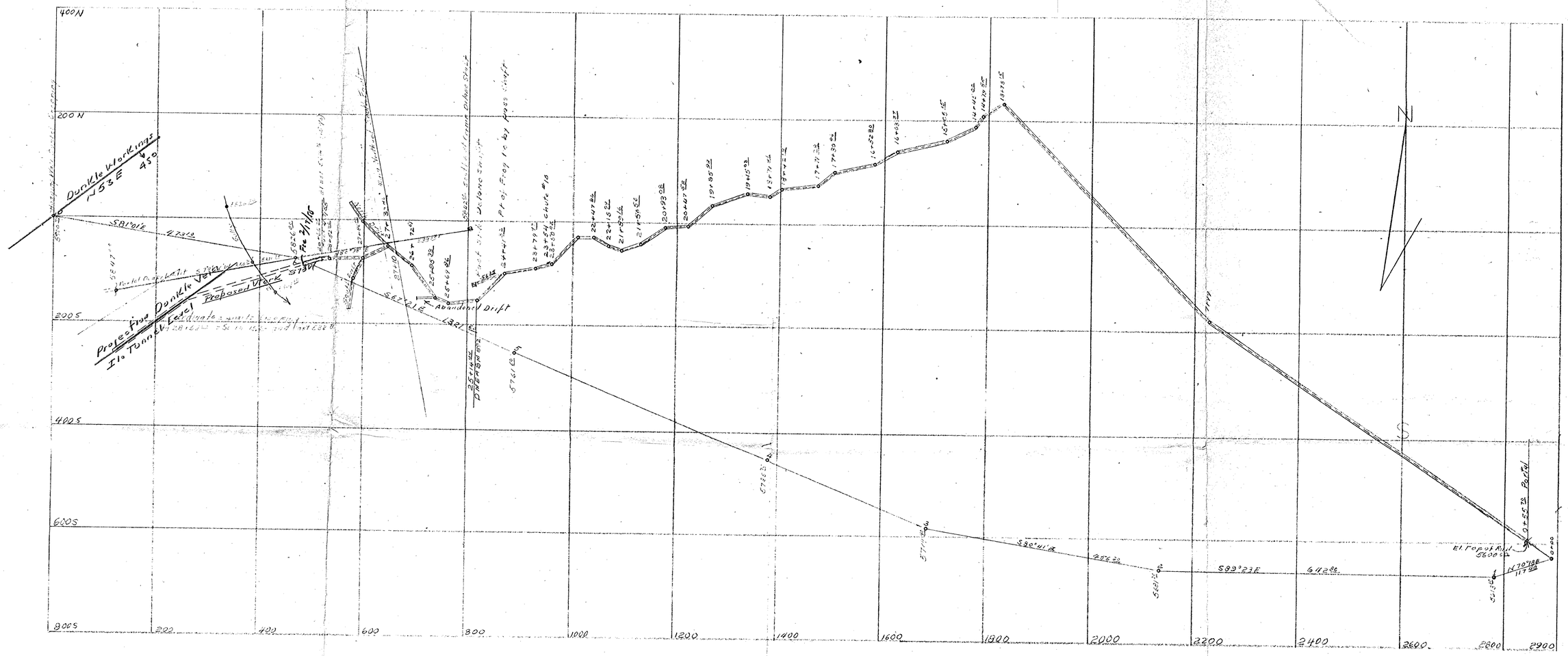
MAP & SURVEY BY W.H. SETTELMEYER R.E. NO. 11, ELKO NEVADA

U. S. DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY



GEOLOGIC SKETCH MAP OF THE DMEA WEST CROSSCUT, ILO TUNNEL LEVEL
MARSHALL MINE, ELKO COUNTY, NEVADA

Figure 3



MAP

OF PORTION OF WORKS OF MARSHALL MINE AT CONTACT, ELKO COUNTY, NEVADA.

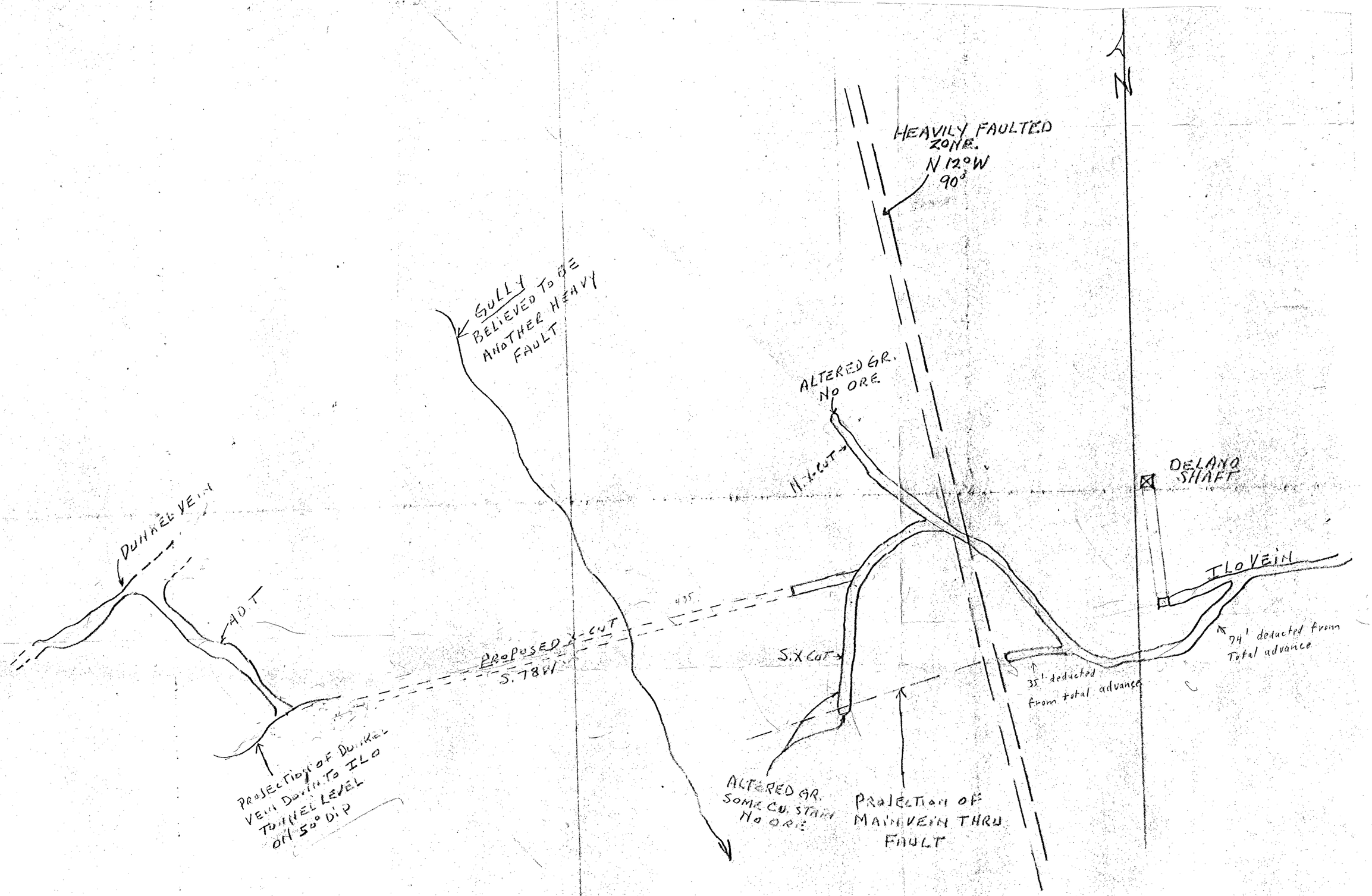
SCALE 1" = 100 FEET

FEB. 1955 WESTERN

AMERICAN EXPLORATION COMPANY

SAN FRANCISCO, CALIF.

MAP & SURVEY BY W. H. SCHEFFELMEYER R.E. NO. 11, ELKO, NEVADA

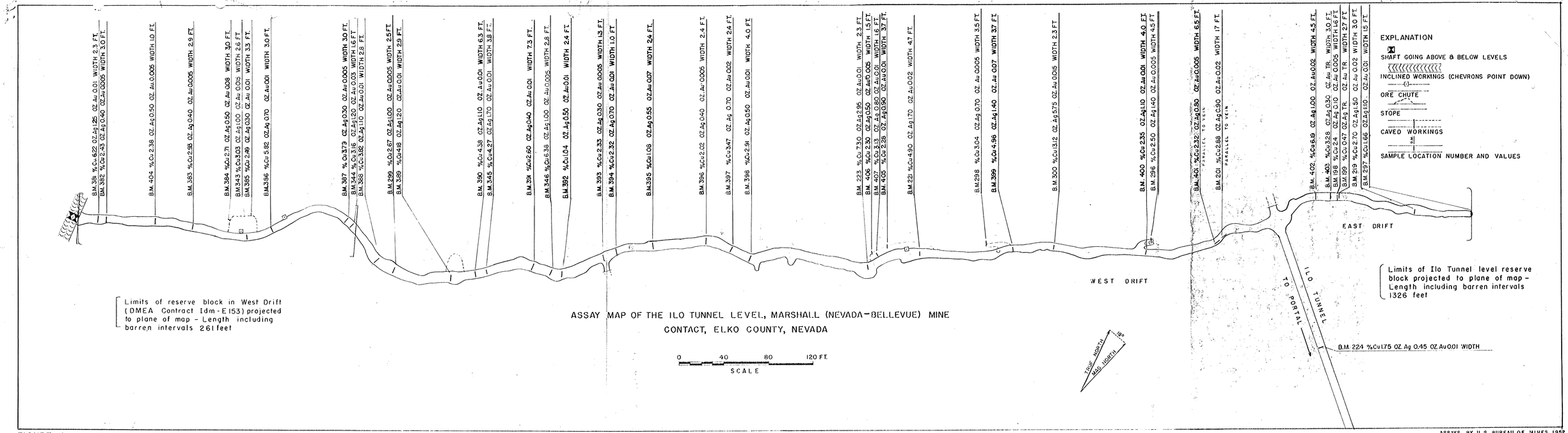


SKETCH TO ACCOMPANY APPLICATION
FOR MODIFICATION OF D.M.&A CONTRACT
MARSHALL MINE
CONTRACT #5400

SCALE 1" = 50'

U. S. DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DEFENSE MINERALS EXPLORATION ADMINISTRATION
DOCKET NO. 67X



ASSAY MAP OF THE ILO TUNNEL LEVEL, MARSHALL (NEVADA-BELLEVUE) MINE
CONTACT, ELKO COUNTY, NEVADA

FIGURE 4

ASSAYS BY U. S. BUREAU OF MINES, 1952
REVISED JULY, 1953