DMEA Form 9
Rev. 6/57

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

OFFICIAL DOCKET FILE

Idm-E NO. 680

DMEA NO. 3273

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- [ ] Withdrawn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
- [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
- [x] Application and attachments

Right Side

- [x] Project summary (final)
- [ ] 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)
- [x] 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. _____ : Settlement Sheets

Folders No. _____ : Drill Logs

Folders No. 3 : Royalty material

17963

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Washington office pertaining to Contract Idm-E680, Docket DMEA-5273 (tungsten), dated June 24, 1954, with

Lory M. Free
d/b/a Y. Z. Mining Company
Panaca, Nevada
and his assignee
Consolidated Uranium Mines, Inc.
438 South Main Street
Salt Lake City, Utah

for the purpose of determining the amount of royalty payable to the U. S. Government on sales of minerals from property referred to as the Schofield Mine and North Tem Piute Mine located in Lincoln County, Nevada, during the period June 1, 1955, through June 30, 1959.

A certification of discovery or development was issued on October 8, 1956, and, in accordance with Annex I of the contract, royalty is payable on all minerals produced from the land described in Article 2 of the contract, and from land adjacent or contiguous thereto if transported through any of the workings driven under the contract, for a period of 10 years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A Report of Review dated February 23, 1956, indicated accepted costs under the exploration contract amounting to $63,084.00 with the Government's contribution on a 75 percent basis being $47,313.00.

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

This review established no sales subject to the Government's royalty subsequent to the period covered by a prior Royalty Audit Certificate, which found the sales subject to the Government's royalty through May 31, 1955, to be $31,332.75. The royalty account as of May 31, 1955, was stated as follows:

| | |
|---|---|
| Total Royalty Payable | $1,378.45 |
| Total Royalty Paid | 1,393.45 |
| Overpayment of Royalty | $ 15.00 |

As of June 30, 1959, the royalty account of this project was found to be:

| | |
|---|---|
| Total Royalty Payable | $1,378.45 |
| Total Royalty Paid | 1,393.45 |
| Overpayment of Royalty | $ 15.00 |

January 22, 1962

E. D. Talbert, OME Auditor

Idm-E680 Consolidated Uranium Mines, Inc., Assignee DMEA-3273

Status of Project, Scope of Review
and Reasons Therefor

At the time this exploration project contract was executed the Operator was in possession of the property thereunder (the unpatented Rae Ella, Rae Ella No. 2, and Phyllis claims) by virtue of a February 9, 1954, lease of 40 unpatented claims from the owners, the North Tem Piute Mining and Development Company, Hiko, Nevada. To secure the payment of royalty, the owners executed an Owner's Consent to Lien on July 1, 1954.

The February 9, 1954, lease was optioned by Lory M. Free, Roland Cox, John J. Franks, and Darell H. Free to E. G. Frawley, 307 Darling Building, Salt Lake City, Utah, under an agreement dated May 21, 1955. On August 31, 1955, the Government agreed, without releasing the assignor from the terms and conditions thereof, to the assignment of the exploration contract effective June 1, 1955, to the Consolidated Uranium Mines, Inc., of which E. G. Frawley was the President.

The Operator-Assignee discontinued work under the contract at the end of December 1955 and abandoned the property on January 9, 1956, allowing the lease to revert to the Operator-Assignor. Under a March 26, 1956, agreement the Operator-Assignor and his associates relinquished the lease for a period of 60 days for the purpose of assisting the landowner corporation in selling the claims. The files contain no later information as to sale of the property, reinstatement of the lease, or other change in ownership or possession, if any.

During the period that the Operator-Assignor was performing exploration work, 2,219.855 tons of tungsten ores averaging .52% $WO_3$ were produced and sold. These sales and the royalty thereon are covered by the Royalty Audit Certificate and Report dated November 16, 1955.

From June 1, 1955, to January 9, 1956, when the property was operated by the Operator-Assignee, no ore was shipped, but about 2,000 tons was stockpiled at the mine. A composite of 4 samples from the stockpile averaged .52% $WO_3$.

Section b of Annex I to this contract provides that the Operator, as principal if the producer and as surety if not the producer, shall pay the royalty on all minerals produced from the land under the contract. Section j extends this provision to all production from adjacent or contiguous claims which is transported through any workings driven under the contract. Section d gives the Government the

option of requiring computation and payment of royalty on any production remaining unsold after six months from the date of extraction. The so-called "abandonment" provision in Article 7 of the contract was deleted effective January 1, 1955, by Amendment No. 1.

The latest report in the docket files of the Washington office covers an examination on December 31, 1957, which found that the mine had been idle since January 9, 1956. A MME Form 22, Check Sheet of Examining Engineer, prepared on January 17, 1962, in connection with this audit review, indicates that no inspections or inquiries have been made since June 30, 1959, when examination found the property inactive.

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

(1) The property was inactive from January 9, 1956, through June 30, 1959;

(2) The files indicate that all sales of production through June 30, 1959, have been reported and proper royalty thereon paid; and

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

MME Form 22
Dec. 60

DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration

CHECK SHEET OF EXAMINING ENGINEER

Operator's Name and Address

Consolidated Uranium Mines, Inc., Assignee

P. O. Box 2578

Salt Lake City, Utah

| Contract No. | Docket No. |
|---|---|
| Idm-E 680 | DMEA-3273 |

| Prepared by (Signature) | Date |
|---|---|
| Glenn G. Gentry | January 17, 1962 |

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

8. Current status of property. (Check one).

- [ ] Operating.
- [X] Inactive.
- [ ] Abandoned.

1956 Date of last production if not operating.

Comment on items 1(b), 2(b), 3(b), and 4 to 6, if answer is No:

We have no record of production after 1956. Our files covering the period 1-1-59 to 6-30-59 report the property as inactive. There has been no inspection since 6-30-59. Because of no reported production, we assume the property remains inactive.

We have no information relative to any changes in ownership subsequent to that reported on page 7 of Field Teams Final Report dated July 3, 1956.

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NOV 21 1955

**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 tungsten ore for the period June 24, 1954 to May 31, 1955 by:

dmea 3273
WSM

Lory M. Free
doing business as
Y. Z. Mining Company
Panaca, Nevada

produced from the Schofield Mine, located in Lincoln County, Nevada, under the terms of Contract No. Idm-2680, Docket No. DMEA-3273.

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

The audit established the total net sales of tungsten ore for this period to be $31,332.73. Royalties due the U. S. Government at the contract rates amount to $1,378.45. The royalties received on these sales were $15.00 in excess of the amount due. The royalties paid and balance of overpayment follows:

| | |
|---|---|
| Total Royalties Paid | $1,393.45 |
| Total Royalties Due | 1,378.45 |
| Balance (Overpayment) | $ 15.00 |

George Mavor
George Mavor
Auditor

November 16, 1955

Royalty Audit

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# FIRST ROYALTY AUDIT REPORT

## I INTRODUCTION

On September 10, 1955, an audit of royalty payments received, was made for the period June 24, 1954 to May 31, 1955, covering tungsten ore produced and sold under Contract No. Idm-8680, Docket No. DMEA-3273, by:

Lory M. Free,
doing business as
Y. Z. Mining Company,
Pamaca, Nevada

covering a project of exploration for tungsten ore, on property known as the Schofield Mine, located in Lincoln County, Nevada.

The mining properties are reached by proceeding approximately 40 miles east from Tonopah, Nevada, on Highway 6 to Warm Springs, then turn into Highway 25 and proceed southeast approximately 67 miles to mine site. The mine can also be reached by proceeding approximately 42 miles southwest of Caliente, Nevada on Highway 93 to Crystal Springs, then turn into Highway 25 and proceed west approximately 40 miles to mine site.

The records pertaining to this contract are located in the home of Lory M. Free, Pamaca, Nevada. However, Lory M. Free was out of town during the audit, and his brother Gerald Free was consulted regarding the royalty records.

Mr. Glenn G. Gentry, Mining Engineer, U. S. Bureau of Mines, collaborated in the audit, for which his assistance is hereby acknowledged.

## II GENERAL INFORMATION

No certificate of discovery has been issued, however provision b. of Annex I of the contract states that the producer shall pay the Government a royalty on all minerals mined or produced from the land, 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.

The producing area subject to royalties, is described in Artikle 2 and Annex I of the Contract as follows:

### Article 2 of Contract

Three unpatented mining claims located in Section I, T.4 S, R 56E, M.D.B. & M, and recorded in the Lincoln County Court House, Pioche, Nevada as follows: Rae Ella, Book K-I, page 477, Rae Ella #2, Book K-I, page 478, and Phyllis, Book K-I, page 478, Mining Notices.

ANNEX I-PROVISION J

As the project work will benefit adjacent and contiguous mining claims, the operator, regardless of certification and regardless of whether the Operator is the producer or has any interest in the production, shall also pay royalty as provided in this Annex I on all minerals produced from land adjacent or contiguous to the land described in Article 2 of the contract which are extracted or transported through any of the workings driven under Exhibit "A" of the contract. The period of payment shall be ten years from the date of the contract or until the total amount contributed by the Government, without interest, is fully repaid.

The royalty repayment period will be 10 years from the date of contract, which was dated June 24, 1954.

The cost of the contract, together with the Government 75% participation as of May 31, 1955, is as follows:

| | Cost | Government Participation 75% |
|---|---|---|
| Cost of Contract | $38,312.00 | $28,733.99 |

The sum of $1,393.45 has been received by the Finance Officer, covering royalty repayments on tungsten ore sales. This leaves an unpaid balance of $27,340.54 due on the Government loan as of May 31, 1955.

## III SCOPE OF AUDIT AND FINDINGS

The audit was limited to determining the accuracy and propriety of royalty payments received by the Finance Officer during the period June 24, 1954 to May 31, 1955, and a determination that all indicated sales of ore 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 findings follow:

### Conference With Examining Engineer

Conference with the Examining Engineer, U. S. Bureau of Mines, during the audit disclosed the following:

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

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

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

The assay controls in effect are considered adequate.

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

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

There has been no indication that the Operator buys from or sells to other Operators.

## Audit of Settlement Statements

A detailed summarization of Royalty Purchases by Smelter was prepared from settlement statements submitted by the operator during the audit period June 24, 1954 to May 31, 1955. The total net sales of tungsten ore as shown onthis summary aggregated $31,332.73 and the royalty payments at contract rates amounted to $1,378.45, however the operator paid $1,393.45, therefore the difference of $15.00 is reflected in this audit as a royalty overpayment made by the operator. The royalty payments were verified to the certificated of deposit and the Finance Office ledger record.

## Operators Accounts and Records

The operator did not maintain any general ledger or subsidiery records, other than a check stub record and ore shipment record. During the course of the audit, the settlement statements were verified to the ore shipment record.

The operator did not have any ore purchase agreements, however, the prices used on shipments to United States Vanadium Company were in agreement with this company's "Standard Tungsten Ore Purchasing Schedule" and the same prices were used when settling ore shipments to Molybdenum Corporation of America.

All ore shipments to the smelter were made by trucks, there were eight lots of ore shipped by trucks to the United States Vanadium Company at Bishop, California, a distance of 257 miles, and one lot of ore shipped by trucks to the Molybdenum Corporation of America at Mipton, California a distance of 253 miles. Trucking charges to the United States Vanadium Company, Bishop, California, were paid by the operator, whereas the trucking charges to the Molybdenum Corporation of America, Mipton, California, were paid by the purchaser, and deducted from the settlement statement.

## IV CONCLUSIONS

An analysis of the operator's production and sales of tungsten ore, subject to DMEA royalties, are as follows:

| | |
|---|---|
| Wet Tons | 2,303.835 |
| Dry Tons | 2,219.855 |
| Average % $WO_3$ | 0.52% |
| 20 lb. Units $WO_3$ | 1,153.36 |
| Average price per unit (approx.) | $36.31 |
| Gross Value | $41,878.09 |
| Less: Trucking | 10,545.36 |
| Net Value | $31,332.73 |

Royalties were computed on the net sales value as follows:

| | Gross | Deduct Trucking | Net | Royalties % | Royalties Amount |
|---|---|---|---|---|---|
| U. S. Vanadium Co. | $25,955.65 | $ -0- | $25,955.65 | 5% | $1,297.79 |
| Molybdenum Corp. of Amer. | 15,922.44 | *10,545.36 | ** 5,377.08 | 1 1/2% | 80.66 |
| Totals | $41,878.09 | $10,545.36 | $31,332.73 | | $1,378.45 |
| Add: Overpayment Molybdenum Corp. of America Settlement | | | | | 15.00 |
| Total Royalties Paid | | | | | $1,393.45 |

*Trucking charge on 1,023.82 wet tons
**$5,377.08 ÷ 982.87 dry tons = $5.47 per ton.

A detail of royalty payments is filed as part of my audit working papers.

The audit has confirmed the accuracy and propriety of the royalty payments received by the Finance Officer, during the period June 24, 1954 to May 31, 1955. It has also determined that all indicated sales of ore subject to DMEA Royalties under the exploration contract, for which settlement sheets have been released, have been properly accounted for.

Assignment of Contract

Under date of August 9, 1955, Contract No. Idm-8680, Docket No. DMEA-3273, was assigned by Lory M. Free, d/b/a Y.Z.Mining Company to Consolidated Uranium Mines, Inc. 438 South Main Street, Salt Lake City, Utah. The effective date of the assignment was June 1, 1955. The royalty audit for Lory M. Free was for the period June 24, 1954 to May 31, 1955.

George Mavor
George Mavor
Auditor

November 10, 1955

Mr. Martin

Check Sheet of Examining Engineer

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3273

Operator's Name Lory M. Free, d/b/a

Address Y - Z Mining Co.

Panaca, Nevada

Exploration Contract No. Mm-2690 Docket No. DMEA-3273

WBM

| | 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? | X | |
| 2. (a) Does Operator commingle production subject to DMEA royalties with exempt production? | | X |
| (b) If so, do you consider the allocation of the commingled production equitable? | | |
| 3. (a) Does the Operator stockpile mine or mill rejects (low grade ore, tailing, middlings, etc.) that may have potential value within the royalty payment period? | | X |
| (b) If so, are adequate records maintained on such material to protect the Government's interest? | | |
| 4. Do you consider the assay controls in effect are adequate? | X | |
| 5. Do you consider that the manner of disposing of production gives the Government its fair royalty returns? | X | |
| 6. Do your periodic examinations of operations indicate the Operator is properly reporting his production of ores subject to DMEA royalties? | X | |
| 7. Does the Operator buy from or sell to other Operators? | | X |

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

Glenn G. Gentry
Mining Engineer

Date 9/27/55

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Operator's Name: Lory M. Free, d/b/a

Address: Y. Z. Mining Co.,
Panaca, Nevada

Exploration Contract No. Idm-E680 Docket No. DMEA-3273

COMMENTS

2 (b) There has been no co-mingling of production, and royalties are payable to DMEA on the scheelite ores stockpiled and milled.

3 (a) Tactite and limestone containing scheelite of ore grade is stockpiled at the mine and is maintained in a separate stockpile. Limestone containing little or no scheelite is trammed to the waste dump. I do not believe that this waste dump will have any potential value within the regalty payment period.

3 (b) The operator maintains a daily record of the number of mine cars trammed to the waste dump.

Glenn G. Gentry
Mining Engineer

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

Holt
Martin
Chambers
Robinson
Johnson
"Appd. Sol. with"
Kilsgaard
Holliday
Lamb
Selfridge

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

To: Consolidated Uranium Mines, Inc.
438 South Main Street
Salt Lake City, Utah

Pursuant to the provisions of Exploration Project Contract No. Idm-E680, executed June 24, 1954 (Docket No. DMEA-3273), as amended, hereinafter called the "Contract", between Lory M. Free, doing business as Y. Z. Mining Company, and the United States of America, hereinafter called the "Government"; to establish and fix the Government's percentage royalty and its lien therefor and on the land described in the contract, the Government considers and therefore certifies that a discovery or development from which production may be made has resulted from the exploration.

The nature of said discovery or development is described broadly or indicated as follows:

Drifting, crosscutting and diamond drilling on the Rae Ella, Rae Ella No. 2, and Phyllis claims (Schofield Mine) have indicated a substantial quantity of tungsten occurring as scheelite within and near tactite zones along a contact between granite and limestone. Sufficient data were secured to calculate measured, indicated and inferred reserves.

THE UNITED STATES OF AMERICA

Dated: October 8, 1956 By C. P. Mitteudorf
Administrator, Defense Minerals
Exploration Administration

cc: Docket
Code 400-Mr. Martin
Code 800-Mr. Chambers
Code 110-Mr. Johnson
Admr. R. File
Oper. Committee
T. H. Kiilsgaard, USGS
FT, Region 2
GSA, DMS, Wash. 25, D.C.

cc: Mr. Lory M. Free, Y. Z. Mining Co.
Panaca, Nevada
North Tem Piute Min. & Dev. Co
Hiko, Nevada
R. W. Holliday, USBM
F. D. Lamb, USBM
Finance Officer

SPHolt/ls/esf 9/28/56

DOCKET
Surname
Ho G
Martin
Chambers
Holliday

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

To: Mr. Lory M. Free
Y. Z. Mining Company
Panaca, Nevada

Pursuant to the provisions of Exploration Project Contract No. Idm-2680, executed June 24, 1954 (Docket No. DMEA-3273), as amended, hereinafter called the "Contract", between Lory M. Free, doing business as Y. Z. Mining Company, and the United States of America, hereinafter called the "Government"; to establish and fix the Government's percentage royalty and its lien therefor and on the land described in the contract, the Government considers and therefore certifies that a discovery or development from which production may be made has resulted from the exploration.

The nature of said discovery or development is described broadly or indicated as follows:

Drifting, crosscutting and diamond drilling in the Rae Ella, Rae Ella No. 2, and Phyllis claims (Schofield Mine) have indicated a substantial quantity of tungsten occurring as scheelite within and near tactite zones along a contact between granite and limestone.

THE UNITED STATES OF AMERICA

Dated: _____, 1956 By _____
Administrator, Defense Minerals
Exploration Administration

cc: Docket
Code 400-Mr. Martin
Code 800-Mr. Chambers
Code 110-Mr. Johnson
Operating Committee
Admin. Reading File
T. Kiilsgaard, USGS
FT, Region 2
GSA, EPS, Wash. 25, DC

cc: Mr. ~~E. G. Frawley, Pres.~~ Lory M. Free, Y.Z. Mining Co.
~~Consolidated Uranium Mines, Inc.~~
North Tem Piute Mining & Devel. Co.
Hiko, Nevada
R. W. Holliday, USBM
F. D. Lamb, USBM
Finance Officer

SPHolt/ls
9/13/56

MME Form 7
(10-58)

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| 7/9 | Murphy | 120 |
| | Selbridge | 120 |
| 7/10 | Talbert | 800 |
| " | on leave | 110 |
| " | [illegible] | 100 |
| | | 220 |
| | | |
| | | |
| | | |

Mr. Lory M. Free
d/b/a Y. Z. Mining Company
1709 North 580 East
Provo, Utah

JUL 1 0 1964

Re: DMEA-3273 (Tungsten)
Consolidated Uranium Mines, Inc., Assignee
Schofield Mine
Lincoln County, Nevada
Contract Idm-E680

Dear Mr. Free:

By the terms of the subject Exploration Project Contract, as amended, and the certification of discovery or development dated October 8, 1956, all minerals mined or produced from June 24, 1954, to June 24, 1964, were subject to the Government's royalty as set forth in said contract.

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

Sincerely yours,

George Fumich, Jr.

Acting Director

FMMurphy/mm
7/8/64
cc: Director's Reading File
CA&S Division
Region II w/cy of Form 63 dated 6/24/64
Docket
120 M
North Tem Piute Mining and Development Company, Hiko, Nevada

43683

NEVADA MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

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3273

WSM

## REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Consolidated Uranium Mines, Inc.
Assignee for
(Lory M. Free d/b/a Y.Z. Mining Company)
438 South Main Street
Salt Lake City, Utah

pertaining to Exploration Project Contract No. Idm-2680, Docket No. NMEA-3273, including Amendment Nos. 1 and 2, for the months of July 1954 to December 1955, inclusive, covering a project for the exploration of tungsten, on property, known as the Schofield Mine, located in Lincoln 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 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 reason:

> All 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 Contractor | $63,084.00 |
| Exceptions | -0- |
| Total Accepted Cost | $63,084.00 |

The contract calls for a 75% participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Forty Seven Thousand Three Hundred Thirteen and 00/100 Dollars:

** $47,313.00 **

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

February 23, 1956

Audit

Docket o...

## ASSIGNMENT OF CONTRACT

Subject to acceptance by the Assignee and consent by the Government on the forms hereafter provided, effective June 1st, 1955, the undersigned Lory N. Free, an individual doing business as Y. Z. MINING COMPANY, Assignor, hereby transfers and assigns to CONSOLIDATED URANIUM MINES, INC., a Nevada corporation, whose address is 438 South Main Street, P. O. Box 2578, Salt Lake City, Utah, Assignee, that certain Exploration Project Contract Idm-2608, Docket No. DMEA-3273, dated June 24, 1954, between the Assignor and the Government.

All claims and vouchers for the Government's contribution under the contract received by the Government prior to said effective date shall be considered to be for the account of and shall be paid to the Assignor; and such claims and vouchers received by the Government on and after said effective date shall be considered to be for the account of and shall be paid to the Assignee. The Assignee assumes and agrees to pay to the Government any royalty that may have accrued or that may hereafter accrue under the provisions of said contract and that remains unpaid at the date hereof.

The Assignor consents to all future amendments and assignments of this contract without notice thereof.

Dated this 9th day of August, 1955.

Lory N. Free

LORY N. FREE, doing business as
Y. Z. MINING COMPANY

## ASSIGNEE'S ACCEPTANCE

The Assignee, CONSOLIDATED URANIUM MINES, INC., hereby accepts the foregoing assignment and agrees to

perform and be bound by all of the terms, provisions, and conditions of the contract assigned and of the foregoing instrument of assignment.

Dated this 13th day of August, 1955.

~~URANIUM CONSOLIDATED MINES, INC.~~
CONSOLIDATED URANIUM MINES, INC.

By E. G. Frowley President

By _____

I, C. M. Christensen, certify that I am the _____ secretary of the corporation named herein; that E. G. Frowley who signed this instrument on behalf of said corporation, was then President of said corporation; that said instrument 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.

C M Christensen [Corporate Seal]
Secretary

GOVERNMENT'S CONSENT

The Government, this 31st day of August, 1955, without releasing the Assignor from any of the terms, provisions, and conditions of the contract assigned, hereby consents to the foregoing assignment.

THE UNITED STATES OF AMERICA

By C W Mattendorf
Administrator, Defense Minerals
Exploration Administration

Hafflund
Rudy
Martin
Talbot
Hefferman

Docket copy

RECEIVED

EXPLORATION PROJECT CONTRACT
Y. Z. MINING COMPANY
DOCKET NO. DMEA-3273

AMENDMENT NO. 2

It is agreed this 29th day of April, 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Y. Z. Mining Company, that Exploration Project Contract No. Idm-2680 (Docket No. DMEA-3273), dated June 24, 1954, is amended effective January 1, 1955, as follows:

1. In Article 3 of the contract form, delete the period "Twelve (12) Months," and substitute the period "Twenty-One (21) Months."

2. Add to Exhibit "A" of the contract, as amended by Amendment No. 1, the following:

> Cut a diamond drill station approximately 10 feet by 10 feet by 8 feet, at the approximate position indicated on the accompanying map marked "Composite Plan Map North Tom Piute Property."
>
> Insofar as the work can be accomplished within an aggregate maximum of 2,020 feet of drilled hole, drill nine (9) AX diamond drill holes, approximately in the positions indicated on the accompanying map, and as there projected to intersect the Grubstake ore zone; holes 1, 2, and 3 to have a bearing of S. 85 degrees W., with respective dips of minus 20 degrees, horizontal, and plus 20 degrees; holes 4, 5, and 6 to have a bearing of S. 45 degrees W., with respective dips of minus 20 degrees, horizontal, and plus 20 degrees; and holes 7, 8, and 9 to have a bearing of S. 11 degrees W., with respective dips of minus 20 degrees, horizontal, and plus 20 degrees. All cores from the mineralized zone are to be split and assayed for $WO_3$. 1/

On the basis of the results obtained in the diamond drilling and with the approval of the Government, a crosscut approximately 150 feet in length shall be driven at a point to be selected to intersect the mineralized zone, and approximately 150 feet of drifting shall be done along the Grubstake zone. The direction or directions of the drifting will be dependent on the mineralization.

1/ All assaying to be at the expense of the Operator.

From the face of the southeasterly drift on the Moody ore zone, at the conclusion of the work done according to Amendment No. 1, and as indicated on accompanying map, drift an additional 390 feet southeasterly following the indicated ore zone.

All drifts and crosscuts shall be not less than 4 feet by 6½ feet in size. All zones showing tungsten mineralization shall be sampled and assayed for $WO_3$. 2/

**Agreed Unit Costs**

| | | |
|---|---|---|
| Cut diamond drill station. 3/ | $ 500.00 | |
| Diamond drilling, 2,020 feet @ $6.50/ft. | 13,130.00 | |
| Drifting and crosscutting 690 feet @ $34.50/ft. | 23,805.00 | |
| Estimated added cost of Amendment No. 2 | | $37,435.00 |
| Estimated previous cost of Contract | | 39,600.00 |
| Estimated total cost of the project | | $77,035.00 |
| Government participation @ 75% | | $57,776.25 |

THE UNITED STATES OF AMERICA

By C O Mutthendorz
Administrator, Defense Minerals
Exploration Administration

Y.Z. MINING COMPANY

By Lory M Tree

Hoffhud
Chapman
Martin
Chandler
Kilsgaard
Selfridge
Gibson

2/ See footnote 1/.
3/ The completed work is the unit.

Docket Copy

EXPLORATION PROJECT CONTRACT
LORY M. FREE, dba Y. Z. MINING COMPANY
DOCKET NO. DMEA-3273

AMENDMENT NO. 1

It is agreed this 28th day of February, 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Lory M. Free, doing business as Y. Z. Mining Company, Pamona, Nevada, that Exploration Project Contract No. Idm-2680 (Docket No. DMEA-3273), dated June 24, 1954, is amended effective January 1, 1955, as follows:

1. In Exhibit "A", under "Description of the Work:

(a) In paragraph 3, delete "140 feet" and substitute "188 feet."

(b) Delete the last full paragraph on page 1 and substitute: "Not to exceed an aggregate of 1147.8 feet of drifting and crosscutting shall be performed under the Contract. All timbering and analyses necessary for the performance of the project shall be at the sole expense of the Operator without contribution by the Government."

2. In Exhibit "A", under "Estimated Costs of Project, Agreed Unit Costs," delete everything and substitute:

"Drift and/or crosscut
1147.8 feet @ $34.50/ft.
(rounded to) $39,600.00

AGREED ESTIMATED TOTAL COST $39,600.00

GOVERNMENT PARTICIPATION @ 75% $29,700.00"

3. In Article 7 of the Contract form, that part of the second sentence that 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 P Metteudorf
Administrator, Defense Minerals
Exploration Administration

Robin
Hoffman

Y. Z. MINING COMPANY

By Lory M Ehrs

Rutledge
Martin
Chambers
Selfridge
Jefferson

MF-200 (A)
(February 1952)

DOCKET NO. DMEA 3273

COMMODITY Tungsten

EDM * E 680

Docket copy

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

# EXPLORATION PROJECT CONTRACT[1]

(Short Form)

IT IS AGREED this 24th day of June, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Lory M. Free, doing business as Y.Z. Mining Company, Panaca, Nevada

hereinafter called the "Operator," as ~~follows:~~ set forth in Annex I attached to and made a part hereof and as follows:

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 Lincoln, described as follows:[3] Three unpatented mining claims located in Section 1, T. 4 S., R. 56 E., M.D.B. & M., and recorded in the Lincoln County Court House, Pioche, Nevada, as follows: Rae Ella, Book K-1, page 477, Rae Ella #2, Book K-1, page 478, and Phyllis, Book K-1, page 478, Mining Notices.

the Operator represents and undertakes:[4]

(*a*) [redacted]

(*b*) That the Operator is a lessee, in possession and entitled to possession, and the Owner's Consent to Lien is attached.

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, within 30 days from the date of this contract shall commence work on a project of exploration for[5] Tungsten

in or upon the described land; and shall bring the project to completion within a period of 12 months 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 75 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 $29,700.00 which is 75 percent of $39,600.00 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:

(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. **See Annex I substituted for Article 6.**

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 UNITED STATES OF AMERICA

**Y. Z. MINING COMPANY**
(Operator)

By Lory M Tree

By O P Mitchenor
Butrie
Hoffhund
Talbert
**Administrator, Defense Minerals Exploration Administration**

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

EXPLORATION PROJECT CONTRACT
Y. Z. MINING COMPANY
DOCKET NO. DMEA-3273

Received
OCT 13 1954

ANNEX I

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 a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, for a period of ten years from the date of the contract, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

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

Operator or by anyone other than the buyer, are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent) applied to the 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.

j. Added provision.--As the project work will benefit adjacent and contiguous mining claims, the Operator, regardless of certification and regardless of whether the Operator is the producer or has any interest in the production, shall also pay royalty as provided in this Annex I on all minerals produced from land adjacent or contiguous to the land described in Article 2 of the contract which are extracted or transported through any of the workings driven under Exhibit "A" of the contract. The period of payment shall be ten years from the date of the contract or until the total amount contributed by the Government, without interest, is fully repaid.

58694

EXPLORATION PROJECT CONTRACT
Y. Z. MINING COMPANY
DOCKET NO. DMEA-3273

EXHIBIT "A"

Description of the Work

The exploration work which the Operator shall perform is indicated on the map, Figure 2, attached hereto and entitled "North Ten Piute Mine, Lincoln County, Nevada," and is as follows:

1. Drive a crosscut adit southwesterly approximately 480 feet to intersect the downward extension of the ore zone.

2. Drift northwesterly from the adit along the mineralized zone approximately 380 feet to the end line of the Rae Ella claim, unless the drifting indicates that Ore Body No. 4 plunges southeastward, in which event the north drift shall not be continued unnecessarily through barren ground.

3. Drift southeasterly from the adit along the mineralized zone approximately 140 feet.

4. With the prior written approval of the Government, not to exceed 100 feet of crosscuts may be driven at locations mutually agreeable to the Government and the Operator, to further explore the mineralized zone. However, such crosscuts shall be not less than 100 feet apart.

The adit, drifts, and crosscuts shall be timbered where necessary and shall be not less than 4 feet by 6½ feet in the clear.

In the performance of the above items of work not to exceed an aggregate of 1100 feet of drifting and crosscutting and not to exceed an aggregate of 200 feet of timbering, shall be allowable for contribution by the Government under this contract.

Representative samples shall be taken of all mineralized ground encountered. Each sample shall be

divided into at least two parts, one of which shall be furnished to the Field Team.

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

## ESTIMATED COSTS OF PROJECT

### AGREED UNIT COSTS

| | | |
|---|---|---|
| Drift and/or crosscut 1100 feet @ $34.50 /ft. | $37,950.00 | |
| Timber 200 feet of drift and/or crosscut @ $5.00 per feet | 1,000.00 | |
| Analyze 130 samples @ $5.00 each | 650.00 | |
| AGREED ESTIMATED TOTAL COST | | $39,600.00 |
| GOVERNMENT PARTICIPATION @ 75% | | $29,700.00 |

MF 203
(Revised July 1, 1953)

OWNER'S CONSENT TO LIEN

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL - 13 1954

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

Rae Ella, Rae Ella Number Two (#2) and Phyllis, three unpatented mining claims described as follows: Located in sec. 1, T. 4 S., R. 56 E., M. D. B. & M.

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

2/ Y. Z. Mining Company, Lory M. Free, Panaca, Nevada

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production (~~as set forth on the reverse side hereof~~) 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.

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 1st day of July, 1954.

NORTH TEMPIETE MINING AND DEVELOPMENT COMPANY

By Merle H. Schofield [Seal]
President

By Thomas T. Schofield [Seal]
Sec. & Treasurer

[Seal]

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.

~~RELEVANT CONTRACT PROVISIONS~~

~~Repayment by Operator. a. Certification.--If at any time the Government considers t~~ a discovery or development from which production may be made has resulted from the exploratio 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. Percentage royalty.--The Operator, or his successor in interest, shall pay to the Government a royalty on all minerals mined or produced from the land described in Article 2,--(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 (including any bonuses), in whatever form disposed of, including ore, concentrates, or metal, as follows:

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

(b) 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.)

c. Definitions.--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 gross income from mining operations for percentage depletion purposes in income tax determination.

d. Lien for Payment.--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.

e. Notice to Purchasers.--The Operator shall notify any purchaser of the production of the Government's royalty interest, and shall authorize and direct the purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets; but failure or refusal by the purchaser to comply shall not relieve the Operator of liability to pay any royalty falling due.

f. No Obligation to Produce.--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.



Interior—Duplicating Section, Washington, D. C. 47318

MF-103
(Revised April 1952)

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

Form Approved.
Budget Bureau No. 42-R1035.2.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
SEP 9 - 1954

## APPLICATION FOR AID IN AN EXPLORATION PROJECT, PURSUANT TO DMEA ORDER 1, UNDER THE DEFENSE PRODUCTION ACT OF 1950, AS AMENDED

*Not to be filled in by applicant*

Docket No. 3273
Metal or Mineral Tungsten
Date Received
Estimated Cost $150,325
Participation (Government %)

## INSTRUCTIONS

1. *Name of applicant.*—(*a*) State here your full legal name, in the form in which you will wish to contract, and your mailing address: Y. Z. Mining Company, Lory M. Free, Panaca, Nevada

(*b*) If other than an individual, add to your name above whether a corporation, partnership, etc., and the name of the State in which incorporated or otherwise organized.

(*c*) If a corporation, add to above statement, titles, names and addresses of officers.

(*d*) If a partnership, add to the above statement the names and addresses of all partners.

2. *General.*—Read DMEA Order 1, "Government Aid in Defense Exploration Projects," before completing this application. Submit this application and all accompanying papers in quadruplicate (four copies), with your name and address on each sheet of the application and on all accompanying papers. Where sufficient space is not provided on the form for all required information, state it on an accompanying paper, with a reference in each case to the instruction to which it refers by number. Comply with all applicable instructions; or, if not applicable, so state. File the application with Defense Minerals Exploration Administration, Department of the Interior, Washington 25, D. C., or with the nearest field executive officer thereof.

3. *Applicant's property rights.*—(*a*) State the legal description of the land upon which you wish to explore, including all land which you possess or control that may be benefited by the exploration, and excluding any land or interest in land which is not to be included in the exploration project contract Three (3) unpatented mining claims as follows: Rae Ella, Rae Ella No. 2 and Phyllis, located in Section 1, T 4 S, R 56E, M.D.B. & M. Recorded in Lincoln County Court House, Pioche, Nevada, Rae Ella: Book K-1, page 477, Rae Ella # 2, Book K-1, page 478, Phyllis: Book K-1, page 478, Mining Notices.

(*b*) State any mine name by which the property is known. North TemPiute Mining & Developement Co. propert

(*c*) State your interest in the land, whether owner, lessee, purchaser under contract, or otherwise Lessee

(*d*) If you are not the owner, submit with this application a copy of the lease, contract, or other document under which you control the property.

(*e*) If you own the land, describe any liens or encumbrances on it none

(*f*) If the land consists of unpatented claims, add to the description above, the book and page numbers for each recorded location notice.

4. *Physical description.*—(*a*) Describe in detail any mining or exploration operations which have been or now are being conducted upon the land, including existing mine workings and production facilities. State your interest, if any, in such operations. Also describe accessibility of mine workings for examination purposes.

(*b*) State past and current production, and ore reserves, if any, giving quantities and grades.

(*c*) Describe the geologic features of the property, including mineralization, type of deposit (vein, bedded, etc.), and your reasons for wishing to explore. Illustrate with maps or sketches. Send with your application (but not necessarily as a part of it) any geologic or engineering report, assay maps, or other technologic information you may have, indicating on each whether you require its return to you.

(*d*) State the facts with respect to the accessibility of the project: Access roads, distances to shipping, supply and residence points.

(*e*) State the availability of manpower, materials, supplies, equipment, water, and power.

5. *The exploration project.*—(*a*) State the mineral or minerals for which you wish to explore Tungsten

(*b*) Describe fully the proposed work, including a map or sketch of the property showing a plan (and cross sections if needed) of any present mine workings, and the location of the proposed exploration work as related to such features as contacts, veins, ore-bearing beds, etc.

(*c*) The work will start within 10 days and be completed within 24 months from the date of an exploration project contract.

(*d*) State the operating experience and background of the applicant with relation to the ability to carry out such exploration project, and also that of the person or persons who will supervise the operations.

6. *Estimate of costs.*—Furnish a detailed estimate of the costs of the proposed work (you will have to use a separate sheet), under the following headings. Add the totals under all headings to give the estimated total cost of the project:

(*a*) *Independent contracts.*—(Note.—If the applicant does not intend to let any of the work to contractors, write "none" after this item. To the extent that the work is to be contracted, do not repeat the cost of the contract-work in subsequent items.) State the cost of any proposed independent contracts for the performance of all or any part of the work, expressed in terms of units of work (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, per cubic yard of material moved, etc.).

(*b*) *Labor, supervision, consultants.*—Include an itemized schedule of numbers, classes and rates of wages, salaries or fees for necessary labor, supervision and engineering and geological consultants.

(*c*) *Operating materials and supplies.*—Furnish an itemized list, including items of equipment costing less than $50 each, and power, water and fuel.

(*d*) *Operating equipment.*—Furnish an itemized list of any operating equipment to be rented, purchased, or which is owned and will be furnished by the Operator, with the estimated rental, purchase price, or suggested use-allowance based on present value, as the case may be.

(*e*) *Rehabilitation and repairs.*—Furnish a detailed list showing the cost of any necessary initial rehabilitation or repairs of existing buildings, installations, fixtures, and movable operating equipment, now owned by the Operator and which will be devoted to the exploration project.

(*f*) *New buildings, improvements, installations.*—Furnish a detailed list showing the cost of any necessary buildings, fixed improvements, or installations to be purchased, installed or constructed for the benefit of the exploration project.

(*g*) *Miscellaneous.*—Furnish a detailed list showing the cost of repairs to and maintenance of operating equipment (not including initial rehabilitation or repairs of the Operator's equipment), analytical work, accounting, workmen's compensation and employers' liability insurance, and payroll taxes.

(*h*) *Contingencies.*—Give an estimate of any necessary allowances for contingencies not included in the costs stated above.

NOTE.—No items of general overhead, corporate management, interest, taxes (other than payroll and sales taxes), or any other indirect costs, or work performed or costs incurred before the date of the contract, should be included in the estimate of costs.

7. (*a*) Are you prepared to furnish your share of the cost of the proposed project in accordance with the regulations on Government participation (Sec. 7, DMEA No. 1)? Yes.

(*b*) How do you propose to furnish your share of the costs?

[x] Money [x] Use of equipment owned by you Labor [ ] Other

Explain in detail on acompanying paper.

## CERTIFICATION

The undersigned, whether as an individual, corporate officer, partner, or otherwise, both in his own behalf and acting for the applicant, certifies that the information set forth in this form and accompanying papers is correct and complete, to the best of his knowledge and belief.

Dated March 6, 1954

Gary M Grace
(Applicant)

By

**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—66551-1

4. A.

Refer to Bureau of Mines Report of Investigation No. 4626 included herewith. Pages 3 - 4 - 5 for location and availability.

Practically no work has been done on this property since above report was issued. All workings are shown on maps No's. 2 & 3, proposed exploration work included.

4. B.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
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Known past production:

| | | |
|---|---|---|
| 560 tons | .92% | 1951 |
| 300 tons | .95% | 1954 |

Current production:

About 15 tons per day of .85% $WO_3$
Refer to Bureau of Mines Report.

4. C.

The Geology, mineralization, type of deposit together with maps, assays, etc., are all included in U. S. Bureau of Mines Report No. 4626 included with this application.

I desire to explore this contact because it is heavily mineralized and has all of the Geological conditions to indicate a tremendous commercial tungsten ore body. The same contact joining these claims on the north has been a large Tungsten producer for many years and has proven to be good to a great depth. In my opinion there is more surfact mineralization on this North Tem Piute property than on the Lincoln property that has been the producer of thousands of tons of ore and is now producing 350 to 400 tons per day. Therefore it seems reasonable and almost a certainty from existing information in the U. S. Bureau of Mines report and known conditions on the same contact vein in the Lincoln Mine that a large tonnage of ore will be explored if the exploration program is followed as outlined.

In twenty years of mining experience I have found there is no substitute for actual drifting, sinking and raising in an ore body to determine its value and volume. I believe the plan presented and described herewith to be economical and efficient in carrying this plan to a conclusion. Since I am unable financially to do this exploration work at this time entirely on my own, I respectfully submit this application for Government aid feeling certain that a tremendous commercial tungsten ore body will be the result.

4. d.

Accessibility is described in detail on pages 3, 4 & 5 of Bureau of Mines report, page 5 being a map. The graveled road has been graded and greatly improved during the past year.

4. e.

Water and supplies will have to be hauled to the mine, but they are available. Diesel power for compressors, etc., will be necessary, as at present there is no near electric power available.

The Lead Zinc mines at Pioche have layed off several hundred miners so that here in Lincoln County there is a surplus of good miners.

5. b.

The proposed work is described in detail on maps enclosed labeled as follows:
#1. Vertical Section
#2. Vertical Longitudinal Projection
#3. Composite Plan Map

In this proposed exploration project there will be 2600 feet of drifting, 290 feet of sinking and 75 feet of raising.

5. d.

I have had twenty three years of mining experience. Practically all of the time in a managing position. I have had considerable experience in the Pioche area with some in Idaho and some in Utah. Mining has been my life work and study, and I have put in my own share of time with the "muck Stick" through all phases of mining production, including labor relations and bookkeeping. I feel that I am qualified from the stand point of experience as well as education to carry forward this exploration project and will be the supervisor of the project. /s/ Lory M. Free.

6. a.

Contracts:

| | | | |
|---|---|---|---|
| 2600 ft. of 5 x 7 drifting @ $42.00 per foot----- | $109,200.00 | | |
| 290 ft. of sinking 5 x 7 @ 90.00 per foot----- | 26,100.00 | | |
| 75 ft. of raising 5 x 7 @ 35.00 per foot----- | 2,625.00 | | |
| 900 ft. of core drilling @ 4.00 per foot----- | 3,600.00 | | |
| | $141,525.00 | $141,525.00 | |

Operator to furnish all equipment and supplies.
$90.00 per foot of sinking includes timbering, skidway, ladders and man way, etc.,

6. b.
Engineering, Geological work, and Supervision all included in per footage cost in contracts - 6.a. above.

6. c.
None, costs included in contract - 6. a.

6. d.
Included in per footage costs - 6.a.

6. e.
None.

6. f.
Building for office space, warehouse, change room, etc. 16 x 48, cost-$5,800.00

6. g.
All costs included in per footage costs above.

6. h.
Timbering, estimated 200 feet at $15.00 per foot---------- 3,000.00

Total-----$150,325.00

EXPLORATION COSTS

Explanation 6. a.:

The following costs of the proposed exploration are based on current wage rates, supply and equipment costs.

1. Exploring contact ore body: The formation to be drifted, raised, and sunk through is a replaced limestone composed of garnet, epidote and quartz and extremely hard.

a. Drifting - 2600 feet.
Advance 4ft. per day, 6 day week = 650 working days = 28 months,

| | |
|---|---|
| wages: Miners $2.25 per hour, Muckers $1.87 per hour, 3 men averaging 4 feet per day | $ 11.98/ft. |
| Insurance, social security, etc. | 1.72 " |
| Powder, fuse, detonators | 3.50 " |
| Estimated 400 tungsten assays @ $5.00 | .77 " |
| Pipe, air and water | 1.20" |
| Pipe for line | .80 " |
| Rail | 1.00 " |
| Ties, spikes, wedges, incidental timber | 2.00 " |
| Compressor supplies | 2.00 " |
| Steel and bits | 2.50 " |
| Repairs | 1.50 " |
| Gas, oil, tires, etc. for hauling water & supplies ($150.00 per month - 28 months) | 1.52 " |
| Engineering, accounting, etc. | 2.50 " |
| Supervision - 28 months at $600.00 per month | 5.70 " |
| Rental as below | 3.31 " |
| Total cost per foot | $ 42.00 |

The operator will furnish all equipment.

| | Cost |
|---|---|
| Compressor | $9,800.00 |
| Drills, One Jack Hammer, air leg complete | 875.00 |
| One Stoper type | 300.00 |
| Air & water hoses | 400.00 |
| Mucking machine | 3,700.00 |
| Mine cars, 3 | 450.00 |
| Truck | 2,300.00 |
| Tools | 600.00 |
| | $18,425.00 |

Monthly Rental = $\frac{\$18,420.00}{60}$ = $307.08 x 28 months = $3.31 per foot.

7. b.

I have some mining equipment, compressor, rails, pipe, etc. that can be used when and if needed. Since it is planned for this exploration to be almost entirely per footage contract, the use of equipment may not enter in to a very great extent.

I am prepared to pay my proportionate share in cash over and above what my labor and perhaps use of equipment amounts to.

# MINING LEASE

This Lease Agreement, made on this 9th day of February, 1954, between the North Tem Piute Mining and Development Company. A Nevada Corporation, of Hiko, Nevada, Owner hereinafter called Owner, and Lory M. Free, of Panaca, Nevada, hereinafter called Lessee.

Lincoln Records Administration
RECEIVED
FEB 9 - 1954

WITNESSETH

Whereas, on the 2nd day of July, 1951. North Tempiute Mining and Development Co., executed and delivered, as Lessor, unto one Lory M. Free, as Lessee, a certain Mining Lease in writing, which said Mining Lease was duly recorded in the Office of the County Recorder of the County of Lincoln, State of Nevada, on the 9th day of July, 1951, and now appears on record in Book N. of Miscellaneous Records at pages 393, et seq., Records of Lincoln County, Nevada, and

Whereas, in certain particulars the terms, provisions, covenants, promises and agreements in said Lease contained are indefinite, uncertain and not satisfactory; and

Whereas, it is the mutual desire of the parties hereto, to clarify said Lease, and enter into a new Lease Agreement for the purpose of clarification of said Lease, and said Lease as above mentioned is agreed to be void,

Now, therefore, in consideration of the premises, it is mutually understood, promised and agreed by and between the parties hereto as follows, to-wit:

WITNESSETH:

That the Owner is the sole owner of 40 (forty) unpatented Mining Claims, located in the TemPiute Mining District, Lincoln County, State of Nevada, and Lessee and his associates are mining operators; and Owners desires that Lessee explores, develops and makes productive said mining claims, and Lessee is willing to and desires to explore and develop same, all on the terms hereinafter set forth, which are mutually agreeable to all parties.

Now Therefore, for and in consideration of the premises and the entry by Lessee upon said claims to explore the same, and the rents, covenants, agreements, payments and royalties hereinafter reserved or contained and by the Lessee agreed to be paid, kept and/or performed, Owner has granted, let and demised, and by these presents does grant, let and demise unto Lessee the following described unpatented mining claims situated in the Tem Piute Mining District, in the

County of Lincoln, State of Nevada, T 4 S, R 56 E. Mt. D B & M. The said claims are located and recorded under the following names, to wit:

RAE ELLA, RAE ELLA NO. 2, RAE ELLA NO.3, RAE ELLA NO. 4, PHYLLIS, PHYLLIS NO. 2, PHYLLIS NO. 3, PHYLLIS NO. 4, PHYLLIS NO. 5, WEST BREAK, EAST SIDE, EAST SIDE NO. 2, EAST SIDE NO. 3, EDDES, EDDES NO. 2, EDDES NO. 3, EDDES NO. 4, VICK, VICKILU, VICKILU NO. 2, JOY, JOY NO.2, ANNIE, ANNIE NO.2, MAMMOTH, MAMMOTH NO.2, MAMMOTH NO.3, MAMMOTH NO. 4, MAMMOTH NO. 5, MAMMOTH NO.6, MAMMOTH NO. 7, MAMMOTH NO. 8, HOGSBACK, MINERAL HILL, MINERAL HILL NO. 2, MINERAL HILL NO. 3, MINERAL HILL NO. 4, MINERAL HILL NO. 5, MINERAL HILL NO. 6, MINERAL HILL NO. 7.

To have and to hold said premises for the purpose of searching for, mining, extracting, milling, reducing, treating and prepairing ores, metals, minerals or by-products of every nature and descritpion and with the enclusive right to possess and work the same for said purposes, for the term of ten (10) years from the date hereof, with option of renewal for another ten (10) years under the same terms and conditions, providing the terms have not been breached and each and every covenant has been fulfilled by the Lessee, unless sooner terminated.

This lease is not transferable to another party unless the transfer is agreeable to the Owner.

It is hereby mutually agreed by both parties as follows: to try and secure a Government Defense Minerals Exploration Loan, to develope the above said property and what ever is done with the loan, Lessee shall furnish Owner with copies of all transactions and all information on all development work.

1. POSSESSION: From and after the date of the execution of the agreement and during all the time it shall continue in full force and effect, Lessee shall be entitled to the sole and exclusive possession of all of said mining property and premises, and may work, mine, develop, equip and extract ores, metals mineral, or by-products.

And remove from the premises in such manner as it may deem advisable for sale or stockpile, but in the event the Lessee does move from the premises any ore, metals, minerals or by-products and place in a stockpile for future sale, he does hereby agree to be responsible to the Owner for its share and make prompt and accurate settlement when the sale is made, provided all work is done in a good and minerlike manner and withdue regard to the preservation of said claims as a workable mine.

2. STOCKPILE OF ORES. It is mutually understood and agreed that the Lessee shall have the right to stockpile ore upon a claim owned by Lessee or owned by Lessee and Owner jointly. Subject to the terms and conditions as set forth in this lease agreement as to the payment of royalty, also to all transactions of sale and all records and accounts of any sale whatsoever.

It is the spirit hereof and the intent of the parties hereto, that the Owners right shall be protected in whatever transaction or disposition of any nature whatsoever made, by the Lessee, of any stockpile taken from the demised premises and Lessee shall keep an accurate account of the amount of the stockpile and furnish the Owner with a copy of such record and accounts, delivered to Owner every thirty (30) days from the date of this agreement. Also agrees that any agreement made of any nature whatsoever, pertaining to a stockpile taken from the demised premises, shall be made in such a way that it will protect the Owners right to the stockpile, with the same diligence and care that it does the right of the Lessee, And the Lessee agrees tofurnish the Owner with a copy of the said agreement at the time of the sale of said ore from stockpile.

It is mutually understood by both parties that Lessee agrees to make every effort to dispose or sell any stockpile of ore owned jointly by Lessee and Owner during each thirty (30) day period from the date of this lease agreement. In the eventof a termination any ore owned jointly by Lessee and Owner, all ownership shall thereupon pass from Lessee to Owner.

3. ROYALTY: For the said use and occupation of said premises and the exclusive right to extract and remove ores, metals, minerals and by-products, to sell the same and retain the proceeds thereof, Lessee shall pay the Owner a rental and/or royalty as follows:

Lessee agrees to cause to be paid promptly to Owner a royalty or rental on any and all Tungsten ores extracted and sold from the demised premises by Lessee, in the amount of ten per centum (10%) of the net proceeds thereof. And in the case of ores shipped for their contents of gold, silver, lead or copper, or any combination of any product of value, and additional royalty or rental of one per centum (1%) for every full $2.00 of net proceeds in excess

of Twenty Dollars ($20.00) per ton, up to a maximum total royalty or rental of thirty per centum (30%) of net proceeds: "Net Preceeds" In each instance defined as the amount of money recieved by Lessee upon the sale of ore, minerals, product or products after usual trade or marketing charges or expenses such as smelting or refining charges (if any), metal price discounts, railroad or truck, freight, insurance, sampling and assaying charges.

All rentals and/or royalty shall be paid to the Owner by mailing or delivery to its office at Hiko, Nevada, or its successor, at the time of a sale of all ore; minerals or saleable products extracted from the said premises.

At the time pf paying said earned royalties, the Lessee shall also deliver to Owner an itemized and accurate statement in writing, showing how said earned royalties were determined, attached to which shall be a copy of the smelters, refiners or ore purchasers settlement sheet for each purchase of ore, concentrate of product involved in such statement.

4. NOTICES- ADDRESSES OF PARTIES - CHANGE: All notices herein provided for to be given to Owner may be delivered in person or by U. S. Registered mail addressed to Owner in care of Merle F. Schofield, Hiko, Nevada, (or his Successors) Service shall be deemed complete upon delivery or on the date of mailing.

All notices herein provided to be given to Lessee may be served by delivery or by U.S. Registered mail, addressed to Lory M. Free, Panaca, Nevada (or his Successors) and service shall be deemed complete upon delivery or on the date of mailing.

Any of said addresses may be changed by the parties, by written notice to that effect, served as above provided.

5. MARKETING OF ORE: Upon extraction of ores and saleable products from said premises, title to the several materials shall immediately pass to Lessee and it shall thereupon have the right tosell and dispose of the same and pass full title thereto to the purchasers thereof, and Lessee agrees to market any and all products to the best joint interests of Owner and Operator, but at Lessees sole discretion as to time, place, conditions and sale price.

6. MILLING OF ORES - TAILINGS: Lessee shall have the right to mill or treat the ores from the demised premises in which event recognized method of weighing, assaying and sampling shall be applied to all ores treated at the mill, subject to the terms of this lease agreement and shall be applied to all products which leave the mill, so that a metallurgical balance of normal accuracy may

be kept and reported to the owner on demand, showing the quantity of saleable products and/or metals in owners or any owners part of the mill heads, tailings and concentrates.

Tailings produced from ores taken from the demised premises shall be kept separately and not comingled with tailings from other ores and shall bedeposited by Lessee upon lands to be made available to Owner for such purpose, to protect the Owners share of any tailings produced. Such tailings, after initial deposition, may be retreated by Lessee in its treatment plant, in which event Lessee shall pay the Owner a royalty upon the value recovered therefrom the same as though such tailings were new ores mined hereunder and upon the royalty schedule herein above set forth. In the event that such tailings have not been retreated by Lessee during the term hereof or prior to the sooner termination of this lease as herein provided title to said tailings shall thereupon pass from Lessee to Owner.

7. MONUMENTS OF CLAIMS: As a further consideration the Lessee agrees to keep in good repair, all monuments of the boundaries of the group of claims herein leased.

8. ANNUAL LABOR - PROOF: Lessee agrees that it will during the course of this lease perform the annual labor or make annual improvements upon or for the benefit of all the mining claims herein leased so required by United States law. And shall cause to be made and recorded, proofs of such labor or improvements so that in each year said labor or improvements shall be performed or made on or before the first day of April of each year and shall furnish the Owner promptly with a recorded proof of such labor or improvements.

Inclusive of the foregoing annual labor and/or improvements, Lessee agrees to be made as annual development work, not less that 103 feet of shaft sinking or not less than two hundred & six (206) feet of tunnel or the running up of a raise, or combination of above, said work to be 5x7 ft. in size or its equivalent, prorated as to cubic footage for larger or smaller raises, shafts or tunnels, in the exploration and development of said claims, in each and every year during the term of this lease.

9. PAYMENT OF CLAIMS - LIENS: Lessee shall at all times keep all bills and accounts for labor, supplies and materials done, performed or furnished to, for or upon the premises promptly paid. It is further agreed that during the time

that this lease is in force and effect, no party hereto, without the consent of the other, shall place or cause to be placed, any lien, mortgage or incumbrance of any kind or character against the properties.

10. TAXES - WORKMENS COMPENSATION - INSURANCE - LIENS - NON-LIABILITY NOTICES - RIGHT OF OWNER TO INSPECT: The Lessee further agrees that it will pay all State and County Taxes lawfully levied upon improvements, equipment, supplies and all lawfully taxable personal property placed upon said mining property by Lessee.

Lessee further agrees that before employing one or more persons in or upon the premises, or in connection with any work under the lease, it will accept and at all times thereafter comply with the terms, provisions and conditions of the Nevada Industrial Insurance Act, and pay all premium and make all reports required by the Nevada Industrial Commission.

Lessee further agrees that it will not allow or permit any miners of materialmens, labor or other liens to be filed orattached against the property herein described or against this leasehold estate.

Lessee further agrees to keep posted in a conspicuous place on said premises, a notice to the effect that the Owner will not be responsible for any labor performed, materials furnished, or imporvements made by the Lessee under this lease and file an affidavit of such, posting with the County Recorder.

The Owner and its agents shall have the right and privilege at all reasonable times to enter upon and into all parts of the premises hereby leased, for the purpose of inspecting same, with the right to use all passage ways, ropes, windlasses, ladders, hoists and all other means of ingress and egress for such purposes, providing they do not interfere with operation of Lessee, and further providied that such entry and inspection shall be at Owners risk and hazard and Owner will hold Lessee harmless from and indemify it against liability to it or its agents for damages to personal property or for personal injuries arising from any conditions of the premises or from any other cause except wilful misconduct of Lessee or its agents, and further provides that Lessee shall not be responsible for the acts or conduct of such agents of Owner while on the premises.

Lessee further agrees to and will indemnify Owner against and hold Owner harmless from liability resulting from physical damage to persons or property, caused by and arising out of and during the operations of the Lessee hereunder, except as elsewhere herein provided.

11. SOCIAL SECURITY AND UNEMPLOYMENT COMPENSATION INSURANCE:

Lessee shall also comply with all the provisions of the State and Federal Social Security Acts and the Unemployment Compensation Laws, and shall make all reports, returns and payments required by such acts and laws and shall at all times indemnify and hold Owner harmless of any and all claims and demands which could or might arise against Owner and by virtue of any of said laws or acts arising out of Lessee's operations.

12. ACCOUNTS AND RECORDS - MAPS - REPORTS - INSPECTION BY OWNER:

Lessee shall at all times keep true and accurate book of accounts, mine and mill records and records showing the amount of all ore mined, milled and/or shipped hereunder and all amounts recieved therefor, and shall make and keep maps showing all mine workings and make all reports as may be required by law or rules or regulations of any governmental authority, keeping copies thereof. All such books, records, reports and maps shall at all reasonable times be open to the inspection of Owner, or its agents.

13. LESSEE'S RIGHT OF SURRENDER AND REMOVAL OF MACHINERY AND EQUIPMENT:

Lessee shall have the right to terminate this lease at any time by giving Owner notice to that effect at least ninety (90) days prior to the date of such contemplated termination, and such notice of termination mailed to owner at least ninety (90) days prior to July 1st of each year. Lessee shall also at the time of giving said notice, file and record in the office of the County Recorder of Lincoln County an executed copy thereof, and a duly executed and acknowledged relinquishment of this lease and of all of the rights of Lessee hereunder, Upon such termination Lessee shall cease to be liable or responsible for any future payments or expenditures, other than unpaid current royalties which shall have accured as of the date fixed for such termination. Lessee shall have sixty (60) days for removal of equipment, machinery and improvements brought or placed upon said premises by Lessee. It is understood, however that his right of removal upon the termination hereof shall not extend to the dismantling and removal of any underground timbers, structures or improvements supporting any underground portions of said mine still workable and accessiable for further underground

mineral extraction, nor to the removal of timbers and ladders of the main shaft, nor the removal of rails, air or water pipe installed in the main shaft, nor to ore bins, hoist house and head frame at the collar of the main shaft.

15. DEFAULT NOTICE * FAILURE TO REMEDY * TERMINATION: In case the Lessee shall fail to keep or perform all or any of the terms, conditions or covenants herein contained on its part to be kept and performed, then and in such event, Owner may elect to terminate this lease and all of the rights of Lessee hereunder shall be considered terminated as of the thirtieth day after the date of the service of such notice; provided, however that if the terms, conditions or covenants claimed in said notice to have beenb reached, can be r emedied and if the Lessee shall within such thirty (30) days period remedy the same, then said lease shall not be terminated for such breach and shall continue in full force and effect. Lessee shall be permitted to correct such claimed default within the time above limited.

15. COVENANT OF QUIET ENJOYMENT BY LESSEE: The owner covenants, promises, and agrees to with the Lessee, that said Lessee, keeping and performing all of the terms, conditions, and covenants herein contained on its part to be kept and performed, shall and may lawfully, peacefully and quietly have, hold, use, occupy and possess the promises hereby leased for and during the term of this lease.

In witness whereof, the parties to this agreement have executed the same in duplicate by their authorized officers as of the day and year above written.

North Tem Piute Mining and
Development Company. A. Corp.

By /s/ Merle F. Schofield
President

/s/ Thomas T. Schofield
Secretary-Treasurer

Seal

By /s/ Lory M. Free

copy

STATE OF NEVADA)
) ss.
COUNTY OF LINCOLN)

On this 9th day of February, A.D. 1954, before me, a notary public in and for said County of Lincoln, Personally appeared Merle F. Schofield known to me to be the President and duly authorized person executing the foregoing instrument on behalf of the corporation that executed the same and upon oath did depose that he is the officer of said corporation as above designated; that he is acquainted with the sailoof said corporation and that the seal affixed to said instrument is of the corporation seal of said corporation; that the signatures to said instrument on behalf of said corporation were made by officers of said corporation as indicated after said signatures; and that the said corporation executed the said instrument freely and voluntarily and for the uses and purposes therein mentioned.

seal

My commission
expires May 9, 1955

/s/ Evan H. Edwards
Notary Public

STATE OF NEVADA )
County of Lincoln ) ss

On this 9th day of February, A.D. 1954, before me, a notary public in and for said County and State, personally appeared Lory M. Free, known to me to be the person described in and who executed the foregoing instrument, who acknowledged to me that he executed the same freely and voluntarily and for the uses and purposes therein mentioned.

Seal

My commission Expires
May 9, 1955.

/s/ Evan H. Edwards
Notary Public

MF-203
(Revised July 1, 1953)

# 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 Lincoln, described as follows:1/

Rae Ella, Rae Ella Number Two and Phyllis, three unpatented mining claims described as follows: Located in sec. 1, T. 4 S., R. 56 E., M. D. B. & M.

DEPARTMENT OF THE INTERIOR
Bureau of Mines Administration
RECEIVED
MAR 9 - 1954

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

2/ Y.Z. Mining Co., Lory M. Free, Panaca, Nevada

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production (as set forth on the reverse side hereof) 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.

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 20 day of February, 1954.

Merle F. Schofield [Seal]
President

[Seal]
Sec. & Treasurer

Thomas T. Schofield [Seal]

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.

Repayment by Operator.--a. Certification.--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, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

b. Percentage royalty.--The Operator, or his successor in interest, shall pay to the Government a royalty on all minerals mined or produced from the land described in Article 2,--(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:

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

(b) 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.)

c. Definitions.--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 gross income from mining operations for percentage depletion purposes in income tax determination.

d. Lien for Payment.--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.

e. Notice to Purchasers.--The Operator shall notify any purchaser of the production of the Government's royalty interest, and shall authorize and direct the purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets; but failure or refusal by the purchaser to comply shall not relieve the Operator of liability to pay any royalty falling due.

f. No Obligation to Produce.--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.



Interior—Duplicating Section, Washington, D. C. 47318

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

Mr. Spangler Ricker, Executive Officer
DMEA Field Team, Region II
1605 Evans Avenue
Reno, Nevada

Re: Docket No. DMEA 3273 - Tungsten
Consolidated Uranium Mines, Inc.
Schofield Mine
Lincoln County, Nevada
Contract No. Idm-E680

Dear Mr. Ricker:

Enclosed are the original and five copies of a proposed Termination Agreement to the above-referenced contract, signed by the Administrator for the Government.

If the terms and conditions of this proposed termination agreement are satisfactory to you and the Operator, all six copies should be signed by the Operator and the usual distribution made.

If any part of the proposed agreement does not have your approval or that of the Operator and cannot be altered within your delegated authority, the original and all copies are to be returned to this office, together with the proposed changes for consideration.

Sincerely yours,

Chairman, Operating Committee

Enclosure

APPROVED:

_____
Member, Bureau of Mines

_____
Member, Geological Survey

MF-500

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

# REFERENCE SLIP

DATE 4/16/56

REFERRED TO:

1. ~~Audit Div.~~ MN
2. Operating Comm.- Johnson
3. Administrator - JB
4. Mails & Files

FOR:

| | | | |
|---|---|---|---|
| | Action | | Recommendation |
| | Approval | | Record of |
| | Comment | | Referring to |
| | Conference | | Reply for signature of |
| | Consideration | | Rewriting |
| | Filing | X | Signature |
| | Instructions | | Suggestions |
| | Investigation | | Your information |
| X | Initials | | |
| X | Mailing | | |
| | Previous correspondence | | |

REMARKS:

Check (X) before the items needing attention.

SPHOLT/foc

*Initials of sender.*

GPO 16—63815-1

Recommendation Music
4/17 +

Mr. Spangler Richer, Executive Officer
DMEA Field Team, Region II
1605 Evans Avenue
Reno, Nevada

Re: Docket No. DMEA 3273 - Tungsten
Consolidated Uranium Mines, Inc.
Schofield Mine
Lincoln County, Nevada
Contract No. Ism-8660

Dear Mr. Richer:

Enclosed are the original and five copies of a proposed Termination Agreement to the above-referenced contract, signed by the Administrator for the Government.

If the terms and conditions of this proposed termination agreement are satisfactory to you and the Operator, all six copies should be signed by the Operator and the usual distribution made.

If any part of the proposed agreement does not have your approval or that of the Operator and cannot be altered within your delegated authority, the original and all copies are to be returned to this office, together with the proposed changes for consideration.

Sincerely yours,

Chairman, Operating Committee

Enclosure

APPROVED:

Member, Bureau of Mines

Member, Geological Survey

DOCKET
SURNAME
Holt
Martin
Chambers

400

Mr. Spangler Richer, Executive Officer
DMEA Field Team, Region II
1605 Evans Avenue
Reno, Nevada

Re: Docket No. DMEA 3273 - Tungsten
Consolidated Uranium Mines, Inc.
Schofield Mine
Lincoln County, Nevada
Contract No. Idm-2680

Dear Mr. Richer:

Enclosed are the original and five copies of a proposed Termination Agreement to the above-referenced contract, signed by the Administrator for the Government.

If the terms and conditions of this proposed termination agreement are satisfactory to you and the Operator, all six copies should be signed by the Operator and the usual distribution made.

If any part of the proposed agreement does not have your approval or that of the Operator and cannot be altered within your delegated authority, the original and all copies are to be returned to this office, together with the proposed changes for consideration.

Sincerely yours,

Chairman, Operating Committee

Enclosure

APPROVED:

Member, Bureau of Mines

Member, Geological Survey

SPHOLT/foc 4-16-56
cc to: Docket
Code 400
Adm. Read. File
Oper. Comm.
FT. REG. II
R. W. Holliday, USBM
T. H. Kiilsgaard, USGS

Mr. Spangler Richer, Executive Officer
DMEA Field Team, Region II
1605 Evans Avenue
Reno, Nevada

Re: Docket No. DMEA 3273 - Tungsten
Consolidated Uranium Mines, Inc.
Schofield Mine
Lincoln County, Nevada
Contract No. Idm-2680

Dear Mr. Richer:

Enclosed are the original and five copies of a proposed Termination Agreement to the above-referenced contract, signed by the Administrator for the Government.

If the terms and conditions of this proposed termination agreement are satisfactory to you and the Operator, all six copies should be signed by the Operator and the usual distribution made.

If any part of the proposed agreement does not have your approval or that of the Operator and cannot be altered within your delegated authority, the original and all copies are to be returned to this office, together with the proposed changes for consideration.

Sincerely yours,

Chairman, Operating Committee

Enclosure

APPROVED:

SPHOLT/foc 4-16-56
cc to: Docket
Code 400
Adm. Read. File
Oper. Comm.
FT. REG. II
R. W. Holliday, USBM
T. H. Kiilsgaard, USGS

Member, Bureau of Mines

Member, Geological Survey

Mr. Spangler Richer, Executive Officer
DMEA Field Team, Region II
1605 Evans Avenue
Reno, Nevada

Re: Docket No. DMEA 3273 - Tungsten
Consolidated Uranium Mines, Inc.
Schofield Mine
Lincoln County, Nevada
Contract No. Ldm-2660

Dear Mr. Richer:

Enclosed are the original and five copies of a proposed Termination Agreement to the above-referenced contract, signed by the Administrator for the Government.

If the terms and conditions of this proposed termination agreement are satisfactory to you and the Operator, all six copies should be signed by the Operator and the usual distribution made.

If any part of the proposed agreement does not have your approval or that of the Operator and cannot be altered within your delegated authority, the original and all copies are to be returned to this office, together with the proposed changes for consideration.

Sincerely yours,

Chairman, Operating Committee

Enclosure

APPROVED:

SPHOLT/foc 4-16-56
cc to: Docket
Code 400
Adm. Read. File
Oper. Comm.
FT. REG. II
R. W. Holliday, USBM
T. H. Kiilsgaard, USGS

Member, Bureau of Mines

Member, Geological Survey

Mr. Spangler Richer, Executive Officer
DMEA Field Team, Region II
3605 Evans Avenue
Reno, Nevada

Re: Docket No. DMEA 3273 - Tungsten
Consolidated Uranium Mines, Inc.
Schofield Mine
Lincoln County, Nevada
Contract No. Idm-2680

Dear Mr. Richer:

Enclosed are the original and five copies of a proposed Termination Agreement to the above-referenced contract, signed by the Administrator for the Government.

If the terms and conditions of this proposed termination agreement are satisfactory to you and the Operator, all six copies should be signed by the Operator and the usual distribution made.

If any part of the proposed agreement does not have your approval or that of the Operator and cannot be altered within your delegated authority, the original and all copies are to be returned to this office, together with the proposed changes for consideration.

Sincerely yours,

Chairman, Operating Committee

Enclosure

APPROVED:

SPHOLT/foc 4-16-56
cc to: Docket
Code 400
Adm. Read. File
Oper. Comm.
FT. REG. II
R. W. Halliday, USBM
T. H. Kiilsgaard, USGS

Member, Bureau of Mines

Member, Geological Survey

Mr. Spangler Richer, Executive Officer
DMEA Field Team, Region II
1605 Evans Avenue
Reno, Nevada

Re: Docket No. DMEA 3273 - Tungsten
Consolidated Uranium Mines, Inc.
Schofield Mine
Lincoln County, Nevada
Contract No. Ion-#680

Dear Mr. Richer:

Enclosed are the original and five copies of a proposed Termination Agreement to the above-referenced contract, signed by the Administrator for the Government.

If the terms and conditions of this proposed termination agreement are satisfactory to you and the Operator, all six copies should be signed by the Operator and the usual distribution made.

If any part of the proposed agreement does not have your approval or that of the Operator and cannot be altered within your delegated authority, the original and all copies are to be returned to this office, together with the proposed changes for consideration.

Reviewed by
DMEA OPERATING COMMITTEE

_____
(date)

Enclosure

APPROVED:

_____
Member, Bureau of Mines

_____
Member, Geological Survey

Sincerely yours,

Chairman, Operating Committee

SPMOLT/fcc 4-16-56
cc to: Docket
Code 400
Adm. Read. File
Oper. Comm.
FT. REG. II
R. W. Halliday, USBM
T. H. Killegaard, USGS

Mr. Spangler Bicker, Executive Officer
DMEA Field Team, Region II
1605 Evans Avenue
Reno, Nevada

Re: Docket No. DMEA 3273 - Tungsten
Consolidated Uranium Mines, Inc.
Schofield Mine
Lincoln County, Nevada
Contract No. Lim-2600

Dear Mr. Bicker:

Enclosed are the original and five copies of a proposed Termination Agreement to the above-referenced contract, signed by the Administrator for the Government.

If the terms and conditions of this proposed termination agreement are satisfactory to you and the Operator, all six copies should be signed by the Operator and the usual distribution made.

If any part of the proposed agreement does not have your approval or that of the Operator and cannot be altered within your delegated authority, the original and all copies are to be returned to this office, together with the proposed changes for consideration.

Sincerely yours,

Chairman, Operating Committee

Enclosure

APPROVED:

SPECHT/fce 1-16-56
cc to: Docket
Code 400
Adm. Read. File
Oper. Comm.
FT. REG. II
R. W. Holliday, USBM
T. H. Killsgaard, USGS

Member, Bureau of Mines

Member, Geological Survey

Mr. Spangler Richer, Executive Officer
DMEA Field Team, Region II
1605 Evans Avenue
Reno, Nevada

Re: Docket No. DMEA 3273 - Tungsten
Consolidated Uranium Mines, Inc.
Schofield Mine
Lincoln County, Nevada
Contract No. 14m-8680

Dear Mr. Richer:

Enclosed are the original and five copies of a proposed Termination Agreement to the above-referenced contract, signed by the Administrator for the Government.

If the terms and conditions of this proposed termination agreement are satisfactory to you and the Operator, all six copies should be signed by the Operator and the usual distribution made.

If any part of the proposed agreement does not have your approval or that of the Operator and cannot be altered within your delegated authority, the original and all copies are to be returned to this office, together with the proposed changes for consideration.

Sincerely yours,

Chairman, Operating Committee

Enclosure

APPROVED:

Member, Bureau of Mines

Member, Geological Survey

SPHOLT/fec 4-16-56
cc to: Docket
Code 400
Adm. Read. File
Oper. Comm.
FT. REG. II
R. W. Holliday, USBM
T. H. Kiilsgaard, USGS

Government's copy

# TERMINATION AGREEMENT

It is agreed this _____ day of _____, 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Consolidated Uranium Mines, Inc., Assignee, hereinafter called the "Operator," parties to that certain Exploration Project Contract Idm-E680 (Docket No. DMEA-3273), dated June 24, 1954, hereinafter called the "Contract," that:

1. Effective January 9, 1956, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

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

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

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

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

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

THE UNITED STATES OF AMERICA

By_____
Administrator, Defense Minerals
Exploration Administration

CONSOLIDATED URANIUM MINES, INC.
Assignee

By_____

Title_____

Operator's copy

# TERMINATION AGREEMENT

It is agreed this _____ day of _____, 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Consolidated Uranium Mines, Inc., Assignee, hereinafter called the "Operator," parties to that certain Exploration Project Contract Idm-E680 (Docket No. DMEA-3273), dated June 24, 1954, hereinafter called the "Contract," that:

1. Effective January 9, 1956, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

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

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

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

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

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

THE UNITED STATES OF AMERICA

By_____
Administrator, Defense Minerals
Exploration Administration

CONSOLIDATED URANIUM MINES, INC.
Assignee

By_____

Title_____

Finance Office copy

# TERMINATION AGREEMENT

It is agreed this _____ day of _____, 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Consolidated Uranium Mines, Inc., Assignee, hereinafter called the "Operator," parties to that certain Exploration Project Contract Idm-2680 (Docket No. DMEA-3273), dated June 24, 1954, hereinafter called the "Contract," that:

1. Effective January 9, 1956, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

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

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

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

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

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

THE UNITED STATES OF AMERICA

By_____
Administrator, Defense Minerals
Exploration Administration

CONSOLIDATED URANIUM MINES, INC.
Assignee

By_____

Title_____

Field Team copy

# TERMINATION AGREEMENT

It is agreed this _____ day of _____, 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Consolidated Uranium Mines, Inc., Assignee, hereinafter called the "Operator," parties to that certain Exploration Project Contract Idm-2680 (Docket No. DMEA-1273), dated June 24, 1954, hereinafter called the "Contract," that:

1. Effective January 9, 1956, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

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

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

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

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

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

THE UNITED STATES OF AMERICA

By_____
Administrator, Defense Minerals
Exploration Administration

CONSOLIDATED URANIUM MINES, INC.
Assignee

By_____

Title_____

Docket copy

Rubin
Denger
"Appd. Sol. Off."
Holt
Martin
Chambers

TERMINATION AGREEMENT

It is agreed this _____ day of _____, 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Consolidated Uranium Mines, Inc., Assignee, hereinafter called the "Operator," parties to that certain Exploration Project Contract Idm-8680 (Docket No. DMEA-3F/3), dated June 24, 1954, hereinafter called the "Contract," that:

1. Effective January 9, 1956, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

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

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

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

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

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

THE UNITED STATES OF AMERICA

By_____
Administrator, Defense Minerals
Exploration Administration

CONSOLIDATED URANIUM MINES, INC.
Assignee

By_____

Title_____

Division copy

Rubin
Dunger
Holt
Martin
Chambers

"Appd. Sol. Off."

# TERMINATION AGREEMENT

It is agreed this _____ day of _____, 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Consolidated Uranium Mines, Inc., Assignee, hereinafter called the "Operator," parties to that certain Exploration Project Contract Idm-2488 (Docket No. DMEA-3271), dated June 24, 1954, hereinafter called the "Contract," that:

1. Effective January 9, 1956, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

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

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

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

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

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

THE UNITED STATES OF AMERICA

By_____
Administrator, Defense Minerals
Exploration Administration

CONSOLIDATED URANIUM MINES, INC.
Assignee

By_____

Title_____

Extra copy

# TERMINATION AGREEMENT

It is agreed this _____ day of _____, 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Consolidated Uranium Mines, Inc., Assignee, hereinafter called the "Operator," parties to that certain Exploration Project Contract Idm-2490 (Docket No. DMEA-3273), dated June 24, 1954, hereinafter called the "Contract," that:

1. Effective January 9, 1956, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

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

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

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

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

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

THE UNITED STATES OF AMERICA

By_____
Administrator, Defense Minerals
Exploration Administration

CONSOLIDATED URANIUM MINES, INC.

By_____

Title_____

Barlett
Holt
Chandler
Holliday

September 26, 1956

MEMORANDUM

To: Administrator, DMEA

From: Iron and Ferro-Alloys Division, DMEA

Subject: General Summary of Contract and Results Obtained
Docket No. DMEA 3273 - Tungsten
Consolidated Uranium Mines, Inc.
Rae Kila, Rae Kila No. 2 and Phyllis claims (Schofield Mine)
Lincoln County, Nevada
Contract No. Ydm-E680

Operator: Consolidated Uranium Mines, Inc.
438 South Main Street, Salt Lake City, Utah

Operator's Property Rights:
The Operator subleased from Lory M. Free, who leased from the owner, North Star State Mining and Development Company, three unpatented lode mining claims, situated in the Tempiute Mining District, in Sec. 1, T. 4 S., R. 56 E., M. D. B. & M., Lincoln County, Nevada, and recorded in the Lincoln County Courthouse at Pioche, Nevada, as follows:

| Claim Name | Recorded Book No. | Recorded Page No. |
|---|---|---|
| Rae Kila | K-1 | 477 |
| Rae Kila No. 2 | K-1 | 478 |
| Phyllis | K-1 | 478 |

Contract: (a) Executed June 24, 1954.
(b) Completion period: Work to commence within 30 days, and to be completed within 12 months of the date of the contract.
(c) Work authorized:

Agreed Unit Costs

| | |
|---|---|
| Drift and/or crosscut 1,100 feet @ $34.50/ft. | $37,950.00 |
| Timber 200 feet of drift and/or crosscut, @ $5.00/ft. | 1,000.00 |
| Assay 130 samples for $WO_3$ @ $5.00/spl | 650.00 |
| Total estimated cost of program | $39,600.00 |
| Government participation @ 75% | $29,700.00 |

Docket
Holt
Martin

September 20, 1956

MEMORANDUM

To: Administrator, DMEA

From: Iron and Ferro-Alloys Division, DMEA

Subject: General Summary of Contract and Results Obtained
Docket No. DMEA 3273 - Tungsten
Y. Z. Mining Company
Rae Ella, Rae Ella No. 2 and Phyllis claims (Schofield Mine)
Lincoln County, Nevada
Contract No. Idm-E680

Operator: Lory M. Free, an individual doing business as Y. Z. Mining Company, Panaca, Nevada.

Operator's Property Rights:
The Operator controls by lease from the owner, North Tem Piute Mining and Development Company, three unpatented lode mining claims, situated in the Tempiute Mining District, in Sec. 1, T. 4 S., R. 56 E., M. D. B. & M., Lincoln County, Nevada, and recorded in the Lincoln County Courthouse at Pioche, Nevada, as follows:

| Claim Name | Recorded Book No. | Recorded Page No. |
|---|---|---|
| Rae Ella | K-1 | 477 |
| Rae Ella No. 2 | K-1 | 478 |
| Phyllis | K-1 | 478 |

Contract: (a) Executed June 24, 1954.
(b) Completion period: Work to commence within 30 days, and to be completed within 12 months of the date of the contract.
(c) Work authorized:

Agreed Unit Costs

| | |
|---|---|
| Drift and/or crosscut 1,100 feet @ $34.50/ft. | $37,950.00 |
| Timber 200 feet of drift and/or crosscut, @ $5.00/ft. | 1,000.00 |
| Assay 130 samples for $WO_3$ @ $5.00/spl | 650.00 |
| Total estimated cost of program | $39,600.00 |
| Government participation @75% | $29,700.00 |

Amendment No. 1, executed February 28, 1955, effective as of January 1, 1955, changed 140 feet of drifting southeasterly to 188 feet southeasterly, and the total amount of drifting from 1,100 feet to 1,147.8 feet at $34.50 per foot, including all timbering and assaying. The estimated cost of the work was changed to:

| | |
|---|---|
| Drift and crosscut 1,147.8 feet @ $34.50/ft (rounded to) | $39,600.00 |
| Estimated total cost of program | $39,600.00 |
| Government participation @ 75% | $29,700.00 |

Amendment No. 2, executed April 29, 1955, effective January 1, 1955, changed the completion period of the contract from twelve (12) months to twenty one (21) months and provided for cutting a diamond drill station and drilling 9 diamond drill holes, aggregate length not to exceed 2,000 feet, also 690 feet of drifting and crosscutting. New estimated total cost of the program was:

Agreed Unit Costs

| | |
|---|---|
| Excavate 1 diamond drill station @ $500.00/each | $ 500.00 |
| Diamond drilling, 2,020 feet @ $6.50/ft | 13,130.00 |
| Drifting and/or crosscutting, 690 feet @ $34.50/ft | 23,805.00 |
| Estimated cost added by Amendment No. 2 | 37,435.00 |
| Estimated previous cost of program | 39,600.00 |
| Revised estimated total cost of program | $77,035.00 |
| Government participation @ 75% | $57,776.25 |

The contract was assigned on August 9, 1955, effective June 1, 1955, by Lory M. Free, d.b.a. Y. Z. Mining Company to Consolidated Uranium Mines, Inc. Consolidated Uranium Mines Company notified the Field Team on February 1, 1956, that it had allowed the lease to revert to Lory M. Free.

The owner, North Tem Piute Mining and Development Mining Company, assumed possession of the property on April 1, 1956, for the purpose of attempting to make a sale, agreeing to return it, if not sold within 40 days, to the control of the lessee.

(d) Work completed:

| | |
|---|---|
| Drifting and crosscutting, 1,782 feet @ $34.50/ft | $61,479.00 |

| | |
|---|---|
| Excavating 1 diamond drill station @ $500/ea. | $ 500.00 |
| Diamond drilling, 170 feet @ $6.50/ft | 1,105.00 |
| Total accepted cost of project | $63,084.00 |
| Government participation @ 75% | $47,313.00 |

Audits: A review in lieu of final audit, dated February 23, 1956, was received June 4, 1956.

Reports: The Operator's Final Report, dated May 14, 1956, was received May 25, 1956. The Final Report of the Field Team dated July 3, 1956, was received July 9, 1956.

Ore Values, Tonnage Mined, and Reserve:

Ore shipped during the Y. Z. Mining Company's part of the project work was 2,220 short dry tons, average assay 0.52 percent $WO_3$, from the sale of which royalty amounting to $1,393.45 was paid to the Government. Production prior to the date of the contract was reported by the Operator to be as follows:

| Year | Tons | Average Assay percent $WO_3$ |
|---|---|---|
| 1951 | 560 | 0.92 |
| 1954 | 300 | 0.95 |

Consolidated Uranium Mines, Inc., shipped no ore during its part of the project, but stockpiled about 2,000 tons of material, average assay 0.32 percent $WO_3$.

Ore reserves are estimated by the Field Team as:

| Class | Tons | Average Assay percent $WO_3$ | Units $WO_3$ |
|---|---|---|---|
| Measured | 10,300 | 0.44 | 4,540 |
| Indicated | 22,360 | 0.38 | 8,450 |
| Inferred | 32,500 | 0.34 | 11,010 |
| Totals | 65,160 | 0.37 | 24,000 |

The Field Team states that all of these reserves except 2,000 tons to the north and 3,000 tons to the south are in the ore shoots explored by DMEA. This Division considers that all of the total reserve, 65,160 tons, was discovered or developed as the result of work done under this project.

Certification:

As recommended by the Field Team, a certification of discovery or development was issued by this office on Oct. 8, 1956.

Comments: The project was established to explore for tungsten in the Rae Ella, Rae Ella No. 2 and Phyllis group of claims (Schofield mine). Tungsten ore occurs as scheelite in tactite along and near contacts between granite and limestone.

Development of the Schofield mine would be warranted, and production would be feasible if a milling plant were installed at the mine or if the ore could be milled at the adjoining Lincoln mine plant. At present world market prices it is doubtful if such an operation would be economic.

Further exploration is warranted along the Moody hanging-wall zone below the 200-foot level to determine the persistence of the ore shoots at depth, and to explore for similar ore shoots along the strike, but further participation by the Government is not recommended.

W. S. Martin, Chief,
Iron and Ferro-Alloys Division

SPHolt/esf
9/20/56
cc to: Docket
Code 400
Admr. R. File
Mr. Johnson

MME Form 7
(10-58)

OFFICIAL FILE COPY

| Date | Surname | Code |
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July 10, 1964

Memorandum

To: The File

From: F. M. Murphy, Mining Engineer
Division of Exploration Operations

Subject: DMEA-3273 (Tungsten)
Consolidated Uranium Mines, Inc., Assignee
Schofield Mine
Lincoln County, Nevada
Contract Idm-E680

From June 1, 1955, to January 9, 1956, when the property was operated by the Operator-Assignee, no ore was shipped, but about 2,000 tons were stockpiled at the mine. A composite of four samples from the stockpile averaged.32%$WO_3$.

The present quoted price for tungsten is $14.25 STU or about 71¢ per pound. Using a .32% $WO_3$ grade, each ton in the stockpile contains 6.4 pounds of $WO_3$. Mill recovery on this type of ore would be about 70% or 4.48 pounds from each ton, giving $3.18 per ton as the value of the ore.

The cost of trucking and milling this ore would be about $6.00 per ton so at present and in the foreseeable future, this stockpiled ore has no economic value.

F. M. Murphy

F. M. Murphy

FMMurphy/mm
cc: Director's Reading File

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

| Date | Surname | Code |
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| 7/9 | Murphy | 120 |
| | Selfridge | 120 |
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JUL 1 0 1964

North Tem Piute Mining
and Development Co.
Hiko, Nevada

Re: DMEA-3273 (Tungsten)
Consolidated Uranium Mines, Inc.,
Assignee
Schofield Mine
Lincoln County, Nevada
Contract Idm-E680

Gentlemen:

Enclosed is a self-explanatory letter of today to the Operator under the subject contract.

This correspondence relates to the Owner's Consent to Lien signed by Merle F. Schofield, president, and Thomas T. Schofield, secretary and treasurer of your company, on July 1, 1954, under the Defense Minerals Exploration Administration program.

Sincerely yours,

George Funnich, Jr.

Acting Director

(RL)

Enclosure

EMerrithew/mm
7/8/64
cc: Director's Reading File
Region II
✓Docket
120M

43683

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

June 24, 1964

Re: DMEA-3273 (Tungsten)
Consolidated Uranium Mines, Inc.
Schofield Mine
Lincoln County, Nevada

E 680

Mr. Merle Schofield
President
North Tem Piute Mining and Development Co.
Hiko, Nevada

Dear Sir:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

Sincerely yours,

W. R. Griswold, Chief
Division of Minerals

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O. M. E
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MME Form 63
Revised 3-62

## REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

From October 28, 1963, to June 24, 1964

1. ~~XXXX~~ , has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes ☐ No ☒

From October 28, 1963, to June 24, 1964

2. ~~XXXXX~~ , has there been any production from the land subject to the contract? Yes ☐ No ☒

A. If so and it was shipped, give quantity, value, and name and address of purchaser.

| | Quantity | Value |
|---|---|---|
| | | |

B. If stockpiled awaiting sale, state quantity, grade, and location.

| Type | Quantity | | Estimated Grade | Location |
|---|---|---|---|---|
| Ore | None | Tons | | |
| Concentrates | | Tons | | |
| Other | | Tons | | |

3. Since , has any production been transported through workings (see of contract)? Yes ☐ No ☒

A. If so, state quantity, value, and disposition of material.

| Disposition of Material | Quantity | Value |
|---|---|---|
| | | |

Submitted by:

Name Merle Schofield Title President

Address Elko Nevada Date June 30. 1964

4511

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

October 22, 1963

Re: DMEA-3273 (Tungsten)
Consolidated Uranium Mines, Inc.
Schofield Mine
Lincoln County, Nevada
Contract Idm-E680

Mr. Merle Schofield
President
North Tem Piute Mining and Development Co.
Hiko, Nevada

Dear Sir:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

Sincerely yours,

F. M. Murphy, Acting Chief
Division of Minerals

OFFICIAL FILE COPY
RECEIVED Nov 1
DATE
11/4 800
~~FO 110~~
~~11/4 Murphy 500~~
220

MME Form 63
Revised 3-62

## REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. Since February 14, 1962, has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes ☐ No ☒

2. Since February 14, 1962, has there been any production from the land subject to the contract? Yes ☐ No ☒

   A. If so and it was shipped, give quantity, value, and name and address of purchaser.

| | Quantity | Value |
|---|---|---|
| | | |

   B. If stockpiled awaiting sale, state quantity, grade, and location.

| Type | Quantity | Estimated Grade | Location |
|---|---|---|---|
| Ore | Tons | | |
| Concentrates | Tons | | |
| Other | Tons | | |

3. Since , has any production been transported through workings (see of contract)? Yes ☐ No ☒

   A. If so, state quantity, value, and disposition of material.

| Disposition of Material | Quantity | Value |
|---|---|---|
| | | |

Submitted by:

Name Merle Schofield Title President

Address Hiko Nevada Date Oct. 28, 1963

4512

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
555 Battery Street
San Francisco 11, California

OFFICIAL FILE COPY
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April 19, 1962

Memorandum

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

From: Acting Field Officer, OME, Region II

Subject: DMEA-3273 (Tungsten)
Consolidated Uranium Mines, Inc., Assignee
Schofield Mine
Lincoln County, Nevada
Contract Idm-E 680

We enclose the original and 1 copy of a letter from Mr. Free, in reply to our request for information about the property.

Paul V. Fillo
Paul V. Fillo

Enclosures 2

LORY M. FREE
MINING GEOLOGY
1709 NORTH 580 EAST
PROVO, UTAH
FR 3-6420 TELEPHONE FR 3-0396

APR 1962
BUREAU OF MINES
OFFICE OF
MINERALS EXPLORATION
REGION II

March 28, 1962

Jan 26 - 1962

Mr. Paul V. Fillo
Acting Field Officer, OME, Region II
U. S. Dept. of the Interior
Office of Minerals Exploration
555 Battery Street
San Francisco 11, California

Dear Mr. Fillo:

Re: DMEA-3273 (Tungsten)
Consolidated Uranium Mines, Inc.
Schofield Mine
Lincoln County, Nevada
Contract Idm-E 680

Refering to your letter of February 8, 1962, my lease on this property expired in 1956 and I am not familiar with what has taken place since then. ?

Sincerely yours,

Lory M. Free

Lory M. Free

LMF/j

Hiko Nevada
Mar. 5. 1962

OFFICIAL FILE COPY
O. M. E
RECEIVED MAR 12 1962
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United States
Department of Interior
Mr George Fumich Jr.
Dear Mr Fumich

I have just received your letter of Feb. 28. 1962 asking for a Copy of the Exploration, Mining, and Development Agreement which we have with the Ruby Company. I am enclosing with this letter a Copy of that recorded Agreement Made on Dec. 12. 1961. Book - P - Miscellaneous on page 400 Lincoln County Nevada Records.

Sincerely Yours
Merle F. Schofield

RE: O.M.E.A. (Tungsten)
Consolidated Uranium
Mines Inc. Assignee
Schofield Mine.
Lincoln County Nevada
Contract I.A.M. - E680

# NOTICE OF EXECUTION OF OPTION

(Copy)

KNOW ALL MEN BY THESE PRESENTS: The undersigned, North Tem Piute and Development Company, a Nevada corporation, hereinafter referred to as "Tem Piute", has executed and delivered an option agreement entitled "Exploration, MIning and Development Agreement with Option to Purchase", dated November 13, 1961, to RUBY COMPANY, a Utah corporation, hereinafter referred to as "RUBY". Under said agreement and subject to all of the provisions thereof, Ruby Company has the right of possession of the hereinafter designated mining claims from and after the 25th day of May, 1961, until the 25th day of May, 1965, for the purpose of exploring, mining, and developing said mining claims, and in addition said Ruby Company has the right on or before the 25th day of May, 1965, under the terms and conditions of said agreement to purchase from Tem Piute the said mining claims, which mining claims are unpatented and located in the Tem Piute Mining District, Lincoln County, State of Nevada, Township 4 South, Range 56 East, Mt. D. B. & M., the said claims being located and recorded under the following names:

RAE ELLA, RAE ELLA NO. 2, RAE ELLA NO. 3, RAE ELLA NO. 4, PHYLLIS, PHYLLIS NO. 2, PHYLLIS NO. 3, PHYLLIS NO. 4, PHYLLIS NO. 5, WEST BREAK, EAST SIDE, EAST SIDE NO. 2, EAST SIDE NO. 3, EDDIS, EDDIS NO. 2, EDDIS NO. 3, EDDIS NO. 4, VICK, VICKILU, VICKILU NO. 2, JOY, JOY NO. 2, ANNIE, ANNIE NO. 2, MAMMOTH, MAMMOTH NO. 2, MAMMOTH NO. 3, MAMMOTH NO. 4, MAMMOTH NO. 5, MAMMOTH MAMMOTH NO. 6, MAMMOTH NO. 7, MAMMOTH NO. 8, HOGSBACK, MINERAL HILL, MINERAL HILL NO. 2, MINERAL NO. 3, MINERAL HILL NO. 4, MINERAL HILL NO. 5, MINERAL HILL NO. 6, MINERAL HILL NO. 7;

Reference is hereby made to daid Exploration, Mining, and Development agreement With Option to Purchase for the contents thereof.

In Witness Whereof, the undersigned North Tempiute Mining and Development Co. has caused these presents to be executed this 14 day of Dec., 1961.

NORTH TEM PIUTE MINING AND DEVELOPMENT COMPANY

Attest:

Thomas J. Schofield
Secretary

By Merle F. Schofield
President

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OFFICIAL BUSINESS

INSUFFICIENT ADDRESS

In Re: instruction contained in your memorandum Jan 26, 1962

Paul V. Fello

13

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF INTERIOR

MOVED, NO ADDRESS 122

Consolidated Uranium Mines, Incorporated
~~438 South Main Street~~
Salt Lake City, Utah

DENVER, COLO.
DEAD LETTERS
FEB 21

SALT LAKE CITY
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3 PM
1962
UTAH

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

555 Battery Street
San Francisco 11, California

February 8, 1962

Consolidated Uranium Mines, Incorporated
438 South Main Street
Salt Lake City, Utah

Re: DMEA-3273 (Tungsten)
Consolidated Uranium Mines, Inc.
Schofield Mine
Lincoln County, Nevada
Contract Idm-E 680

Gentlemen:

Will you please advise this office if there have been any changes in property rights after March 26, 1956, or any production or other mining activities on the property after June 30, 1959?

This information will be appreciated.

Very truly yours,

Paul V. Fillo

Paul V. Fillo
Acting Field Officer, OME
Region II

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAR 2 1962
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MME Form 7
(10-58)

OFFICIAL FILE COPY

| Date | Surname | Code |
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| 2/27 | Holt | 500 |
| | Griswold | 500 |
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FEB 28 1962

Mr. Merle F. Schofield
President
North Tem Piute Mining and Development Company
Hiko, Nevada

Re: DMEA-3273 (Tungsten)
Consolidated Uranium Mines, Inc., Assignee
Schofield Mine
Lincoln County, Nevada
Contract Idm-E680

Dear Mr. Schofield:

The information in your letter of February 14, 1962, to Mr. Paul V. Fillo, concerning the subject contract, is very interesting and we thank you for it.

We would much appreciate your informing us if the Exploration, Mining, and Development Agreement with the Ruby Company is still in effect, and would also appreciate your sending us a copy of that agreement for the protection of your company's interest as well as that of the Government.

Sincerely yours,

George Fumich, Jr.

Director

SPHolt/gla
2-27-62
cc to: Director's Reading File
Region II (2)
Docket
Code 500

43683

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

555 Battery Street
San Francisco 11, California

OFFICIAL FILE COPY
O. M. E.
RECEIVED FEB 26 1962

February 21, 1962

Memorandum

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

From: Acting Field Officer, OME, Region II

Subject: DMEA-3273 (Tungsten)
Consolidated Uranium Mines, Inc., Assignee
Schofield Mine
Lincoln County, Nevada
Contract Idm-E 680

We enclose the original and 1 copy of a letter from Mr. Schoeifld, in reply to our request for information about the property.

Hilda M. Henson
For: Paul V. Fillo

OME. 3273

Hiko, Nevada
Feb. 14, 1962

Mr. Paul V. Fillo
Acting Field Officer
San Francisco, Calif.

Dear Mr. Fillo:

I received your letter of Feb. 8, pertaining to activities of the North Tem Piute Mining and Development Co. and any changes in property rights.

On May the 25th 1961 there was an Exploration Mining and Development agreement made and entered into by and between North Tem Piute Mining and Development Co. and the Ruby Company, with its principal place of business at Boise, Idaho.

The past summer of 1961 the Ruby Co. done considerable work of maping and surveying the property, Other than what they have done, there hasent been any activities on the property since June 30, 1959.

I trust this is the information that you want.

Very Truly Yours,

Merle Schofield
President

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

555 Battery Street
San Francisco 11, California

February 8, 1962

Consolidated Uranium Mines, Incorporated
438 South Main Street
Salt Lake City, Utah

Re: DMEA-3273 (Tungsten)
Consolidated Uranium Mines, Inc.
Schofield Mine
Lincoln County, Nevada
Contract Idm-E 680

Gentlemen:

Will you please advise this office if there have been any changes in property rights after March 26, 1956, or any production or other mining activities on the property after June 30, 1959?

This information will be appreciated.

Very truly yours,

Paul V. Fillo
Acting Field Officer, OME
Region II

RECEIVED
O. M. E.
FEB 13
DATE IN
2/13

Copy to: Chief, Division of Field Operations, OME
Washington, D. C.

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

555 Battery Street
San Francisco 11, California

February 8, 1962

RECEIVED
DATE

Mr. Lory M. Free

Panaca, Nevada

Re: DMEA-3273 (Tungsten)
Consolidated Uranium Mines, Inc.
Schofield Mine
Lincoln County, Nevada
Contract Idm-E 680

Dear Mr. Free:

Will you please advise this office if there have been any changes in property rights after March 26, 1956, or any production or other mining activities on the property after June 30, 1959?

This information will be appreciated.

Very truly yours,

Paul V. Fillo
Acting Field Officer, OME
Region II

Copy to: Chief, Division of Field Operations, OME
Washington, D. C.

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

555 Battery Street
San Francisco 11, California

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February 8, 1962

Mr. Merle Schofield, President
North Tem Piute Mining and Development Company
Hiko, Nevada

Re: DMEA-3273 (Tungsten)
Consolidated Uranium Mines, Inc.
Schofield Mine
Lincoln County, Nevada
Contract Idm-E 680

Dear Mr. Schofield:

Will you please advise this office if there have been any changes in property rights after March 26, 1956, or any production or other mining activities on the property after June 30, 1959?

This information will be appreciated.

Very truly yours,

Paul V. Fillo
Acting Field Officer, OME
Region II

Copy to: Chief, Division of Field Operations, OME
Washington, D. C.

MME Form 7
(10-58)

OFFICIAL FILE COPY

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| 1/25 | Holt | 500 |
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JAN 26 1962

Memorandum

To: Acting Field Officer, Region II

From: Chief, Division of Field Operations

Subject: DMRA-3273 (Tungsten)
Consolidated Uranium Mines, Inc., Successor
Schofield Mine
Lincoln County, Nevada
Contract Idm-E680

We thank you for the information concerning the subject contract, which you furnished on MME Form 22, submitted January 17, 1962.

To complete our record, it will be appreciated if you will address inquiries to Consolidated Uranium Mines, Inc., 438 South Main Street, Salt Lake City, Utah, to Mr. Lory M. Free, Panaca, Nevada, and to Mr. Merle Schofield, President, North Tem Piute Mining and Development Company, Hiko, Nevada, asking each whether there have been any changes in property rights after March 26, 1956, or any production or other mining activities on the property after June 30, 1959.

/s/ George C. Selfridge

(=46)

SPHolt/gla
1-25-62
cc to: Director's Reading File
Review Committee
Docket
Code 500

43683

MME Form 7
(10-58)

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JAN 24 1962

Memorandum

To: Acting Field Officer, Region II

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

Subject: DMEA-3273 (Tungsten)
Consolidated Uranium Mines, Inc., Assignee
Schofield Mine
Lincoln County, Nevada
Contract Idm-E680

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

(a) Original to the Fiscal Section, Division of Administrative Services, Office of the Secretary, Department of the Interior, Washington 25, D. C.; and

(b) One copy for your files.

This Report of Royalty Review is made for record purposes only; therefore, no copy for the Operator is provided.

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

Enclosures

EDTalbert/ama 1-23-62

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

43683

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

555 Battery Street
San Francisco 11, California

January 17, 1962

Memorandum

To: Mr. E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Office of Minerals Exploration
Department of the Interior
Washington 25, D. C.

From: Acting Field Officer, OME, Region 1

Subject: DMEA-3253 (Tungsten)
Incline Mining Company
Blue Dipper Mining Claims
Mariposa County, California
Contract Idm-E 681

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Pursuant to your request of January 12, 1962, we herewith enclose the original and one copy of MME Form 22, Check Sheet of the Examining Engineer.

DMEA-3273 (Tungsten)
Consolidated Uranium Mines, Inc., Assignee
Schofield Mine
Lincoln County, Nevada
Contract Idm-E 680

Re: Ownership of the property;
Our Final Report of July 3, 1956 states in part on page 7:

"On April 1, 1956, the North Tempiute Mining Company, acting through its President, Mr. Merle F. Schofield, entered upon and assumed possession of the mining property and is endeavoring to sell it."

As we have no documentary evidence to the contrary we assume that title remains in the North Tempiute Mining Company.

For: George H. Holmes, Jr.

Enclosures 4

Copy to: Chief, Division of Field Operations, OME
OME Files

MME Form 7
(10-58)

OFFICIAL FILE COPY

| Date | Surname | Code |
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| 1/12 | Selfridge | 120 |
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JAN 12 1962

Memorandum

To: Acting Field Officer, Region II

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

Subject: DMEA-3273 (Tungsten)
Consolidated Uranium Mines, Inc., Assignee
Schofield Mine
Lincoln County, Nevada
Contract Idm-E680

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.

The latest information in the Washington files on the status of this project is a semi-annual report on certified projects covering the period of July 1, 1957, to December 31, 1957. This report indicates "No Change" in status from the prior report, which states that the mine was inactive after about January 1956 and "negotiations between Wah Chang Mining Corporation and all interested parties" had not been resolved. The Field Team's final report dated July 3, 1956, states that the lease of Lory M. Free and associates was relinquished on March 26, 1956, for sixty days to assist the owners in selling the property. The files contain no information as to sale of the property, reinstatement of the lease, or other change in ownership or possession.

In view of the foregoing the inclusion under item 8 of MME Form 22 of a concise statement as to changes in property rights after March 26, 1956, and activities, if any, on the property subsequent to December 31, 1957, will be appreciated. Please also indicate the last date on which status was determined by examination or inquiry in lieu thereof.

EDTalbert/ama 1-12-62

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

43683

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

| Date | Surname | Code |
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| 4/10 | Holt | 400 |
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| | | |

Wah Chang Mining Corporation
137 Clarke Street
Bishop, California

Re: Docket No. DMEA 3273 - Tungsten
YZ Mining Company
Consolidated Uranium Mines, Inc.,
Assignee
Schofield Mine (North Ten Piute Mine)
Lincoln County, Nevada
Contract No. Idn-E680

Attention: Mr. G. F. Reed
Assistant General Manager

Oper. Comm.
FT REG II
Messrs. R. Holliday, USBM
T. Kilsgaard, USGS

Gentlemen:

Thank you for your letter of April 1, 1957, containing replies to questions in our letter of March 18, 1957, to Mr. T. F. Moran.

Careful consideration of your letter indicates that your estimate of $1.00 a ton transportation cost may be reasonable as long as the underground connection is not made and the ore has to be trucked over the hill.

Your estimate of milling cost is not unreasonable on the basis of the use of Diesel power, although we wonder whether it would not be preferable to amortize such a large expense as the $400,000 cost of your power line, rather than to continue charging the higher cost of Diesel power for milling until the power line is paid for.

Your mill recovery is well below the reported national average for the milling of scheelite ores in large mills. We would be willing, however, to accept the proposal outlined in your letter to Mr. Ricker of January 25, 1957, with the proviso that if your future monthly average mill recovery showed, for any period of six months, a marked improvement over the 65% average estimated in your letter, the royalty should be adjusted proportionately for the higher recovery, as outlined in the last paragraph of our letter of March 18, 1957.

Sincerely yours,

Administrator

SPHolt:am 4-10-57
cc to: Docket - 3273
- 3512
Code 400
Admr. Read. File

Copy to: Mr. T. F. Moran
Executive Vice President

8623

# WAH CHANG MINING CORPORATION

137 CLARKE STREET
BISHOP, CALIFORNIA
PHONE 8911

OFFICIAL FILE COPY
DMEA
RECEIVED APR 3 1957

| DATE | INITIALS | CODE |
|---|---|---|
| 4/3 | C | 220 |
| " | CM | 100 |
| 4/3 | WSM | 400 |
| | | 225 |
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April 1, 1957

Mr. C. O. Mittendorf, Administrator
D. M. E. A.
Department of the Interior
C Street between 18th and 19th Streets, N. W.
Washington, D. C.

Re: Docket N. D. M. E. A. 3273 - Tungsten
YZ Mining Company
Consolidated Uranium Mines, Inc.
Assignee
Schofield Mine (North Tempiute Mine)
Lincoln County, Nevada
Contract No. Idm-E 680

Dear Mr. Mittendorf:

Your letter of March 18th to Mr. T. F. Moran in New York has been forwarded here per his letter of March 19th.

We will briefly answer your questions for the record, but before doing so will say that we are losing interest in the idea of mining or milling any "North Tempiute Ore". It is a very marginal thing, even with good tungsten prices. This change is due to:

1. Better than anticipated development results at our Lincoln Mine, especially timewise.

2. The apparent refusal of the federal government to honor their agreement of last year to purchase $1\frac{1}{4}$ million units of tungsten at $55.00.

Our New Callahan drift was started at an elevation to connect with Old Callahan and thence into the North Tempiute 200 level; however, this will be slow in finishing. If we went ahead on the North Tempiute 200 level, the ore would be truck hauled for a considerable time.

On our cost of milling of $4.75 per ton, which you say appears high, I might say the high cost is due to:

1. High power cost, which will continue until the $400,000.00 power line we just built is paid for.

2. Heavy pumping cost for mill water from wells four miles away against high head.

3. We have the most complicated mill and metallurgy of any tungsten mill in the U. S. and, no doubt, the world.

Our monthly mill recovery runs between 60 and 70%, for instance, March is 66.7%. If we use the set royalty figures of 17¢ or 12¢ based on 65% recovery, it seems fair, and saves one more source of argument either with the property owners or D. M. E. A. Based on our past few years experience it will be a fair figure to all concerned.

We thank you for your courtesy and consideration and will appreciate you early action or comment on this.

Yours very truly,

WAH CHANG MINING CORPORATION

G. F. Reed

G. F. Reed
Assistant General Manager

GFR:ml

cc: T. F. Moran
J. J. Strutzel, Jr.
E. G. Woods
File

3512

# WAH CHANG CORPORATION

MINERS SMELTERS TUNGSTEN

MINERALS AND METALS

CABLE ADDRESS "WAHCHANG" NEW YORK

ALL STANDARD CODES

WOOLWORTH BUILDING

NEW YORK 7, N.Y.

OFFICE FILE COPY
DMEA
RECEIVED MAR 20 1957

| DATE | INITIALS | CODE |
|---|---|---|
| 3/20 | C | 220 |
| 3/20 | WSM | 400 |
| | | 225 |

March 19, 1957

Mr. C. O. Mittendorf, Administrator
Defense Minerals Exploration Administration
Department of the Interior
C Street between Eighteenth and
Nineteenth Streets, N. W.
Washington, D. C.

Re: Docket No. DMEA 3273 - Tungsten
YZ Mining Company
Consolidated Uranium Mines, Inc.,
Assignee
Schofield Mine (North Tempiute Mine)
Lincoln County, Nevada
Contract No. Idm-E680

Dear Mr. Mittendorf:

We have today received your letter dated March 18th for which please accept our thanks.

We have promptly sent a copy of your letter to Mr. J. J. Strutzel, Jr., General Manager of Wah Chang Mining Corporation at Bishop, California, and have asked Mr. Strutzel to furnish you with the information requested in your letter as soon as possible.

Sincerely yours,

WAH CHANG CORPORATION

No reply necessary

T. F. Moran
Executive Vice President

TFM/lf

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| 3/14 | Holt | 400 |
| 3/14 | Martin | 400 |
| 3-15 | Chandler | 800 |
| 3/18 | Selbrede | 120 |
| " | Johnson | 110 |
| " | Mittendorf | 100 |
| | | 220 |
| | | |
| | | |

MAR 18 1957

Wah Chang Corporation
Woolworth Building
New York 7, N. Y.

Re: Docket No. DMEA 3273 - Tungsten
YZ Mining Company
Consolidated Uranium Mines, Inc.,
Assignee
Schofield Mine (North Tem Piute Mine)
Lincoln County, Nevada
Contract No. Idm-E680

Attention: Mr. T. F. Moran
Executive Vice President

Gentlemen:

Your proposal of January 25, addressed to Mr. Ricker, copy of which you forwarded to this office with letter of February 1, is having our careful consideration.

The Defense Minerals Exploration Administration has in the past made special agreements under unusual circumstances. In each case, however, we have to make a study of the cost estimates, which here seem to be on the high side, and royalty rates proposed, so that we can determine whether the proposed agreement would be in the interest of the Government.

Your estimates include trucking ore from North Tem Piute to your mill by common carrier at $1.00 per ton. It will help our study if you will inform us whether a south drift from Lincoln mine, as suggested on maps in this office, is connected or nearly connected with the north drift on North Tem Piute 200 level, and if not, what are the relative elevations of the two drifts. If such a connection exists, or could be readily made, your estimate will be appreciated as to the comparative cost of transporting North Tem Piute Ore underground through those drifts or trucking over the hill.

The estimated cost for milling, $4.75 per ton, appears to be high. The cost of Diesel- or gasoline-engine produced power may comprise a large part of your milling expense, and we anticipate a substantial saving will be made when your 58-mile power line is completed in the near future. Your estimate on this will also be appreciated.

It is suggested that the Government's royalty be set at a figure depending on your average monthly mill recovery as calculated for the entire tonnage treated in the Lincoln Mines mill, using as a minimum 17 or 12 cents, as the case may be, based on your estimated 65 percent recovery. Your comment on this suggestion also will be appreciated.

Sincerely yours,

C. O. Mittendorf (fw)

Administrator

cc to: FT HEG II
Messrs. R. Holliday, USBM
T. Kilsgaard, USGS

SPHolt:am 3/14/57
cc to: Docket 3273 & 3512
Code 400 - 3273 & 3512
Admr. Read. File
Oper. Comm.

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

| Date | Surname | Code |
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| 3/4 | Holt | 400 |
| 3/4 | Martin | 400 |
| 3-5 | Chandler | 800 |
| | | 120 |
| | Tungsten | 110 |
| | Inc., | 100 |
| | | 220 |

Wah Chang Corporation
Woolworth Building
New York 7, N. Y.

Re: Docket No. DMEA 3273 - Tungsten
YZ Mining Company
Consolidated Uranium Mines, Inc.,
Assignee
Schofield Mine (North Tem Piute Mine)
Lincoln County, Nevada
Contract No. Idm-E680

Attention: Mr. T. F. Moran
Executive Vice President

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Your estimates include trucking ore from North Tem Piute to your mill by common carrier at $1.00 per ton. It will help our study if you will inform us whether a south drift from Lincoln mine, as suggested on maps in this office, is connected or nearly connected with the north drift on North Tem Piute 200 level, and if not, what are the relative elevations of the two drifts. If such a connection exists, or could be readily made, your estimate will be appreciated as to the comparative cost of transporting North Tem Piute ore underground through those drifts or trucking over the hill.

The estimated cost for milling, $4.75 per ton, appears to be high. The cost of Diesel- or gasoline-engine produced power may comprise a large part of your milling expense, and we anticipate a substantial saving will be made when your 58-mile power line is completed in the near future. Your estimate on this will also be appreciated.

Sincerely yours,

Administrator

SPHolt:am 3-4-57
cc to: Docket - 3273 & 3512
Code 400 - 3273 & 3512
Admr. Read. File
Oper. Comm.
FT REG II
Messrs. R. Holliday - USBM
T. Kiilsgaard - USGS

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

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| 3/15 | Martin | 400 |
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3273

March 14, 1957

MEMORANDUM

To: The Administrator

From: Iron and Ferro-Alloys Division, DMEA

Subject: Offer of Wah Chang Corporation to mine and mill North Tempiute ore
YZ Mining Company
Consolidated Uranium Mines, Inc., Assignee
Schofield Mine (North Tem Piute Mine)
Contract No. Idm-E680

In connection with the offer of the Wah Chang Corporation to mine and mill ore from the above-cited mine on a fixed royalty basis of $0.17 per ton ($0.12 if the ore cannot be certified as from a separate operation), the following estimates have been prepared by this Division:

1. Minimum, based on 70 percent mill recovery, instead of 65 percent as in Wah Chang's estimate, other costs the same as his:

| | | |
|---|---|---|
| Guaranteed price per unit of $WO_3$ | | $55.00 |
| Recoverable value, 70 percent of 0.40 percent $WO_3$ in ore | | 0.28% |
| Value of ore, F.O.B. North Tem Piute, per ton 0.28 X $55.00 | | $15.40 |
| Permissible deductions: | | |
| Milling cost per ton | $4.75 | |
| Trucking " " " | 1.00 | - 5.75 |
| Gross value per ton or ore | | $ 9.65 |
| Royalty basis: | | |
| Not in excess of $8.00 gross value | 1.50% | |
| $1.50 in excess of $8.00 at 0.50% for each $0.50 | 1.50% | 3.00% |
| Royalty per ton, 3.00% x $9.65 | | $0.290 |

2. Maximum probable, based on 80 mill recovery (National average), $4.00 treatment cost, instead of $4.75 (saving based on use of Boulder Dam electric power, instead of Diesel), and $0.75 hauling cost, underground, instead of $1.00 trucking cost:

8623

| | | |
|---|---|---|
| Guaranteed price per unit of $WO_3$ | | $55.00 |
| Recoverable value, 80 percent of 0.40% $WO_3$ | | 0.32% |
| Value of ore, F.O.B. North Tem Piute, per ton, 0.32 x $55.00 | | $17.60 |
| Permissible deductions: | | |
| Milling cost, per ton | $4.00 | |
| Hauling " " " | 0.75 | 4.75 |
| Gross value per ton, milled | | $12.85 |

Royalty basis:

| | |
|---|---|
| Not in excess of $8.00 gross value | 1.50% |
| $4.50 in excess of $8.00 at 0.50% for each $0.50 | 4.50% |
| | 6.00% |

(Use 5%, in accordance with contract.)

5% x $12.85, Royalty per ton $ 0.6425

W. S. Martin

W. S. Martin, Chief
Iron and Ferro-Alloys Division

SPHolt:am
cc to: Docket 3273 & 3512
Code 400 - 3273 & 3512
Admr. Read. File
Oper. Comm.
~~FT REG II~~
~~Messrs. R. Holliday, USBM~~
~~T. Kiilsgaard, USGS~~

# WAH CHANG CORPORATION

MINERS SMELTERS TUNGSTEN

MINERALS AND METALS

CABLE ADDRESS "WAHCHANG" NEW YORK

ALL STANDARD CODES

WOOLWORTH BUILDING

NEW YORK 7, N.Y.

February 1, 1957

OFFICIAL FILE COPY
DMEA
RECEIVED FEB 4 1957

| DATE | INITIALS | CODE |
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| 2/4 | C | 220 |
| " | CBM | 100 |
| " | FEG | 120 |
| 2/9 | N-SAF | 400 |
| | | 225 |
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Mr. C. O. Mittendorf, Administrator
Defense Minerals Exploration Administration
Department of the Interior
C Street between Eighteenth and
Nineteenth Streets, N.W.
Washington, D. C.

Dear Mr. Mittendorf:

Mr. E. G. Woods, General Superintendent of Wah Chang Mining Corporation, Lincoln Mine Division, has addressed a letter (as per copy attached) under date of January 25, 1957, to:

Mr. S. Ricker, Executive Officer
D.M.E.A., Region 2,
U. S. Department of the Interior
1605 Evans Avenue
Reno, Nevada

Mr. Ricker advised Mr. Woods that the matter would be referred to D.M.E.A., United States Department of the Interior, Washington, D. C. for final decision. Therefore, inasmuch as time is of the essence anything you can do to expedite the matter would be greatly appreciated.

Yours very truly,

WAH CHANG CORPORATION

T. F. Moran
Executive Vice President

TFM/lf
Encl.

DMEA

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

OFFICIAL FILE COPY
DMEA
RECEIVED FEB 1 1957

| DATE | INITIALS | CODE |
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| 2/1 | C | 220 |
| | | 225 |

1605 Evans Avenue
Reno, Nevada

January 30, 1957

~~Memorandum~~

To: Operating Committee, DMEA, Interior Building
Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMEA-3273 (Tungsten)
Y-Z Mining Company
Consolidated Uranium Mines, Inc., Assignee
Schofield Mine
Lincoln County, Nevada
Contract No. Idm-E 680

Enclosed are two copies of letters dated January 25, 1957 from the Wah Chang Mining Corporation, Lincoln Mining Division, Tem Piute, Nevada, relative to Government royalties should they mine and beneficiate ore from subject property. Enclosed are also two copies of a memorandum from Glenn Gentry to me, giving salient data on current status of the project.

The proposal from Wah Chang cannot be resolved in the field. I believe that the proposal, however, should be given serious consideration. There remains only seven more years in which the production from the property is subject to royalty payments and only somewhat more than a year on the Government price of $55.00 per unit. It should be noted, however, that the royalty figure of 17 cents, offered by Wah Chang, applies only if they are not bound by the 5,000 unit figure under present G.S.A. stipulations.

It is doubtful if the DMEA will recover any royalties unless the property is operated by the Wah Chang Corporation. The present owners cannot economically produce and ship at a profit to any of the operating plants on a custom basis. Neither can a milling plant be erected and the mine equipped on an economic basis under the current future outlook for marketing of tungston concentrates. It is a question as to whether the Government wishes to retain the ore reserves in the ground without hopes of recovering a portion of their investment in royalties or having the ore beneficiated immediately by Wah Chang and storing concentrates in addition to an indefinite amount in royalty payments. In addition, Wah Chang, during the course of operations, may develop new ore to replace currently estimated ore reserves that would be mined and, if marketing conditions are favorable, may continue to pay royalties above those cited in Mr. Gentry's memorandum.

Roscoe Smith was here during discussions with Mr. E. G. Woods about a possible arrangement for operating the Y-Z property and we both hope that some method can be resolved in order to place the mine in operation and secure a return on the Government investment.

S. Ricker

Encls.

January 28, 1957

OFFICIAL FILE COPY
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RECEIVED FEB 1 1957

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Memo to: Mr. S. Ricker, Executive Officer, DMEA

From: Glenn G. Gentry

Re: DMEA-3273 (Tungsten)
Y-Z Mining Company'
Schofield Mine, Lincoln County, Nevada
Contract No. Idm-E 680

Pursuant to an offer by the Wah Chang Mining Corporation dated January 25, 1957 to purchase tungsten ores in place in the Schofield Mine of the North Tem Piute Mining and Development Company and to pay to the Government the sum of $0.17 per ton of ore mined, the following information may be useful:

The Final Report, dated July 3, 1956, itemized the following tonnages:

| | Tons | Percent $WO_3$ | Units $WO_3$ |
|---|---|---|---|
| Measured | 10,300 | 0.44 | 4,540 |
| Indicated | 22,360 | 0.38 | 8,450 |
| Inferred | 32,500 | 0.34 | 11,010 |
| | 65,160 | 0.37 | 24,000 |

Financial:

| | |
|---|---|
| Total costs approved by Contract No. Idm-E 680 | $77,035.00 |
| Expenditures during the contract | 63,084.00 |
| Unexpended | 13,951.00 |
| Government's share of expended funds at 75% | 47,313.00 |
| Less royalties paid by Lory M. Free | 1,393.45 |
| Balance due the Government | 45,919.55 |
| Less proposed royalties at $0.17/ton | 11,077.20 |
| Loss, unless increased tonnage is found | $34,842.35 |

Royalty distribution:

| | |
|---|---|
| Paid by Wah Chang Mining Corp. to Lessee | $0.75/T |
| Paid by Lessee to Government | 0.17/T |
| | 0.58/T |
| Paid by Lessee to Owners (60% of $0.58) | 0.35 |
| Retained byLessee | 0.23/T |

On page 3 of the DMEA Final Report, the first paragraph, under Conclusions and Recommendations, states that development is warranted and that production is feasible if a milling plant were installed at the mine or if the ore could be milled at the adjoining Lincoln mine of the Wah Chang Mining Corporation.

Since the mine was closed down on December 27, 1955, neither the Owners nor the Lessees have been able to secure finances or financial backing for the construction of a milling plant and it is uneconomical to ship crude ore of this grade to other milling plants situated approximately 250 miles distant from the mine. As this offer from the Wah Chang Mining Corporation is the only offer that has been received and their milling plant is the only one in the area and as this Company is a responsible operator with adequate facilities and personnel, it is recommended that the offer of $0.17 per ton royalty be accepted.

If accepted, it is further recommended that the Government retain the right of inspection, to be furnished with copies of truck weights, and the royalties at $0.17 per ton be paid to the Government by the Wah Chang Mining Corporation at the end of each month.

Glenn F. Gentry

OFFICIAL FILE COPY
DMEA
RECEIVED FEB 1 1957

| DATE | INITIALS | CODE |
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January 21, 1957

Mr. S. Ricker, Executive Officer
D. M. E. A. Region 2,
U. S. Department of Interior
1605 Evans Avenue
Reno, Nevada

Re: D. M. E. A. LOAN
North Tem Piute Mining and Development Company

COPY

Dear Mr. Ricker:

Whereas, we are engaged in the mining and milling of tungsten ores at this operation, which is complete as to all facilities, and

Whereas, on the contrary, the above captioned properties, which adjoin us to the south, has neither facilities for maintaining personnel, mining or milling

We have approached the parties in interest and offer was made to purchase their ores at the price of $8.00 per ton of 0.45% grade, with pay on grades down to 0.40% on proportionate ratio basis, all predicated upon guaranteed price of $55.00 per unit, f. o. b. their portal.

These people were not in position to accept this proposal because of complete lack of facilities. We have therefore worked out another plan which is agreeable to them to purchase their ores in place at a fixed royalty per ton, payable as removed from mine, irrespective of grade, and which plan can be consummated immediately upon the approval of D. M. E. A. and agreement reached as to amount of royalty payment per ton which will be acceptable to them in the payment of their loan.

In considering a rate of royalty per ton which will remain within our economic range and at the same time, one equitable to D. M. E. A., there are two factors which limit to some extent, the amount we can offer:

1. Average grades over long program

2. Recoveries on an extremely complex ore

Our engineers, after examination of the North Tem Piute properties estimate that grade expectancy over a long period of time will be approximately 0.40%. We invite you to check this estimate with that of the Bureau of Mines Engineers.

In view of the foregoing, we respectfully request that you give consideration to our proposal that there be paid to D. M. E. A., a royalty, on a flat rate basis per ton, of 17 cents, provided however, that the production arising from said tonnages can be certified as a separate operation and qualified for the $55. price per unit, with an alternate proposal of 12 cents per ton if the production cannot be so qualified as we are presently exceeding our own 5000 unit quota per month, from our own ores.

It would seem that in the premise, and under the existing circumstance and more particularly so since the repayment of D. M. E. A. loan anticipated that it would be so done from the sale of production at the guaranteed price, that the technicality of the law could be interpreted along such fine lines as to preclude our certification of an additional 5000 units because of the inability of the owners to mine their own ores, the accomplishment of which, by them, would have eliminated any such question. The differentiation is merely that of buying their ores on their dump, mined by them as against purchasing the ore in place.

The basis of our calculation in arriving at the 17 cents per ton, we believe, follows the intent of Article 7, subsection (c) of the regulations relating repayment of D. M. E. A. loans, as follows:

| | | |
|---|---|---|
| Guaranteed price | | $55.00 |
| Recoverable value (65% of 0.40%WO3) | | 0.26% |
| Value F. O. B. North Tempiute per ton | | $14.30 |
| Less: | | |
| Permissible deductions: | | |
| Milling cost per ton | $4.75 | |
| Trucking Cost (Public Carrier) | 1.00 | 5.75 |
| Gross value | | $ 8.55 |
| Royalty basis: | | |
| Not in excess of $8.00 | 1.5% | |
| .50 in excess of $8.00 | .5% | 2% |
| Royalty per ton | | .17 |

The 12 cents is an optional figure based upon the economic limits which could be paid.

Also, as an economic consideration it is quite necessary that the royalty be upon a flat rate per

COPY

ton, rather than upon grade, which as before mentioned, we estimate will average 0.40%. To otherwise handle would be to impose a further burden of cost for sampling each truck load, assaying, etc., upon already marginal ores and which ultimately would accomplish only the same purpose.

Since the owners and their lessees were unable to operate even under the guaranteed price of $63.00, the possibility of their installing plant and facilities within the time period of seven years remaining in which to pay their D. M. E. A. loan is remote indeed and therefore, favorable action by D. M. E. A. to our proposal will not only give us a greater diversity in the production of tungsten but will return to D. M. E. A. a part of their monies invested in the property with the possibility of an ultimate 100% recovery plus a production from that property which was no doubt the initial objective and basis of the loan.

As time is of the essence in this plan, we anticipate with thanks and appreciation your efforts in effecting an early consideration.

Yours respectfully,

WAH CHANG MINING CORPORATION
Lincoln Mine Div'n

E. G. Woods
General Superintendent

COPY

Orig - 4 copies

cc to Mr. J. J. S., Jr.

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

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

December 10, 1956

Re: DMEA 3273 Idm-E680
Y. Z. Mining Co.,
Schofield Mine
Lincoln Co., Nev.
Approved $77,035.00
Expended 63,084.00
Tungsten

Memorandum

To: W. S. Martin, Defense Minerals Exploration Administration

From: N. E. Nelson, U. S. Geological Survey

Subject: Review of Field Team Final Report.

The contract, granted June 24, 1954, approved the expenditure of $37,950.00 in the exploration of a long tactite zone by drifting, crosscutting, and diamond drilling. In 1955, only low grade extensions of marginal grade near surface orebodies having been found, an amendment approving the expenditure of $37,435.00 for further drifting, crosscutting and diamond drilling was awarded. The results were the same, marginal to low-grade material was found. Work was suspended by the operator before the approved work was completed and as of mid 1956 had not been resumed. During the period of the contract 2,219.855 dry tons of ore with a net value of $31,332.73 was mined. Royalty amounting to $1,393.45 was paid. The (accrued royalty) is $45,919.55. — Net Income $ 47,313.00
Royalty 1,393.45
$ 45,919.55

?

The ore reserves contained in four ore shoots as estimated by the examiners are:

| Class | Tons | % $WO_3$ | Units $WO_3$ |
|---|---|---|---|
| Measured | 10,300 | 0.44 | 4,540 |
| Indicated | 22,360 | 0.38 | 8,450 |
| Inferred | 32,500 | 0.34 | 11,010 |
| Totals | 65,160 | 0.37 | 24,000 |

The examiners and the Field Team recommend certification of the property.

I concur with the recommendation.

N. E. Nelson

N. E. Nelson

DOCKET
Surname:

400

Holt
Martin
Chamberlin
Burton
Sheaffer
Kilsgaard
Holliday
Lamb
Selfridge

OCT - 9 1956

Mr. E. G. Frawley, President
Consolidated Uranium Mines, Inc.
438 South Main Street
Salt Lake City, Utah

Re: Docket No. DMEA-3273, Tungsten
Sam Kile, Sam Kile No. 2, and
Phyllis claims (Schofield Mine)
Lincoln County, Nevada
Contract No. Ida-2680

Dear Mr. Frawley:

Transmitted herewith is a certification of discovery or development issued under the subject contract, which was executed June 24, 1954.

By the terms of the Exploration Project Contract, as amended, and of the certification, all production from the lands described in the referenced contract from the date of the Exploration Project Contract is subject to the Government's percentage royalty as set forth in the contract until the sum of $47,313.00 is paid, or until June 24, 1964, whichever occurs first.

Royalty payments should be made to Mr. Spangler Richer, Executive Officer, DMEA Field Team, 3605 Bonny Avenue, Reno, Nevada. Checks should be made to the Defense Minerals Exploration Administration. The purchaser should be advised to deduct royalties from the amount due on each shipment and forward check direct 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 charge certified to be correct by the purchaser.

You are requested to notify Mr. Richer of any changes in ownership or production rights that might have any effect on the Government's rights to its percentage royalty. Also, if production ceases at any time for any extended period, please notify Mr. Richer at 6-month intervals that no production has been made, when that is the case.

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosure

SPHolt/ls/esf 9/14/56
Rewritten 9/27/56

cc: R. W. Holliday, USBM
F. D. Lamb, USBM
Lory M. Free, Y. Z. Mining Co.
North Tem Piute Min. & Devel. Co.

cc: Docket
Code 400
Code 110
Code 800

cc: Oper. Comm.
Adm. Read. File
T. Kilsgaard, USGS
FT, Reg. 2

R.C.K.

DOCKET
Surname:
Holt
Martin
Alexander
Holliday

400

Mr. E. G. Frawley, President
Consolidated Uranium Mines, Inc.
438 South Main Street
Salt Lake City, Utah

Re: Docket No. DMEA-3273, Tungsten
Y. Z. Mining Company
Rae Ella, Rae Ella No. 2, and
Phyllis claims (Schofield Mine)
Lincoln County, Nevada
Contract No. Idm-8680

Dear Mr. Frawley:

Transmitted herewith for your information is a copy of the certification of discovery or development issued as a result of the exploration program under the above-referenced contract. The property as set forth in the contract was leased to Lory M. Free by North Tem Piute Mining and Development Company under a certain indenture dated February 9, 1954. The same property was also referred to in an Owner's Consent to Lien executed July 1, 1954, by North Tem Piute Mining and Development Company, and in an Assignment of Contract executed August 9, 1955, by Lory M. Free, doing business as Y. Z. Mining Company, Assignor, to Consolidated Uranium Mines, Inc., Assignee.

Also enclosed is a copy of a letter to Mr. Lory M. Free, Y. Z. Mining Company.

Sincerely yours,

Administrator

Enclosures

cc: Docket
Code 400
Code 110
Code 800
Oper. Committee
Adm. Read. File

cc: T. Kiilsgaard, USGS
F. D. Lamb, USBM
R. W. Holliday, USBM
FT, Reg. 2

SPHolt/ls 9/14/56

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

Mr. E. G. Frawley, President
Consolidated Uranium Mines, Inc.
438 South Main Street
Salt Lake City, Utah.

~~Mr. Lory M. Free~~
~~Y. Z. Mining Company~~
~~Panaca, Nevada~~

Re: Docket No. DMEA-3273, Tungsten
Rae Ella, Rae Ella No. 2, and
Phyllis claims (Schofield Mine)
Lincoln County, Nevada
Contract No. Idm-E680

Dear Mr. ~~Free~~ Frawley:

Transmitted herewith is a certification of discovery or development issued under the subject contract, which was executed June 24, 1954.

By the terms of the Exploration Project Contract, as amended, and of the certification, all production from the lands described in the referenced contract from the date of the Exploration Project Contract is subject to the Government's percentage royalty as set forth in the contract until the sum of $47,313.00 is paid, or until June 24, 1964, whichever occurs first.

~~You should continue making~~ Royalty payments should be made ~~as you have been doing,~~ to Mr. Spangler Ricker, Executive Officer, DMEA Field Team, 1605 Evans Avenue, Reno, Nevada. Checks should be made to the Defense Minerals Exploration Administration. The purchaser should be advised to deduct royalties from the amount due on each shipment and forward check direct 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 charge certified to be correct by the purchaser.

You are requested to notify Mr. Ricker of any changes in ownership or production rights that might have any effect on the Government's rights to its percentage royalty. Also, if production ceases at any time for any extended period, please notify Mr. Ricker at 6-month intervals that no production has been made, when that is the case.

Sincerely yours,

Administrator

Enclosure

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. Lory M. Free~~
~~Y. Z. Mining Company~~
~~Panaca, Nevada~~

Consolidated Uranium Mines, Inc
438 South Main Street
Salt Lake City, Utah.

Pursuant to the provisions of Exploration Project Contract No. Idm-E680, executed June 24, 1954 (Docket No. DMEA-3273), as amended, hereinafter called the "Contract", between Lory M. Free, doing business as Y. Z. Mining Company, and the United States of America, hereinafter called the "Government"; to establish and fix the Government's percentage royalty and its lien therefor and on the land described in the contract, the Government considers and therefore certifies that a discovery or development from which production may be made has resulted from the exploration.

The nature of said discovery or development is described broadly or indicated as follows:

Drifting, crosscutting and diamond drilling ~~in~~ on the Rae Ella, Rae Ella No. 2, and Phyllis claims (Schofield Mine) have indicated a substantial quantity of tungsten occurring as scheelite within and near tactite zones along a contact between granite and limestone. → Add sentence —

**Sufficient data were secured to calculate measured, indicated and inferred reserves.**

changes as suggested by G.S. Schaefer 9.25.56.

CW

Holt
martin
Chandler
Holliday
Selfridge
Mittendorf

OCT - 1 1956

Mr. Spangler Ricker
Executive Officer
DMEA Field Team, Region II
1605 Evans Avenue
Reno, Nevada

Re: Docket No. DMEA-3273, Tungsten
Consolidated Uranium Mines, Inc.
Bee Kile, Bee Kile No. 2 and
Phyllis claims (Schofield Mine)
Lincoln County, Nevada
Contract No. Idm-2680

Dear Mr. Ricker:

Enclosed are copies of a certification of discovery or development for the above-referenced property, and of related correspondence.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (SHB)

Enclosures

APPROVED:

Frank D. Lamb
Member, Bureau of Mines (SHB)

Thor H. Kiilsgaard
Member, Geological Survey (SHB)

SPHolt/ls/esf 9/28/56
cc: Docket
Code 400
Code 110
Code 800
Oper. Comm.
Adm. Read. File
T. Kiilsgaard, USGS
F. D. Lamb, USBM
R. W. Holliday, USBM
FT, Reg. 2

DOCKET
Surname:
Holt
Martin
Chamberlin

400

Mr. Spangler Ricker, Executive Officer
DMEA Field Team, Region II
1605 Evans Avenue
Reno, Nevada

Re: Docket No. DMEA-3273, Tungsten
N. Z. Mining Company
Rae Ella, Rae Ella No. 2, and
Phyllis claims (Schofield Mine)
Lincoln County, Nevada
Contract No. Kdm-E680

Dear Mr. Ricker:

Enclosed are copies of a certification of discovery or development for the above-referenced property, and of related correspondence.

Sincerely yours,

Chairman, Operating Committee

cc: Docket
Code 400
Code 110
Code 800
Oper. Comm.
Adm. Read. File
T. Kiilsgaard, USGS
F. D. Lamb, USBM
R. W. Holliday, USBM
FT, Reg. 2

SPHolt/ls
9/14/56

Enclosures

APPROVED:

Member, Bureau of Mines

Member, Geological Survey

400

Holt
Martin
Chamberlin
Kiilsgaard
Holliday
Lamb
Selfridge

OCT - 9 1956

Mr. Larry M. Fuss
Y. Z. Mining Company
Panaca, Nevada

Re: Docket No. DMEA-3873, Tungsten
Consolidated Uranium Mines, Inc.
Rae Kiln, Rae Kiln No. 2, and
Phyllis claims (Schofield Mine)
Lincoln County, Nevada
Contract No. Idm-2580

Dear Mr. Fuss:

Transmitted herewith for your information is a copy of the certification of discovery or development issued as a result of the exploration program under the above-referenced contract. The property as set forth in the contract was leased to Larry M. Fuss by North Star Pinto Mining and Development Company under a certain indenture dated February 9, 1954. The same property was also referred to in an Owner's Consent to Lien executed July 1, 1954, by North Star Pinto Mining and Development Company, and in an Assignment of Contract executed August 9, 1956, by Larry M. Fuss, doing business as Y. Z. Mining Company, Assignor, to Consolidated Uranium Mines, Inc., Assignee.

Also enclosed is a copy of a letter to Mr. E. G. Frasley, President, Consolidated Uranium Mines, Inc.

Sincerely yours,

C. O. Mittenhost
(typed)
Administrator

Enclosures

ec: Docket
Code 400
Code 110
Code 800
Oper. Committee
Admr. R. File

cc: T. Kiilsgaard, USGS
F. D. Lamb, USBM
R. W. Holliday, USBM
FT, Reg. 2

SPHolt/ls/esf
9/28/56

R.C.S.

400

DOCKET
Surname:
Holt
Martin
Chambers

Mr. Lory M. Free
Y. Z. Mining Company
Pansca, Nevada

Re: Docket No. DMEA-3273, Tungsten
Rae Kils, Rae Kils No. 2, and
Phyllis claims (Schofield Mine)
Lincoln County, Nevada
Contract No. Idm-2680

Dear Mr. Free:

Transmitted herewith is a certification of discovery or development issued under the subject contract, which was executed June 24, 1954.

By the terms of the Exploration Project Contract, as amended, and of the certification, all production from the lands described in the referenced contract from the date of the Exploration Project Contract is subject to the Government's percentage royalty as set forth in the contract until the sum of $47,313.00 is paid, or until June 24, 1964, whichever occurs first.

You should continue making royalty payments, as you have been doing, to Mr. Spangler Ricker, Executive Officer, DMEA Field Team, 1605 Evans Avenue, Reno, Nevada. Checks should be made to the Defense Minerals Exploration Administration. The purchaser should be advised to deduct royalties from the amount due on each shipment and forward check direct 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 charge certified to be correct by the purchaser.

You are requested to notify Mr. Ricker of any changes in ownership or production rights that might have any effect on the Government's rights to its percentage royalty. Also, if production ceases at any time for any extended period, please notify Mr. Ricker at 6-month intervals that no production has been made, when that is the case.

Sincerely yours,

Administrator

cc: Docket
Code 400
Code 110
Code 800
Oper. Committee

Enclosure

cc: Adm. Read. File
T. Kiilsgaard, USGS
FT, Reg. 2

SPHolt/ls 9/14/56

cc: R. W. Holliday, USBM
F. D. Lamb, USBM
~~Consol. Uranium Mines~~, Inc.
North Tem Piute Min. & Devel. Co.

Docket
Surname

400

Hoff
Martin
Abambres
Kilsgaard
Holliday
Lamb
Selfridge

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

Re: Docket No. DMEA-3873, Tungsten
Consolidated Uranium Mines, Inc.
Rae Kiln, Rae Kiln No. 2, and
Phyllis claims (Schofield Mine)
Lincoln County, Nevada
Contract No. Idm-2680

Dear Mr. Fredell:

Enclosed is a copy of a certification of discovery or development issued under the subject contract.

Contract No. Idm-2680 for the exploration of the Rae Kiln, Rae Kiln No. 2, and Phyllis claims (Schofield Mine), was executed June 24, 1954. Expenditures up to $77,035.00 were authorized by the contract, as amended, of which the Government's share at 75 percent was $57,776.25. The cost of the work completed was $63,0[illegible].00, of which the Government's share at 75 percent was $47,3[illegible].00.

The object of the exploration program was to test the possible tungsten occurrences within and near tactite zones along and near a contact between granite and limestone. The program employed drifting, crosscutting, and diamond drilling to explore the mineralized zone.

The contract, as amended, allowed $77,035.00 to de[illegible] and crosscut 1,837.8 feet, construct one diamond drill station, and diamond drill 2,050 feet.

Work completed comprised 1,[illegible]2 feet of drifting and crosscutting, constructing one diamond drill station, and 170 feet of diamond drilling.

Reserves of tungsten ore discovered or developed by project work were estimated by the Field Team as 65,160 tons of measured, indicated, and inferred ore, average assay 0.37 percent $WO_3$.

Sincerely yours,

C. O. Mitchell

Administrator

Enclosure

cc: Docket
Code 400
Code 110
Code 800

cc: Oper. Comm.
Adm. Read. File
FT, Region 2
F. D. Lamb, USBM

cc: R. W. Holliday, USBM
T. Kiilsgaard, USGS

SPHolt/ls/esf 9/14/56
Rewritten 9/27/56

R.C.S.

400

DOCKET
Surname:
Holt
Martin
Chambers

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

Re: Docket No. DMEA-3273, Tungsten
Y. Z. Mining Company
Rae Ella, Rae Ella No. 2, and
Phyllis claims (Schofield Mine)
Lincoln County, Nevada
Contract No. Idm-E680

Dear Mr. Fredell:

Enclosed is a copy of a certification of discovery or development issued under the subject contract.

Contract No. Idm-E680 for the exploration of the Rae Ella, Rae Ella No. 2, and Phyllis claims (Schofield Mine), was executed June 24, 1954. Expenditures up to $77,035.00 were authorized by the contract, as amended, of which the Government's share at 75 percent was $57,776.25. The cost of the work completed was $63,084.00, of which the Government's share at 75 percent was $47,313.00.

The object of the exploration program was to test the possible tungsten occurrences within and near tactite zones along and near a contact between granite and limestone. The program employed drifting, crosscutting, and diamond drilling to explore the mineralized zone.

The contract, as amended, allowed $77,035.00 to drift and crosscut 1,837.8 feet, excavate one diamond drill station, and diamond drill 2,020 feet.

Work completed comprised 1,782 feet of drifting and crosscutting, excavating one diamond drill station, and 170 feet of diamond drilling.

Reserves of tungsten ore discovered or developed by project work were estimated by the Field Team as 65,160 tons of measured, indicated, and inferred ore, average assay 0.37 percent $WO_3$.

Sincerely yours,

Administrator

Enclosure

SPHolt/ls 9/14/56

cc: Docket
Code 400
Code 110
Code 800

cc: Oper. Comm.
Adm. Read. File
FT, Region 2
F. D. Lamb, USBM

cc: R. W. Holliday, USBM
T. Kiilsgaard, USGS

400

Holt
martin
chambers
Kiilsgaard
Holliday
Lazzell
Selfridge

OCT - 8 1956

North Tom Piute Mining and
Development Company
Elko, Nevada

Re: Docket No. DMEA-3273, Tungsten
Consolidated Uranium Mines, Inc.
Rae Ella, Rae Ella No. 2, and
Phyllis claims (Schofield Mine)
Lincoln County, Nevada
Contract No. Idm-E680

Gentlemen:

Transmitted herewith for your information is a copy of the certification of discovery or development issued as a result of the exploration program under the above-referenced contract. The property as set forth in the contract was leased to Lory M. Free by North Tom Piute Mining and Development Company under a certain indenture dated February 9, 1954. The same property was also referred to in an Owner's Consent to Lien executed July 1, 1954, by North Tom Piute Mining and Development Company, and in an Assignment of Contract executed August 9, 1955, by Lory M. Free, doing business as I. X. Mining Company, Assignor, to Consolidated Uranium Mines, Inc., Assignee.

Also enclosed is a copy of a letter to Mr. E. G. Frawley, President, Consolidated Uranium Mines, Inc.

Sincerely yours,

E. O. Mittendorf
(typed)
Administrator

Enclosures

cc: Docket
Code 400
Code 110
Code 800
Oper. Comm.
Admr. R. File
T. Kiilsgaard, USGS
F. D. Lamb, USBM
R. W. Holliday, USBM
FT, Reg. 2

SPHolt/ls/esf
9/28/56

R.C.L.

400

DOCKET
Surname:
Holt
Martin
Chambers
Holliday

North Tem Piute Mining and
Development Company
Hiko, Nevada

Re: Docket No. DMEA-3273, Tungsten
Y. Z. Mining Company
Bae Ella, Bae Ella No. 2, and
Phyllis claims (Schofield Mine)
Lincoln County, Nevada
Contract No. Idm-E680

Gentlemen:

Transmitted herewith for your information is a copy of the certification of discovery or development issued as a result of the exploration program under the above-referenced contract. The property as set forth in the contract was leased to Lory M. Free by North Tem Piute Mining and Development Company under a certain indenture dated February 9, 1954. The same property was also referred to in an Owner's Consent to Lien executed July 1, 1954, by North Tem Piute Mining and Development Company, and in an Assignment of Contract executed August 9, 1955, by Lory M. Free, doing business as Y. Z. Mining Company, Assignor, to Consolidated Uranium Mines, Inc., Assignee.

Also enclosed is a copy of a letter to Mr. Lory M. Free, Y. Z. Mining Company.

Sincerely yours,

Administrator

Enclosures

cc: Docket
Code 400
Code 110
Code 800
Oper. Comm.
Adm. Read. File
T. Kiilsgaard, USGS
F. D. Lamb, USBM
R. W. Holliday, USBM
FT, Reg. 2

SPHolt/ls
9/14/56

D M E A

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

RECEIVED

1605 Evans Avenue
Reno, Nevada

August 29, 1956

Memorandum

To: Operating Committee, DMEA, Interior Bldg., Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMEA-3273 (Tungsten)
Y. Z. Mining Company
Consolidated Uranium Mines, Inc.
Assignee
Schofield Mine
Lincoln County, Nevada
Contract No. Idm-E 680
(Your letter dated August 22, 1956)

For use in the certification of discovery on subject contract, the Operator's figures of 1782 feet of drifting and crosscutting should be used. The Field Team's figures include 59.8 feet that were not allowed under the terms of the contract and not paid for by the Government. Final audit allowed 1782 feet.

S. Ricker

DOCKET
Surname:
Holt
Martin
Selfridge
Johnson
Mitchell

Mr. Spangler Ricker, Executive Officer
DMEA Field Team, Region II
1605 Evans Avenue
Reno, Nevada

Re: Docket No. DMEA-3273, Tungsten
Y. Z. Mining Company
Consolidated Uranium Mines, Inc., Assignee
Schofield Mine
Lincoln County, Nevada
Contract No. Idm-E680

Dear Mr. Ricker:

Reference is made to the final report of the Field Team, dated July 3, 1956, on the above-subject contract, and to the Operator's final report, dated May 14, 1956.

In the two reports, drifting and crosscutting are listed as follows:

| | Field Team's Final Report | Operator's Final Report |
|---|---|---|
| Drifting and crosscutting by Y. Z. Mining Company | 1,096 feet | 1,096 feet |
| Drifting and crosscutting by Consolidated Uranium Mines, Inc. | 745.8 " | 686 " |
| Total drifting and crosscutting | 1,841.8 " | 1,782 " |

To assist us to reconcile these same two totals of drifting and crosscutting, and for our use in the certification we are now preparing on this contract, please advise us which figures are correct.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

APPROVED:

FRANK D. LAMB

Member, Bureau of Mines

W. P. Williams

Member, Geological Survey

cc: Docket
Code 400
Oper. Comm.
Adm. Read. File
T. Kiilsgaard, USGS
R. W. Holliday, USBM
FT, Reg. 2

SPHolt/ls 8/22/56

cw

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

July 19, 1956

Memorandum

To: W. S. Martin, Chief, Iron and Ferroalloys Division-DMEA
Through: Acting Chief, Branch of Ferrous Metals & Ferroalloys NHR

From: R. W. Holliday, Commodity Specialist, Branch of Ferrous Metals & Ferroalloys

Subject: Review of Final Report
Docket No. DMEA 3273
Y. Z. Mining Company
Consolidated Uranium Mines (Assignee)
Schofield (North Tem Piute) Mine
Lincoln County, Nevada
Contract No. IDM-E680

Subject report indicates that more than 20,000 units of 0.37 % $WO_3$ were discovered by the DMEA project and that the Government participation was $47,313.00.

The grade of ore apparently is not economic under present conditions but is marginal.

The examining team recommends a Certification of Discovery and I concur.

R W Holliday
R. W. Holliday

RECEIVED
JUL 1 9 1956

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

1605 Evans Avenue
Reno, Nevada

July 6, 1956

Memorandum

To: Operating Committee, DMEA, Interior Building, Washington 25, D.C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMEA-3273 - Tungsten
Y. Z. Mining Company
Consolidated Uranium Mines (Assignee)
Schofield (North Tem Piute) Mine
Lincoln County, Nevada
Contract No. Idm-E680

Attached are four copies of our final report on subject contract by D. B. Tatlock, Geological Survey and Glenn G. Gentry, Bureau of Mines.

Field Team FINAL Rpt.

S. Ricker

Attach.

RECEIVED
JUL 9 - 1956

Reviewed by
DMEA OPERATING COMMITTEE
7-13-56
(date)

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 3273 (tungsten)
Y. Z. Mining Company
Consolidated Uranium Mines, Inc. (Assignee)
Schofield (North Tem Piute) mine
Lincoln County, Nevada
Contract No. Idm-E680

by

G. G. Gentry
U. S. Bureau of Mines

D. B. Tatlock
U. S. Geological Survey

July 3, 1956

RECEIVED
JUL 9 - 1956

Reviewed by
DMEA OPERATING COMMITTEE
7-13-56
(date)

## CONTENTS


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| Ore Deposits | 13 |
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## ILLUSTRATIONS


Figure 1 . . . . . Location map

2 . . . . . Map of Schofield mine

3 . . . . . Geology and Assay map

4 . . . . . DMEA Assay map

5 . . . . . Ore Reserves map

## INTRODUCTION

The Schofield mine, also known as the North Tempiute mine, Lincoln County, Nevada, was explored by Lory M. Free, dba Y-Z Mining Company, Panaca, Nevada, and the Consolidated Uranium Mines, Inc., Mr. E. G. Frawley, president, 438 South Main Street, Salt Lake City, Utah, in cooperation with the Defense Minerals Exploration Administration, docket DMEA-3273, contract Idm-E680, dated June 24, 1954.

Work was begun July 8, 1954 by Lory M. Free and conducted by him until May 31, 1955. Mr. E. G. Frawley acquired the mining lease June 1, 1955 and by letter dated July 6, 1955 requested that the DMEA exploration contract be assigned to the Consolidated Uranium Mines, Inc. Effective June 1, 1955, the exploration contract was assigned to the Consolidated Uranium Mines, Inc. who completed the drifting and crosscutting, but not the drilling, about December 27, 1955. On February 1, 1956, Mr. Frawley advised the Field Team that Consolidated Uranium Mines, Inc. had allowed their lease to revert to Lory Free because it was not economical to transport ore from the Schofield mine to the company's mill near Austin, Nevada.

An examination of the property to evaluate the work was made on January 17 and 18, 1956. The operator had been requested to have his representative present during the examination but failed to do so.

## SUMMARY

The purpose of the original project was to explore on the 200-foot level for the possible downward continuation on the Moody tactite zone of four contact metamorphic tungsten ore shoots that crop out on the Rae Ella and the Rae Ella No. 2 claims. Two of the shoots were also exposed in the underground workings about 100 feet below the surface. The purpose of the amended program was to continue exploration of the Moody hanging-wall zone to the southeast, and to crosscut to the west so as to intersect the possible southward continuation of the Grubstake tactite ore zone which crops out on the Lincoln mine property to the north.

1782.0 See letter from Rick 8.29.56

The Moody and Grubstake zones were explored by a total of 1,841.8 feet of underground work and 170 feet of diamond drilling on the 200-foot level. Four ore shoots were discovered; two other inferred shoots were not explored because the project was terminated before completion. Reserves total about 65,000 tons averaging 0.37 percent $WO_3$, or 24,000 units.

The total amount approved for the project was $77,035.00 but only $63,084.00 was expended, of which the Government participation at 75 percent was $47,313.00. The unexpended balance amounts to $10,463.25.

## CONCLUSIONS AND RECOMMENDATIONS

Development of the Schofield mine is warranted and production is feasible if a milling plant were installed at the mine or if the ore could be milled at the adjoining Lincoln mine of the Wah Chang Mining Corporation. At present world market prices it is doubtful if an operation would be economical.

The Y. Z. Mining Company shipped about 2,300 tons of ore while performing its part of the exploration work and paid royalties totaling $1,393.45 to the Government. The Consolidated Uranium Mines, Inc. stockpiled about 2,000 tons of ore at the mine, but has shipped no ore and has paid no royalties. A composite of four samples taken over the stockpile showed 0.32 percent $WO_3$ content.

Further exploration is warranted along the Moody hanging-wall zone below the 200-foot level to determine the persistence of the ore shoots at depth and to explore for similar ore shoots along the strike, but further participation by the Government is not suggested.

The ore bodies were delineated and sampled by the DMEA work and were made more accessible. On the basis of ore so far explored, it is recommended that a discovery be certified.

## LOCATION, ACCESSIBILITY, AND LOCAL RESOURCES

The Schofield mine is in the Tempiute mining district, sec. 1, T. 4 S., R. 56 E., M.D.B.&M., Lincoln County, Nevada.

The mine is reached by traveling west from Caliente, Nevada to Crystal Springs via U. S. Highway 93, an all-weather road, for 44 miles, thence westward 40 miles via Nevada State Highway 25, a graded-gravelled road.

The usual desert climate conditions may be expected. Occasional snow storms during the winter months may close the access road to the mine for short periods. During a normal year not more than 10 days lost time due to weather conditions would be expected.

Labor, supplies, and machinery can usually be obtained from Pioche, Nevada and Ely, Nevada. Water is hauled from the adjacent camp of the Wah Chang Mining Corporation. Another source for water is Crystal Springs, 40 miles east of the mine. Power for machinery is obtained from diesel or gasoline engines. Telephone service may be obtained at Alamo, Nevada 52 miles southeast of the mine. Telephone, telegraph, mail, and freight services are available at Caliente, Nevada, 84 miles east of the mine.

## PROPERTY

The property included in the exploration contract comprises three unpatented mining claims, namely Rae Ella, Rae Ella No. 2, and Phyllis.

These claims, and an additional 37 unpatented claims, are owned by the North Tempiute Mining and Development Company, of which Merle F. Schofield is president and Thomas T. Schofield is secretary and treasurer. On July 2, 1951, all 40 claims were leased to Lory M. Free and to further clarify this lease, a new lease agreement dated February 9, 1954, for a period of ten years, was made between the North Tempiute Mining and Development Company of Hiko, Nevada, as owner, and Lory M. Free of Panaca, Nevada, as lessee. On May 21, 1955, an option agreement was made between Lory M. Free, Roland Cox, John J. Franks, and Darrell H. Free as party of the first part and E. G. Frawley, party of the second part, for the sale of all their right, title, and interest in the mining lease upon the following terms and conditions:

$20,000.00 upon execution of this option agreement

$20,000.00 on or before May 30, 1955

$40,000.00 on or before January 10, 1956

This option agreement was assigned to the Consolidated Uranium Mines, Inc. by Mr. Frawley who, on February 1, 1956, terminated the agreement and the property reverted to Lory M. Free and associates.

Development prior to the DMEA contract consisted of a 50-foot crosscut adit on the 100-foot level, from which about 380 feet of drifts and 110 feet of raises had been driven along the Moody ore zone. Some additional winzing and drifting had also been done from the surface south of the DMEA contract work. In his application, dated March 6, 1954, Mr. Free stated the known past production amounted to:

1951------560 tons of 0.92 percent $WO_3$ ore

1954------300 tons of 0.95 percent $WO_3$ ore

and that current production of about 15 tons per day of 0.85 percent $WO_3$ ore was being obtained.

Present Status of Ownership

By letter of March 26, 1956 to the North Tempiute Mining Company, the lessees, Lory M. Free, Darell H. Free, John J. Franks, and Roland E. Cox, state:

"It has been unaminously agreed upon by the undersigned that further operations of the property under lease are not desirable or feasible. This being the case, this letter is submitted to your company as a full, complete, and entire withdrawal by the undersigned, and each of them, from the property and from the lease dated

February 9, 1954. The undersigned further by this letter relinquishes any and all rights of the undersigned under the lease."

A further agreement entered into on March 26, 1956 by and between Lory M. Free and associates and Merle F. Schofield and Thomas T. Schofield states:

"The 40 mining claims are relinquished and released to the owners for a period of 60 days, ending May 26, 1956, for the purpose of assisting the owner in selling the property. If the owners are unable to sell the property within the 60-day period, then said property is returned to the lessees on the same terms and conditions provided in the lease dated February 9, 1954. If a sale is made, the owners agree to pay to the lessees the sum of $40,000.00 within 20 days after completion of such sale."

On April 1, 1956, the North Tempiute Mining Company, acting through its president, Mr. Merle F. Schofield, entered upon and assumed possession of the mining property and is endeavoring to sell it. Lory M. Free and associates have submitted no documentary evidence to the North Tempiute Mining Company to verify that the Consolidated Uranium Mines, Inc. have relinquished and revoked the lease which they obtained from Mr. Free.

As of June 29, 1956, the Reno office of DMEA has received no further information relative to ownership of the property.

## THE DMEA PROJECT

Surface exposures of tactite containing scheelite, mapping by the U. S. Geological Survey, drilling and trenching done by the U. S. Bureau of Mines, development work done by the applicants, and exploration in the adjoining Lincoln mine, all indicated the probability of finding additional tungsten ore.

### Program proposed in contract

The exploration contract of June 24, 1954 consisted of:

| | |
|---|---|
| 1,100 ft. of drift and/or crosscut @ $34.50/ft. | $ 37,950.00 |
| Timber, 200 ft. of drift @ $5.00/ft. | 1,000.00 |
| Analyze 130 samples @ $5.00/ea. | 650.00 |
| Total estimated cost: | $ 39,600.00 |
| Government participation @ 75% | $ 29,700.00 |

Amendment No. 1, dated February 28, 1955, provided for 1,147.8 ft. of drift and/or crosscut @ $34.50/ft. and excluded the timber item.

Amendment No. 2 was approved on April 29, 1955 for the following work and costs:

| | |
|---|---|
| Cut diamond drill station | $ 500.00 |
| Diamond drilling, 2,020 ft. | |
| @ $6.50/ft. | 13,130.00 |
| Drifting and crosscutting, | |
| 690 ft. @ $34.50/ft. | 23,805.00 |
| Total: | $37,435.00 |
| Amount of original contract | $39,600.00 |
| Amount of amended contract | $77,035.00 |
| Government participation @ 75% | $57,776.25 |

On December 7, 1955, Consolidated Uranium Mines, Inc. requested that the contract be re-amended permitting money originally authorized to drill the Grubstake zone to be expended for drilling the Moody zone below the 200-foot level. Before the request could be acted upon the work was terminated by the operator.

The proposed amendment consisted of four diamond drill holes totaling 844 feet to be drilled downward from a drill station at the southwest end of the Grubstake crosscut (coordinates 103460 N - 105480 E) to explore three ore shoots at depth on the Moody ore zone. Three of the holes were to explore the Moody zone at the projected 300-foot level and one at the projected 400-foot level. Any funds remaining after drilling were to have been used for drifting to the southeast on the Moody hanging wall on the 200-foot level. This work might have increased the indicated and inferred reserves by

about 12,000 tons averaging 0.34 percent $WO_3$.

## Work Completed

All of the 200-level but none of the 100-level (figs. 3 and 4) was driven with DMEA assistance.

Pursuant to the terms of the contract, the operators have completed the following:

By Lory M. Free: 1,096 ft. of drifting and crosscutting
1 diamond drill station

By Consolidated Uranium Mines, Inc.:
745.8 ft. of drifting and crosscutting
170 ft. of diamond drilling

The above exploration work was conducted under the supervision of competent mining personnel and is considered to be satisfactory to the Government.

No work or mining operations have been conducted in the mine since the shut-down on or about December 27, 1955.

Expenditures:

| | |
|---|---|
| Total cost of the approved project | $77,035.00 |
| Reported by the operators | 63,084.00 |
| Unexpended | $13,951.00 |
| Government's share of unexpended funds, at 75% | $10,463.25 |

Value of production during operations:

During the period of the contract 2,220 tons of ore was produced and shipped:

| | | |
|---|---|---|
| Wet tons | 2,303.835 | |
| Dry tons | 2,219.855 | |
| Average % $WO_3$ | 0.52 | |
| Units $WO_3$ | 1,153.36 | |
| Average price per unit (approx.) | | $36.31 |
| Gross value | $41,878.09 | |
| Less trucking | 10,545.36 | |
| Net value | $31,332.73 | |
| Total royalties paid to Government by Lory M. Free | $1,393.45 | |

No shipments were made by the Consolidated Uranium Mines, Inc. and, therefore, this company has paid no royalties to the Government.

Equipment:

The exploration contract was on a unit cost basis. Therefore, all of the machinery, equipment, and supplies were purchased by the operators at no expense to the Government.

## GEOLOGIC SETTING

The Schofield mine, near the north end of the Tem Piute range, is underlain by a series of folded and faulted Late Paleozoic metasedimentary rocks consisting of limestone, hornfels, and quartzite. The sediments have been intruded by two small granite stocks; the south stock is about 5,000 feet in diameter, the north stock about 4,000 feet. The geology and ore deposits of this and the adjoining Lincoln mine property have been studied and explored in considerable detail by the U. S. Geological Survey[1/] and the U. S. Bureau of Mines.[2/]

A scheelite-bearing garnet tactite layer, about 1,600 feet long and from 20 to 100 feet thick, extends northwesterly along the southwest side of the south granite stock (fig. 2). The southern half of this tactite layer is on the Schofield property. The tactite strikes northwesterly and dips from 45° to 85° southwest, parallel to the granite contact and to the bedding in the sequence of limestone,

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1/ Wyant, D. G., and Lemmon, D. M., 1951, Tungsten Deposits in the Tem Piute district, Lincoln County, Nevada: U. S. Geol. Survey open file report.

2/ Binyon, E. O., Holmes, G. H., Jr., and Johnson, A. C., 1950, U. S. Bureau of Mines Report of Investigations No. 4626.

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hornfels, and limestone. The tactite is overlain by limestone. The rocks are overturned in the vicinity of the mine. The contact between the tactite and limestone is sharply defined, and is well exposed on the surface and in underground workings.

Near the middle of the tactite band a northeast-trending, steeply-dipping fault cuts the overlying limestone and hornfels and has an apparent right lateral displacement of from 50 to 100 feet. Southeast of the fault the limestone is from 130 to 200 feet thick. Northwest of the fault the limestone is intermittently exposed on the surface but is about 15 feet thick on the 200-foot level. It is overlain by about 110 feet of hornfels which locally contains thick lenticular bodies of tactite. The hornfels in turn is overlain by a second limestone at least 350 feet thick, and separated from it by a second tactite layer 3 - 30 feet thick called the Grubstake zone.

Minor faults and fractures in the tactite appear to have been important controls in the formation of the ore bodies.

## ORE DEPOSITS

The ore occurs in south-plunging shoots along the hanging wall of a northwest-trending garnet-tactite zone, known as the Moody hanging-wall zone. The only commercial ore mineral is scheelite. Other minerals in the tactite, listed in approximate order of abundance, are garnet, actinolite, calcite, fluorite, pyrite,

pyrrhotite, diopside, sphalerite, chlorite, hematite, clinozoisite, epidote, molybdenite, and powellite. Small amounts of fluorite, sphalerite, molybdenite, and powellite are extractable in the milling process.

Scheelite occurs as small white to buff crystals disseminated throughout most of the tactite but is in greater concentration on the hanging-wall side near the limestone contact.

Four ore shoots that plunge $45^{\circ}$ to $50^{\circ}$ south occur along a distance of 600 feet on the Moody hanging-wall zone (figs. 3 and 4). These range from 16 to 200 feet along the strike, from 4 to 9 feet in thickness, and extend from the surface to at least the 200-foot level; it is inferred that they extend to a depth of 400 feet. The ore shoots range in grade from 0.30 to 0.70 percent $WO_3$.

A fifth ore shoot is inferred at the southeast end of the 200-foot level where tactite of near-ore grade has been cut by the drift about 75 feet above tactite of ore grade cut by U. S. Bureau of Mines drill hole No. 11 (fig. 3).

A sixth ore shoot is inferred from data obtained in U. S. Bureau of Mines drill hole No. 9 which cut the Moody hanging-wall zone about 50 feet below the 200-foot level at the boundary between the Schofield mine and the Lincoln mine properties. This shoot probably plunges south parallel with the four known ore shoots to the southeast.

The ore shoots all have limestone remnants between them and the platy hornfels to the west (fig. 2). Most of the calc-silicate minerals were probably introduced at an early stage and were impermeable to a subsequent introduction of tungsten-bearing solutions. The overlying unreplaced limestone was a favorable host rock for these later solutions.

A layer of tactite 3 feet thick and containing about 0.02 percent $WO_3$ was intersected by a crosscut 120 feet southwest of the Moody zone in the platy hornfels (fig. 3). This is thought to be a southward continuation of the Grubstake zone that is exposed about 400 feet to the north on the Lincoln mine property.

## SAMPLING

| BM Sample No. | Width | % $WO_3$ | Location |
|---|---|---|---|
| 87 | 9.0 ft. | 0.99 | Main crosscut adit |
| 88 | 4.0 " | 1.67 | " " " |
| 89 | 1.5 " | 1.12 | " " " |
| 90 | 5.5 " | *0.01 | " " " |
| 99 | 5.5 " | 0.14 | " " " |
| 101 | car | 0.18 | South drift |
| 102 | " | 0.29 | " " |
| 103 | 12.0 " | 0.16 | North " |
| 104 | car | 0.38 | " " |
| 105 | ore dump | 0.34 | Stockpiled ore |
| 115 | car | 0.18 | South drift |
| 116 | " | 0.18 | " " |
| 117 | " | 0.26 | North " |
| 118 | " | 0.18 | " " |
| 119 | drill hole | 0.03 | " " |
| 120 | 4.0ft. | 0.63 | " " |
| 121 | car | 1.42 | " " |
| 122 | " | 0.22 | " " |
| 123 | " | 0.32 | " " |

| BM Sample No. | Width | % $WO_3$ | Location |
|---|---|---|---|
| 124 | car | 0.10 | North drift |
| 125 | " | 0.09 | South " |
| 126 | 2.5 ft. | 0.70 | Main crosscut adit |
| 127 | car | 0.46 | North drift |
| 128 | " | 0.45 | " " |
| 129 | " | 0.07 | " " |
| 130 | " | 0.05 | " " |
| 131 | " | 0.21 | " " |
| 150 | " | 0.48 | South drift |
| 151 | " | 0.27 | " " |
| 152 | " | 0.23 | " " |
| 153 | " | 0.21 | " " |
| 154 | " | 0.45 | " " |
| 155 | " | 0.28 | " " |
| 156 | " | 0.34 | " " |
| 157 | " | 0.37 | " " |
| 158 | " | 0.71 | " " |
| 159 | " | 0.37 | " " |
| 160 | " | 0.36 | " " |
| 161 | " | 0.29 | " " |
| 162 | 9.0 ft. | 1.22 | North drift |
| 163 | car | 0.50 | " " |
| 164 | " | 0.41 | " " |
| 165 | " | 0.31 | " " |
| 166 | " | 0.22 | " " |
| 185 | " | 0.60 | " " |
| 186 | " | 0.58 | " " |
| 187 | " | 0.60 | " " |
| 188 | " | 0.39 | " " |
| 189 | " | 0.51 | " " |
| 190 | " | 0.58 | " " |
| 191 | " | 0.87 | " " |
| 192 | " | 0.61 | " " |
| 193 | " | 0.42 | " " |
| 194 | " | 0.27 | " " |
| 195 | " | 0.19 | " " |
| 196 | " | 0.20 | " " |
| 197 | " | 0.19 | " " |
| 198 | " | 0.24 | " " |
| 199 | muck, stope | 1.20 | " " |
| 200 | car | 0.29 | South drift |
| 201 | " | 0.21 | " " |

| BM Sample No. | Width | % $WO_3$ | Location |
|---|---|---|---|
| 202 | car | 0.26 | South drift |
| 203 | " | 0.35 | " " |
| 204 | " | 0.26 | " " |
| 205 | " | 0.31 | " " |
| 206 | " | 0.42 | " " |
| 207 | " | 0.19 | " " |
| 1518 | " | 0.13 | North drift |
| 1585 | 4.3 ft. | 0.11 | " " |
| 1586 | 9.1 " | 0.24 | South drift |
| 1587 | 5.0 " | 0.20 | " " |
| 1588 | 9.0 " | 0.82 | " " |
| 1590 | muck, grab | 0.17 | " " |
| 1591 | 5.0 ft. | 0.15 | " " |
| 1592 | 4.0 " | 0.28 | " " |
| 1593 | 3.0 " | 1.07 | " " |
| 1594 | stockpile | 0.05 | stockpile |
| 1646 | car | 0.12 | South drift |
| 1647 | " | 0.08 | " " |
| 1649 | " | 0.44 | " " |
| 1648 | " | 0.24 | " " |
| 1650 | " | 0.19 | " " |
| 1651 | " | 0.24 | " " |
| 1652 | " | 0.19 | " " |
| 1653 | " | 0.16 | " " |
| 1654 | " | 0.26 | " " |
| 1655 | " | 0.24 | " " |
| 1656 | " | 0.20 | " " |
| 1657 | " | 0.04 | " " |
| 1658 | " | 0.04 | " " |
| 1659 | " | 0.19 | " " |
| 1660 | " | 0.17 | " " |
| 1661 | " | 0.07 | North drift |
| 1662 | " | 0.27 | South drift |
| 1663 | " | 0.25 | " " |
| 1664 | " | 0.01 | " " |
| 1665 | " | 0.01 | " " |
| 1666 | " | 0.01 | " " |
| 1667 | " | 0.03 | " " |
| 1668 | " | 0.01 | " " |
| 1669 | stockpile | 0.19 | stockpile |
| 1678 | car | *0.01 | North drift |
| 1679 | " | *0.01 | " " |
| 1680 | " | 0.01 | " " |
| 1681 | " | *0.01 | " " |

| BM Sample No. | Width | % $WO_3$ | Location |
|---|---|---|---|
| 1682 | car | *0.01 | North drift |
| 1683 | " | 0.25 | South drift |
| 1684 | " | 0.01 | " " |
| 1685 | " | 0.04 | " " |
| 1686 | " | 0.07 | " " |
| 1687 | " | 0.22 | " " |
| 1688 | " | 0.10 | " " |
| 1689 | " | 0.11 | " " |
| 1690 | " | 0.02 | " " |
| 1747 | " | *0.01 | North drift |
| 1748 | " | 0.07 | " " |
| 1749 | " | 0.08 | " " |
| 1750 | " | 0.05 | " " |
| 1751 | " | 0.02 | " " |
| 1752 | " | 0.23 | " " |
| 1753 | " | 0.56 | " " |
| 1759 | " | 0.09 | South drift |
| 1760 | " | 0.07 | " " |
| 1761 | " | 0.42 | " " |
| 1762 | " | 0.08 | " " |
| 1763 | " | 0.20 | " " |
| 1764 | " | 0.19 | " " |
| 1765 | muck pile | 0.12 | North drift |
| 1766 | stockpile | 0.29 | stockpile |
| 1767 | 3.0 ft. | 0.02 | SW crosscut off north drift |
| 1768 | 3.2 " | 0.02 | " |
| 1769 | 6.0 " | 0.02 | " |
| 1852 | 3.0 " | 0.05 | South drift |
| 1853 | 5.0 " | 0.27 | " " |
| 1854 | 6.5 " | 0.26 | " " |
| 1855 | muck pile | 0.21 | " " |
| 1856 | 10.3 ft. | 0.55 | " " |
| 1857 | 3.6 " | 0.34 | " " |
| 1858 | muck pile | 0.10 | " " |
| 1859 | car | 0.12 | " " |
| 1860 | " | 0.26 | " " |
| 1861 | " | 0.29 | " " |
| 1862 | " | 0.22 | " " |
| 1863 | " | 0.36 | " " |

| BM Sample No. | Width | % $WO_3$ | Location |
|---|---|---|---|
| 1864 | car | 0.19 | South drift |
| 1865 | " | 0.09 | " " |
| 1866 | " | 0.42 | " " |
| 1867 | " | 0.35 | " " |
| 1868 | stockpile | 0.26 | stockpile |
| 1869 | " | 0.37 | " |
| 1870 | " | 0.22 | " |
| 1871 | " | 0.33 | " |
| 1872 | muck pile | 0.31 | North drift |

Composite sample from BM-1868, 1869, 1870, and 1871:

| %$WO_3$ | %$V_2O_5$ | %F | %Pb | %Zn |
|---|---|---|---|---|
| 0.32 | 0.02 | 0.52 | 0.1 | 0.2 |

*less than

Number of samples: 153
Weighted average of 140 samples: 0.308 percent $WO_3$.

ORE RESERVES

| Class | Tons | %$WO_3$ | Units |
|---|---|---|---|
| Measured | 10,300 | 0.44 | 4,540 |
| Indicated | 22,360 | 0.38 | 8,450 |
| Inferred | 32,500 | 0.34 | 11,010 |
| Total: | 65,160 | 0.37 | 24,000 |

Reserves are contained in four known ore shoots and in two inferred ore shoots along the Moody hanging-wall zone (fig. 5). Ore is inferred to a depth of 200 feet below the 200-foot level in each of the shoots. A tonnage-volume factor of 11 was used in the calculations.

All of these reserves except 2,000 tons to the north (fig. 5) and 3,000 tons to the south are in the ore shoots explored by DMEA.

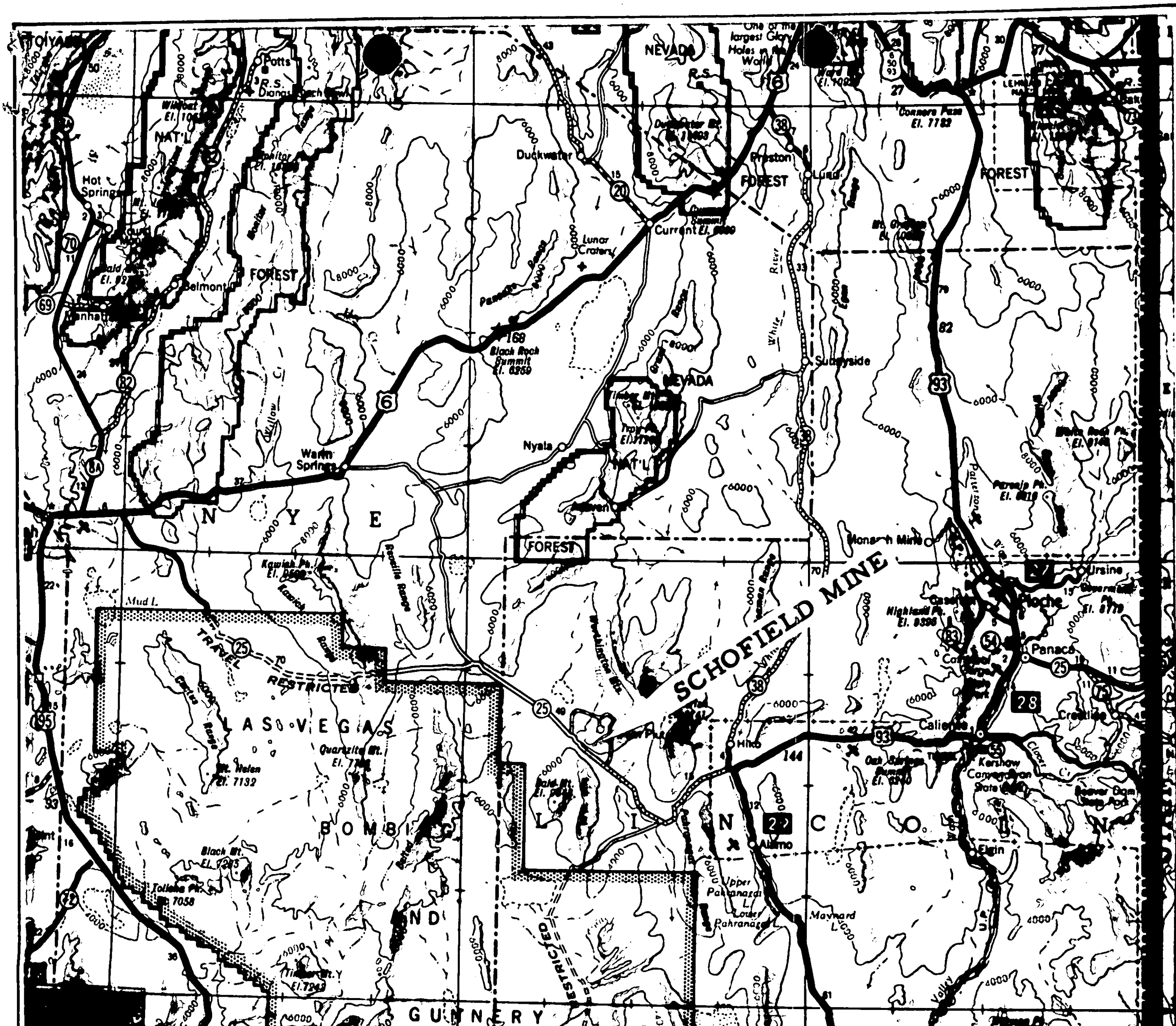
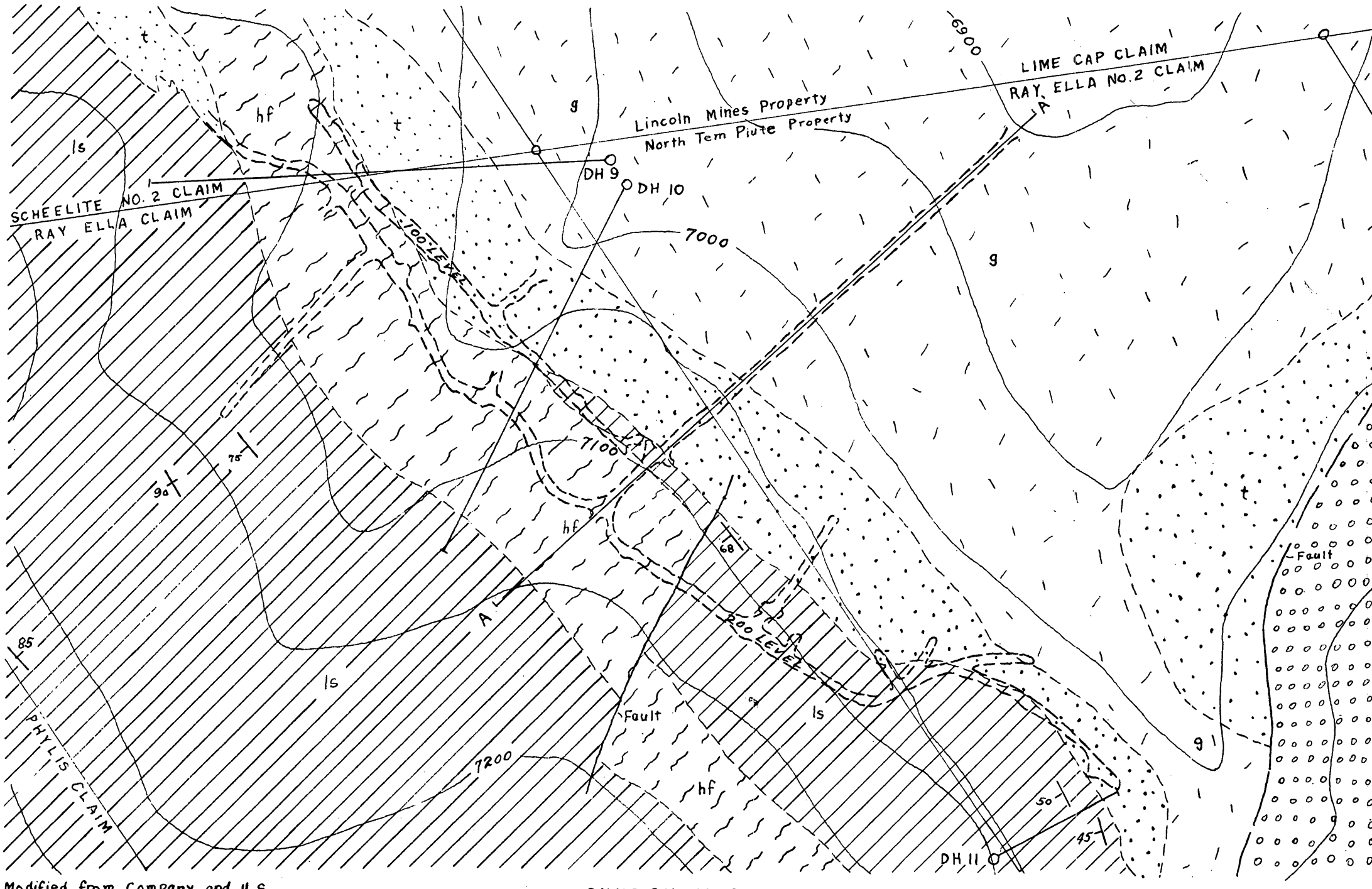
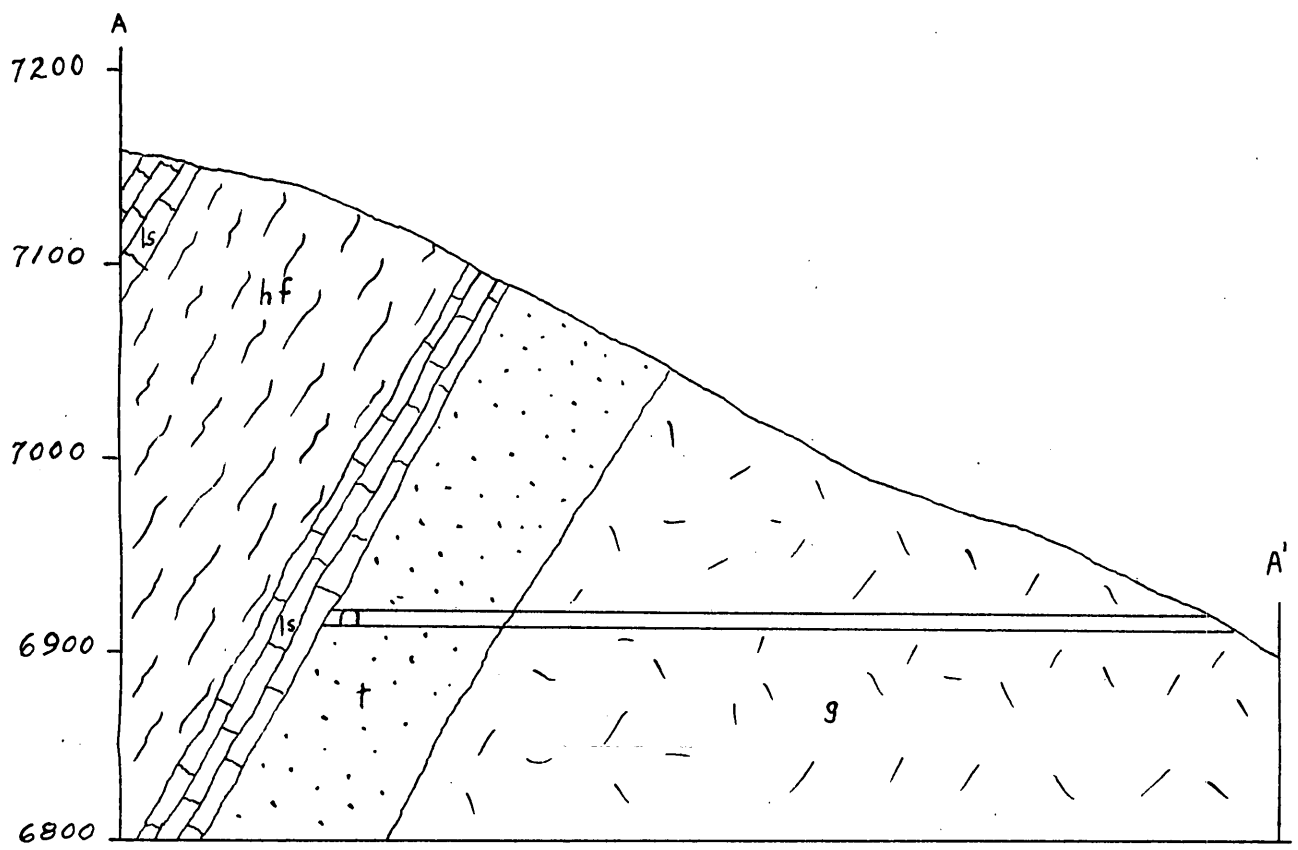



Figure I LOCATION MAP NEVADA



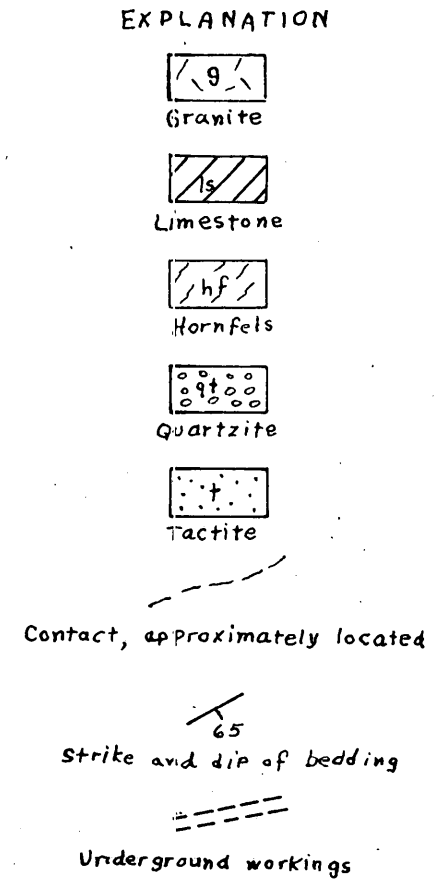

Modified from Company and U.S. Bureau of Mines Maps

SKETCH MAP




SECTION A-A'

EXPLANATION




SCHOFIELD
(NORTH TEM PIUTE) MINE, LINCOLN COUNTY, NEVADA

100 0 100 200

FIGURE 2

Surname
Martin

May 28, 1956

MEMORANDUM

To: Associate Solicitor, Division of Mineral Resources

From: Chief, Iron and Ferro-Alloys Division, DMEA

Subject: Docket No. DMEA-3273, Tungsten
Consolidated Uranium Mines, Inc.
Schofield Mine
Lincoln County, Nevada
Contract No. Idm-E680

Attached is copy of memorandum of May 11, 1956, to Robert W. Geehan, from the Executive Officer, DMEA Field Team, Region II, concerning a release of the above-subject mine to the owners for a period of 60 days.

Please advise us if there is any action we should take in this matter.

W. S. Martin, Chief
Iron and Ferro-Alloys Division

Attachment

cc: Docket
Code 400

SPHolt/ls

6/20/56

Re: DMEA 3273, Idm-E680

Note: May 26 was the date by which Merle Schofield was to sell the property, under the 60-day release, or else it would again be leased to Lory Free.

Nothing having been heard from the Field Team about the status of the case, perhaps we should write FT. We have the Audit (2/23/56) and the Operator's final report (rec'd in WO on 5/26); so now need FT final to decide re certifying.

ls

Wait a little longer, but watch - keep on Mr. Walker

F. T. final report received 7.9.56 Staff 6.20.56 S.P.H.

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

RECEIVED
MAY 25 1956

1605 Evans Avenue
Reno, Nevada

May 23, 1956

Memorandum

To: Lloyd Sjolander, Chief Budget & Finance Br.
Region II

From: Executive Officer, DMEA Field Team, Reg. II

Subject: Docket No. DMEA-3273 (Tungsten)
Consolidated Uranium Mines, Inc.
Schofield Mine, Lincoln Co., Nev.
Contract No. Idm-E680

Reference is made to my reference slip of February 14, 1956 attached to final MF-104 forms for December, 1956 on subject docket, suggesting that payment subject to audit be withheld pending receipt of Operator's final report.

The Operator's final report has been received and the balance of account due the Consolidated Uranium Mines, Inc. can be paid.

S. Ricker

SRicker:gh
cc: Opr. Com., DMEA, Wash., D.C.
R. M. Smith
Geo. Mavor
File

RECEIVED
MAY 25 1956

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

RECEIVED
MAY 25 1956

1605 Evans Avenue
Reno, Nevada

May 23, 1956

Memorandum

To: Operating Committee, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMEA-3273 (Tungsten)
Consolidated Uranium Mines, Inc.
Schofield Mine, Lincoln County, Nev.
Contract No. Idm-E680

Attached are four copies of the Operator's final report on subject contract.

S. Ricker

Attach.

RECEIVED
MAY 25 1956

# Consolidated Uranium Mines, Inc.

ELgin 9-7729 438 South Main Street P. O. Box 2578
SALT LAKE CITY, UTAH

May 14th, 1956

Mr. S. Ricker, Executive Officer
D.M.E.A. Field Team, Region II
U. S. Bureau of Mines
1605 Evans Avenue
Reno, Nevada

Re: Docket #DMEA-3273 (Tungsten)
Consolidated Uranium Mines, Inc.
Schofield Mine, Lincoln Co., Nevada
Contract No. IDM-E 680

Dear Mr. Ricker:

We submit herewith our final report on the above Contract. The period of time during which Consolidated operated under the contract extended from June 1st, 1955 to December 31, 1955.

On June 1st, when Consolidated began under the contract, there had already been expended the following:

| | |
|---|---|
| Drifting - 591 ft. @ $34.50 | $ 20,389.50 |
| Cross cutting - 505 ft. @ $34.50 | 17,422.50 |
| Diamond Drilling (Station) | 500.00 |
| Total Expenditures | $ 38,312.00 |

During the seven months of Consolidated operation, the following development was performed:

| | |
|---|---|
| Drifting - 389 ft. @ $34.50 | $ 13,420.50 |
| Cross cutting - 297 ft. @ $34.50 | 10,246.50 |
| Drilling - 170 feet @ $6.50 | 1,105.00 |
| Total Consolidated | $ 24,772.00 |
| Grand Total | $ 63,084.00 |

Of the above expenditures by Consolidated, reimbursement of the Government's 75% has been received on all but our December expenditure of $1,609.50, or a net due Consolidated of $1,207.13.

Our engineer's summary on the total work accomplished and a final map of such accomplishments are attached hereto.

Very truly yours,

CONSOLIDATED URANIUM MINES, INC.

By M. Christensen
Secretary-Treasurer

Encls.

DEPARTMENT OF INTERIOR
BUREAU OF MINES
REGION II
RECEIVED

1956 MAY 23 AM 10:32

RENO, NEVADA

# Consolidated Uranium Mines, Inc.

ELgin 9-7729 438 South Main Street P. O. Box 2578
SALT LAKE CITY, UTAH
May 14, 1956

RECEIVED
MAY 25 1956

Mr. S. Ricker, Executive Officer
D.M.E.A. Field Team, Region II
U. S. Bureau of Mines
1605 Evans Avenue
Reno, Nevada

Re: Docket #DMEA-3273 (Tungsten)
Consolidated Uranium Mines, Inc.
Scofield Mine, Lincoln Co., Nevada
Contract No. IDM-E 680

Dear Mr. Ricker:

During the period of operation of Consolidated Uranium Mines, Inc., June 1, 1955 to January 1, 1956, at the Scofield Mine (North Tem Piute), the following work was performed:

| | |
|---|---|
| Moody Hanging Wall Drift South | 327 ft. |
| Moody Hanging Wall back switch drift South | 30 ft. |
| Moody Hanging Wall Drift North | 32 ft. |
| Moody First Cross cut from Drift South | 108 ft. |
| Moody Second cross cut from Drift South | 38 ft. |
| Cross cut to Grubstake Fissure | 151 ft. |
| Diamond Drilling toward Grubstake | 170 ft. |

This makes a total of 389 feet of drifting, 297 feet of cross cutting, and 170 feet of diamond drilling.

Following is a brief description of the development work performed:

Moody Hanging Wall Drift South

The drift south on the Moody Hanging Wall bedding fissure was started at a point where a cross fault had offset the bed to the north. On the southeast side of the fault an assay of 1.20% WO3 was obtained, and the drift was continued for a short distance on the extension of the hanging wall bedding fissure into the limestone hanging wall, but the values died out. The drift was then turned to the northeast and at 122 feet of advance came back on the hanging wall ore horizon. This was opened up for a length of 70 feet, when a second cross fault was encountered. The tungsten values in this block varied from 0.16% WO3 to 0.24% WO3. The second cross fault offset the hanging wall bedding fissure several feet to the south, and it was drifted on for 135 feet with tungsten values running from 0.07% WO3 to 0.67% WO3, but with no minable lengths of ore developed. In another twenty feet a small high-grade lense of ore, which was mined in a surface tunnel, should be cut.

Moody Hanging Wall Back Switch Drift South

At the point where the second cross fault offset the Moody Hanging Wall bedding fissure to the south, Tungsten values continued eastward in the tactite and were followed for 30 feet with

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BUREAU OF MINES
REGION II
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RENO, NEVADA

values running from 0.24% WO3 to 0.34% WO3.

Moody First Cross Cut from Drift South

This cross cut was taken the full width of the Moody Bed and gave the following cross section: 8 feet of 0.50% WO3 on the hanging wall, 105 feet of tactite in the bed, which assayed an average of 0.15% WO3, 10 feet of foot wall bedding fissure which assayed 0.21% WO3.

Moody Second Cross Cut from Drift South

In this cross cut the hanging wall bedding fissure assayed 0.20% WO3 over a width of 5 feet, and 33 feet of further cross cutting in the tactite of the bed assayed 0.25% WO3.

Moody Hanging Wall Drift North

This drift is on a bedding structure 30 feet below the true hanging wall, and in the tactite of the bed the assay showed an average of 0.10% WO3 for the 32 feet of drift.

Diamond Drilling toward Grubstake

An attempt was made to test the Grubstake fissure by drilling from the Moody Hanging Wall drift. A zone of shattered silicious rock was encountered which could not be drilled at a reasonable cost, so it was decided to cross cut after two holes had been tried.

Cross Cut to Grubstake Fissure

The cross cut was made to this fissure but where cut it contained only 18 inches of limey gouge, and the highest assay obtained was 0.07% WO3. No drifting was done.

Very truly yours,

CONSOLIDATED URANIUM MINES, INC.

By Lyman Moore

Lyman Moore, Mining Engineer

REFERENCES Y-Z Mining Co.

SCALE 1 in = 100 ft.

CONSOLIDATED URANIUM MINES, INC.

DMEA 3273 Cont. IDM-F680

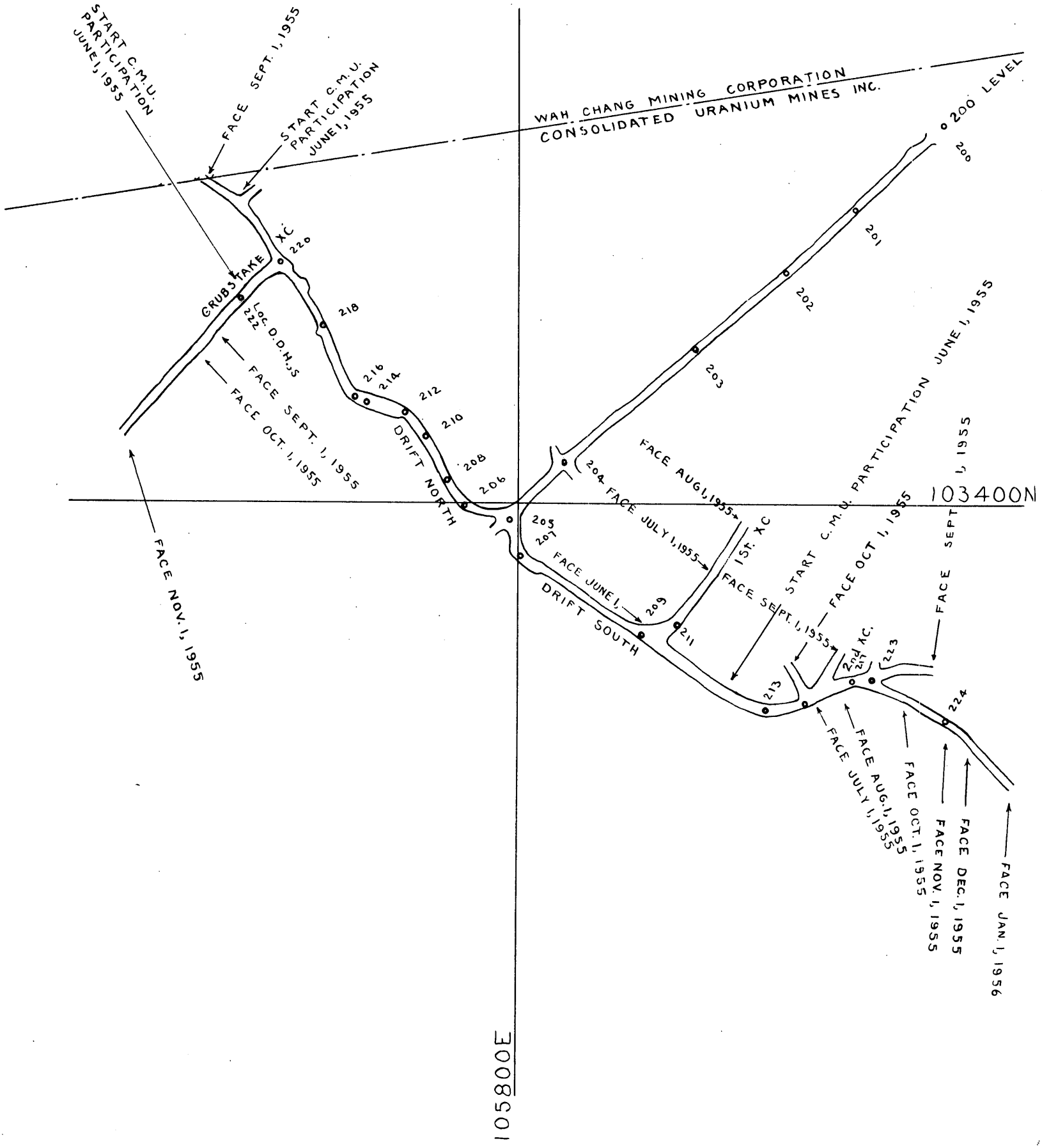
NORTH TEMPIUTE MINE

TEMPIUTE NEVADA

Sept. 1, 1955

DRAWN BY Lyman Moore

REVISED _____ DATE _____



RECEIVED
MAY 25 1956

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

RECEIVED
MAY 15 1956

1605 Evans Ave., Reno, Nev.

MAY 11 1956

Memorandum

To: Robert W. Geehan, Assistant Chief, Division of Minerals

From: Executive Officer, DMEA Field Team, Region II

Subject: DMEA-3273 (your memo May 4, 1956)

There is not much we can add to the Bureau of Mines report for April relative to above subject aside from noting that relinquishment of Lory Free lease for a 60-day period is rather a peculiar transaction.

We have no copy of the agreement, but have seen a copy that states that if Mr. Merle Schofield, the owner to whom Lory Free released the mine, does not sell the property in a 60-day period ending May 26, 1956, it will again be leased to Lory Free.

To date, we have received no additional information as to the current status of the property.

S. Ricker

SRicker:gh
cc: Opr. Com., DMEA, Wash., D.C.
Finance Off., Reg. II
Geo. Maver
R. B. Maurer
R. M. Smith
File

BUREAU OF MINES
WASHINGTON, D. C.

MAY 14 12 43 PM '56

C

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

RECEIVED
MAY 3 - 1956

1605 Evans Avenue
Reno, Nevada

May 1, 1956

Mr. E. G. Frawley, Pres.
Consolidated Uranium Mines, Inc.
438 South Main Street
Salt Lake City, Utah

Attention C. M. Christensen

Re: Docket No. DMEA-3273 (Tungsten)
Y. Z. Mining Co.
Schofield Mine
Lincoln County, Nevada
Contract No. Idm-E680

Dear Mr. Frawley:

Reference is made to your letter relative to our letter of February 14, 1956 about final report on referenced contract.

The only final report required from you will be a brief report of the work done by the Consolidated Uranium Mines, Inc. Five copies of a report similar to your monthly narrative reports showing a brief summary on the total work accomplished will be sufficient. You already have your map brought up todate, and a copy of it should be attached to all reports.

Upon receipt of reports we will be pleased to advise our finance office to make payment on your last voucher for December 1955.

Very truly yours,

S. Ricker
Executive Officer
DMEA Field Team, Region II

SRicker:gh
cc: Opr. Com., DMEA, Wash., D.C.
Finance Off., Reg. II
Geo. Mavor
R. M. Smith
File

20 2m 6a

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

1605 Evans Avenue
Reno, Nevada

April 26, 1956

Memorandum

To: Operating Committee, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMEA-3273 (Tungsten)
Consolidated Uranium Mines, Inc.
Schofield Mine
Lincoln County, Nevada
Contract No. Idm-E680

Reference is made to your letter of April 19, 1956 on subject contract.

Permission was granted to the Operator on or about June 4, 1955 to crosscut to the Grubstake vein in order to gain pertinent data as to its attitude and grade.

Attempts to obtain information by diamond drilling had been unsuccessful, owing to the character of the ground, and finally the Operator was unable to hire diamond drillers to do the drilling at a reasonable cost per foot.

The crosscutting was in accordance with the contract as amended.

S. Ricker

RECEIVED
APR 30 1956

BUREAU OF MINES
WASHINGTON, D. C.

APR 30 10 06 AM '56

9

DOCKET
SURNAME

400 Holt
Martin
Jackson
Selfridge
Fleman
Mathewson

APR 19 1956

Mr. Spangler Ricker, Executive Officer
DMEA Field Team, Region II
1605 Evans Avenue
Reno, Nevada

Re: Docket No. DMEA 3273 - Tungsten
Consolidated Uranium Mines, Inc.
Schofield Mine
Lincoln County, Nevada
Contract No. Idm-E680

Dear Mr. Ricker:

To complete our records on the above-subject contract, we would appreciate having written advice from you that, in accordance with the contract as amended, and on the basis of the difficulties experienced in obtaining information by diamond drilling, the Operator received your approval for driving the crosscut to the Crabstale vein.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (JHB)

APPROVED:

/s/ Robert W. Geehan

Member, Bureau of Mines (JHB)

Thor H. Kiilsgaard

Member, Geological Survey (JHB)

SPHOLT:fcc 4/17/56
cc to: Docket
Code 400
Admr. Read. File
Operating Comm.
FT. REG. II
R. W. Holliday, USBM
T. H. Kiilsgaard, USGS

R.G.L.

400

DOCKET
SURNAME
Holt
Martin

April 9, 1956

MEMORANDUM

To: Associate Solicitor, Division of Mineral Resources

From: Iron and Ferro-Alloys Division, DMEA

Subject: Preparation of Termination Agreement
Docket No. DMEA 3273 - Tungsten
Consolidated Uranium Mines, Inc.
Scofield Mine
Lincoln County, Nevada
Contract No. Ida-2680

Attached is an Interim Report, dated March 14, 1956, by Glenn G. Gentry, on the above-subject contract.

It will be appreciated if you will prepare an appropriate termination agreement.

W. S. Martin, Chief
Iron and Ferro-Alloys Division

Attachment

SPHolt/foc
4/9/56
cc to: Docket
Code 400

DOCKET
SURNAME
Holt
Martin

400

Mr. Spangler Richer, Executive Officer
DMEA Field Team, Region II
1605 Evans Avenue
Reno, Nevada

Re: Docket No. DMEA 3373 - Tungsten
Consolidated Uranium Mines, Inc.
Schofield Mine
Lincoln County, Nevada
Contract No. Ida-2580

Dear Mr. Richer:

Reference is made to your memorandum of January 24, 1956, which recommended that the subject project be terminated, preferably by mutual consent of the operator. Reference is also made to the interim report of March 14, 1956, by G. E. Conkey, which summarized recent circumstances affecting the same contract.

Please advise us whether it can now be considered that the work approved by the contract has been substantially completed, or whether there is any reason why the operator should be obliged to complete any further portion thereof.

Sincerely yours,

Chairman, Operating Committee

APPROVED:

~~SPHOLT/WSMARTIN/fos~~

Member, Bureau of Mines

WSMARTIN/SPHOLT/fos
4-4-56
cc to: Docket
Code 400
Adm. Read. File
Operating Comm.
FT. REG. II
R. W. Holliday, USBM
T. H. Kiilsgaard, USGS

Member, Geological Survey

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

RECEIVED
FEB 16 1956

1605 Evans Avenue
Reno, Nevada

February 14, 1956

Mr. E. G. Frawley, Pres.
Consolidated Uranium Mines, Inc.
438 South Main Street
Salt Lake City, Utah

Re: Docket No. DMEA-3273 (Tungsten)
Y. Z. Mining Co.
Schofield Mine
Lincoln County, Nevada
Contract No. Idm-E680

Dear Mr. Frawley:

We were sorry to learn that you have given up the lease on referenced property. Will you please send us five copies of a final report as called for in the contract. This can easily be prepared by abstracting from your monthly reports.

Upon receipt of the reports, we will process your final MF-104 and MF-104A forms for payment.

Very truly yours,

S. Ricker
Executive Officer
DMEA Field Team, Region II

SRicker:gh
cc: Opr. Com., DMEA, Wash., D.C.
Geo. Mavor
Finance Off., Reg. II
R. M. Smith
File

DMEA-3273

It appears to me that the Consolidated Uranium Mines has lost its lease as assignee and that our dealings would more properly be with Y. Z. Mining Company, assignor. I would think that much more information and probably some legal advice would be necessary to determine this case.

Jay N Chambers

Letter not used
this opinion
prepared to
[illegible]
appreciated

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

RECEIVED
FEB 14 1956

1605 Evans Avenue
Reno, Nevada

February 9, 1956

Memorandum

To: Operating Committee, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMEA-3273 (Tungsten)
Y. Z. Mining Co.
Schofield Mine
Lincoln County, Nevada
Contract No. Idm-E680

Attached are two copies of letter dated February 1, 1956 from Mr. E. G. Frawley in which he states he is relinquishing his lease on subject property. This was in reply to my letter of January 24, 1956, a copy of which you have and in which I requested to know the status of the project.

We are attaching one copy of MF-104A and narrative for December 1955. Your additional copy of MF-104A and narrative and both copies of Form MF-104 are being retained pending liquidation and settlement of account.

S. Ricker

Attach.

# Consolidated Uranium Mines, Inc.

ELgin 9-7729

438 South Main Street
SALT LAKE CITY, UTAH

P. O. Box 2578

FEB 14 1956

February 1, 1956

Mr. S. Ricker, Executive Officer
D.M.E.A. Field Team, Region II
U. S. Bureau of Mines
1605 Evans Ave.
Reno, Nevada

Dear Mr. Ricker:

We have been forced to conclude it will be impractical and uneconomical to transport ore from the Schofield Mine in Lincoln County to our concentrating mill near Austin, and have accordingly allowed our lease to revert back to Mr. Lory Free, from whom we obtained it. We are not informed as to whether or not Mr. Free will wish to continue under the D.M.E.A. contract.

The enclosed forms MF-104 and 104A will, therefore, be our final claims under contract IDM-E 680.

Very truly yours,

CONSOLIDATED URANIUM MINES, INC.

Signed By E. G. Frawley.
E. G. Frawley, President

CMC:em

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

RECEIVED
JAN 26 1956

1605 Evans Avenue
Reno, Nevada

January 24, 1956

Memorandum

To: Operating Committee, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMEA-3273 (Tungsten)
Consolidated Uranium Mines, Inc.
Schofield Mine
Lincoln County, Nevada
Contract No. Idm-E680

Attached are two copies of an application from the Operator for an amendment to subject contract. These have been held in abeyance until our engineers could consult with the engineers of the Operator and arrive at a conclusion as to the justification of further work.

Also attached are four copies of an interim report by Glenn G. Gentry and D. B. Tatlock in which further work is not recommended. You will note that the state of the project is somewhat confused, and we do not know whether Consolidated Uranium has defaulted and abandoned their option or have other plans.

Attached are copies of my letter of January 24, 1956 to Consolidated Uranium requesting information as to their position. In the meantime we intend to process our final report and will recommend a Certificate of Discovery and state that additional work while not essential at this time will probably discover additional ore reserves of the same general tenor as those already discovered by DMEA work.

Roscoe Smith and I are in agreement that the work done on this project is sufficient to evaluate the current as well as the future potential values of the property involved. We recommend that the project be terminated, preferably by mutual consent of the Operator.

S. Ricker

Attach.

BUREAU OF MINES
WASHINGTON, D. C.

JAN 26 7 58 AM '56

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

RECEIVED
JAN 26 1956

1605 Evans Avenue
Reno, Nevada

January 24, 1956

Mr. E. G. Frawley, President
Consolidated Uranium Mines, Inc.,
438 South Main Street
Salt Lake City, Utah

Re: Docket No. DMEA-3273 (Tungsten)
Y. Z. Mining Co.
Schofield Mine
Lincoln County, Nevada
Contract No. Idm-E680

Dear Mr. Frawley:

Our engineers who have just returned from the above referenced property have informed me that you have discontinued operations and have removed some of your equipment.

Will you please, at your earliest convenience, advise me as to the exact status of the project and let us have information as to your future plans.

Very truly yours,

S. Ricker
Executive Officer
DMEA Field Team, Region II

SRicker:gh
cc: Opr. Com., DMEA, Wash., D.C.
Finance Off., Reg. II
Geo. Mavor
R. M. Smith
File

RECEIVED
JAN 26 1956

December 7, 1955

Mr. S. Ricker, Executive Officer
D.M.E.A. Field Team, Region II
U. S. Bureau of Mines
1605 Evans Ave.
Reno, Nevada

Re: Docket No. D.M.E.A. 3273 (Tungsten)
Consolidated Uranium Mines, Inc.
Schofield Mine
Lincoln County, Nevada
Contract No. IDM-E 680

Dear Mr. Ricker:

We hereby request an amendment to the above contract to allow us to use the $12,025.00 remaining in the contract to diamond drill the Moody Hanging Wall Ore Zone at depth and to drift south on the Moody Hanging Wall Zone.

Following is a description of the project and enclosed are maps showing the proposed work.

HISTORY:

On April 29, 1955 an amendment to contract No. IDM-E 680 was signed by Mr. Mittenderf of the D.M.E.A. and Mr. Free of the Y. Z. Mining Company authorizing, among other things, 2,020 feet of diamond drilling from the Moody Hanging Wall Drift to test the Grubstake Fissure which lies about 140 feet in the hanging wall of the Moody. Also to do 150 feet of cross cutting from the Moody to the Grubstake and to do 150 feet of drifting on the Grubstake Fissure. Mr. Free subsequently sold his lease of the Schofield Mine to Consolidated Uranium Mines, Inc. and an assignment of the contract was received by Consolidated Uranium Mines, Inc. from the D.M.E.A.

Consolidated Uranium Mines, Inc. engaged Palmer and Decker of Bishop, California to drill the holes called for in the contract, but because of difficult ground conditions they abandoned the first two holes they started and were unwilling to drill for the price authorized by the contract. Because of this it was decided to crosscut to the Grubstake without preliminary diamond drilling, and for this reason the money appropriated for drilling the grubstake fissure was only partially used and $12,025.00 remains in the contract.

This crosscut was completed but gave negative results and the Grubstake Ore Zone seems to be nearly nonexistent at this elevation. Only a few small scattered patches of tactite were cut and none assayed more than 0.03% $WO_3$.

Therefore, it is desired to expend this money originally authorized lling the Grubstake Fissure on further development of the Moody Ore pen which five minable ore zones occur within the property, rather spend any more on the Grubstake Zone.

OSED WORK:

1. Drilling the Moody at Depth.

The crosscut to the Grubstake extends 150 feet into the Hanging Wall of the Moody Hanging Wall Zone and provides a convenient place to diamond drill back into the Moody Ore Zone.

The holes will have to cross the same zone of broken silicious limestone and hornfels which caused the abandonment of the drilling program before, but we have contacted the drill operator who worked for Palmer and Decker on the project and he is confident that he can drill down holes through the broken area as it will be possible to cement the fracture zone and he can work through it. On his first attempt to drill he tried an up and a horizontal hole, neither of which could be cemented. In case it again is impossible to drill, we request that the unexpended remainder of the diamond drilling money be made available for further drifting to the south on the Moody Hanging Wall Zone.

There are three zones which can be reached from the crosscut, and we will refer to them as the Center, South and North Zones.

1. Center Zone.

On the 100 feet level this zone had a length of 86 feet, a width of 6 feet and an average grade of 0.74% $WO_3$. The best values were close to the hanging wall.

On the 200 feet level the best values were at 30 feet from the hanging wall where the ore had a length of 84 feet, a width of 9 feet, and an average grade of 0.42% $WO_3$. At 15 feet below the hanging wall another zone had a width of 10 feet and a grade of 0.41% $WO_3$. It is uncertain how these zones connect through to the 100 feet level.

Two holes are proposed for this zone, one to hit it at the 300 feet level elevation and the other at the 400 feet level elevation. They will be 174 feet and 232 feet respectively, allowing for drilling a true width of 15 feet into the ore zone.

2. South Zone.

On the 100 foot level this zone had a length of 75 feet, a width of 6 feet, and a grade of 0.70% $WO_3$.

On the 200 foot level it was stoped for a length of 25 feet, with a width of 4 feet and a grade of 0.55% $WO_3$. A drill hole 10 feet below the level cut 9 feet of 0.48% $WO_3$.

One drill hole is proposed for this zone to intersect it at the 300 feet level elevation. The hole will be 260 feet long.

3. North Zone.

Bureau of Mines Diamond Drill Hole No. 9 cut 15 feet of 0.62% $WO_3$ 45 feet below the 200 foot level and just across our property line. At 55 feet below the level the ore should rake on the Consolidated Uranium Mines, Inc. property.

One drill hole is proposed which will cut the zone at the 300 feet level elevation and be 178 feet long.

Costs:

The total drill footage will be an estimated 844 feet, which at $6.50 per foot, the agreed unit price of the April 29th amendment, will cost $5,486.00.

A drill station will also need to be cut, which at the April 29th agreed on unit price will cost $800.00.

2. Moody Hanging Wall Ore Zone Drift South.

Depending on the difficulty of drilling, an amount of $6,039.00 to $11,525.00 will remain of the unexpended money, and it is proposed to spend this extending the Moody Hanging Wall Drift South and crosscutting in this area.

From 60 to 100 feet ahead of the present south face the drift will intersect an ore zone which was mined in a surface tunnel 65 feet above the 200 feet level. A winze was taken down 30 feet in 3 feet of high grade ore and Bureau of Mines Diamond Drill Hole No. 11 intersected 3 feet of 0.62% $WO_3$ 45 feet ahead of the drift and 15 feet below it.

Shallow surface tunnels were driven to 240 feet south of the present face upon an encouraging looking contact but no minable ore was developed.

Granite surrounded by limestone outcrops 500 feet southwest of the present drift face and while no ore occurs on the outcrop of this contact, it possibly will at depth.

Present plans call for extending the south drift to well past the downward extension of the aforementioned ore zone and then continue it as long as the fissure looks favorable. The ore and the contact fissure are sometimes irregular and crosscutting in places will be necessary to insure thorough prospecting of the area.

The money remaining at $34.50 per foot, the unit price of the present contract, will pay for 175 feet to 335 feet of drifting.

TIME:

In order to allow ample time for this project to be completed in an orderly manner, it is asked that the contract period be extended from 21 months to 24 months, which will allow until June 24, 1956 to complete the amendment.

UNIT COSTS:

The unit costs proposed in this amendment (No. 3) are exactly the same as those agreed on in the previous amendment.

SUMMARY:

It is requested that the following changes be made in D.M.E.A. contract No. 3273:

1. The time period be extended from 21 months to 24 months.

2. The end of the Grubstake crosscut be enlarged to 12 x 12 x 10 feet to form a diamond drill station at a cost of $800.00.

3. Drill four diamond drill holes (from this station, if possible, into the Moody Ore Zone at depth), with a total aggregate footage of 844 feet at a cost of $6.80 per foot. The holes have the following bearings and dips: Center Zone 300 foot level N 56 E and -38°; Center Zone 400 foot level N 84 E and -63°; North Zone 300 foot level N 07 W and -38°; South Zone 300 foot level S 75 E and -26°.

4. Expend the money remaining, of the $12,025.00 unused in the contract after the above work is completed, in drifting to the south on the Moody Hanging Wall Ore Zone and on necessary crosscutting in this area at a unit price of $34.80 per foot.

MAPS:

Two maps are included with this request for an amendment. The first is a composite plan which shows the location of the proposed work in relation to the existing mine workings and geologic structures at the property. The second is a longitudinal section of the Moody Hanging Wall Ore Zone and shows the objectives of the program also.

Very truly yours,

CONSOLIDATED URANIUM MINES, INC.

By E. G. Crowley
President

LM:em

Talbert

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

NOV 22 1955

Mr. George Mavor
DMEA Auditor
420 Custom House
555 Battery Street
San Francisco 11, California

Re: Lory M. Free
Idm-K680, DMEA-3273

Dear George:

Receipt is acknowledged of the Washington copies of your First Royalty Audit Certificate and Report covering the referenced contract.

This certificate and report are acceptable and normal distribution is authorized after correction of the regional copies of the report as follows:

(a) In the third paragraph on page 2 change the amount of Government participation to $28,733.99;

(b) In the last line of the same paragraph change the balance to $27,340.54; and

(c) In the fourth line of the fourth paragraph on page 3 change the total net sales to $31,332.73.

These corrections have been made in the Washington copies.

The required two copies of the Check Sheet of Examining Engineer were not submitted with the copies of the report. Please obtain and forward these sheets for attachment.

Sincerely yours,

(Signed) J. L. Chambers
Jay L. Chambers, Chief
Contract Administration
and Audit Division

EDTalbert/wb
November 22, 1955

Copy to: Docket
Admr. Reading File
Mr. Chambers

R.C.L.

See: DMEA3273 - Tungsten
Contract Idm-E680
Y. Z. Mining Co.
(Now Consolidated Uranium Mines, Inc.)

See: DMEA 3512 - Tungsten
Wah Chang Mining Corporation
Contract Idm-E775

See MINING WORD, October 1955, page 46.

The article concerns mining operations at Tempiute; has many good pictures showing hanging wall, etc. Likely that vein of Wah Chang runs over into Y. Z. Mining Co. property.

DEFENSE MINERALS ADMINISTRATION

97023

PRODUCTION EXPANSION DIVISION

PROCUREMENT APPLICATIONS

Name of Company and Address _____

Name of Mine and Location _____

Docket No. DMA - _____ Date received by P.E.D. _____

Metals or Minerals involved _____

Length of Contract (preproduction plus production) _____

Amount of Metals or Minerals in tons, units or pounds _____

Floor price or Guaranteed price and whether or not escalated _____

Maximum Government Commitment _____

Comments on Contract: _____

_____

_____

_____

_____

_____

Date sent to Legal Division _____

Date of Recommendation to D.P.A. for Certification _____

Date Certification sent to G.S.A. by D.P.A. _____

Date signed into Contract by G.S.A. _____

Additional Remarks: _____

_____

_____

_____

_____

NOTE: If application is denied, or if it is recommended for change into exploration, etc., please state under additional remarks.

Interior—Duplicating Section, Washington, D. C.

Signed _____

400

RECEIVED

SEP 14 1955

1605 Evans Avenue
Reno, Nevada

September 12, 1955

WSM

Mr. C. M. Christensen, Secr. -Treas.,
Consolidated Uranium Mines, Inc.,
438 So. Main Street,
Salt Lake City, Utah.

Re: Docket No. DMEA-3273 (Tungsten)
Y. Z. Mining Company
Schofield Mine
Lincoln County, Nevada
Contract No.: Idm-E680

Dear Mr. Christensen:

Reference is made to your letter of September 7, 1955 relative to submission of MF-104 and MF-104A forms on above referenced contract.

On September 6, we forwarded you your copy of Assignment of Contract. Assignment was dated June 1, 1955 and you should now forward us the forms for June, July and August. They can be made out to cover three months in one set of reports. Five copies of narrative report should be attached in which, in a brief concise manner, the progress for those three months should be described. Thereafter, the forms should be sent to us to cover each month's work.

As of July 27, 1955, the approval costs totaled $38,312.00. The estimated total permitted costs including the original contract and Amendment No. 2 was estimated to be $77,035.00. The Government participation is 75 percent of the approved costs.

You should obtain copies of Mr. Free's last MF-104 and MF-104A forms on which payment has been made, in order to guide you as to the proper method of filling them out. Enclosed are several months supply of the forms.

We hope you have a successful operation.

Very truly yours,

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

Encl.
SRicker:gh

cc: DMEA, Wash., D.C.
Geo. Mayor, Auditor
R. M. Smith, USGS
Finance, Reg. II
File

DOCKET
Surname:
Chapman
Selfridge
Mittendorf

TELEGRAM

Interior Department

Defense Minerals Exploration Administration
14X4401(01) Revolving Fund, Defense Production Act, Interior
(Allocated Working Fund to the Office of the Secretary)

SEP - 1 1955

Mr. Spangler Ricker, Executive Officer
DMEA Field Team, Region II
1605 Evans Avenue
Reno, Nevada

Reourlet August 31 transmitting four copies "Assignment of Contract" approved by Administrator, Contract Idm-E680, Docket DMEA 3273, Y. Z. Mining Company. Before distributing copies, please insert August 31, 1955, as date of Mittendorf's approval of assignment.

George C. Selfridge

Chairman, Operating Committee (HB)

cc: Docket
Code 400
Adm. Read. File
Oper. Committee
FT, Reg. 2
R. W. Holliday, USBM
T. H. Kiilsgaard, USGS

TLChapman/ls
9/1/55

R.C.S.

400 DOCKET SURNAME

Chapman
Selfridge
Mitchell

AUG 31 1955

Mr. Spangler Ricker, Executive Officer
DMEA Field Team, Region II
1605 Evans Avenue
Reno, Nevada

Re: Docket No. DMEA 3273 - Tungsten
Y-Z Mining Company
Schofield Mine
Lincoln County, Nevada
Contract No. Idm-E680

Dear Mr. Ricker:

Enclosed are four copies of "Assignment of Contract", of the referenced project, signed by the Administrator for the Government. Retain copy for your files and distribute the other copies to the Finance Office, Assignor and the Assignee.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (JB)

Enclosure

APPROVED:

P. F. Yopes (JB)
Member, Bureau of Mines

Thor H. Kilsgaard (JB)
Member, Geological Survey

TLChapman:foc
8-26-55
cc to: Docket
Code 400
Adm. Read. File
Oper. Comm.
FT. REG. II
R. W. Holliday, USBM
T. H. Kilsgaard, USGS

R.C.L.

August 25, 1955

MEMORANDUM

To: Administrator, DMEA

From: Iron and Ferro-Alloys Division, DMEA

Subject: Assignment for signature
Docket No. DMEA 3273 - Tungsten
Y-Z Mining Company
Schofield Mine
Lincoln County, Nevada
Contract No. Idm-E680

This Assignment of the referenced contract, duly executed by the Assignor and the Assignee, is presented for the Government's Consent by your signature.

Thos. L. Chapman, Acting Chief
Iron and Ferro-Alloys Division

TLChapman:foc
8-25-55
cc to: Docket
Code 400
Attachment
Adm. Read. File

R M Ea

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

1605 Evans Avenue
Reno, Nevada

August 22, 1955

Memorandum

To: Operating Committee, DMEA, Interior Building
Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMEA-3273 - Tungsten
Y. Z. Mining Company
Schofield Mine
Lincoln County, Nevada
Contract No. Idm-E680

Reference is made to your letter of Augst 1, 1955 in which were enclosed the original and six copies of a proposed assignment of subject contract.

Attached are the original and six copies executed by the assignor and assignee in conformance with instructions in your letter.

S. Ricker

Attach.

DOCKET
SURNAME
Chapman
Keating
Talbot
Nelson
Fitzsimon
Rutledge

AUG - 1 1955

Mr. Spangler Richer, Executive Officer
DMEA Field Team, Region II
1605 Evans Avenue
Reno, Nevada

Re: Docket No. DMEA 3473 - Tungsten
Y. Z. Mining Company
Schofield mine
Lincoln County, Nevada
Contract No. Ida-2600

Dear Mr. Richer:

Enclosed are the original and six copies of a proposed assignment of the subject contract.

If the terms and conditions of this proposed assignment are satisfactory, all copies should be executed by the assignor and assignee and returned to us for signature by the Administrator.

Sincerely yours,

W. S. Martin

ACTING Chairman, Operating Committee (J.L.B.)

Enclosure

APPROVED:

/s/ Robert W. Geehan (J.L.B.)
Member, Bureau of Mines

Thor H. Kiilsgaard (J.L.B.)
Member, Geological Survey

FARutledge:foc
7-27-55
cc to: Docket
Code 400
Adm. Read. File
Operating Comm.
FT. REG. II
R. W. Holliday, USBM
T. H. Kiilsgaard, USGS

R.C.R.

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

RECEIVED
JUL 28 1955

1605 Evans Avenue
Reno, Nevada

July 25, 1955

Memorandum

To: Operating Committee, DMEA, Interior Building
Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMEA-3273 - Tungsten
Y. Z. Mining Company
Schofiedl Mine
Lincoln County, Nevada
Contract No. Idm-E680

Attached are four copies of Lory M. Free's final report on his portion of above subject contract.

Contract is being assigned to the Consolidated Uranium Mines, Inc., Salt Lake City, Utah.

S. Ricker

Encl.

FINAL REPORT ON DEFENSE MINERALS EXPLORATION ADMINISTRATION CONTRACT Tdm-E 680
Docket NUMBER ~~3723~~ 3273 by Lory M. Free, Panaca, Nevada

RECEIVED
JUL 28 1955

Work was commenced on July 8, 1954. Three partners began the work and for the first three months worked six days a week ten to sixteen hours per day. Then one partner became ill and two partners did the major portion of work; however, some hired help was had.

The main cross cut was run in granite on the footwall side of the tactite ore body. There were about three hundred and eighty-two feet of granite in the cross cut and eighty three feet of tactite, making a total of four hundred and sixty-five feet. A 315 Joy Compressor, two air legs with Jackhammers, a slusher and Eimco-Mucker were used. Later additional crosscutting was done of forty feet making a total of five hundred and five feet.

A Y was made and drifting commenced in each direction along the hanging wall of the tactite area. The South adit was drifted two hundred and thirty feet (230), the North adit was drifted three hundred and sixty-one (361) feet. This makes a total of ten hundred and ninety-six feet (1096) feet.

There were about two thousand two hundred and sixty-two (2,262) tons of ore shipped during this operation with a meagre amount of stoping which means that most of the ore came from the drift muck.

I believe it is unnecessary for me to go into any geological discussion in this report as there are many geological opinions written on this property that are available such as the Bureau of Mines Investigations Number 4626 by Binyon, Holmes and Johnson.

In my opinion the tactite on this property will bear further exploring and one day will be one of the large producers of tungsten. I am enclosing a map showing the work as above outlined.

The five hundred and ninety-one (591) feet of drifting has opened to view several ore lenses although enough work has not been done to properly evaluate the assay value and extent of the ore explored. I would extimate as follows:

Lense No. 1: South drift 210 feet x 15 feet x 200 feet high equals fifty-two thousand five hundred (52,500) tons above the tunnel level, average assay .4 $WO_3$.

Lense No. 2: First small lense to the north 6 feet x 75 feet x 130 feet high equals four thousand eight hundred seventy-five (4,875) tons, assay .7 $WO_3$.

Lense No. 3. North End, 100 feet x 20 feet x 130 feet high equals twenty-one thousand seven hundred (21,700) tons, assay .5$WO_3$.

There are also several very good showings that should be explored further that are not included above.

I am very pleased with the amount of ore explored with the work done.

Our costs are as follows for the work done on this project, these are a little higher than they would have been because of trying to work through the winter months, fighting the snow and frost:

| | |
|---|---|
| Freight | $558.34 |
| Supplies | $13,038.62 |
| Other Expenses | 1,342.90 |
| Hired labor | 6,525.32 |
| W.Tax, Ind. Ins., Soc. S., etc | 2,253.72 |
| Two partner, 11 months @$500 per month | 10,500.00 |
| Two partners, 4 months | 4,000.00 |
| One pickup, $200.00 per month | 2,200.00 |
| Compressor rent | 5,500.00 |
| | $45,918.90 |

$45,918.90 divided by 1096 equals $42.89 per foot total cost. However, we mined some ore during this time and perhaps 10% of the total cost would be an estimate of the costs of mining ore - $42.89 less 10% equals $38.69. I believe this figure tobe quite close to our actual cost per foot of work done.

I appreciate the aid and assistance recieved from all concerned in this project and feef that it has accomplished its purpose.

Respectfully submitted:

Date: July 20 1955

Lory M. Free

Lory M. Free
Panaca, Nevada

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

RECEIVED
JUL 1 1955

July 11, 1955

1605 Evans Avenue
Reno, Nevada

Memorandum

To: Operating Committee, DMEA, Interior Building
Washington 25, D.C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMEA-3273 - Tungsten
Y. Z. Mining Company
Schofield Mine
Lincoln County, Nevada
Contract No. Idm-E680

Relative to above contract, we are attaching two copies of a letter dated June 28, 1955 from Mr. Lory M. Free, requesting that his contract be assigned to the Consolidated Uranium Mines, Inc.

Also attached are two copies of a letter dated July 6, 1955 from the Consolidated Uranium Mines, Inc. in which they state that they desire the assignment and agree to assume all obligations under the contract.

Roscoe Smith and I recommend that the assignment be made so that the exploration can continue without interruption. Will you, therefore, please prepare the necessary forms in accordance with your letter dated June 23, 1955.

S. Ricker

Attach.

BUREAU OF MINES
WASHINGTON, D. C.

JUL 13 10 28 AM '55

RECEIVED
JUL 1 1955

COPY

Panaca, Nevada
June 28, 1955

Mr. S. Ricker
Bureau of Mines
1605 Evans Avenue
Reno, Nevada

Dear Mr. Ricker:

Re: Docket # DMEA-3273
Lory M. Free

I would like to transfer my contract with the Defense Minerals Exploration Administration on the North TemPiute (or Schofield) mine to Consolidated Uranium, Inc. with Mr. E. G. Frawley acting for the company.

As you now know my lease has been transferred to them. Mr. Frawley has expressed the desire to continue on with the contract, and therefore; I believe the change should be made so that the property will be properly explored.

Yours very truly,

/s/ Lory M. Free
Lory M. Free

LMF/j

July 6, 1955

RECEIVED
JUL 1 3 1955

XXXXXXX
XXXXXXXXXXXX

438 So. Main St.
P. O. Box 2578
Salt Lake City, Utah

Mr. Spangler Ricker
U. S. Bureau of Mines
1605 Evans Avenue
Reno, Nevada

COPY

Dear Mr. Ricker:

Application is hereby made on behalf of the undersigned, Consolidated Uranium Mines, Inc., a Nevada corporation, to take over the operating position of Mr. Lory M. Free in and to the North Tem Piute Mining property, sometimes known as the Schofield property, located in Lincoln County, Nevada.

The undersigned corporation has purchased the interest of Mr. Free in and to a mining lease covering said property and has taken his position as Lessee with reference thereto.

We would, therefore, like to take his position as Operator under Contract DMEA No. 3273, and, in connection with the taking over of such contract, we, of course, agree to carry out and perform all of the covenants and conditions set forth in said contract, which were to be performed and carried out by Mr. Free, as the original operator under said contract.

Sincerely yours,

CONSOLIDATED URANIUM MINES, INC.

By E. J. Crawley
President

DOCKET
Surname:
Rutledge
Martin

Acting Assistant Solicitor,
Defense Minerals

July 14, 1955

Iron and Ferro-Alloys Division, DMEA

Preparation of forms for assignment of contract
Docket No. DMEA 3273 - Tungsten
Y. Z. Mining Company
Schofield mine
Lincoln County, Nevada
Contract No. Idm-E680

Transmitted herewith is the subject docket for your use in preparing forms for the transfer of the referenced contract from the W. Z. Mining Company to Consolidated Uranium Mines, Inc.

W. S. Martin, Chief
Iron and Ferro-Alloys Division

Attachment

cc: Docket
400

FARutledge/ls
7/14/55

DOCKET
SURNAME
400 Rutledge
Martin
Selfridge
Johnson
Whitenday

JUN 23 1955

Mr. Spangler Richer, Executive Officer
DMEA Field Team, Region II
1605 Evans Avenue
Reno, Nevada

Re: Docket No. DMEA 3273 - Tungsten
Y. Z. Mining Company
Schefield mine
Lincoln County, Nevada
Contract No. Idm-3680

Dear Mr. Richer:

Reference is made to the subject docket; your memorandum of June 13, 1955 to the Operating Committee, DMEA; your letter of June 13, 1955 to Mr. Free; and Mr. Free's letter to you of June 8, 1955 with attached lease agreement.

If it is the intention of Mr. Frewley and Mr. Free to have the DMEA contract assigned to Mr. Frewley, we can see no reason to withhold our consent. Your recommendations and suggestions in this matter, however, will be appreciated.

In the event that a transfer of the subject contract is requested, forms for the assignment can be prepared here.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (2/B)

APPROVED:

J. H. Hedges (2/B)
Member, Bureau of Mines

Thor H. Kiilsgaard (2/B)
Member, Geological Survey

FARutledge:foc
6-21-55
cc to: Docket
Code 400
Adm. Reading File
Operating Comm.
FT. REG. II
Messrs. Holliday, USBM
Kiilsgaard, USGS

A.C.L.

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

RECEIVED
JUN 15 1955

1605 Evans Avenue
Reno, Nevada

June 13, 1955

Memorandum

To: Operating Committee, DMEA, Interior Building
Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMEA-3273 - Tungsten
Schofield Mine
Lincoln County, Nevada
Contract No. Idm-E680

Relative to the above subject contract, we are attaching 2 copies of a letter dated June 8, 1955 from Mr. Lory M. Free in which he advises us that he has leased the property to Mr. E. G. Frawley, 307 Darling Building, Salt Lake City, Utah.

Attached also are two copies of my letter dated June 13, 1955 to Mr. Free and two copies of Mr. Frees lease agreement with Mr. Frawley.

We would appreciate your suggestions as to what step you wish us to take in the matter.

S. Ricker

Attach.

BUREAU OF MINES
WASHINGTON, D. C.

JUN 15 8 58 AM '55

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

RECEIVED
JUN 15 1955

3606 Reno Avenue
Reno, Nevada

June 13, 1955

Mr. Jerry N. Greer
Y. Z. Mining Company
Panaca, Nevada

Re: Docket No. DEMA-3273 - Tungsten
Schofield Mine
Lincoln County, Nevada
Contract No. Idm-3639

Dear Mr. Greer:

Reference is made to your letter of June 8, 1955 in which you inform us that you have transferred your lease on the Schofield Mine to Mr. A. G. Brawley.

Your attention is called to Article 9 under contract dated June 24, 1954 in which it states "Without the written consent of the Government, the operator shall not assign or otherwise transfer or hypothecate this contract or any rights thereunder." Inasmuch as no assignment of your contract No. Idm-3639 has been properly executed by either you, Mr. Brawley, or the Government, I must hold payment on your MP-100 and MP-100A vouchers for May 1955 in abeyance until I consult with our Washington office relative to your letter of June 8, 1955 and the lease attached thereto.

To date, we have not received any formal request from you or Mr. A. G. Brawley requesting that permission be granted for the assignment of the contract. I am however sending copies of your letter and lease agreement with Mr. Brawley to Washington for their comment and suggestions.

We will be pleased to have the royalties due the Government at your earliest convenience. In this respect, I wish to call your attention to our letter of January [illegible] in which we pointed out that the balance due the Government on previous shipments is $244.54.

Very truly yours,

S. Ricker
Executive Officer
DMEA Field Team, Region II

SRicker:gh
cc: DMEA, Operating Committee, Wash., D.C.
Finance Officer, Region II (Attention Geo. Mavor)
R. M. Smith
File

Mackay

Reno, Nevada
June 8, 1955

Mr. S. Wicker, Executive Officer
DMEA Field Team, Region 11
Department of the Interior
Bureau of Mines
1605 Evans Avenue,
Reno, Nevada

RECEIVED
JUN 15 1955

Re: DMEA-3273
Ind. - EGSO

Dear Mr. Wicker:

We have transferred our lease to Mr. L. G. Franley, 307 Darling Building, Salt Lake City, Utah. I am enclosing a copy of our agreement with him so that you may know that he was informed of our DMEA activities.

I am going to operate the property for the month of June, the same as in the past. The operator should likely be changed on the contract, beginning with the month of July to Mr. L. G. Franley. It now appears that my partner, Mr. Roland Cox, or myself will supervise the completion of the contract.

There are some royalties due the government that I will take care of when I receive the settlement from Molybdenum Corporation of America for the 1000 tons of ore which we have just completed shipping to them and for the part of a shipment which is now at U.S. Vanadium in Bishop.

I appreciate very much the assistance, courtesy and cooperation that has been extended to me by your office.

I was most sorry that I was away and missed Mr. Landry on his last trip. I have learned to think a great deal of Mr. Jones and Mr. Landry and hope to have further association with them.

Please convey my thanks to Mr. Johnson and his secretary and all who have been so very helpful in this operation.

If you have any suggestions or instructions, please do not hesitate to send them to me.

Sincerely,

Lorin W. Ross

LWR/j

Copy

# OPTION AGREEMENT

THIS OPTION AGREEMENT, made and entered into this 21st day of May, 1955, by and between LORY M. FREE, ROLAND COX, JOHN J. FRANKS and DARELL H. FREE, all of Lincoln County, Nevada, as Parties of the First Part, and S. G. CRAWLEY of Salt Lake City, Utah, as Party of the Second Part,

RECEIVED
JUN 15 1955

WITNESSETH:

THAT WHEREAS, the Parties of the First Part now hold a certain Mining Lease dated the 9th day of February, 1954, as Lessee, executed in their favor by North Star Mining & Development Co., a Nevada corporation, which said Lease is recorded in Book 13, of Mtgs., on Page 249, Lincoln County, Nevada Records, and covers the unpatented mining claims described as follows, to wit:

Rio Ella, Rio Ella Nos. 2 to 4, incl., Phyllis, Phyllis Nos. 2 to 5, incl., West Break, East Side, East Side Nos. 2 and 3, Edico, Edico Nos. 2 to 4, incl., West, Vickie, Vickie No. 2, Joy, Joy No. 2, Annie, Annie No. 2, Mammoth, Mammoth Nos. 2 to 6, incl., Hogeback, Mineral Hill, Mineral Hill Nos. 2 to 7, inc.,

and

WHEREAS, said Parties of the First Part desire to sell to the Party of the Second Part all of their right, title and interest in and to said Mining Lease, and the Party of the Second Part desires to purchase the interest of said First Parties in and to said Mining Lease, for the considerations and upon the terms and conditions as follows:

$80,000.00 lawful money of the United States of America, payable as follows:

$20,000.00 upon the execution of this Option Agreement, the receipt whereof is hereby acknowledged by the Parties of the First Part.

$20,000.00 on or before May 30, 1956, the check evidencing such payment to be made out and sent to Mr. Lory M. Free, Panaca, Nevada.

$40,000.00 on or before January 10, 1956.

and

WHEREAS, the Parties of the First Part have heretofore made application to the D. M. E. A. for development funds for said property, part of which funds have been received; and under the terms of the agreement between the First Parties and the D. M. E. A. the property has been subjected to a covenant running with the land requiring the operator of the leased property to repay the funds heretofore received and spent by the First Parties, as well as the funds still to be received and spent, out of certain percentages of the returns

derived from the sale of ores and/or concentrates therefrom.

NOW THEREFORE: The said Parties of the First Part, for and in consideration of the payment made and the payments to be made, as hereinabove set forth, hereby agree to sell to the said Party of the Second Part, all of their right, title and interest in and to said Mining Lease dated February 9, 1964, as above set forth and referred to, and hereby agree, in the event the owners of said mining claims will consent to the assignment and transfer of said Mining Lease, to assign, transfer and set over unto the Second Party all of their right, title and interest in and to said Mining Lease for the considerations aforesaid or, in case the owners of said mining claims will not consent to the assignment and transfer of said Mining Lease, hereby agree to execute a Sub-Lease in favor of the Second Party carrying substantially the same terms and conditions as the Mining Lease above referred to, reserving, however, in the case of such a Sub-Lease, the right to three (3%) percent of the net earnings, from the property, the term net earnings to have the meaning usually and generally assigned to it in the mining business.

In consideration of the promise and agreement on the part of the First Parties to sell to the Second Party all of their right, title and interest in and to said Mining Lease, the Party of the Second Part hereby agrees to carry out and perform all of the terms and conditions of the Mining Lease of February 9, 1964, so that such mining lease shall be kept in full force and effect and all terms and conditions shall be fully complied with until the Parties of the First Part have received the full payment of $80,000.00 hereinabove referred to.

It is mutually understood and agreed between the Parties hereto that the said Party of the Second Part may, at his option, insofar as the Parties of the First Part are concerned, assign, transfer and set over unto a corporation his right, title and interest in and to said mining lease which the said Second Party shall acquire from the Parties of the First Part.

It is further understood and agreed between the Parties hereto that in the event the Party of the Second Part shall fail, neglect or refuse to make the payments, or any of them, as hereinabove set forth, or shall fail, neglect or refuse to carry out and perform the terms and conditions of the Mining Lease of February 9, 1964, the said Parties of the

First Part may, at their option, on twenty days due notice in writing, by registered mail addressed to the Party of the Second Part at 307 Darling Building, Salt Lake City, Utah, give notice of termination, and unless the deficiencies complained of have been remedied within the 20-day period, the Parties of the First Part may terminate this Option Agreement and retain all considerations theretofore paid them by the Party of the Second Part as liquidated damages.

This Option Agreement shall be and become binding upon the heirs, executors, administrators and assigns of the respective parties hereto.

IN WITNESS WHEREOF, the Parties hereto have hereunto set their hands, this 31st day of May, 1955.

Lory M. Free

Roland Cox

John Hawkes

Darell Free

PARTIES OF THE FIRST PART

R. G. Frawley

PARTY OF THE SECOND PART

State of Utah )
) ss.
County of Salt Lake )

On this 31st day of May, 1955, personally appeared before me, the undersigned authority, Lory M. Free, Roland Cox, John J. Hawkes and Darell H. Free, and R. G. Frawley, known to me and known by me to be the persons executing the within and foregoing instrument, and acknowledged to me that they executed the same freely and voluntarily for the uses and purposes therein mentioned.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my official notarial seal, the day and year first above written.

Dagmar M. Richardson
Notary Public

My Commission Expires: [illegible]

Talbert

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

JUN - 9 1955

Mr. George Mavor
DMEA Auditor
1201 North Division Street
Spokane 2, Washington

Re: Idm-E680, DMEA-3273
Lory M. Free, d/b/a
T. Z. Mining Company
Royalties

Dear Mr. Mavor:

Reference is made to your letter of June 7, 1955, addressed to Mr. Rieker, relative to royalty payments under the subject contract.

In the last paragraph of this letter you indicate that you are withholding preparation of a Report of Royalty Review pending further action by Mr. Rieker to collect the indicated overdue unpaid balance. It is not understood why you should withhold the preparation of the Report merely because the royalty has not been paid. One of the purposes of a Report of Royalty Review is to indicate royalty which may be due and unpaid.

Please advise your reasons for withholding the preparation of the Report of Royalty Review.

Sincerely yours,

(Signed) E. D. Talbert

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

EDTalbert/wb
June 9, 1955

Copy to: Docket
Admr. Reading File
Mr. Chambers

R.C.L.

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

MAY 13 1955

1605 Evans Avenue
Reno, Nevada

May 11, 1955

Memorandum

To: Operating Committee, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMEA-3273 - Tungsten
Schofield Mine
Lincoln County, Nevada
Contract No. Idm-E680

Reference is made to your letter of May 2, 1955 with which you transmitted the original and five copies of proposed Amendment No. 2 of above subject contract.

The amendment No. 2 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 Team copies, and the original and two remaining copies are being returned herewith.

S. Ricker

Encls.

BUREAU OF MINES
WASHINGTON, D. C.
MAY 13 8 12 AM '55

DOCKET
SURNAME
400 Chapman
Martin
Holliday
Chambers
Kiilsgaard
Selfridge
F E Johnson

MAY - 2 1955

Mr. Spangler Richar, Executive Officer
DMEA Field Team, Region II
3605 Evans Avenue
Reno, Nevada

Re: Docket No. DMEA 3273 - Tungsten
Y-Z Mining Company
Schofield mine
Lincoln County, Nevada
Contract No. Idm-3680

Dear Mr. Richar:

Enclosed are the original and five copies of proposed Amendment No. 2, for additional work on the above referenced contract, signed by the Administrator for the Government, with Amendment and additions to Exhibit "A" (2 sheets) and 1 map.

If any part of the proposed contract does not have your approval or that of the operator and cannot be altered within your delegated authority, the original and all copies are to be returned to this office, together with the proposed changes for consideration.

You will note that points of diamond drilling and crosscutting indicated on the accompanying map are only approximate and may be altered with the approval of the Field Team.

Sincerely yours,

George C. Selfridge
by ESF
Chairman, Operating Committee

Enclosure

APPROVED:

/s/ Robert W. Geehan
by ESF
Member, Bureau of Mines

Thor H. Kiilsgaard
by ESF
Member, Geological Survey

TLChapman:foc 4-29-55
cc to: Docket
Code 400
Adm. Reading File
Operating Comm.
FT. REG. II
Messrs. Holliday, USBM
Kiilsgaard, USGS

Cal

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

APR 27 1955

**Memorandum**

**To:** The Administrator, DMEA
Attention: W. S. Martin

**From:** Acting Assistant Solicitor, Defense Minerals

**Subject:** Docket No. DMEA-3273 (Tungsten), Y. Z. Mining Co., Contract No. Idm-E680

This amendment has been drafted here pursuant to the instructions of Mr. Martin of April 15. The map referred to in the amendment must be attached.

J. L. Hofflund

J. L. Hofflund
Acting Assistant Solicitor,
Defense Minerals

Attachment.

JLHofflund:gjb 4/26/55

Copy to: DMEA Docket
Sol. Docket
J. L. Hofflund
W. S. Martin (2)
Chron. File

DOCKET
COPY
Chapman
Martin

INTERIOR DEPT.
APR 15 1955
SOLICITOR

Acting Assistant Solicitor,
Defense Minerals

April 15, 1955

Iron and Ferro-Alloys Division, DMEA

Preparation of Amendment No. 2
Docket No. DMEA 3273 - Tungsten
Lory M. Free, dba Y. Z. Mining Company
Rae Ella claim, et al.
Lincoln County, Nevada
Contract No. Idm-E680

Transmitted herewith is a rough draft of a proposed amendment, Amendment No. 2, to the subject contract, for your use in preparing the final draft.

W. S. Martin, Chief
Iron and Ferro-Alloys Division

Attachment

cc: Docket
Code 400

TLChapman/ls
4/15/55

EXPLORATION PROJECT CONTRACT
Y. Z. MINING COMPANY
DOCKET NO. DMEA 3273

AMENDMENT NO. 2

It is agreed this _____ day of _____, 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Y. Z. Mining Company, that Exploration Project Contract No. Idm-E680 (Docket No. DMEA 3273), dated June 24, 1954, is amended effective May 1, 1955, as follows:

1. In Article 3 of the contract form, delete the period "Twelve (12) Months," and substitute the period "Twenty-One (21) Months."

2. Add to Exhibit "A" of the contract and Amendment No. 1 the following;

Cut a diamond drill station approximately 10 X 10 X 8 feet, at the approximate position indicated on the accompanying map.

Drill nine AX diamond drill holes with a maximum of 2020 feet, holes 1, 2, and 3 to have a bearing of S. 85 degrees W., with respective dips of minus 20 degrees, horizontal, and plus 20 degrees; holes 4, 5, and 6 to have a bearing of S. 45 degrees W., with respective dips of minus 20 degrees, horizontal, and plus 20 degrees; and holes 7, 8, and 9 to have a bearing of S. 11 degrees W., with respective dips of minus 20 degrees, horizontal, and plus 20 degrees. These holes are projected to intersect the Grubstake ore zone and approximately in the positions indicated on accompanying map, Figure _____. All cores from the mineralized zone are to be split and assayed for $WO_3$. 1/

On the basis of the results obtained in the diamond drilling and with the approval of the Government, a crosscut approximately 150 feet in length shall be driven at a point to be selected to intersect the mineralized zone, and approximately 150 feet of drifting shall be done along the Grubstake zone. The direction or directions of the drifting will be dependent on the mineralization.

From the face of the southeasterly drift on the Moody ore zone, at the conclusion of the work done according to Amendment No. 1, and as indicated on accompanying map, drift an additional 390 feet southeasterly following the indicated ore zone.

All drifts and crosscuts shall not be less than 4 feet X 6½ feet in size. All zones showing tungsten mineralization shall be sampled and assayed for $WO_3$.[1/]

Agreed Unit Costs

| | | |
|---|---|---|
| Cut diamond drill station.[2/] | $ 500.00 | |
| Diamond drilling, 2020 feet at $6.50/ft. | 13,130.00 | |
| Drifting and crosscutting, 690 feet at $34.50/ft. | 23,805.00 | |
| Estimated total cost of Amendment No. 2 | | $37,435.00 |
| Estimated cost of Contract and Amendment No. 1 | | 39,600.00 |
| Estimated total cost of the project | | $77,035.00 |
| Government participation, 75 percent | | $57,776.25 |

1/ All assaying to be at the expense of the Operator.

2/ The complete excavation is the unit.

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

April 14, 1955

Re: DMEA-3273
Y. Z. Mining Co.
(North Tem Piute
Property)
Lincoln Co., Nevada
$40,465.00 -
Proposed amendment
Tungsten

Memorandum

To: W. S. Martin, Defense Minerals Exploration Administration

From: E. L. Newcomb, U. S. Geological Survey

Subject: Recommendation for approval of the proposed amendment

The applicant's proposal involving 390 feet of drifting southeastward on the Moody vein, 300 feet of crosscutting and drifting on the Grubstake ore zone, and 2020 feet of diamond drilling is well justified in view of the highly successful results obtained by exploration to date.

I concur with the Field Team's recommendation for approval of this additional work.

E. L. Newcomb
E. L. Newcomb

R m Ea

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

Department of the Interior
Defense Minerals Exploration
Region
APR - 8 1955

1605 Evans Avenue
Reno, Nevada

April 6, 1955

Memorandum

To: Operating Committee, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMEA-3273 - Tungsten
Lory M. Free, dba
Y. Z. Mining Company
Rae Ella, Rae Ella No. 2, and
Phyllis claims (Schofield Mine)
Lincoln County, Nevada
Contract No. Idm-E680

Attached are four copies of an application for an amended contract on above subject docket from Mr. Lory M. Free. Also attached are four copies of a memorandum by H. W. Jones, U. S. Bureau of Mines and H. K. Stager, U. S. Geological Survey, in which they recommended that an amendment to the contract be granted.

The project has been very successful, and Roscoe Smith and I believe that the additional amount of work requested by the Operator is warranted. Would suggest, however, that the unit price of diamond drilling be reduced from $8.00 to $5.00 per foot, which would bring it into line with that recently set up in the Wah Chang contract, Idm-E775, Lincoln Mine, in the adjoining area.

S. Ricker

Attach.

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Mineral Deposits Branch
4 Homewood Place
Menlo Park, California

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR - 8 1955

April 4, 1955

Memorandum

To: DMEA Field Team, Region II

From: H. W. Jones, U. S. Bureau of Mines, and
H. K. Stager, U. S. Geological Survey

Subject: Proposed amendment to Contract No. Idm-E680, DMEA Docket No. 3273, Y. Z. Mining Company, Lincoln County, Nevada

The Y. Z. Mining Company has requested, by letter of March 7, 1955, an amendment to Contract Idm-E680 with an increase in funds for an additional 540 feet of drifting, 150 feet of crosscutting, and 2,020 feet of diamond drilling for additional exploration of the tungsten-bearing zones at the North Tem Piute (Schofield) mine, Lincoln County, Nevada. Total cost of the proposed work is estimated at $40,465.00 of which the Government's share would be $30,348.75. The work planned would be on the Rae Ella and Rae Ella No. 2 claims and is shown on the map submitted with the amendment application. The property was inspected by H. W. Jones on March 2, 1955 and by H. K. Stager on March 26, 1955.

About 150 feet of drifting and 100 feet of crosscutting remains to be done on the present contract and this work is expected to be completed by May 1, 1955. Exploration work performed with DMEA assistance through March has indicated about 65,000 tons of tungsten-bearing ore reserves with an average grade of about 0.5 percent $WO_3$. This ore is contained in three bodies in tactite of the Moody ore zone, designated and shown as ore bodies Nos. 2, 3, and 4 on figure 2 of the DMEA Report of Examination by Holmes and Stager dated May 17, 1954. Since the start of DMEA work 700 tons of ore having an average grade of 0.55 percent $WO_3$ has been shipped to the Pine Creek mill at Bishop, California and about 1,000 tons of ore of the same grade is stockpiled at the mine awaiting shipment. This ore has come from 450 feet of drift driven under the present contract.

The proposed additional work is planned to intersect the No. 1 ore body (fig. 2 - Examination Report) in the Moody zone at

about 150 feet below the outcrop. This ore body is inferred to contain about 15,000 tons of ore above the 200 foot level with an average grade of about 0.45 percent $WO_3$. About 390 feet of drifting will be required to test this ore body. The remaining 300 feet of drifting and crosscutting is planned to explore the Grubstake ore zone if the 2,020 feet of diamond drilling indicates the presence of scheelite-bearing ore bodies. The Grubstake ore zone parallels the Moody zone about 150 feet in the hanging wall. It is not as well exposed on the surface as the Moody zone but it has been cut by a drill hole about 100 feet north of the end line of the Y. Z. property and has yielded ore in the adjoining Lincoln mine.

The exploration as proposed in the amendment application is well planned and is justified by the results of the work that has been completed in this and the adjoining Lincoln mine. The unit cost for drifting and crosscutting ($34.50 per foot for 690 feet) is the same as for the existing contract. The unit costs of $8.00 per foot for 2,020 feet of underground diamond drilling in 9 holes and $500 for a drill station are perhaps a bit high for these items but, because of the remoteness of the area and the small footage involved, they are probably realistic estimates.

It is recommended that Contract Idm-E680 be amended to allow the additional exploration as proposed by the applicants.

Distribution:
DMEA Field Team, Reg. II (5)
Stager
File

Panaca, Nevada
March 7, 1955

Mr. Spangler Ricker
Executive Officer, Defense
Minerals Exploration Administration Field
Team, Region III.
U. S. Department of the Interior, Bureau of Mines
Reno, Nevada

Dear Mr. Ricker:

I would like to request an amended contract to the Exploration Project Contract, Y. Z. Mining Company, Docket No. DMEA-3273 IDM-E680 at Tempiute, Lincoln County, Nevada.

Exploration this far completed indicates that further work should be done on this property to deliniate the ore structures now indicated. An additional 390 feet of drifting along the limestone - tactite contact to the south is requested to expose theeNumber 1 ore body indicated on the surface and by a short winze and stope(See original proposal map). Present indications at the South heading are quite good and this coupled with the surface showings lead us to believe that this might be the largest and most uniform ore body on the property,

An additional diamond drill and drifting program is requested from near the present North heading to explore the nearby and parallel Grubstake ore body (Description, Geology and information covered in Report of Investigation #4626, TemPiute Tungsten Deposit, Lincoln County, Nevada).

This proposed exploration would be set up in two stages, as follows:

#1. Establish Diamond Drill Station at a point mutually agreed on by the operator and representative of the Government Field Team.

#2. Diamond drill nine holes for an aggregate total of 2020 feet at bearings of S85 degrees W S 45 degrees W, and S 11 degrees W from the drill station. Each bearing to have 3 holes at dips of + 20 degrees, flat and -20 degrees(see accompanying map).

The diamond drilling costs are requested to be allowed at the rate of $8.00 per foot which will include all costs.

#3. Based upon the findings at these diamond drill holes, 150 feet of crosscut to the Grubstake orebody and 150 feet of drift along the ore body in the most favorable area, upon the mutual agreement of the operator and the field team.

This exploratory work to the Grubstake orebody is warranted because of the excellent surface showing, the history of the production from the orebody on the adjoining property, and the diamond drill hole approximately 100 feet North of our property line. This diamond drill hole indicated 22 feet width of a 0.46% $WO_3$ content. There is every reason to believe that this ore zone will extend parallel to the present explored zone and be of commercial value.

The proposed amended contract is requested in accord and at the price of the present contract in effect.

#2

The necessary assaying is being done by the operator at his expense.

It is anticipated that if the requested work is approved, the operator could start within 30 days and be completed in a nine month period.

1. Drift Southward along the limestone-tactite 690 feet @ $34.50 / foot.....$23,805.00
2. Cut Diamond drill Station..... 500.00
3. Diamond Drill a total of 2020 feet in 9 holes @ $8.00 / foot..... 16,160.00

$40,465.00

Government participation @75% 30,348.75.

Respectfully Submitted, Lory M. Free

Lory M. Free

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

1605 Evans Avenue
Reno, Nevada

March 21, 1955

Memorandum

To: Operating Committee, DMEA, Interior Building, Washington 25, D.C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMEA-3273 - Tungsten
Lory M. Free, dba - Y. Z. Mining Company
Rae Ella, Rae Ella No. 2, and Phyllis claims
(Schofield Mine), Lincoln County, Nevada
Contract No. Idm-E680

Reference is made to Mr. Selfridge's memorandum of March 1, 1955 transmitting to this office the original and five copies of Amendment No. 1 to the above subject contract.

The contract has been executed on the part of the Operator and one copy retained by him for his files. Distribution has been made of Finance Office and Field Team copies, and the original and two remaining copies are being returned to you herewith.

S. Ricker

Attachments

400

DOCKET
Surname:
Rutledge
Martin
Chamber
Selfridge
Fr Brown

MAR 1 - 1955

Mr. Spangler Ricker, Executive Officer
DMEA Field Team, Region II
420 Custom House, 555 Battery Street
San Francisco 11, California

Re: Docket No. DMEA 3273 Tungsten
Lory M. Free, dba
Y. Z. Mining Company
Rae Ella, Rae Ella No. 2, and
Phyllis claims (Schofield mine)
Lincoln County, Nevada
Contract No. Idm E680

Dear Mr. Ricker:

Enclosed are the original and five copies of a proposed amendment, Amendment No. 1, to the above referenced contract signed by the Administrator for the Government.

If the terms and conditions of this proposed amendment are satisfactory to you and the operator, all six copies should be signed and the usual distribution made.

If any part of this proposed amendment does not have either your approval or that of the operator and cannot be amended within your delegated authority, the original and all copies of the proposed amendment are to be returned to this office, together with the proposed changes for consideration.

Please note that the amendment does not authorize specifically the transfer of the 15.0 feet remaining from that set up for the main crosscut. Such approval may be given informally by the Field Team because the units of work, with the exception of the 100 feet of crosscutting under Item 4, were stated as approximate and, therefore, are not considered maxima.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GCS)

Enclosures

APPROVED:

J. H. Hedges (JHH)
Member, Bureau of Mines

E. L. Newcomb (ELN)
Member, Geological Survey

cc: Docket
FT, Reg. 2, San Francisco
Code 400
Adm. Read. File
Oper. Comm.
W. McInnis, USBM
T. Kiilsgaard, USGS

FARutledge/ls 2/25/55

RCR.

DOCKET
Surname:
Rutledge
Martin

February 25, 1955

MEMORANDUM

To: Administrator, DMEA

From: Chief, Iron and Ferro-Alloys Division, DMEA

Subject: Docket No. DMEA 3273 - Tungsten
Lory M. Free, dba Y. Z. Mining Company
Rae Ella, Rae Ella No. 2, and Phyllis claims
(Schofield mine)
Lincoln County, Nevada
Contract No. Idm-E680

Approval of proposed Amendment No. 1 to the subject contract is recommended for the following reasons:

(a) Transfer of funds for timbering and analyses increases the funds available for exploration drifts or crosscuts without increasing the total cost of the project.

(b) The timbering is not required.

(c) Mr. Free has an agreement by which an adjacent operator makes his analyses without charge.

A summary of the docket follows:

(1) The subject contract was executed June 24, 1954, for an exploration project costing $39,600.00. Project work was started July 8, 1954.

(2) Progress has been good. The crosscut penetrated the tactite and was stopped at 465 feet, 15 feet less than the footage authorized for crosscutting. As of January 1, 1955, the north drift had been advanced 242 feet and the south drift 104 feet.

(3) The operator requested an amendment authorizing the transfer of the funds set up for timbering and analytical determination for additional drifting to the southeast. This is approved by Amendment No. 1.

(4) The operator also requested permission to use the 15 feet remaining from the footage approved for crosscutting to continue the southeast drift. Such approval may be given informally by the Field Team as the units of work, with the exception of the 100 feet of crosscutting under Item 4, were stated as approximate and not maxima.

W. S. Martin, Chief
Iron and Ferro-Alloys Division

cc: Docket
Code 400
Oper. Comm.
Adm. Read. File

FARutledge/ls
2/25/55

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

420 Custom House
555 Battery Street
San Francisco 11, Calif.

February 17, 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. DMEA-3273 - Tungsten
Lory M. Free, dba
Y. Z. Mining Company
Schofield Mine
Lincoln County, Nevada
Contract No. Idm-E680

Reference is made to your letter of February 7, 1955, regarding royalty payments on the above-cited project.

For convenience I am attaching copies of letters which you apparently already have. My letter of January 3, 1955, to Mr. Free pointed out his obligation in respect to royalties under the contract. The letter from Mr. Free to me, dated January 6, 1955, referred to his conversation with Mr. W. S. Martin and Mr. Gentry and stated that Mr. Free was writing to Mr. W. S. Martin.

I now have the copy of Mr. Free's letter to Mr. Martin. In the meantime I have not taken further action as I was expecting to have Mr. Martin's reaction to Mr. Free's letter.

I would suggest that Mr. Martin answer Mr. Free's letter and again explain the conditions under which the hauling charges can be deducted. It could possibly be so written that Mr. Free might use a copy of it to induce the U. S. Vanadium to deduct freight charges on futute shipments.

The project has been well managed and I, personally, would be pleased if a way could be found so that Mr. Free could be released from

the additional payment of $244.54. If the freight was by common carrier and invoices were attached to the settlement sheets by the operator, perhaps the freight could be deducted.

Please advise me if you wish further action taken here at this time.

S. Ricker
Executive Officer
DMEA Field Team, Region II

Attachments - 400

Copy to: Roscoe Smith, USGS

Answer

Pansca, Nevada
January 6, 1955

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 21 1955

Mr. S. Ricker
Executive Officer DMEA Field Team, Region 111.
U. S. Dept. of the Interior
420 Custom house, 555 Battery Street
San Francisco 11, California

Dear Mr. Ricker: Re: Docket No. DMEA-3273 (Tungsten)

Refering to your letter of December 21, 1954, we do not seem to have the letter from you of November 3, 1954 which asked that all checks for royalties be made payable to the "DEFENSE MINERALS EXPLORATION ADMINISTRATION". If you consider it important that we have on file a copy of said letter, will you please send us one? It must have been lost in the Christmas mails.

Refering to your letter of January 3, 1955, concerning the payment of royalties, to the Government, we are sorry if we have made an error in this connection, but understood from a conversation with Mr. W. S. Martin and Mr. Gentry that inasmuch as U. S. Vanadium, to whom we sell our ore, had refused to deduct the trucking charges we would'nt have to pay royalties on the truck haul. We were aware of Annex 1, Paragraph C, of the contract, and that is why we had discussed the matter with them.

We have written to Mr. Martin in regards to the matter, since we had discussed it with him previously. We appreciate your help and interest in the matter, and will get in touch with you as soon as we hear from Mr. Martin.

Sincerely yours,

Lory M. Free

Lory M. Free

LMF/j

400 DOCKET SURNAME

Martin
Talbert
Selfridge
Johnson
Mathewson

FEB 7 1955

Mr. Spangler Ricker, Executive Officer
DMEA Field Team, Region II
420 Custom House
555 Battery Street
San Francisco 11, California

Re: Docket No. DMEA 3273 - Tungsten
Y. Z. Mining Company
Schofield Mine
Lincoln County, Nevada
Contract No. Idm-8580

Dear Mr. Ricker:

Enclosed is a copy of letter of January 6, 1955, addressed to W. S. Martin by Mr. Lory M. Free, Panaca, Nevada, the operator under the captioned contract. The letter referred to therein is your letter of January 3, copy of which you sent to us with your letter of January 4, 1955.

It will be appreciated if you will advise us regarding the outcome of any action you took as a result of our letter to you of January 10, 1955, on the same subject. Mr. Free may possibly be waiting to hear from us before answering your letter to him of January 3, whereas we are awaiting further information from you before drafting our reply to him.

We believe, however, that an apparent misunderstanding on the part of Mr. Free requires our comment. His above mentioned letter states:

"When you were down at the property several weeks ago, I understood you and Mr. Gantry to indicate that we did'nt have to pay royalty on the truck haul, since U. S. Vanadium, our only reasonable market refuses to deduct the truck haul from our settlements."

On the other hand Martin tells us he recalls the conversation there and remembers stating only that haulage charges appeared as a deduction in many ore settlement sheets and that there was no reason to suppose the customary terms could not be arranged with the buyer in this case. Martin also mentioned that royalty would be payable in any event on hauling charges paid to an operator who did his own hauling, but Mr. Free explained that his ore was hauled by a common carrier.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (GHS)

APPROVED:

J. H. Hedges
Member, Bureau of Mines (GHB)

Thor H. Kiilsgaard
Member, Geological Survey (GHB)

WSMARTIN:fec 2-7-55
cc to: Docket Code 400
Adm. Reading File
Operating Comm. T. H. Kiilsgaard, USGS
FT. MEG. II
W. McInnis, USBM

DOCKET
SURNAME

INTERIOR DEPT. Rutledge
FEB 21 1955 Martin
SOLICITOR

February 4, 1955

MEMORANDUM

To: Acting Assistant Solicitor, Defense Minerals

From: Chief, Iron and Ferro-Alloys Division, DMEA

Subject: Preparation of proposed amendment
Docket No. DMEA 3273 - Tungsten
Lory N. Pace, dba
Y. Z. Mining Company
Rae Kile, Rae Kile No. 2, and Phyllis claims (Schofield mine)
Lincoln County, Nevada
Contract No. Idm-2580

Transmitted herewith is a rough draft of a proposed amendment, Amendment No. 1, to the above-referenced contract for your use in preparing the final draft.

W. S. Martin, Chief
Iron and Ferro-Alloys Division

Enclosure

FARutledge:foc
2-4-55
cc to: Docket
Code 400
Adm. Reading File

EXPLORATION PROJECT CONTRACT
LORY M. FREE, dba Y. Z. MINING COMPANY
DOCKET NO. DMEA 3273

AMENDMENT NO. 1

It is agreed this _____ day of February, 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Lory M. Free, doing business as Y. Z. Mining Company, Panaca, Nevada, each acting in consideration of the agreement of the other to the terms hereinafter set forth, that Exploration Project Contract No. Idm-E680 (Docket No. DMEA 3273), dated June 24, 1954, is amended effective February 15, 1955, as follows:

1. In Exhibit "A", under "Description of the Work," Article 3, delete "140 feet" and substitute "188 feet."
2. In Exhibit "A", under "Description of the Work," delete the penultimate paragraph on page 1 and substitute "In the performance of the above items of work not to exceed an aggregate of 1147.8 feet of drifting and crosscutting shall be allowable for contribution by the Government under this contract."
3. In Exhibit "A", under "Estimated Costs of Project, Agreed Unit Costs," delete everything and substitute:

"Drift and/or crosscut 1147.8 feet @ $34.50/ft. (rounded to) $39,600.00

AGREED ESTIMATED TOTAL COST $39,600.00

GOVERNMENT PARTICIPATION @ 75% $29,700.00

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

RECEIVED

420 Custom House
555 Battery Street
San Francisco 11, Calif.

January 26, 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. DMEA-3273 - Tungsten
Lory M. Free, dba
Y. Z. Mining Company
Schofield Mine
Lincoln County, Nevada
Contract No. Idm-E680

Relating to above subject you will note in Mr. Lory M. Free's last narrative report attached to MF-104 for December 1954 that he requested certain amendments to his contract. The object of the request is to use funds not required for the purpose for which they were set up for advancing the southwest drift along the limestone-tactite contact in which the tungsten-bearing minerals are found. The $1,650 items for timber and assaying would be eliminated. Timber is not required, and Mr. Free has arranged to have his assaying done without cost. For the crosscut adit to intersect the downward extension of the ore zone only 465 feet of work was required. This leaves a balance of 15 feet in that item.

I have discussed the request with Mr. H. K. Stager (acting for Roscoe Smith) and we both believe an amendment should be made as requested by the operator. The additional drifting and crosscutting allowed will increase the thoroughness of the project.

Our suggestions for the proposed amendment are as follows:

Amendment No. 1

Exhibit "A"

1. Change this item to read:

"Drive a crosscut adit southwesterly 465 feet to intersect the downward extension of the ore zone."

3. Change this item to read:

"Drift southeasterly from the adit along the mineralized zone 203 feet."

Delete the following paragraph:

"In the performance of the above items of work not to exceed an aggregate of 1100 feet of drifting and crosscutting and not to exceed an aggregate of 200 feet of timbering, shall be allowable for contribution by the Government under this contract."

Estimated Costs of Project

Agreed Unit Costs

To be changed to read:

| | |
|---|---|
| Drift and crosscut 1147 feet at $34.50/ft. | $39,571.50 |
| Government participation at 75% | $29,678.60 |

S. Ricker
Executive Officer
DMEA Field Team, Region II

Copy to: Roscoe Smith, USGS
A. C. Johnson, Reno

400

DOCK
Surnam
Rutledge
Unsting
Falbert
JE Johnson
Wattendorf

JAN 10 1955

Mr. Spangler Ricker, Executive Officer
DMEA Field Team, Region III
420 Custom House, 555 Battery Street
San Francisco 11, California

Re: Docket No. DMEA 3273 - Tungsten
Lory M. Free, dba
Y. Z. Mining Company
Rae Ella, Rae Ella No. 2, and
Phyllis claims (Schofield mine)
Lincoln County, Nevada
Contract No. Idm-E680

Dear Mr. Ricker:

Reference is made to the subject docket and the settlement sheets, dated November 26 and December 9, 1954, respectively, which were attached to Mr. Free's letter of December 16 to Mr. A. C. Johnson, Bureau of Mines.

In reviewing these settlement sheets, it was noted that trucking charges were deducted prior to calculation of the Government's percentage royalty. Without showing that the trucking charges were paid by the buyer and deducted from the amount due the seller, the settlement sheets merely indicate that transportation terms were on account of seller. Transportation charges are properly deductible only when paid by the buyer directly to a carrier other than the operator (See Paragraph 2, Page 2, DMEA Circular 32, Supplement No. 2, dated April 6, 1954).

It will be appreciated, therefore, if you will review this matter and, if necessary, clarify the manner of indicating deductible charges with the buyer and the operator. Both should understand that unless the transportation charges are paid by the buyer direct to the carrier, these charges may not be deducted prior to calculation of the Government's royalty.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (JHB)

Approved:

J. H. Hedges (JHB)
Member, Bureau of Mines

Thor H. Kiilsgaard (JHB)
Member, Geological Survey

cc: DOCKET
CODE 400
FT, REG. III
OPER. COMMITTEE
ADM. READ. FILE
R. W. GEEHAN, USBM
T. KIILSGAARD, USGS

FARutledge/ls 1/6/55

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 10 1955

Panaca, Nevada
January 6, 1955

WSM

Mr. W. S. Martin, Chief
Iron and Ferro-Alloys Division
Defense Minerals Exploration Administration
United States Department of the Interior
Washington 25, D.C.

Dear Mr. Martin: Re: Docket No. DMEA 3273 - Tungsten.

When you were down at the property several weeks ago, I understood you and Mr. Gentry to indicate that we did'nt have to pay royalty on the truck haul, since U. S. Vanadium, our only reasonable market refuses to deduct the truck haul from our settlements.

Included is a copy of the letter I recieved from Mr. Ricker yesterday. Please take the matter up in Washington, and see if this was the intent of the contract or not.

Thank you very much.

We enjoyed your visit to the mine, and hope you will be able to come again. Kindest regards.

Yours sincerly,
Lory M. Free
Lory M. Free

LMF/j
Enc.

Copy retained 400.
mde
for 1/11/55

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 4, 1955

Memorandum

To: Defense Minerals Exploration Administration, Interior Building
Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMEA-3273 - Tungsten
Y. Z. Mining Company
Schofield Mine
Lincoln County, Nevada
Contract No. Idm-E680

Reference is made to our memorandum of December 28, 1954, regarding royalty payments on the above subject contract.

Upon auditing the settlement sheets, it was found that computation of royalties was incorrect. Attached is a copy of our letter dated January 3, 1955, to Mr. Lory M. Free which is self-explanatory.

S. Ricker
Executive Officer
DMEA Field Team, Region II

Attachment

c O p y

RECEIVED

420 Custom House
555 Battery Street
San Francisco 11, California

January 3, 1955

Mr. Lory M. Free
Y. Z. Mining Company
Panaca, Nevada

Re: Docket No. DMEA-3273 (Tungsten)
Lory M. Free, d.b.a.
Y. Z. Mining Company
Rae Ella, Rae Ella No. 2 and
Phyllis claims
(Schofield Mine)
Lincoln County, Nevada
Contract No. IDm-E680

Dear Mr. Free:

Reference is made to our letter of December 21, 1954 regarding your check of $26.94 for royalties on settlement sheets from U. S. Vanadium Co. on lot Nos. 1335 and 1343.

We wish to call your attention to Annex 1, Paragraph C, of your contract which explains the basis for computation of royalties. You will note that transportation paid by the operator is not an allowable deduction. The royalty due the Government is therefore 5 percent of $5,429.52 or $271.48. We would be pleased to have your check for $244.54 which is the balance due the Government on the two settlement statements.

Sincerely yours,

/s/ S. Ricker

S. Ricker
Executive Officer
DMEA Field Team, Region II

DMEA 3273 - Tungsten

Extract from Mr. Martin's memo of 12/15/54 re his field trip to Region 3.
Complete memo in "Region3 - General" file.

An inspection of the Y. Z. Mining Company project (Docket DMEA 3273-Tungsten) indicated strongly that the Lincoln mineralization is persistent toward the south and could well be expected because of its intensity to persist toward the northeast or northwest, or both. Finding water for a mill could easily become a greater problem to Mr. Loy H. Yeo than finding more tungsten ore, but he told us he is interested in doing further exploration work to determine whether the vertical continuity of the ore is on any such scale as the horizontal extent. His workings are at a higher elevation than the active part of the Lincoln and his additional exploration could have a good probability of success.

Page -9-

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

420 Custom House
555 Battery Street
San Francisco 11, California

July 9, 1954

Memorandum

To: Operating Committee, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA-3273 - Tungsten
Lory M. Free d.b.a.
Y. Z. Mining Company
Rae Ella, Rae Ella No. 2 and
Phyllis claims (Schofield mine)
Lincoln County, Nevada
Contract Idm-E680

Reference is made to Mr. George C. Selfridge's letter of June 24, transmitting to this office the original and five copies of subject contract.

The contract has been executed on the part of the Operator and one copy retained by him. Distribution has been made of the Field Team 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 (copy of contract attached)
Finance Officer, Region III (copy of contract attached)
R. M. Smith (USGS)
George Mavor

400 DOCKET COPY
Surname:
Rutledge

AIR MAIL

JUN 28 1954

Mr. Lory M. Free

Panaca, Nevada

Re: Docket No. DMEA 3273 - Tungsten
Y. Z. Mining Company
Rae Ella, Rae Ella No. 2, and
Phyllis claims (Schofield
mine)
Lincoln County, Nevada

Dear Mr. Free:

In answer to your inquiry of June 22, 1954, we are pleased to inform you that a proposed contract covering exploration at the referenced property was sent regular mail to Mr. H. C. Miller, Executive Officer, DMEA Field Team, Region III, 420 Custom House, 555 Battery Street, San Francisco 11, California, on June 24, 1954.

Sincerely yours,

C. O. Mittenderf

Administrator

CC: DOCKET
FIELD TEAM, REG. III
CODE 400
ADM. READ. FILE

FARutledge/ls 6/24/54

R.C.G.

420

Docket
Surname

Ruthly
Martin
Talbot
Kelleher
Lorraker
Hedges
Lethridge
Johnson

JUN 8 1954

Mr. H. C. Miller, Executive Officer
DMEA Field Team, Region III
420 Customhouse Building
555 Battery Street
San Francisco 11, California

Re: Docket No. DMEA 3273 - Tungsten
Leary M. Fyan, dba
Y. Z. Mining Company
Rae Kile, Rae Kile No. 2, and Phyllis
claims (Schofield mine)
Lincoln County, Nevada

Dear Mr. Miller:

Enclosed are the original and five copies of a proposed contract for an exploration program by the above-reference applicant, signed by the Administrator for the Government, together with Annex I (3 pages), Exhibit "A" (2 pages), and one map.

If the terms and conditions of this proposed contract are satisfactory to you and the Operator, all six copies should be signed and the usual distribution made. However before execution of the proposed contract, the enclosed Owner's Consent to Lien forms should be executed by the lessor and attached to the Contract.

If any part of this proposed contract does not have either your approval or that of the Operator and cannot be executed within your delegated authority, the original and all copies of the proposed 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 proposed contract as originally outlined:

1. The unit price for underground work has been reduced from $42.00 a foot to $34.50 a foot.

2. 200 feet of timbering at $5.00 a foot has been added.

3. 100 feet of additional crosscutting has been added to further explore the mineralized zone if authorized by the Government.

R.C.S.

The above changes have decreased the amount of the proposed contract from $[illegible].00 to $[illegible].00.

Under Article 3, the starting date has been left blank and is to be filled in when the contract is signed by the Operator.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (JHB)

Enclosures

APPROVED:

J. H. Hedges
Member, Bureau of Mines (JHB)

D. M. Larrabee
Member, Geological Survey (JHB)

P. S. Mr. Frue telephoned us on June 18, 1954, to inquire about the status of his application, and to ask whether he could expedite processing of the case by communicating directly with your Reno, Nevada, office. He was referred, however, to you.

FARUTLEDGE:fee
6-21-54
cc to: Docket
Code 400
FT. Reg 3
Admr. Reading File
Operating Comm.
R. W. Gephart, USBM
T. P. Thayer, USGS

Ra[illegible]aca Nevada.
June 22, 1954

Department of the Interior
Defense Minerals Administration
RECEIVED
JUN 24 1954

mail [illegible]

Mr. Martin. Chief
Ferro-Alloys Div.
Defense Minerals Exploration Administration
Washington 25 D.C.

Dear Mr. Martin,

I thank you for your cooperation on the telephone last Friday. I appreciate your suggestions and assistance.

Would you kindly do one more thing for me? I desire to know if my application No. DMEA 3273-Tungsten moved along through the committee and the administrator so that it could be mailed to San Francisco as was anticipated and hoped in our telephone conversation. Was it air mailed? Please get in touch with me by return air mail.

Thank you kindly.

Lory M Free

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

June 18, 1954

Memorandum

To: The Administrator
Through: Mr. W. S. Martin

From: Acting Assistant Solicitor, DMEA

Subject: Y. Z. Mining Company
Docket No. DMEA-3273 - Tungsten

There is attached in satisfactory legal form for execution a contract covering the subject Project. However, the attached Owner's Consent to Lien forms should be executed by the lessor and attached to the contract.

~~For~~ J. L. Hoffluud
J. L. Hoffluud
Acting Assistant Solicitor

Attachments 12

Docket
Rutledge
Martin

Assistant Solicitor, DMEA June 9, 1954

Chief, Iron and Ferro-Alloys Division, DMEA

Review and preparation of proposed contract
Docket No. DMEA 3273 - Tungsten
Lory M. Free, dba
Y. Z. Mining Company
Rae Ella, Rae Ella No. 2, and Phyllis claims
(Schofield mine)
Lincoln County, Nevada

Transmitted herewith is the rough draft of a proposed contract for your use in preparing the final draft.

W. S. Martin, Chief
Iron and Ferro-Alloys Division

Attachment

cc: Docket
Adm. Read. File
Code 400

PARutledge/ls 6/9/54

MF-200 (A)
(February 1952)

DOCKET NO. DMEA 3273

COMMODITY Tungsten

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

# EXPLORATION PROJECT CONTRACT[1]
(Short Form)

IT IS AGREED this _____ day of _____, 195__, between the United States of America, acting through the Department of the ~~Interior, Defense Minerals~~ Exploration Administration, hereinafter called the "Government," and[2] Lory M. Free, Panaca, Nevada, doing business as Y. Z. Mining Company, attached to and made a part hereof set forth in Annex I and as follows:

hereinafter called the "Operator," as ~~follows~~

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 Lincoln, described as follows:[3] Three unpatented mining claims located in Section 1, T. 4 S., R. 56 E., M.D.B. &M, and recorded in the Lincoln County Court House, Pioche, Nevada, as follows: Rae Ella, Book K-1, page 477, Rae Ella #2, Book K-1, page 478, and Phyllis, Book K-1, page 478, Mining Notices.

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:~~

(*b*) That the Operator is a lessee, in possession and entitled to possession, and the Owner's Consent to Lien is attached.

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, within _____ days from the date of this contract shall commence work on a project of exploration for[5] Tungsten

in or upon the described land; and shall bring the project to completion within a period of 12 months 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 75 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 $29,700.00, which is 75 percent of $39,600.00 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:

(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* All production made through the Defense Minerals Exploration Administration workings shall be subject to the Government's percentage royalty whether from the land covered by this contract or not.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

(Operator)

By

By

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

EXPLORATION PROJECT CONTRACT
Y. Z. MINING COMPANY
DOCKET NO. DMEA 3273

EXHIBIT "A"

Description of the Work

The exploration work ~~on this project~~ is indicated on the map attached hereto and ~~made a part hereof~~ entitled "Figure 2 - "North Tem Piute Mine, Lincoln County, Nevada," and is as follows:

The adit, drifts, and crosscuts shall be not less than 4 feet by 6½ feet in the clear and timbered where necessary.

Representative samples shall be taken of all mineralized ground encountered. Each sample shall be divided into at least two parts, one of which ~~is to go~~ shall be furnished to the Field Team, ~~and the other to be Operator.~~

~~The work consists of the following:~~

1. Drive a crosscut adit southwesterly an estimated 480 feet to intersect the downward extension of the ore zone.
2. From the adit, drift northwesterly along the mineralized zone to the end line of the Rae Ella claim, approximately 380 feet, unless the drifting indicates that "Ore Body No. 4" plunges southeastward, in which event the north drift shall not be continued unnecessarily through barren ground to the end line.
3. From the adit, drift southeasterly along the mineralized zone for approximately 140 feet.

4. To further explore the mineralized zone, a ~~total~~ of not to exceed 100 feet of crosscuts may be driven with prior written approval of the Government at locations mutually agreeable to the Government and the Operator, However, such crosscuts must be not less than 100 feet apart.

## ESTIMATED COSTS OF PROJECT
## AGREED UNIT COSTS

| | |
|---|---|
| Drift and/or crosscut 1100 feet @ $34.50 per foot | $37,950.00 |
| Timber 200 feet of drift and/or crosscut @ $5.00 per foot | 1,000.00 |
| Analyze 130 samples @ $5.00 each | 650.00 |
| TOTAL AGREED UNIT COSTS | $39,600.00 |
| GOVERNMENT PARTICIPATION @ 75% | $29,700.00 |

Not to exceed an aggregate of 1100 feet of drifting and crosscutting and not to exceed an aggregate of 200 feet of tunneling, shall be performed under this contract.

see 1st page

DRAFT HCR:lm
6-11-54

EXPLORATION PROJECT CONTRACT
Y. Z. MINING COMPANY
DOCKET NO. DMEA-3273

EXHIBIT "A"

Description of the Work

The exploration work is indicated on the map, Figure 2, attached hereto and entitled "North Tem Piute Mine, Lincoln County, Nevada," and is as follows:

1. Drive a crosscut adit southwesterly ~~an estimated~~ approximately 480 feet to intersect the downward extension of the ore zone.
2. From the adit, drift northwesterly along the mineralized zone approximately 380 feet to the end line of the Rae Ella claim, unless the drifting indicates that Ore Body No. 4 plunges southeastward, in which event the north drift shall not be continued unnecessarily through barren ground, ~~to the end line.~~
3. From the adit, drift southeasterly along the mineralized zone ~~for~~ approximately 140 feet.
4. With the prior written approval of the Government, not to exceed 100 feet of crosscuts may be driven

at locations mutually agreeable to the Government and the Operator, to further explore the mineralized zone. However, such crosscuts ~~must~~ shall be not less than 100 feet apart.

Not to exceed an aggregate of 1100 feet of drifting and crosscutting and not to exceed an aggregate of 200 feet of timbering, shall be performed under this Contract.

The adit, drifts, and crosscuts shall be not less than 4 feet by $6\frac{1}{2}$ feet in the clear and timbered where necessary. ~~sary.~~

Representative samples shall be taken of all mineralized ground encountered. Each sample shall be divided into at least two parts, one of which shall be furnished to the Field Team.

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

ESTIMATED COSTS OF PROJECT
AGREED UNIT COSTS

| | |
|---|---|
| Drift and/or crosscut 1100 feet @ $34.50/ ft. | $37,950.00 |
| Timber 200 feet of drift and/or crosscut @ $5.00 per foot | 1,000.00 |
| Analyze 130 samples @ $5.00 each | 650.00 |
| ~~TOTAL AGREED UNIT COSTS~~ Agreed Estimated Total Cost | $39,600.00 |
| GOVERNMENT PARTICIPATION @ 75% | $29,700.00 |

ANNEX 1

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 a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, for a period of ten years from the date of the contract, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

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

Operator or by anyone other than the buyer, are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent) applied to the 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.

Added Provision

as the project work will benefit adjacent and contiguous mining claims, the Operator, regardless of certification and regardless of whether the Operator is the producer or has any interest in the production, shall also pay royalty as provided in this Article I on all ore produced from land adjacent or contiguous to the land described in Article 2 of the contract for a period of ten years from the date of the contract or until the total amount contributed by the Government, without interest, is fully repaid.



58694

Department of ...
Defense Minerals Administration
RECEIVED
JUN 8 1954

Panaca, Nevada
June 5, 1954

WSM

Mr. W. S. Martin, Chief
Iron and Ferro-Alloys Division
Desfense Minerals Exploration Administration
Washington 25, D.C.

Re: Docket No. DMEA 3273 - Tungsten
Lincoln County, Nevada

Dear Mr. Martin:

Thank you for your letter of June 3, 1954 in reply to my inquiry concerning our application.

I am most pleased that some action is being taken and hope that we may have some definite word within a few days. It is very important to us that we have the work well under way if it is at all possible before the winter weather sets in.

The lease is in my name, and is being operated as Lory M. Free doing business as the Y. Z. Mining Co.

I do have some associates working with me, but they do not affect the status of this application. Just so that you will know, their names are, Darell Free, John Franks and Roland Cox.

I trust that this will answer you inquiry, and if there is anything further that I might do to expedite this matter please let me know.

Sincerely yours,

Lory M. Free

Lory M. Free

IN REPLY REFER TO:

Docket

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

June 3, 1954

Memorandum

WSM

To: W. S. Martin

From: T. P. Thayer Thayer

Subject: IMEA-3273, TUNGSTEN
Y.Z. Mining Company
Lory M. Free, Panacca,Nev.

The proposal recommended by the Field Team is a compromise between the small operation suggested by P.W. Guild and the ambitious original proposal.

The depth represented by the revised proposal is not out of proportion to the outcrop length, and the potential stake involved, though low grade. I concur with the Field Team recommendation, with the proviso that if "Ore Body" No. 4 plunges southeastward, the drift not be continued toward the boundary line into barren ground. If the mineralized zone is wider than the drift, there should be provision for determining the entire width.

Copy re

DOCKET
Surname:
Rutledge
Martin
Motheudorf

400

Air Mail

JUN - 3 1954

Mr. Lory M. Free
Y. Z. Mining Company
Panaca, Nevada

Re: Docket No. DMMA 3273 - Tungsten
Rae Ella, Rae Ella No. 2, and
Phyllis claims (Schofield mine)
Lincoln County, Nevada

Dear Mr. Free:

This will acknowledge your letter of May 29, 1954, which inquires about the status of the above-referenced application for exploration assistance.

The Field Team report on the subject property was received in Washington on May 25, 1954, and, with other data pertinent to your application, is now being reviewed. We note that:

(1) The lease covering the referenced property is between the North Tem Piute Mining and Development Company, owner, and Lory M. Free, lessee.

(2) The Owner's Consent to Lien form indicates that the Y. Z. Mining Company, Lory M. Free, Panaca, Nevada, is lessee.

(3) The applicant for exploration assistance is the Y. Z. Mining Company, Lory M. Free, Panaca, Nevada.

(4) The applicant's associates in the proposed project are Darell Free and John Franks.

It would, therefore, be appreciated if you would clarify this matter. Please indicate which of the following is the correct interpretation for the applicant:

(1) Lory M. Free, doing business as the Y. Z. Mining Company.

(2) Lory M. Free and associates (partners), doing business as the Y. Z. Mining Company. Please list associates if this is true.

(3) The Y. Z. Mining Company is incorporated and Lory M. Free is authorized to act for the company.

R.C.S.

In case the Y. Z. Mining Company is incorporated, we will need copies of an assignment by Lory M. Free of the referenced lease to the company.

We appreciate your interest in expediting the processing of this application but believe it unnecessary for you to come to Washington.

Sincerely yours,

W. S. Martin, Chief
Iron and Ferro-Alloys Division

cc: DOCKET
FIELD TEAM, REG. 3
CODE 400
OPER. COMM.
ADM. READ. FILE
R. W. GEEHAN, USBM
T. P. THAYER, USGS

FARutledge/ls
6/3/54

Panaca, Nevada
May 29, 1954

JUN 1 1954

Mr. C. O. Mittendorf, Administration
United States Department of the Interior
Defense Minerals Exploration Administration
Washington 25, D.C.

WSAg

Re: Docket No. DMEA 3273-Tungsten
North TemPiute Property
Lincoln County, Nevada

Dear Mr. Mittendorf:

Well over six weeks ago the field examining team from Reno and San Francisco were on the North Ten Piute property; we have expected since that time to recieve some information concerning our exploration project.

Will you please attempt to let me know as soon as possible the status of Docket No. DMEA 3273-Tungsten, North TemPiute Property Exploration project? Is there anything that I can do to facilitate the completion of this application?

If you think it would be advisable and hasten matters I would even come to Washington if necessary, as we most urgently desire to get this project under way during the summer months while the weather is good.

Thank you for your consideration in this matter.

Yours very truly,

Lory M. Free

Lory M. Free

F.T. report rec'd 5/25 recommended loan.

Y. Z. Mining Co.

Docket

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

1012 Flood Bldg.
870 Market Street
San Francisco 2, Calif.

May 21, 1954

WSM

Memorandum

To: George C. Selfridge, Chairman, Operating Committee, DMEA, Washington, D. C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA-3273 - Tungsten
Y. Z. Mining Company
North Tem Piute Property
Lincoln County, Nevada

By letter dated March 25, 1954, you referred the above numbered application to this office for review and possibly a field examination of the property.

As the application seemed to include considerable work that might be termed development rather than exploration, a field examination of the property was requested. The examination was made on April 14 and 15 by a mining engineer and a geologist. Attached are four copies of their report, entitled "DMEA-3273, Y. Z. Mining Company, North Tem Piute Property, Lincoln County, Nevada, (Tungsten)," by G. H. Holmes, Jr., Mining Engineer, and H. K. Stager, Geologist, dated May 17, 1954.

The applicant has agreed to a less ambitious program than was outlined in his application. The agreed-upon work is to consist of driving a crosscut adit about 480 feet long to its intersection with the downward extension of the ore zone. Drifts are to be driven on the zone 400 feet northwesterly to the end of the Rae Ella claim and 120 feet southeasterly. Total footage proposed will be 1,000 feet, costing $42,000. Costs have been set up on a unit basis of $42.00 a foot.

The engineer and geologist are in agreement that this revised project is sound, should be allowed, and will most likely result in a sizable discovery. A study of the report causes me to agree that favorable consideration should be given to the revised program.

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

Attachment
Copy to: R.M.Smith, USGS
A.C.Johnson, Reno

Cleared Op Com 5/28/54

Off-Site Exp Rpt

Any production from adjoining property would be through the DNRM [illegible] would be liable to the Government percentage royalty.

$600/mo. is a lot to pay for supervision that can't do this for less than $42.00/ft.

We are stuck with high costs at Black Rock and will have to watch our step here in saying anything about costs.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DOUGLAS McKAY, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

# REPORT OF EXAMINATION BY FIELD TEAM
REGION III

DMEA-3273, Y. Z. Mining Company

North Tem Piute Property

Lincoln County, Nevada

(Tungsten)

G. H. Holmes, Jr., Mining Engineer
U. S. Bureau of Mines

H. K. Stager, Geologist
U. S. Geological Survey

May 17, 1954

Reviewed by
DMEA OPERATING COMMITTEE
5-28-54
(date)

6/21/54

# EXAMINATION REPORT

Docket No.: DMEA-3273 (Tungsten)

Name and address of applicant: Y. Z. Mining Company
Lory M. Free
Panaca, Nevada

Name and location of property: North Tem Piute Property
Lincoln County, Nevada

## SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

The Y. Z. Mining Company, Panaca, Nevada applied on March 6, 1954 to the Defense Minerals Exploration Administration for assistance in a $150,325 program to explore for the downward extensions of known tungsten ore bodies at the North Tem Piute mine, about 84 miles west of Caliente, Lincoln County, Nevada.

A field examination was made on April 14 and 15 by G. H. Holmes, Jr., mining engineer, U. S. Bureau of Mines and Harold K. Stager, geologist, U. S. Geological Survey.

The applicant proposed to explore the ore zone by driving a 480-foot adit which would intersect it about 190 feet below the outcrop, followed by 1,030 feet of drifting on this level, a winze to a new level about 110 feet lower, with 1,090 feet of drifting on this second level, plus raises to connect with near surface workings some 100 feet above the proposed adit level, and 900 feet of core drilling. The proposal was changed to eliminate the drilling, raises, winze, lower level drifting, and limited the drifting on the first adit level to 520 feet. The 480 feet of crosscutting

remains unchanged. Cost of the amended proposal is $42,000.

The examining engineer and geologist conclude that the discovery of minable tungsten ore bodies by the proposed exploration program appears certain. The geologic conditions at the North Tem Piute mine are favorable for the discovery of a large tonnage of tungsten ore. Diamond drilling and trenching done by the Bureau of Mines, the development work done by the applicants, and the exploration done on the adjoining Lincoln Mines property by the Black Rock Mining Company, all indicate the probability of finding additional tungsten ore.

It is recommended that the Government participate in an exploration program at the North Tem Piute mine.

## TIME SPENT ON PROPERTY

The Y. Z. Mining Company's North Tem Piute tungsten property was examined on April 14 and 15, 1954 by George H. Holmes, Jr., mining engineer, U. S. Bureau of Mines and Harold K. Stager, geologist, U. S. Geological Survey, accompanied by Lory M. Free, applicant and lessee of the property.

## NAME AND LOCATION OF PROPERTY

The North Tem Piute property is in sec. 1, T. 4 S., R. 56 E., M.D.B.&M., Tem Piute Mining District, Lincoln County, Nevada, about 84 miles by road west of Caliente, a town on U. S. Highway 93 and the main line of the Union Pacific Railroad (fig. 1).

## ACCESSIBILITY

U. S. Highway 93 west from Caliente to Crystal Springs, a distance of 44 miles, is paved and in good condition and accessible to travel during the entire year. Nevada State Highway 25 is a graded dirt road extending between U. S. Highway 93 at Crystal Springs and U.S. Highway 6 at Warm Springs, Nev. The 40-mile section between Crystal Springs and the property is maintained by the county and kept in good condition. It is also accessible to travel during all seasons. Access roads on the property are maintained by the company.

## COMPETENCY OF APPLICANT

The applicant has had many years experience in mining and mine operation and is capable of supervising the proposed exploration of the Y. Z. mine. He stated that he was financially able to assume his share of exploration costs. Mr. Lory Free and his brother Darell Free operated the Free Bros. lead-zinc lease at Pioche, Nev., and have operated smaller properties both in Nevada and Utah. The applicants associates are Darell Free and John Franks, both of whom are experienced miners, leasers, and operators.

The property is well equipped with mine machinery, trucks, and miscellaneous mine equipment.

## APPLICANTS PROPERTY RIGHTS

The three unpatented mining claims, The Rae Ella, Rae Ella No. 2 and Phyllis, which cover the area to be explored, are part of a group of

40 claims owned by the North Tem Piute Mining and Development Company and which have been leased for a ten year period by the applicant. The remaining 37 claims extend to the east and south and are not concerned with this application. A copy of the lease is attached to the docket. The owner's consent to lien can be obtained.

## DESCRIPTION OF PROPERTY

The property is on the east slope of the Timpahute mountains near the north end of the range at an elevation of about 6,800 feet. The relief of the area is rugged. The climate varies from hot, dry summers to moderately cold winters with occasional heavy snows during winter months. Vegetation comprises scrub pine, juniper and cedar.

Structures comprise a combination change-house and warehouse, a one-room and a two-room cabin, and a 25-ton ore bin. Living quarters are available at the nearby Lincoln mine.

Mine workings at the north end of the property comprise a 50-foot crosscut adit from which about 380 feet of drifts and 110 feet of raises have been driven along the ore zone (fig. 2). Shrinkage stopes have been opened along the north drift and a winze has been sunk to a depth of 20 feet. Approximately 65 feet of drifting and subsequent raising and stoping was done on Lincoln Mines ground by the Black Rock Mining Co.

A 65-foot crosscut adit from which a 20-foot winze was sunk is located on the No. 1 ore body about 650 feet southeast of the north workings. From the bottom of the winze a short drift was driven to the south-

east. A 25-foot raise was driven from the end of this drift. South of these workings an old 160-foot drift extends southward along the contact.

Current work by the company is being done on the No. 3 and No. 4 ore bodies. The south drift is being driven along the tactite-limestone contact and a raise has been started from the north drift to prepare a block of ground for stoping. All workings are accessible for examination.

Equipment includes a new Joy 315 c.f.m. Diesel-driven compressor; one 10 horsepower and two 5 horsepower Ingersoll-Rand slushers; 4 jackhammers, 2 stopers, and one Jackleg; and two 1-ton mine cars, plus scrapers, hoses, drill steel and tungsten-carbide insert type bits. The company owns two pickups and a dump truck.

Figure 2 shows sample locations. Assay data are as follows:

| Sample No. | Width, Feet | %, $WO_3$ | Location |
|---|---|---|---|
| 251 | 5.0 | 0.15 | Callahan Drift, Lincoln Mine |
| 252 | Composite car samples | 0.54 | South Dirft, 140 feet to 145 feet |
| 253 | 4.0 | 0.08 | Face, South drift |
| 254 | Grab | 0.24 | North Drift, raise muckpile |
| 255 | Grab | 0.89 | Remains, 500-ton stockpile |

For data on trench and diamond drill hole samples taken by the Bureau of Mines during exploration projects in 1942 and 1944, see Bureau of Mines, Report of Investigations 4626, "Investigation of the Tem Piute Tungsten Deposit, Lincoln County, Nevada" by E. O. Binyon, G. H. Holmes, Jr., and A. C. Johnson.

## GEOLOGY

The North Tem Piute mine of the Y. Z. Mining Company is underlain by Upper Paleozoic limestone, hornfels, and quartzite that have been folded, faulted, and intruded by two small granite stocks. The geology and ore deposits of this and the adjoining Lincoln Mines property have been studied and explored in considerable detail by the U. S. Geological Survey[1/] and the U. S. Bureau of Mines[2/].

A scheelite-bearing garnet tactite band, about 800 feet long and from 20 to 100 feet thick occurs between limestone and the southern granite stock in the vicinity of the main workings of the North Tem Piute mine. The tactite is a product of contact metamorphism of the limestone. The layer of tactite strikes northwest and dips from 45° to 85° SW, away from the intrusive. The contact between tactite and limestone is sharply defined, and is well exposed on the surface and in the underground mine workings. Overlaying the tactite at the south end of the band is a dense gray limestone and at the north end is a white platy hornfels. The platy hornfels forms a band about 80 feet thick; it is in turn overlain by a second limestone bed that is about 350 feet thick.

---

1/ Wyant, D. G., and Lemmon, D. M., 1951, Tungsten deposits in the Tem Piute district, Lincoln County, Nevada: U. S. Geol. Survey open file report.

2/ Binyon, E. O., Holmes, G. H., Jr., and Johnson, A. C., 1950, U. S. Bureau of Mines Report of Investigations No. 4626.

Faulting has offset many of the sedimentary beds on the property. Minor fractures in the tactite appear to have been important controls in the formation of the scheelite bodies and in places these fractures contain rich seams of scheelite.

## ORE DEPOSITS

The deposits occur in tactite, formed by contact metamorphism of impure limestones, into which tungsten, molybdenum, zinc, and fluorine-bearing solutions have been introduced. The ore minerals are scheelite, molybdenite, powellite, sphalerite, and fluorite.

Scheelite is widespread in the surface exposures of tactite, but the minable ore bodies are confined to the hanging wall side of the tactite lens, in contact with the overlying limestone and hornfels. Sampling and core drilling by the Bureau of Mines show four ore bodies in a strike distance of about 850 feet. These ore bodies have strike lengths ranging from 95 to 280 feet, widths ranging from 3 to 20 feet, and grades ranging from 0.4 percent to 0.65 percent $WO_3$. Local enrichments contain up to several percent $WO_3$ but are too erratic in distribution to be mined separately. The tactite between the bodies averages about 0.2 percent $WO_3$. Most of the scheelite in the ore occurs as small disseminated crystals scattered throughout the tactite groundmass, but rich seams of scheelite have been noted along fractures cutting the tactite and adjacent rocks.

Other minerals, in addition to the scheelite, contained in the tactite are garnet, quartz, epidote, calcite, fluorite, molybdenite, powellite, pyrite, pyrrhotite, and sphalerite. The fluorite, sphalerite, molybdenite,

and powellite are present in recoverable quantities and are extracted in the milling process.

The North Tem Piute mine has produced about 2,000 tons of ore that averaged about 0.5 percent $WO_3$. Most of the ore has come from the Rae Ella claim.

## ORE RESERVES

Ore reserves for the North Tem Piute mine were calculated by D. M. Lemmon of the Geological Survey in 1944, based on sampling, trenching, and drilling done by the Bureau of Mines. About 80,800 tons of indicated ore, containing about 35,600 units of $WO_3$, was calculated for the four ore bodies shown in figure 2. These ore bodies were projected to the depth of the deepest known ore that was cut by drill hole No. 9, about 250 feet down dip from the outcrop. An additional 430 tons of ore per foot of depth was inferred to a depth of several hundred feet below the indicated ore. No measured ore was calculated. The following table gives the tonnage of indicated and inferred ore for the North Tem Piute mine as calculated by Lemmon:

Indicated Ore

| Block No. | Width, feet | Length feet | Inclined depth feet | Tons | Grade percent | Units $WO_3$ | Per foot of depth below 6,570 elev. |
|---|---|---|---|---|---|---|---|
| 1 | 8 | 100 | 192 | 15,300 | 0.40 | 6,100 | 96 |
| 2 | 4.3 | 260 | 234 | 26,200 | 0.41 | 10,500 | 134 |
| 3 | 13.2 | 95 | 240 | 30,000 | 0.43 | 13,000 | 150 |
| 4 | 4 | 100 | 230 | 9,300 | 0.65 | 6,000 | 50 |
| | | | | 80,800 | 0.44 | 35,600 | 430 |

A value of 10 cubic feet per ton was used in calculating the tonnage.

About 1,000 tons of these reserves have been mined from ore bodies 3 and 4 since the calculations were made.

## PAST OPERATION

The North Tem Piute property was located in 1920 and the North Tem Piute Mining and Development Company was incorporated in 1937. Some ore was produced from the workings along the south end of the contact.

During 1941 a short crosscut adit was driven across the mineralized contact zone near the north end of the property and some drifting was done to explore this ore body. The Bureau of Mines explored this property during 1942 by trenching and in 1944 by diamond drilling.

A lease was given during 1946 to the Atolia Mining Co., who continued the drift to the north. Additional development was done by the Black Rock Mining Company in 1951. This company drove the north drift to and across the property line to explore the extension of the ore zone on the Lincoln Mines ground.

The applicant, Lory M. Free, obtained a lease on the property on July 2, 1951 which was renewed on Feb. 9, 1954. The ore body explored by the north drift was partially stoped; a winze was sunk 20 feet on a favorable showing; and the south drift continued. Drifting and raising were done from the winze at the south end of the property.

During 1951, the applicant produced 360 tons from the north, and 140 tons from the south workings. This 500 tons, which averaged 0.92

percent $WO_3$, was stockpiled, sold to the Black Rock Mining Company, and beneficiated in their nearby Lincoln mill. A Bureau of Mines sample from the remains of this stockpile assayed 0.89 percent $WO_3$.

Shipments during January-March 1954 were 677 tons of ore varying from 0.66 to 1.01 percent $WO_3$, and averaging 0.80 percent $WO_3$. This ore was trucked 220 miles to the Pine Creek mill of the U.S. Vanadium Co. at Bishop, Calif. Milling facilities at the adjoining Lincoln Mine are not available as the Black Rock Mining Company is operating close to capacity. Present production is at a daily rate of 22 tons, or two truckloads, which is hauled to Bishop. Trucking is done on contract for $11.00 per ton.

A car sample taken by the Bureau of Mines of south drift development ore assayed 0.54 percent $WO_3$. The operator tries to maintain a minimum grade of 0.7 percent $WO_3$, however, he estimates it is economically possible to ship development ore above 0.4 percent $WO_3$. Present production is from the south drift, which is being driven to the southeast along the tactite-limestone contact and from a raise on the north drift which has been started to prepare a block of ground for stoping.

## MANPOWER, SUPPLIES, ETC.

Labor, materials, supplies and equipment are available at both Pioche and Las Vegas, Nev. No water is on the property and it is hauled, for mine use, from the Lincoln mine. No transmitted electric power is

available. Compressed air is furnished by a Diesel-driven compressor.

The current wage scale is $2.25 per hour for miners and $1.87 per hour for muckers.

## APPLICANT'S PROPOSAL

The applicant originally proposed to spend $150,235.00 in exploring the North Tem Piute property. Exploration was to consist of a 480-foot adit to intersect the ore zones about 190 feet below the outcrop, followed by 1,030 feet of drifting on this level, a winze to a new level about 110 feet lower, with 1,090 feet of drifting on the second level, plus raises to connect with near surface workings some 100 feet above the proposed adit level, and 900 feet of core drilling.

It was pointed out to the applicant by the field team representatives that this program was too ambitious and a more modified plan was suggested which eliminated the core drilling, raises, winze, lower level drifting, and limited the drifting on the first adit level to 520 feet. The applicant concurred with this proposal. The 480 feet of crosscutting remains as originally proposed except for a slight change in elevation to permit eventual joining of this level with existing workings of the Lincoln mine. The 520 feet of drifting on this level will permit the exploration of the ore zone about 400 feet northward from the adit to the property line, in the ground between Bureau of Mines diamond drill holes No. 9 and 10, about 110 feet beneath the present workings and along the down dip extensions of ore bodies 3 and 4. It will also permit about 120 feet of exploratory drifting

southward under ore body 2 (see fig. 2).

The program has been set up on an overall unit cost basis of $42.00 per foot, or a total cost of $42,000. This cost is considered reasonable as the property is in a remote area requiring higher labor and transportation costs. If this program is successful, the applicant intends to ask for additional Government participation to permit exploration of the ore zone to the southeastward.

The alternative of sinking a winze from the present level and drifting was discussed but this plan was rejected as the difference in overall cost would not be great. The higher cost of winze sinking plus higher drifting costs would not be more economical as a hoistman and top trammer would be required and progress would be appreciably slower.

Geologic conditions are favorable for the downward extensions of the ore zones that crop out at surface or are outlined in the mine workings. The level proposed for exploration has already been successfully explored on the adjoining property of the Lincoln Mines, and has been tested by two diamond drill holes drilled by the Bureau of Mines on the Tem Piute property. The proposed exploration is based on sound geologic interpretations and is planned to obtain the greatest amount of information and test the most favorable ground in a practical and efficient manner.

## OPERATOR'S PROPERTY RIGHTS.

The applicant's lease covers 40 unpatented claims but only three

of them are concerned with the project. They are the Rae Ella, Rae Ella No. 2, and the Phyllis. The crosscut adit will be started on the Rae Ella No. 2 and be driven southwesterly into the Rae Ella claim. The proposed drifting will be on the Rae Ella claim.

A faulted section of the Moody ore zone extends into the Phyllis claim and has been included in the area subject to royalty payments to the Government.

The remaining 37 claims extend along the Timpahute range to the south and east of the tungsten-bearing area and are not concerned with the proposed work.

## EXPLORATION PROJECT

The project can start within 10 days after approval of the contract and can be completed within ten (10) months.

## DESCRIPTION OF PROJECT

The project will consist of driving a crosscut adit an estimated 480 feet to its intersection with the downward extension of the ore zone (fig. 2). Drifts will be driven on the zone 400 feet northwesterly to the end line of the Rae Ella claim, and 120 feet southeasterly. Total footage will be 1,000 feet.

The portal of the adit will be spotted and lines set by engineers from the Lincoln mine. Monthly surveys will also be made for the applicant by these engineers.

## ALLOWABLE COSTS OF PROJECT

The unit cost of $42.00 per foot submitted by the operator for crosscutting and drifting is considered reasonable. This cost is based upon an estimated advance of 4 feet per day. A revision of this estimated cost based on 1,000 feet of work is:

| | | Footage Basis |
|---|---|---|
| (a) Independent contracts: | | None |
| (b) Labor, supervision, consultants: | | |
| Miners $2.25/hr.; muckers $1.87/hr. - 3 men | | $11.98 |
| Supervision - 10 months @ $600/month | | 6.00 |
| (c) Operating materials and supplies: | | |
| Powder, fuse, and detonators | | 3.50 |
| Rail | | 1.00 |
| Ties, spikes, wedges, incidental timber | | 2.00 |
| Compressor supplies | | 2.00 |
| Drill steel and bits | | 2.50 1.75 |
| Gas, oil, tires, etc. for hauling water and supplies | | 1.50 1.00 |
| (d) Operating equipment: | | |
| 1. To be purchased: | | |
| Pipe, air and water | | 1.20 0.75 |
| Pipe for line | | 0.80 |
| 2. To be rented: | | None |
| 3. Owned and furnished by operator: | | |
| Compressor | $9,800 | |
| Rock drills | 1,175 | |
| Air & water hoses | 400 | |
| Mucking machine | 3,700 | |
| Mine cars (3) | 450 | |
| Truck | 2,300 | |
| Tools | 600 | |
| | $18,425 | |
| $18,425/60 = $307.08 x 10 months = $3,070.80 | | 3.07 |

| | Footage Basis |
|---|---|
| (e) Rehabilitation and repairs: | None |
| (f) New buildings, improvements: | None |
| (g) Miscellaneous: | |
| Repairs | $ 1.50 |
| Analytical work - 125 assays @ $5.00 | 0.63 |
| Engineering and accounting | 2.50 |
| Compensation, liability insurance and payroll taxes - 15.2% | 1.82 |
| Total | $42.00 |

34.37

34.50

## CONCLUSIONS AND RECOMMENDATIONS

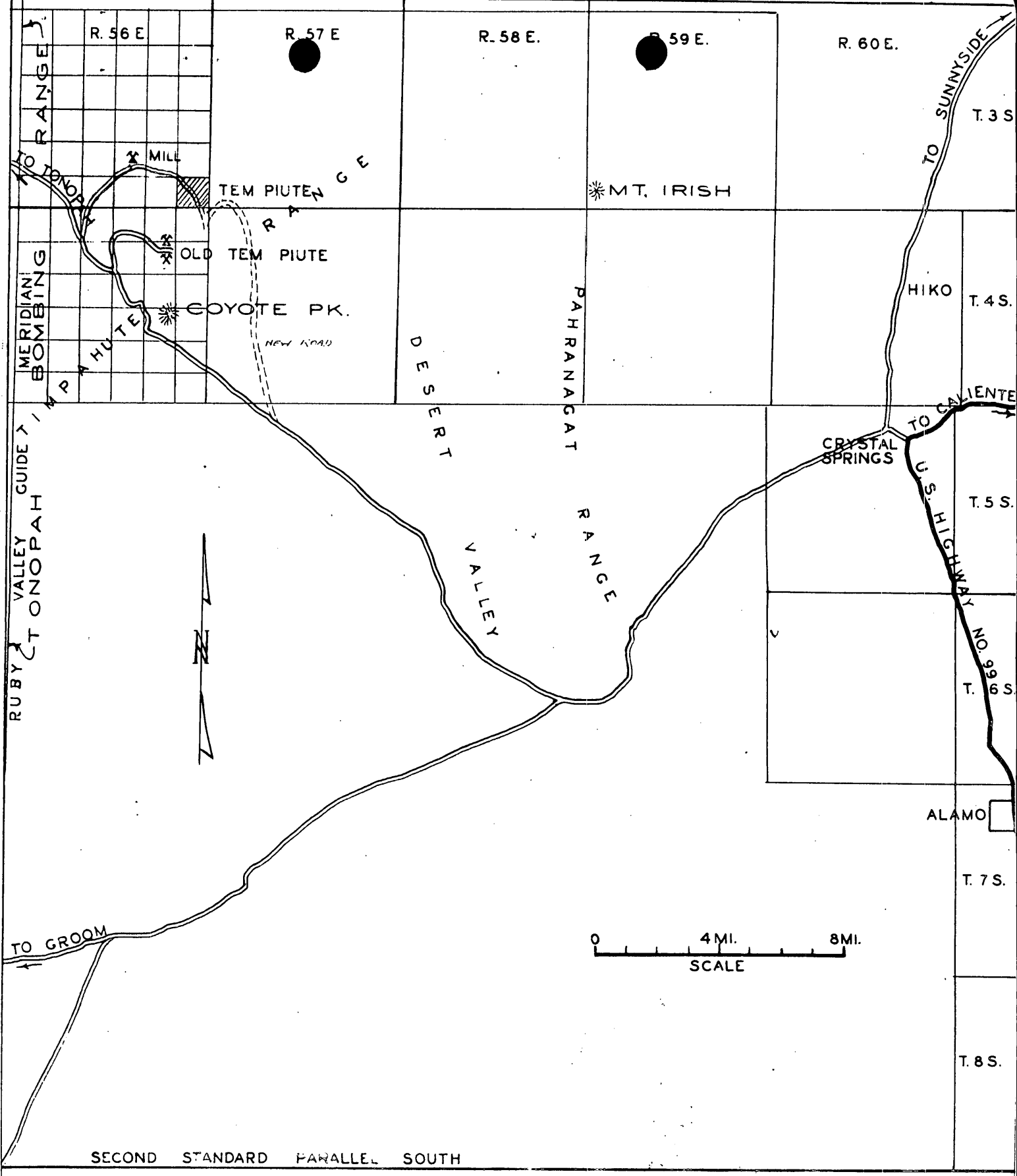
200 feet timbering @ 5.00 1000.00

The examining engineer and geologist conclude that the discovery of minable tungsten ore bodies by the proposed exploration program appears certain. Extension of these ore bodies southward and downward from the proposed exploration is geologically probable. Exploration by the Lincoln Mines on adjoining ground indicates the downward extension of the mineralized zone.

It is recommended that the Government participate in an exploration program at the North Tem Piute mine.

128 assays @ 5.00 640.00

34,500.00
500.00
640.00
35,640.00
26,730.00




TEM PIUTE MINING DISTRICT
LINCOLN COUNTY, NEVADA

FIG. 1

FROM THE STATE HIGHWAY DEPT.

Accepted Bids

| | Cost / foot | |
|---|---|---|
| Labor | $11.98 | |
| Supervision, engineering & accounting | 6.00 | 17.98 |
| | | |
| Powder, fuse, & caps | 3.50 | |
| Rail, complete | 1.00 | |
| Compressor supplies | 2.00 | |
| Drill steel & bits | 1.75 | |
| Gas, oil, twine, etc | 1.00 | |
| Pipe | 0.75 | 10.00 |
| | | |
| Operating equipment to be furnished | | 3.07 |
| | | |
| Misc. | | |
| Repairs | 1.50 | |
| Insurance & taxes | 1.82 | 3.32 |
| | | 34.37 |
| use | $34.50 | |

Rutledge
Martin
Cohran
Selfridge
Johnson
Rutledge

MAR 2 6 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 3273 - Tungsten
Y. Z. Mining Company
North Tem Piute property
Lincoln County, Nevada

Dear Mr. Miller:

The above-docketed application for exploration assistance is being referred to your office for review and possibly a field examination of the property.

In reviewing the subject application, it was noted that the requested exploration program included substantially more development work than could be justified by the surface showings alone, and that the proposed workings extended almost to the property line. The lease covering the property lists 40 claims, but the application lists only three; if the results of the Field Team examination indicate an exploration project is warranted, sufficient property should be included under the land description to protect the Government's interest.

A related memorandum of March 17, 1954, by P. W. Guild, Geological Survey, is enclosed for your information.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee

Enclosure

APPROVED:

J. H. Hedges
Member, Bureau of Mines

Philip W. Guild
Member, Geological Survey

cc: DOCKET
FT, REG. III
CODE 400
OPER. COMM.
ADM. READING FILE
R. W. GEEHAN, USBM
P. W. GUILD, USGS

FARutledge/ls
3/22/54

P.C.G. 3-25-54

Rutledge
Montan
Hedqu
Guild
Leffingwe
Jefferson

MAR 25 1954

Y. Z. Mining Company
c/o Lory M. Free
Panaca, Nevada

Re: Docket No. DMEA 3273-Tungsten
North Tem Piute property
Lincoln County, Nevada

Dear Mr. Free:

The above-docketed application for exploration assistance has been reviewed by the Iron and Ferro-Alloys Division of the Defense Minerals Exploration Administration and referred to Mr. H. C. Miller, Executive Officer, DMEA Field Team, Region III, 1012 Flood Building, 870 Market Street, San Francisco 2, California, for review and possibly a field examination of the property.

Any assistance that you can render the members of the Field Team will be appreciated.

Sincerely yours,

C. O. Mittendorf (fw)

Administrator

cc: DOCKET
CODE 400
FIELD TEAM, REG. III
ADM. READ. FILE
R. W. GEEHAN, USBM
P. W. GUILD, USGS

FARutledge/ls
3/22/54

R.C.L. 3-26-54

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

March 17, 1954

Memorandum

To: W.S. Martin, DMEA

From: P.S. Guild, USGS

Subject: Y.Z. Mining Company
Lory M. Free, Panacea, Nevada
(North Tem Piute property, Lincoln County, Nevada)

Summary:- The applicant proposes to spend $150,325 in exploring the property of the North Tem Piute Mining and Development Company property, otherwise known as the Schofield Mine, in the Tem Piute range, Lincoln County, Nevada. Exploration would be by a 480 foot adit to intersect the ore zone about 190 feet below the outcrop, 1030 feet of drifting on this level, a winze to a new level about 110 feet lower and an equal amount of drifting here, plus raises to connect with old near-surface workings some 100 feet above the new adit level, and 900 feet of core drilling.

Background information:- This property is relatively well known, as it has been studied in some detail by both the Bureau of Mines and the Geological Survey. An open file report, "Tungsten deposits in the Tem Piute district, Lincoln County, Nevada." by Donald G. Wyant and Dwight M. Lemmon of the Survey describes the geologic setting. Figure 2 shows the geology of the subject property in plan, and Section D-D' of figure 3 is a cross section through the area where exploration is proposed. The results of extensive trenching and drilling by the Bureau of Mines are given in R.I. 4626, "Investigation of the Tem Piute Tungsten deposit, Lincoln County, Nevada", by E.O. Binyon, G.H. Holmes, Jr., and A.C. Johnson, January, 1950.

Geology:- Scheelite occurs in tactite along the contact of two stocks of granite intrusive into ~~later~~ upper Paleozoic sedimentary rocks. Tactite is exposed continuously for over 6,000 feet along the western margin of the southern stock. The subject property covers the southernmost 800 feet of this tactite zone, the rest belongs to the Lincoln Mine, which has produced large quantities of ore. Two smaller tactite areas also occur on the subject property, but the applicant does not propose to explore them at present.

Copy retained 400

Results of past physical exploration:- Some 14 surface trenches were made and samples analyzed along the zone of the proposed exploration. (See R.I. 4626, Fig. 12). In addition, 3 holes, Nos. 9, 10, and 11, were drilled and sampled (figs. 15, 16, and 17). They show that the tactite contains small quantities of scheelite over considerable widths, usually upward of 40 feet, but that the average grade is low, well under 0.5 percent $WO_3$. Relatively narrow parts of this zone, generally less than 10 feet across, average above 0.5 percent, but no continuous ore shoots can be demonstrated by the available evidence. Samples from trenches, drill cores, and existing shallow workings suggest that the best chance for minable ore occurs near the north end of the tactite zone, close to the boundary with the Lincoln Mine property. Drill hole 9, which is nearly on the property line, showed 13.7 feet with an un~~investigated~~weighted average of 0.74 percent $WO_3$. The corrected thickness is about 9 feet. A total thickness of about 43 feet (including the 9 feet above mentioned) has a weighted average of 0.22 percent. Hole 10, which intersects the tactite some 200 feet to the south, shows a true thickness of some 28 feet with a weighted average of 0.24 percent $WO_3$. Two isolated "hot spots" totaling about 3 feet assayed 0.69 percent, the rest was below 0.50 percent. An additional 24 feet showed sporadic very low-grade mineralization. Hole 11, 550 feet southeast of No. 10, showed 31 feet averaging 0.18% $WO_3$, with 3 narrow bands (1 to 2 feet) containing 0.53 to 0.62 percent $WO_3$.

Comments:- The applicant does not show any intention to explore the northern, apparently more favorable part of the zone first, but instead wishes to open up the entire 800 feet to a depth of some 300 feet at one fell swoop. Such an ambitious program appears unwarranted, in view of the rather discouraging data available. However, the total amount of tungsten contained in the zone may be very large. If we take 800 x 300 x 30, divided by 10, we arrive at 720,000 tons with 0.2 percent $WO_3$, or 134,000 units. Such material is not economic at present and does not seem likely to be for a long time. Some higher grade material has been shown to exist and the deposit should produce a considerable amount of tungsten if properly developed, although it may never make much money.

The reviewer believes that a more reasonable plan of exploration would be a shorter adit planned to intersect the ore zone about midway between holes 9 and 10 and 100 feet below the outcrop, with shorter drifts north and south. Such a program would cost perhaps one-fourth as much, test the most favorable ground, and prove or disapprove the existence of profitable ore shoots. If this should be successful a more comprehensive program could be planned later.

Recommendation:- Advise the applicant that the present proposal is not acceptable; suggest that he modify it along the lines suggested by the data presented in R. I. 4626. Advise the Field to consult with the applicant, go over his proposal, and make a field examination if it seems advisable.

P. W. Guild

P. W. Guild

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

March 10, 1954

Subject: DMEA-3273
Re: Exploration Assistance
North Tem Piute

Y. Z. Mining Co.
ATTN: Lory M. Free
Panaca, Nevada

Dear Sir:

The receipt of your application dated March 6, 1954 for exploration assistance under the Defense Production Act of 1950, as amended, is hereby acknowledged.

Your application has been assigned Docket Number DMEA-3273 and referred to the Iron and Ferro Alloys Division.

Kindly refer to DMEA-3273 in any future correspondence relating to your application.

Sincerely yours,

Wingfield N. Chamberlain
Chief, Statistics and
Reports Branch

Face of Wch Chang Draft
Coord N. 103,670
E 105,504

Face of M. Draft of YZ.
on map attached to
Geolog. Interim report.
Oct 18, 1955
N103,685
E 105,515

Collation Drift

Map, shows Wch.
Chang & draft, with
Corrections written
YZ. mining Co. M. Draft

Attach to 400 copies of
Docket 3273, Lory Free
Note that on that contract,
in Amendment 2, no change
was made in amounts of money
in Article 6 or Annex I

Amended Contract
2635, E427
Bradley Min. Co.
from 136,000 to 224,400
Same for 2920-Hy
Bonanza Oil

Amend 2 - 3273, E680
Lory Free —
from $39,600 to $77,035

Amend 2, 3098, E598
Sunshine Min. Co.
from $45,105 to 61,355

Amend 2, 3173, E657
Johnson Bros. + Prunie
from $22,000 to 38,000

4

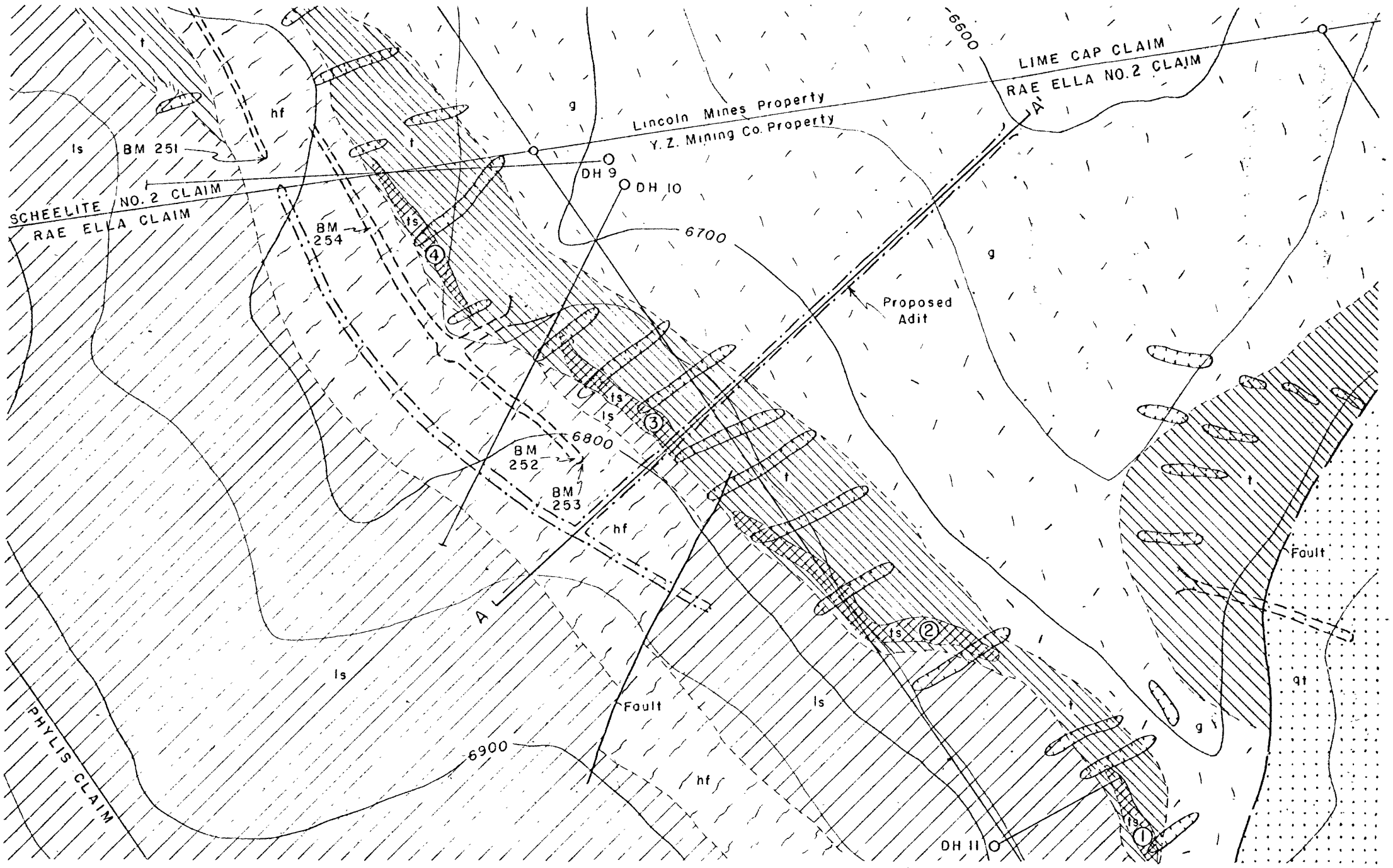
Amend 2, 3635, E427
Bradley
from $112,000 to $136,000

---

Amend 4, 2082, E248
Mt. Wheeler Mines
from $141,076 to $170,424

---

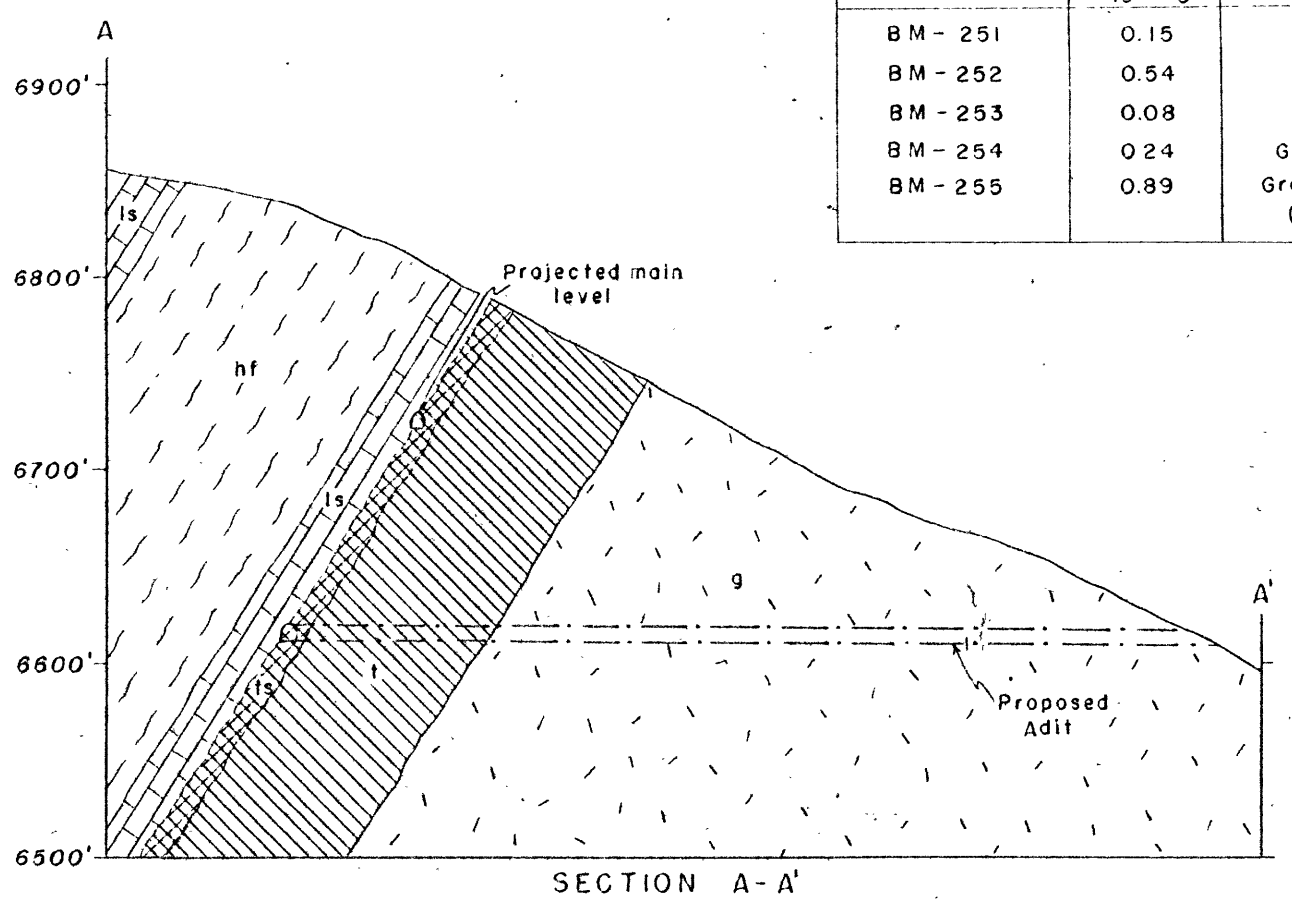
Amend 1, 2925, E521
Fred M. Anderson, et al
from $14,240 to $21,640




Modified from Company and U. S. Bureau of Mines Maps

SKETCH MAP

| SAMPLE NO. | % $WO_3$ | DESCRIPTION |
|---|---|---|
| BM - 251 | 0.15 | Chip - 5.0' |
| BM - 252 | 0.54 | Car sample |
| BM - 253 | 0.08 | Chip - 4.0' face |
| BM - 254 | 0.24 | Grab - raise muckpile |
| BM - 255 | 0.89 | Grab - 500 ton stockpile (remaining ore) |



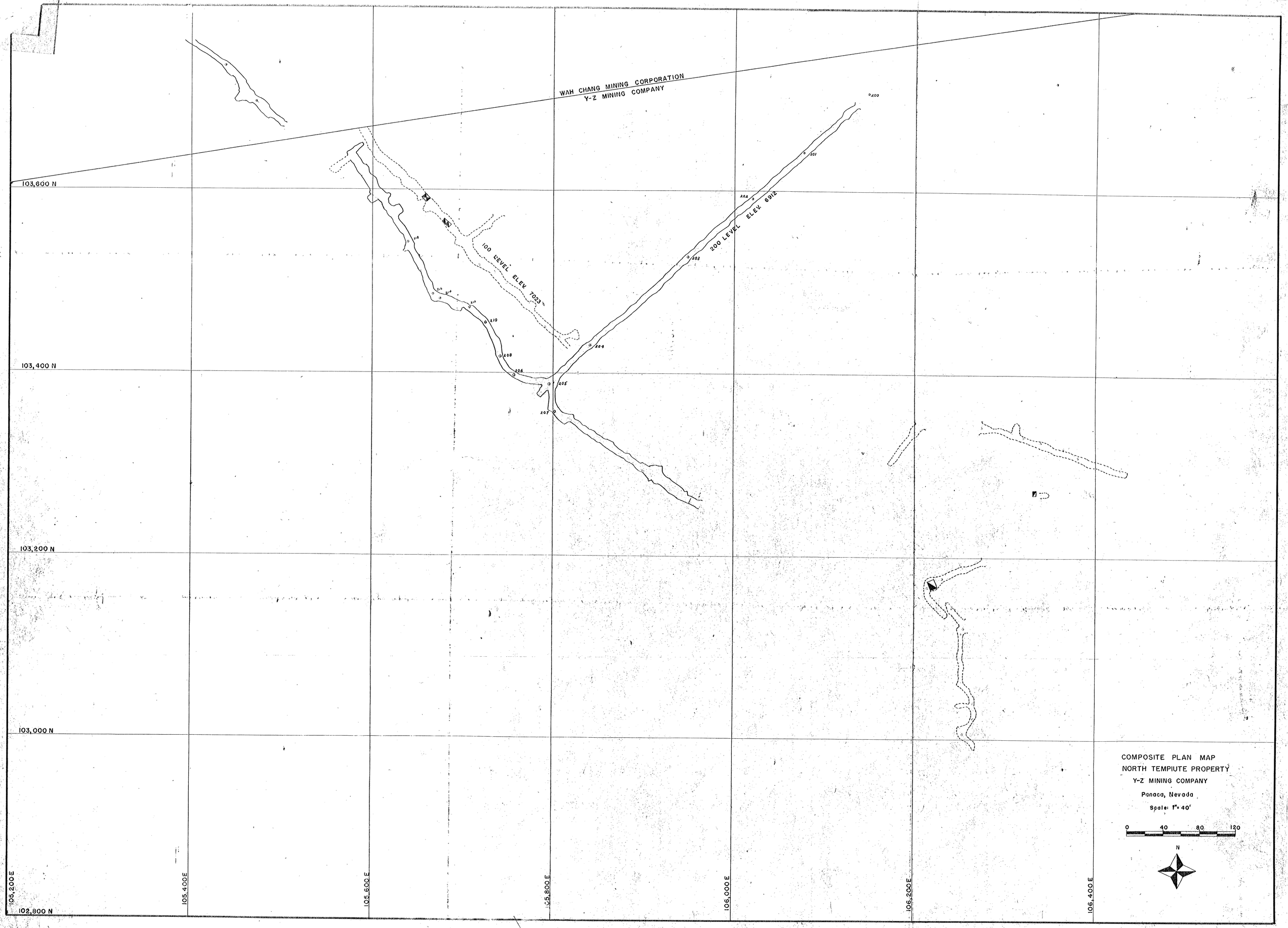
EXPLANATION

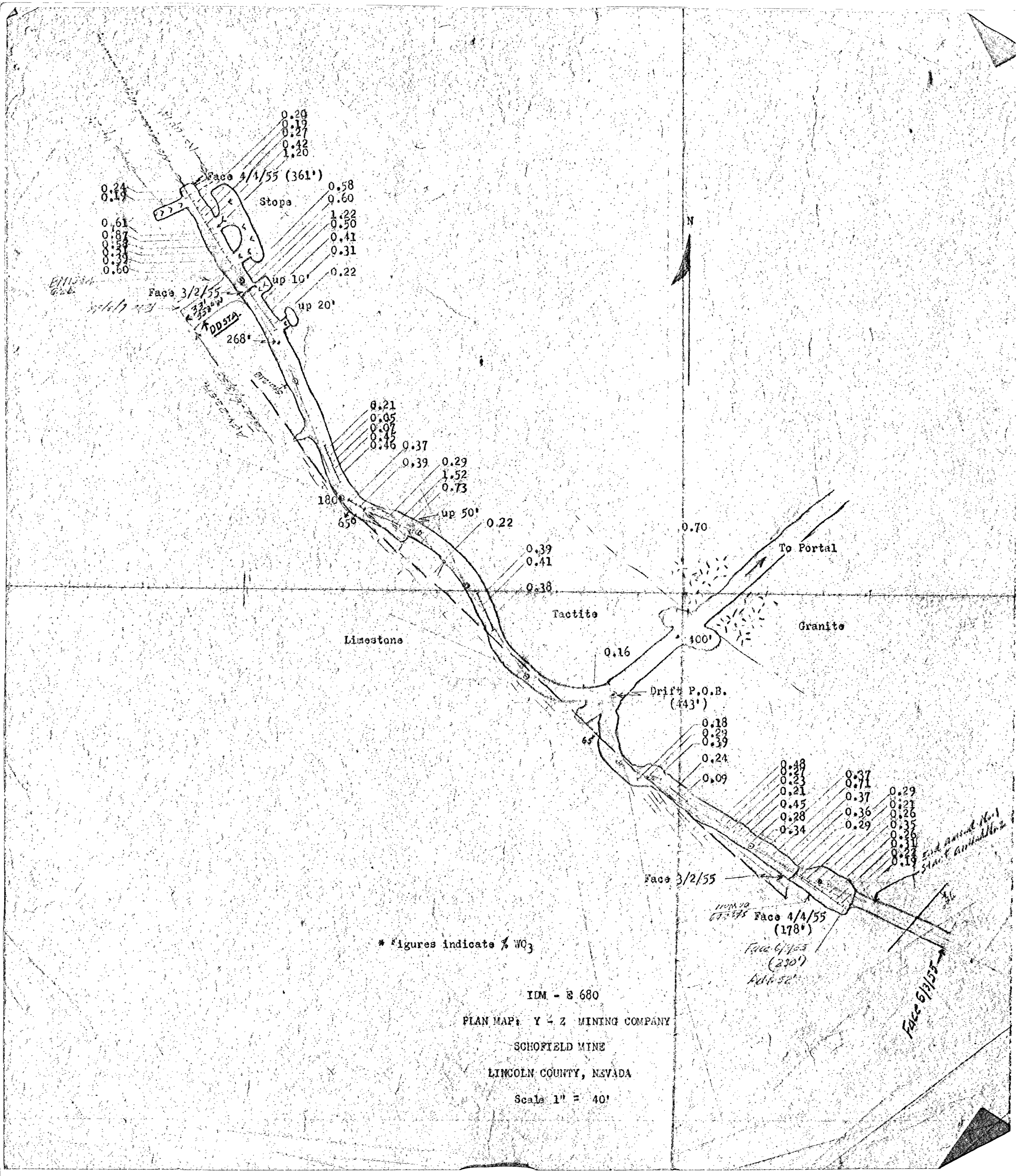
- g — Granite
- ls — Limestone
- hf — Platy hornfels
- qt — Quartzite
- t — Tactite
- ts — Scheelite bearing tactite (+ 0.2 % $WO_3$)
- Contact, approximately located
- Trench
- Underground workings
- ② Reserve Block No.

NORTH TEM PIUTE MINE, LINCOLN COUNTY, NEVADA

100 0 100 200 FEET

FIGURE 2


WAH CHANG MINING CORPORATION
Y-Z MINING COMPANY
100 LEVEL ELEV. 7023
200 LEVEL ELEV. 6912
103,600 N
103,400 N
103,200 N
103,000 N
102,800 N
105,200 E
105,400 E
105,600 E
105,800 E
106,000 E
106,200 E
106,400 E
COMPOSITE PLAN MAP
NORTH TEMPIUTE PROPERTY
Y-Z MINING COMPANY
Panaca, Nevada
Scale: 1" = 40'
0 40 80 120
N




* Figures indicate % $WO_3$

IDM - E 680

PLAN MAP: Y - Z MINING COMPANY

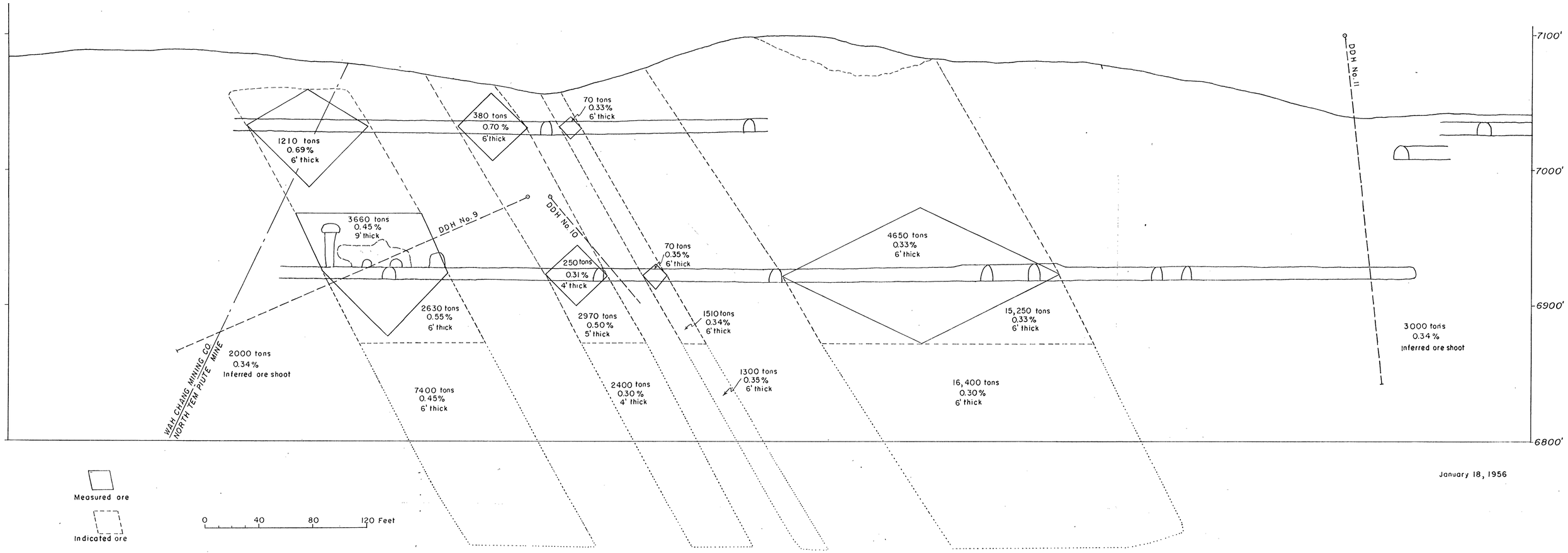
SCHOFIELD MINE

LINCOLN COUNTY, NEVADA

Scale 1" = 40'

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DMEA 3273
(TUNGSTEN)
Idm E-680




Measured ore

Indicated ore

Inferred ore

0 40 80 120 Feet

January 18, 1956

ORE RESERVE BLOCKS, VERTICAL PROJECTION OF MOODY HANGING WALL ZONE
SCHOFIELD MINE, LINCOLN COUNTY, NEVADA

Figure 5

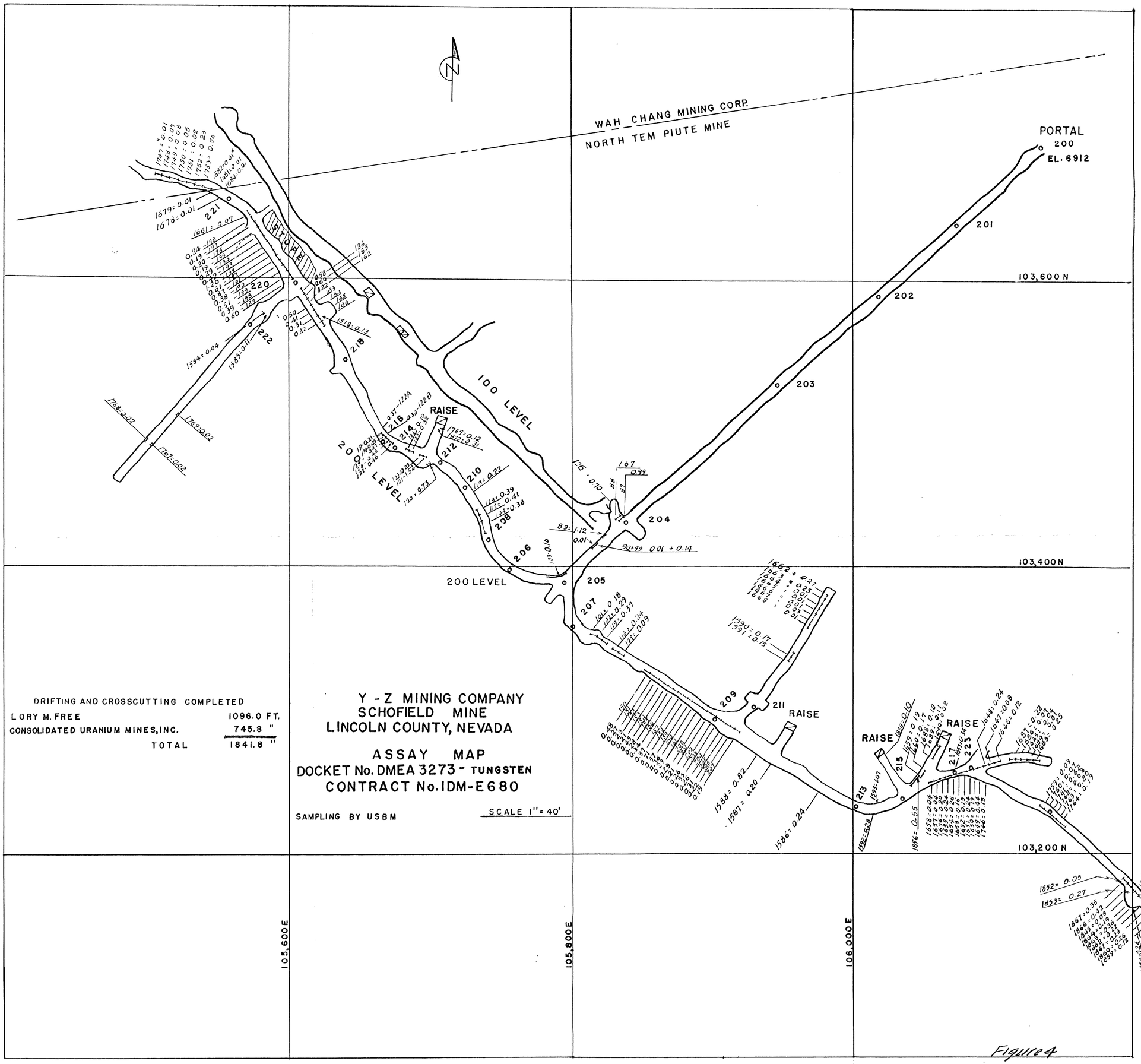
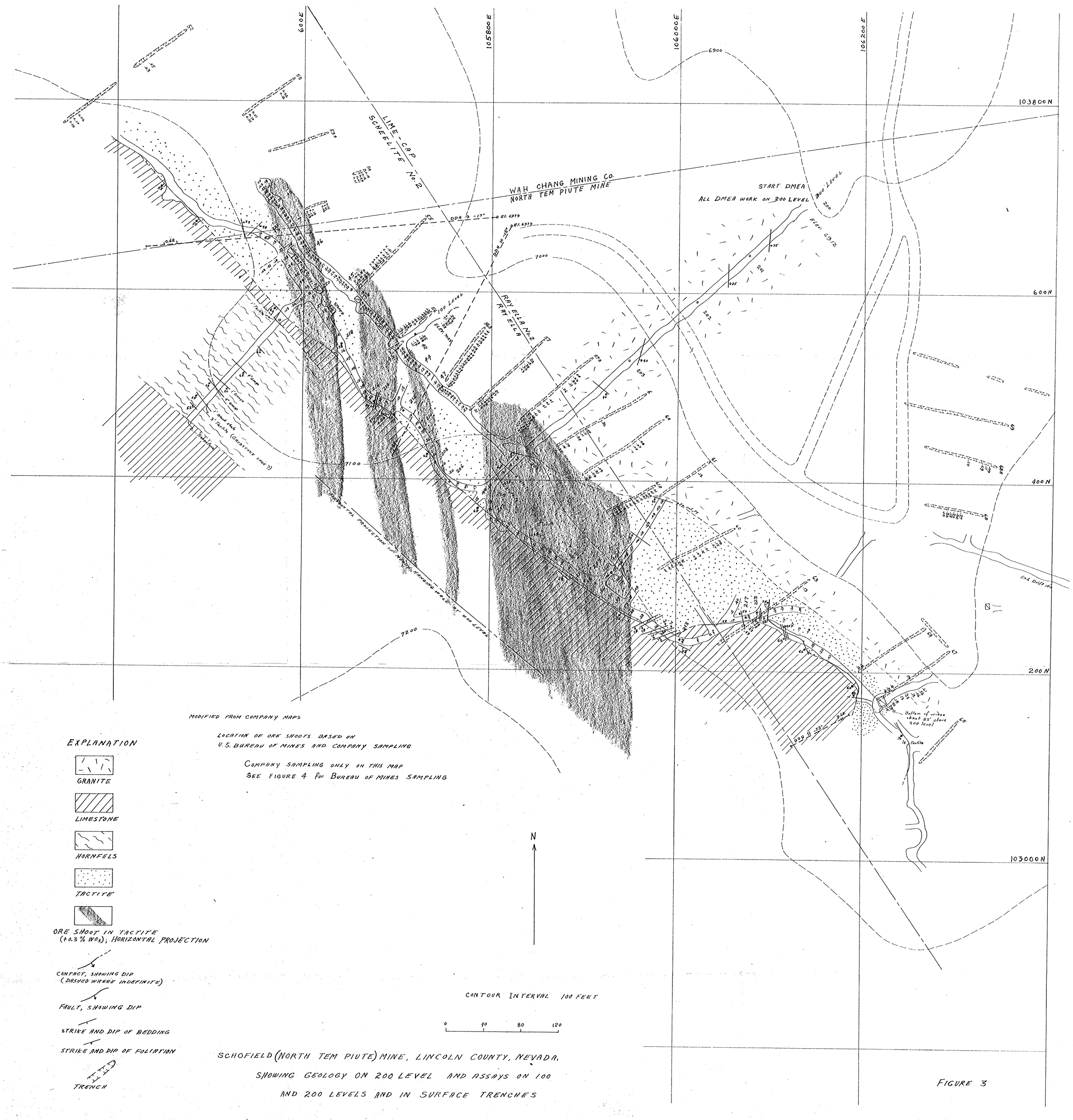

WAH CHANG MINING CORP.
NORTH TEM PIUTE MINE
PORTAL
200
EL. 6912
201
202
203
204
205
206
207
208
209
210
211
212
213
214
215
216
217
218
220
221
222
223
STOPE
RAISE
100 LEVEL
200 LEVEL
OLD WINZE FROM SURFACE
103,600 N
103,400 N
103,200 N
105,600 E
105,800 E
106,000 E
DRIFTING AND CROSSCUTTING COMPLETED
LORY M. FREE 1096.0 FT.
CONSOLIDATED URANIUM MINES, INC. 745.8 "
TOTAL 1841.8 "
Y - Z MINING COMPANY
SCHOFIELD MINE
LINCOLN COUNTY, NEVADA
ASSAY MAP
DOCKET No. DMEA 3273 - TUNGSTEN
CONTRACT No. IDM-E680
SAMPLING BY USBM
SCALE 1" = 40'

Figure 4

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DMEA 3273
(TUNGSTEN)




MODIFIED FROM COMPANY MAPS

LOCATION OF ORE SHOOTS BASED ON
U.S. BUREAU OF MINES AND COMPANY SAMPLING

COMPANY SAMPLING ONLY ON THIS MAP
SEE FIGURE 4 for BUREAU OF MINES SAMPLING

EXPLANATION

GRANITE

LIMESTONE

HORNFELS

TACTITE

ORE SHOOT IN TACTITE
(+0.3% $WO_3$); HORIZONTAL PROJECTION

CONTACT, SHOWING DIP
(DASHED WHERE INDEFINITE)

FAULT, SHOWING DIP

STRIKE AND DIP OF BEDDING

STRIKE AND DIP OF FOLIATION

TRENCH

N

CONTOUR INTERVAL 100 FEET

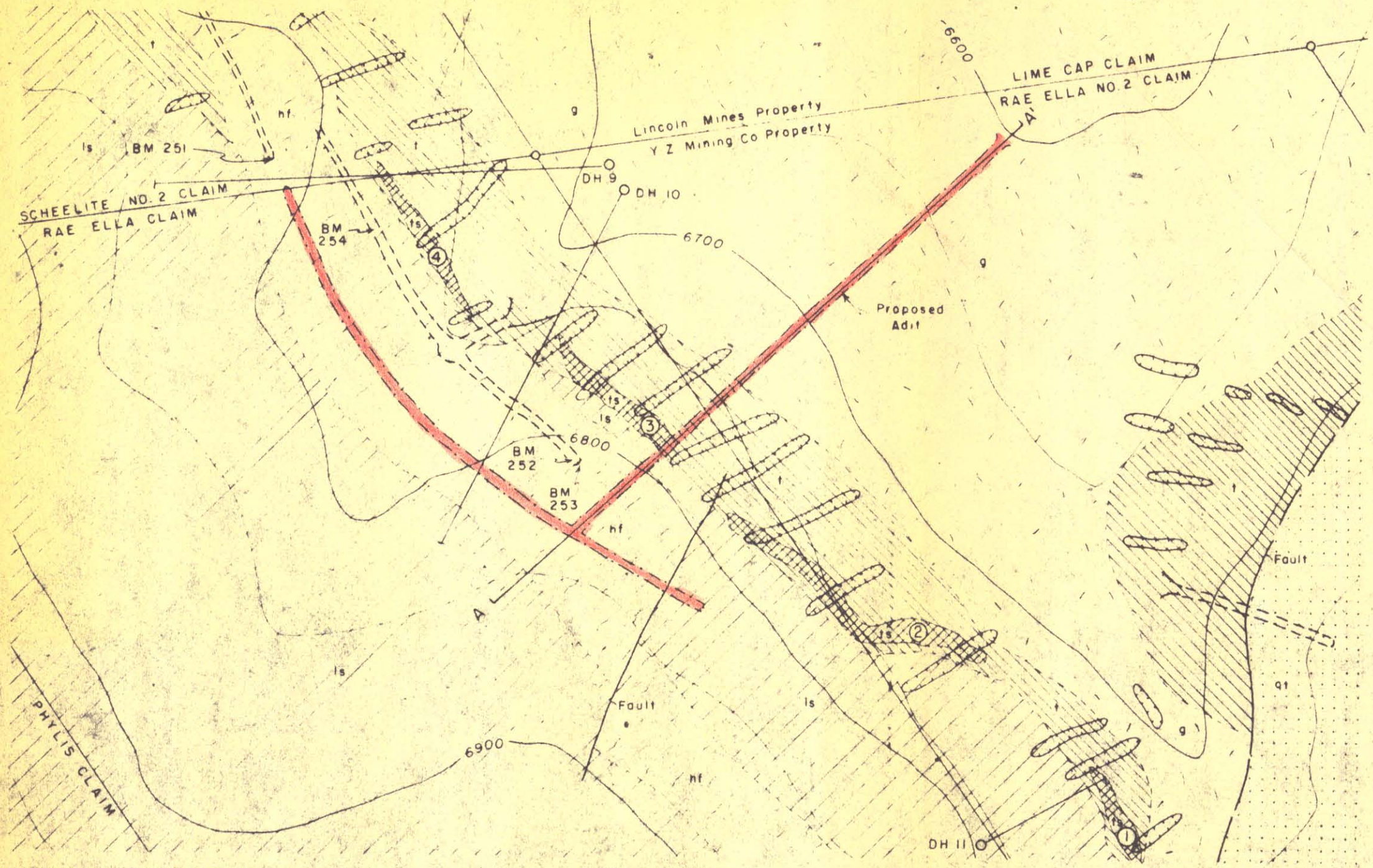
0 40 80 120

SCHOFIELD (NORTH TEM PIUTE) MINE, LINCOLN COUNTY, NEVADA,
SHOWING GEOLOGY ON 200 LEVEL AND ASSAYS ON 100
AND 200 LEVELS AND IN SURFACE TRENCHES

FIGURE 3

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DMEA 3273
(TUNGSTEN)




Modified from Company and U.S. Bureau of Mines Maps

SKETCH MAP

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| BM - 252 | 0.54 | Car sample |
| BM - 253 | 0.08 | Chip - 4.0' face |
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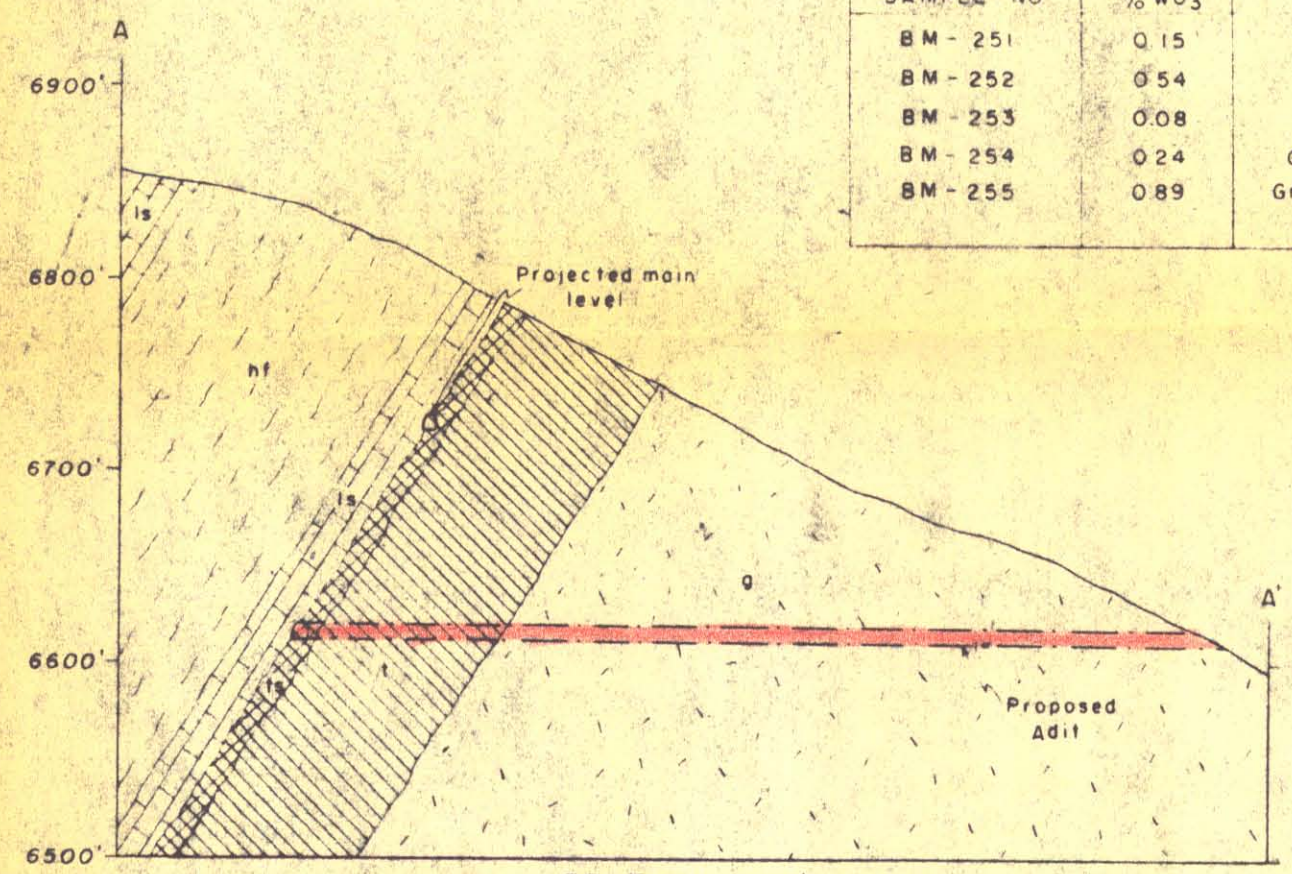
| BM - 255 | 0.89 | Grab - 500 ton stockpile (remaining ore) |




SECTION A-A'

EXPLANATION

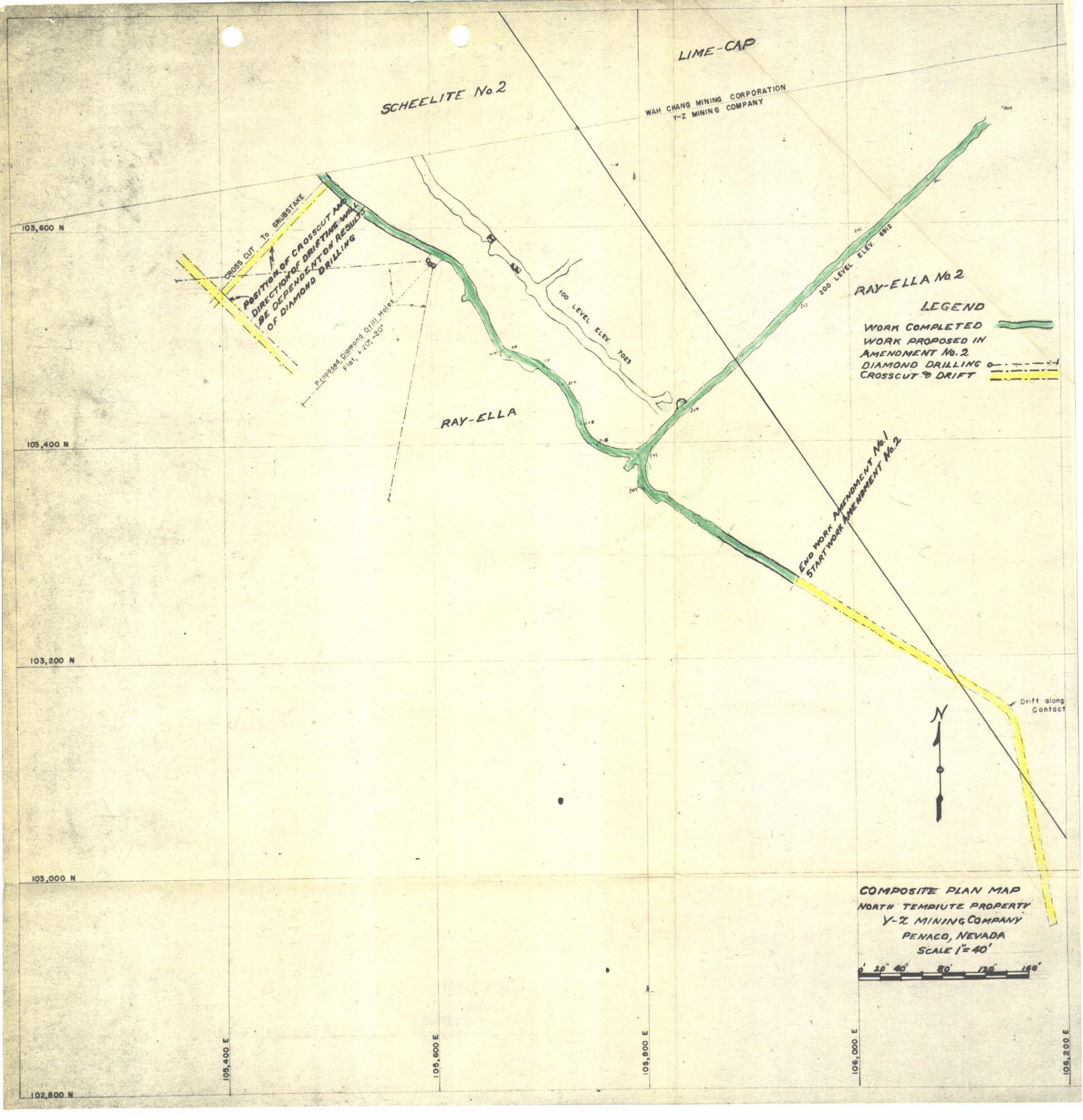
- g — Granite
- ls — Limestone
- hf — Platy hornfels
- qt — Quartzite
- t — Tactite
- ts — Scheelite bearing tactite (+ 0.2 % $WO_3$)
- Contact, approximately located
- Trench
- Underground workings
- ② Reserve Block No.

N

# NORTH TEM PIUTE MINE, LINCOLN COUNTY, NEVADA

100 0 100 200 FEET

FIGURE 2


LIME-CAP
SCHEELITE No.2
WAH CHANG MINING CORPORATION
Y-Z MINING COMPANY
103,600 N
103,400 N
103,200 N
103,000 N
102,800 N
105,400 E
105,600 E
105,800 E
106,000 E
106,200 E
CROSS CUT To GRUBSTAKE
POSITION OF CROSSCUT AND DIRECTION OF DRIFTING WILL BE DEPENDENT ON RESULTS OF DIAMOND DRILLING
Proposed Diamond Drill Holes Flat, +20°, -20°
100 LEVEL ELEV. 7023
200 LEVEL ELEV. 6912
RAY-ELLA
RAY-ELLA No.2
LEGEND
WORK COMPLETED
WORK PROPOSED IN AMENDMENT No.2
DIAMOND DRILLING
CROSSCUT & DRIFT
END WORK AMENDMENT No.1
START WORK AMENDMENT No.2
Drift along Contact
N
COMPOSITE PLAN MAP
NORTH TEMPIUTE PROPERTY
Y-Z MINING COMPANY
PENACO, NEVADA
SCALE 1" = 40'
0' 20' 40' 80' 120' 160'