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-K727, Docket DMKA-3398 (fluorspar), dated October 13, 1954, with

Kaiser Aluminum & Chemical Corporation
1924 Broadway
Oakland 12, California

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 Iowa Canyon Fluorspar Property located in Lander County, Nevada, during the period January 1, 1959, through February 19, 1963.

A certification of discovery or development was issued on April 15, 1955, and, in accordance with Article 8 of the contract, royalty is payable on all minerals produced from the land described in Article 2 of the contract for a period of 10 years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A Report of Review dated February 8, 1955, indicated accepted costs under the exploration contract amounting to $2,198.78 with the Government's contribution on a 50 percent basis being $1,099.39.

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 Report of Royalty Review which also found no sales subject to the Government's royalty through December 31, 1958. The royalty account as of December 31, 1958, was:

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

As of February 19, 1963, the royalty account of this project was found to be:

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

E. D. Talbert

E. D. Talbert, OME Auditor

February 26, 1963

Idm-8727 Kaiser Aluminum & Chemical Corporation DMRA-3398

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

This contract provides that the Operator, as principal if the producer or as surety if not the producer, shall pay to the Government a percentage royalty on all mineral production from the unpatented Iowa Fluorspar Nos. 1 to 5 claims in the Iowa Canyon Mining District. At the time the contract was executed the Operator was in possession of the five claims by virtue of (1) a 5-year renewable lease and option to purchase granted on January 25, 1954, by the owners, Joseph G. Keller, Robert L. Keller, and Thomas B. McDowell, and (2) an April 2, 1954, deed executed by Thomas B. McDowell quit-claiming his one-third undivided interest to the Operator. In consideration of the contract, the Kellers of Fallon, Nevada, executed an Owner's Consent to Lien.

The exploration work under the contract was performed during October and November 1954. No minerals were produced during that period and subsequent examinations of the property and inquiries by DMEA and OME regional representatives disclosed no production through December 31, 1958.

In a February 19, 1963, reply to a MME Form 63 inquiry Joseph G. Keller, West Star Route, Fallon, Nevada, advised that the Operator gave up its lease in 1957, no further changes in property status have occurred, and there has been no production since January 1, 1959.

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

(1) The files indicate that no minerals have been produced since the date of the contract from the property thereunder; and

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

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

EXTRA COPY
O. M. E
RECEIVED MAR 18 1963
DATE
800

March 11, 1963

Memorandum

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

From: Acting Field Officer, OME, Region II

Subject: DMEA-3398 (Fluorspar)
Kaiser Aluminum & Chemical Corporation
Iowa Canyon Fluorspar Property
Lander County, Nevada
Contract Idm-E727

Enclosed is the original of a Report of Royalty covering the subject contract. This office concurs in the facts as stated in the Report of Royalty Review.

PAUL V. FILLO

Paul V. Fillo

Enclosurer

cc:
Chief, Division of Field Operations, OME, Washington, D. C.
Contract Administration and Audit Division, OME, Washington, D. C.

FEB 26 1963

Memorandum

To: Acting Field Officer, Region II

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

Subject: BMKA-3398 (Fluorspar)
Kaiser Aluminum & Chemical Corporation
Iowa Canyon Fluorspar Property
Lander County, Nevada
Contract Idm-E727

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, U. S. 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 2-26-63

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

Kaiser Aluminum & Chemical Corporation
Kaiser Center
300 Lakeside Drive
Oakland 12, California

Attention: Mr. Ward B. Saunders, Jr., Assistant Counsel

Re: DMEA 3398 (Fluorspar)
Kaiser Aluminum & Chemical Corporation
Iowa Canyon Fluorspar
Lander County, Nevada
Contract Ldm-8727

Gentlemen:

In a letter dated October 12, 1962, Mr. Saunders stated that the "Iowa Fluorspar" claims which are listed in the referenced contract have been transferred to Mr. Joseph G. Keller and Mr. Robert L. Keller of Fallon, Nevada, who assumed all of the corporation's obligations under the contract.

We wish to advise you that under the terms of the subject contract and the certification issued April 13, 1955, we must hold Kaiser Aluminum & Chemical Corporation as surety for any royalty payable on production from the Iowa Fluorspar claims Nos. 1 through 5 listed in the referenced contract.

Sincerely yours,

George Fumich, Jr.

Director

FMMurphy/mm
10-17-62
cc: Director's reading file
Region IX (2)
CA & A Div.
Docket
Code 500

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

555 Battery Street
San Francisco 11, California

March 27, 1962

Memorandum

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

From: Acting Field Officer, OME, Region II

Subject: Docket DMEA-3398 (Fluorspar)
Kaiser Aluminum & Chemical Corporation
Iowa Canyon Fluorspar
Lander County, Nevada
Contract Idm-E727

In reference to your memorandum of March 16, 1962, our files disclose no subsequent examinations or information as to the status of the subject contract.

PAUL V. FILLO

Paul V. Fillo

MAR 1 6 1962

Memorandum

To: Acting Field Officer, Region II

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

Subject: Docket DMEA-5398 (fluorspar)
Kaiser Aluminum & Chemical Corporation
Iowa Canyon Fluorspar
Lander County, Nevada
Contract Idm-8727

The Washington office files on the subject contract indicate that the last examination of the property was on December 31, 1957, and also that the property was reported inactive through December 31, 1958. Your advice as to whether the regional files disclose subsequent examinations or information as to status will be appreciated.

In a semi-annual report for the period of January 1 to June 30, 1956, the statement is made that the property was "reported" to be released to the owners who planned on making shipments. It is assumed that no shipments were ever made, but the question arises as to whether the Operator's termination of interest was confirmed.

EDTalbert/cac
March 16, 1962

cc: Director's reading file
Contract Admin. & Audit Div.

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

MAY 21 1959
O.M.E.

REPORT OF ROYALTY REVIEW

I have reviewed the files and records of the OME Field Team, Region II, pertaining to Contract No. Idm-E727, Docket No. DMEA-3398 (Fluorspar), dated October 13, 1954, with

Kaiser Aluminum & Chemical Corporation
1924 Broadway
Oakland 12, California

for the purpose of determining the amount of royalties due the U. S. Government on sales of fluorspar ore, from property known as the Iowa Canyon Fluorspar Property, located in Landor County, Nevada, during the period October 13, 1954 to December 31,1958.

A certification of discovery or development was issued on April 15, 1955 and accordingly royalty is payable on all production from the land described in Article 2 and Annex I of the contract, for a maximum period of 10 years from the date of contract. A Report of Review in lieu of final cost audit dated February 8, 1955, indicated acceptable costs under the exploration contract amounted to $2,198.78 with the Government's contribution on a 50 percent basis, being $1,099.39.

No royalties have been paid to date in connection with this contract.

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

(a) According to the Field Team's Semi-Annual Report of Certified Projects for the period July 1, 1958 to December 31, 1958, there was no production during the period covered by this review.

(b) 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 royalty which might be disclosed.

George Mavor

May 19, 1959

George Mavor, OME Auditor

MAY 21 1959

Memorandum

To: Mr. George Mavor, OME Auditor

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

Subject: Docket No. DMEA-3398 (Fluorspar)
Kaiser Aluminum & Chemical Corporation
Contract No. Idm-E727

Your Report of Royalty Review on the above-cited contract is approved and normal distribution is authorized.

AMAlley/ama
May 21, 1959

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

[illegible]

[illegible]

I have reviewed the monthly report [illegible]

Kaiser Aluminum & Chemical Corporation
(a Delaware corporation)
1924 Broadway
Oakland 12, California
Mailing address:
1625 Eye Street N.W.
Washington, D. C.

DEPARTMENT OF [illegible]
Defense [illegible]
Date
FEB 14 1955

pertaining to exploration project contract no. [illegible]-721, docket no. [illegible]-3[illegible], for the month of November 1954, covering a project for the exploration of fluorspar, on property known as [illegible] Oregon Fluorspar Property, located in [illegible] County, Oregon.

My review included an examination of the monthly report (form [illegible]-10[illegible]) and supporting documents attached thereto, comparison of costs claimed with the contract and pertinent schedules, consultation with the executive officer in charge of the project, and a determination of the reasonableness and propriety of the costs.

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

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

(b) the monthly report was supported by documentary proof of the costs incurred under the contract.

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

Total cost as billed by the contractor	$[illegible],19[illegible].[illegible]
Excessive "	--
Total accepted cost	$[illegible],19[illegible].[illegible]

The contract calls for a 50 percent participation of exploration costs by the United States Government. Therefore, payment to the contractor by the Government in the amount of One Thousand Ninety Five and [illegible]/100 dollars:

$ [illegible],0[illegible].[illegible]

is considered valid and proper, provided that the [illegible] Area Office, the Administrator, or other [illegible] official may accept the project as having otherwise met the terms of the contract.

February [illegible], 1955

George Mavor
George Mavor
Auditor

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
Budget Bureau No. 42-R1036.4
Approval Expires 6-30-55
RECEIVED
MAR 10 1955

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

Month of November, 1954 Docket No. DMEA 3398 Contract No. Idm-E-727
Operator's Name Kaiser Aluminum and Chemical Corporation Minerals Fluorspar
Address 1924 Broadway, Oakland 12, California
Contract Amount, $ 5,020.00 Government Participation: 50 % Amount, $ 2,510.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing	$727.88	Ø	$727.88			
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor	234.08	Ø	234.08			
Supervision	590.00	Ø	590.00			
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives	25.78	Ø	25.78			
Pipe						
Track						
Oil and Gas for Compressor	20.58	Ø	20.58			
(4) Operating Equipment:						
Rental	113.34	Ø	113.34			
Purchase						
Depreciation	165.20	Ø	165.20			
(5) Initial Rehabilitation and Repairs	Ø		Ø			
(6) New Bldgs., Improvements, etc.	Ø		Ø			
(7) Miscellaneous:						
Repairs to Equipment	Ø	Ø	Ø			
Sampling and Analysis	249.00	Ø	249.00			
Payroll Taxes	54.18	Ø	54.18			
Liability Insurance	16.55	Ø	16.55			
Postage for samples	2.19	Ø	2.19			
(8) Contingencies (specify):						
TOTALS	2,198.78		2,198.78			

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

Date Dec. 27, 1954 *Payee Kaiser Aluminum & Chemical Corporation

Per A. N. Warburton, Jr. Title Assistant Secretary

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

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

$ 1099.39

Signature Lloyd H. Sjolander
Authorized Certifying Officer
(Authorized Certifying Officer)

Date MAR 2 1955 Vou. No. SF-DMEA-23
(See other side)

(For Government use only)

Certification by Government Representative:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. IdmE727 in accordance with the terms of the contract.

Signature George H. Holmes, Jr. Title Mining Methods Research Engineer Date 12/30/54

George H. Holmes, Jr.

Approval by DMEA Executive Officer or Alternate:

Signature S. Ricker Title Executive Officer, DMEA Field Team, Region II Date 1/3/55

S. Ricker

Form MF-104A
(April 1952)

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 10 1955

Budget Bureau No. 42-R1151
Approval expires 6-30-53.

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

Month of November 1954 Docket No. DMEA 3398 Contract No. Idm-E-727
Operator's Name Kaiser Aluminum & Chemical Corporation Minerals Fluorspar
Address 1924 Broadway, Oakland 12, California

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching	Feet	2193.78	1600	$2,193.78	1600	$1.37		
Test Pits								
Roads and Trails								
								TOTAL COSTS AUTHORIZED BY CONTRACT
TOTAL DISTRIBUTED COSTS		2,193.78	1600	2,193.78				
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		$2,193.78		$2,193.78				

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

Date Dec. 27, 1954 Operator Kaiser Aluminum & Chemical Corporation
Per A. H. Warburton, Jr. Title Assistant Secretary

REMARKS:

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

(Instructions on reverse)

(For Government use only)

Department of the Interior
Defense Minerals Administration
RECEIVED
MAR 10 1955

SCHEDULE SUPPORTING OPERATOR MONTHLY REPORT AND VOUCHER

Month of: November 1954 - Docket No. DMEA 3398 - Contract No. IDM-E-727

	VENDOR	INVOICE DATE	INVOICE NUMBER	AMOUNT
(1)	Contracts - Bulldozing			
	McLeod Trucking Service	11- 3-54	5722	$218.88
	Frank E. Gillespie	11-10-54	--	285.12
	McLeod Trucking Service	11-12-54	5810	223.88
				727.88
(2)	Labor and Supervision - Labor			
	T. B. McDowell	11- 7-54		83.60
	T. B. McDowell	11-14-54		83.60
	F. E. Gillespie	11-14-54		66.88
				234.08
	Labor and Supervision - Supervision			
	L. R. Stoiser	11-30-54		590.00
(3)	Operating Materials and Supplies - Explosives			
	Kaiser Aluminum & Chemical Corporation	11- 2-54	03220	25.78
	Operating Materials and Supplies - Oil and Gas for Compressors			
	Standard Oil Company	11-18-54	P/OFR-02562	20.58
(4)	Operating Equipment - Rentals			
	Contractors Equipment Supply	11-19-54		102.84
	Kaiser Aluminum & Chemical Corporation	12-20-54		10.50
				113.34
	Operating Equipment - Depreciation			
	Kaiser Aluminum & Chemical Corporation	12-20-54		165.20
(7)	Miscellaneous - Sampling and Analysis			
	Oscar H. Bribach	12- 1-54		249.00
	Miscellaneous - Payroll Taxes			
	Kaiser Aluminum & Chemical Corp.-Oakland	11-30-54		42.48
	Kaiser Aluminum & Chemical Corp.-Fallon	11-14-54		11.70
				54.18
	Miscellaneous - Liability Insurance			
	Kaiser Aluminum & Chemical Corp.-Fallon	11-14-54		16.55
	Miscellaneous - Postage			
	Kaiser Aluminum & Chemical Corp.	12-20-54		2.19
		GRAND TOTAL		$2,193.78

Kaiser Aluminum & Chemical Corporation
Kaiser Center
300 Lakeside Drive
Oakland 12, California

Re: INRA-3318 (Fluorspar)
Kaiser Aluminum & Chemical Corporation
Iona Canyon Fluorspar
Lander County, Nevada
Contract Lem-E727

Gentlemen:

By the terms of the subject Exploration Project Contract and the certification of discovery or development dated April 15, 1955, all minerals mined or produced from October 13, 1954, to October 13, 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

MMarrithew/mm (10/13/64)
cc: Messrs. Robert L. Keller and Joseph G. Keller, Fallon, Nevada
Director's Reading File
CA&A Division
Region II
Docket
Code 120M

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

To: Kaiser Aluminum & Chemical Corporation
1924 Broadway
Oakland 12, California

Pursuant to the provisions of Exploration Project Contract No. Ida-5727, dated October 13, 1954 (Docket No. DMEA-3398), hereinafter called the "contract" between you and the United States of America, hereinafter called the "Government"; to establish and fix the Government's percentage royalty on production and its lien thereon and on the land described in the contract, the Government considers and therefore certifies that discovery or development from which production may be made has resulted from the exploration work.

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

Two deposits of fluorspar ore were found to extend along the outcrops of quartz-fluorite fissure veins in Tertiary volcanic rocks. Sufficient data were obtained to calculate indicated and inferred reserves of fluorspar.

THE UNITED STATES OF AMERICA

By O'Mutheuder
Administrator, Defense Minerals
Exploration Administration

Dated APR 1 5 1955

JHopkins:ad 4/7/55
Copy to: Mr. Joseph G. Keller
Mr. Robert L. Keller
Mr. Clarence A. Fredell, EPS, GSA
Docket
Admr. R. File
Operating Committee
Mr. Chambers
Mr. Johnson
Finance Office

Field Team, Region II
Mr. Kiilsgaard, 5222
Mr. ~~Arundale, 9516~~ J. W. Hedger
Mr. Henk

GOB

APR 1 8 1955

Kaiser Aluminum & Chemical Corporation
1924 Broadway
Oakland 12, California

Re: Docket No. [illegible] -- Fluorspar
Kaiser Aluminum & Chemical Corporation
Lone Canyon Fluorspar
Lander County, Nevada
Contract No. Ida-[illegible]

Gentlemen:

Transmitted herewith is a certification of discovery or development on Contract No. Ida-[illegible] on the Lone Canyon Fluorspar, Lander County, Nevada.

By the terms of the Exploration Project Contract and of the certification, all production from the property from the date of the Exploration Project Contract, October 13, 1954, is subject to the Government's percentage royalty as set forth in the contract until the sum of $1,[illegible].39 is paid or until October 13, 1964, whichever occurs first.

Payments should be made to Mr. Spangler Micher, Executive Officer, Defense Minerals Exploration Administration Field Team, Region II, Rare and Precious Metals Experiment Station, Bureau of Mines, 1605 Evans Avenue, Reno, Nevada. Checks should be drawn payable to the Defense Minerals Exploration Administration. The purchaser should be advised to deduct the royalties from the amount due on each shipment and forward check 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 ore sold, the name of the purchaser, and the price and charges certified to be correct by the purchaser.

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

Sincerely yours,

C. O. Mittendorf
Administrator

Enclosure

Mr. Armstrong, [illegible]
Mr. Hall
Mr. Johnson
Mr. Chairman
Operating Committee
Field Team, Region II
Mr. Nilsson, [illegible]

Department 4/4/55
Copy to: Mr. Joseph G. Keller
Mr. Robert L. Keller
Adm. L. File
Docket

APR 1 8 1955

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

Re: Docket No. [illegible] - Fluorspar
Kaiser Aluminum & Chemical
Corporation
Iron Canyon Fluorspar
Lander County, Nevada
Contract No. [illegible]

Dear Mr. Fredell:

I am enclosing one copy of a certification of discovery or development relating to the subject contract.

The exploration contract was signed October 19, 1954, with the Government participating to the extent of 50% of $5,020.00 or $2,510.00. The project was started on October 29, 1954, and completed November 17, 1954, after the expenditure of $2,198.78 which is the total net accepted cost according to the audit review. The Government paid 50% of the total accepted cost, or $1,099.39.

The work performed on this project consisted of bulldozing 1600 feet of trenches along the outcrop of a quartz-fluorite vein. The property had been explored by several surface cuts, a 30-foot shaft and a drift on the main vein for 43 feet. About 300 tons of 60% CaF_2 ore had been mined and shipped. The project work resulted in the discovery of additional reserves averaging 54% CaF_2 in the following categories:

	Main or shaft	Sentinent
[illegible] estimate:	[illegible] tons	[illegible] tons
Measured ore	612	
Indicated	897	
Inferred	[illegible]	[illegible]
	9,[illegible]	1,250

Grand total 11,197 tons

	Main or shaft	Sentinent
Operator's estimate	[illegible] tons	[illegible] tons
Measured	950	
Indicated	875	
Inferred	9,[illegible]	1,670
	10,[illegible]	1,670

Grand total 12,270 tons

The DMEA concurs with the field team's evaluation of the work performed and has certified that a discovery or development has resulted from the work under this contract.

Sincerely yours,

R. U. Mittendorf

Administrator

Enclosure

JHopkins:ad 4/7/55
Copy to: Admr. R. File
Docket
Mr. Johnson
Mr. Chambers
Operating Committee
Field Team, Region II
Mr. Killagnard, 5222
Mr. ~~Arundale, 5516~~ J. N. Sledge
Mr. Denk

APR 1 8 1955

Mr. Joseph G. Keller

Fallon, Nevada

Re: Docket No. DMA-3398 - Fluorspar
Kaiser Aluminum & Chemical
Corporation
Zuan Canyon Fluorspar
Lander County, Nevada
Contract No. 2dm-2727

Dear Mr. Keller:

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 by Joseph G. Keller and Robert L. Keller of Fallon, Nevada, to Kaiser Aluminum & Chemical Corporation, under a Mining Lease dated January 25, 1954, and is the same property referred to in the Owner's Consent to Lien.

Also enclosed is a copy of our letter to the Kaiser Aluminum & Chemical Corporation.

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosures 2

JHopkins:sd 4/14/55
Copy to: Admr. R. File
Docket
Mr. Johnson
Mr. Chambers
Mr. Hank
Mr. Hodges, 4604
Mr. Killingsard, 5282
Field Team, Region II
Operating Committee

APR 1 8 1955

Mr. Robert L. Keller

Fallon, Nevada

Re: Docket No. DMEA-1198 - Fluorspar
Kaiser Aluminum & Chemical
Corporation
Lone Dragon Fluorspar
Lander County, Nevada
Contract No. Idm-5727

Dear Mr. Keller:

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 by Joseph G. Keller and Robert L. Keller of Fallon, Nevada, to Kaiser Aluminum & Chemical Corporation, under a Mining Lease dated January 25, 1954, and is the same property referred to in the Owner's Consent to Lien.

Also enclosed is a copy of our letter to the Kaiser Aluminum & Chemical Corporation.

Sincerely yours,

D. G. Mittendorf

Administrator

Enclosures 2

JHopkins:ed 4/14/55
Copy to: Admr. R. File
Docket
Mr. Johnson
Mr. Chambers
Mr. Hook
Mr. Hodges, 4604
Mr. Killegaard, 5222
Field Team, Region II
Operating Committee

Docket No. ~~DMEA - 3398~~

Commodity ~~Fluorspar~~

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

TO: Chief, Finance Section, Budget and Finance Branch, Bureau of Mines

Please enter on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program, the following contract, or amendment to contract.

Contract No. Idm-E 707

Date of Contract ~~xxxxAmendment~~ Oct. 13, 1954

Name and Address of Operator:
Kaiser Alum. & Chem. Corp.
Iowa Canyon Fluorspar
Lander County, Nevada

Amount of Government participation ____ $2,510.00

Percent of Government participation 50 %

Region: 11 State: Nevada

Note: Please release $ 1,410.61

(Name)
J. L. Chambers
Chief, Contract Administration and Audit Division

(Title)

Date Delivered to Bureau of Mines, Washington.

2/23/55

54458

Docket No. DMEA - 3398

Commodity Fluorspar

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

TO: Chief, Finance Section, Budget and Finance Branch, Bureau of Mines

Please enter on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program, the following contract, or amendment to contract.

Contract No. Idm-E 727

Date of Contract ~~or Amendment~~ October 13, 1954

Name and Address of Operator:
Kaiser Aluminum & Chemical Corp.
Iowa Canyon Fluorspar
Lander County, Nevada

Amount of Government participation ____ $ 2,510.00

Percent of Government participation 50 %

Region: 111 State: Nevada

(Name)
J. L. Chambers
Chief, Contract Administration and Audit Division

(Title)

Date Delivered to Bureau of Mines, Washington. 10/13/54

54458

Government's copy

Minerals Administration
RECEIVED

MF-200
(Revised June 1954)

Docket No. DMEA - 3398

Commodity Fluorspar

Contract No. Idm-E - 727

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this 13th day of October, 1954 between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Kaiser Aluminum & Chemical Corporation (a Delaware corporation) 1924 Broadway Oakland 12, California, whose mailing address is 1625 Eye Street, N. W. Washington, D. C., hereinafter called the "Operator," as follows:

ARTICLE 1. *This contract* is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200), the attached Exhibit "A," Annex I, and

The Operator shall not transfer or assign this contract or any right thereunder without the written consent of the Government.

ARTICLE 2. *Operator's property rights.*—(a) The land which is the subject of this contract (hereinafter called "the land") is in the State of Nevada, County of Lander, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

(1) The Operator is the owner of 1/3 and lessee[4] of 2/3 undivided interests[5] in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a[6] deed and lease, [7] recorded in Book ____, page ____, official records of said County; and

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: mortgage and deed of trust of the Operator to secure bonds in the amount of $104,000,000.

(c) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above, and (if the Operator does not hold the legal title) the Consent to Lien of any holder of the legal title

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] Insert name, and if an organization, its nature (corporation and place of incorporation, partnership with names of partners, etc.).
[3] State on a separate sheet marked "Annex I" the legal description or enough to identify the property, particularly excluding any areas from which the production is not to be subject to the Government's percentage royalty.
[4] Insert "owner," "lessee," "contract purchaser," "locator," etc.
[5] Insert "the entire interest," "the mineral rights," "an undivided one-third," etc.
[6] Insert "deed," "lease," "contract," "location notice," "patent," etc.
[7] If not recorded, so indicate by inserting "un."

of the land (lessor, seller, optionor, etc.), are attached, as follows: Owner's Consent to Lien of Lessors. Subordination Agreement of mortgagee and trustee waived.

(d) The Operator shall preserve and maintain his right, title, and interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. Until the lapse of the time within which the Government may make a certification of discovery or development without any such certification having been made, and after any such certification has been made, the Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof. If the Government makes no certification of discovery or development within the time limited in Article 8, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 8(b)(1).

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of fluorspar. The work to be performed is described in Exhibit "A." The Operator on or before October 29, 1954, shall commence the work, and on or before February 28, 1955 (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall either have completed the work or shall have incurred allowable costs (see Article 6) in a sum not less than the estimated total allowable cost set forth in Exhibit "A."

ARTICLE 4. *Performance of the work.*—(a) *Operator's responsibility.*—The work shall be performed with reasonable diligence, efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for liability insurance covering employment; and with suitable and adequate equipment, facilities, materials, supplies, and labor, to bring it to completion within the time fixed.

(b) *Independent contracts.*—To the extent that the allowable costs are estimated in Exhibit "A" with express reference to performance by independent contractors on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations), the work may be so performed; but if the reference in Exhibit "A" to any such independent contract requires the Government's approval thereof, payments under such contract will not be allowable costs unless the Government gives its written approval of the contract. Any such independent contract shall refer to some specific and identifiable part of the work, and shall be subject to all of the pertinent terms and conditions of this exploration contract; but the Government shall not be considered a party thereto, and its rights under this contract, including the right to terminate its contributions, shall not be affected thereby. Regardless of the provisions of any such independent contract and regardless of the Government's approval thereof, the Government will participate in payments to the independent contractor only on account of work performed in accordance with the provisions of this exploration project contract, and only to the extent that the Government deems the unit prices for the work under the independent contract to be reasonable.

(c) *Government may inspect.*—The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract, and also after a certification of discovery or development to inspect production operations and underground workings. The operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 5. *Contribution by the Government.*—The estimated total allowable cost of the project, set forth in Exhibit "A," is the sum of $5,020.00. The Government shall contribute 50 percent of the allowable costs as they are incurred in a total sum not in excess of $2,510.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last

voucher or vouchers such sums as it sees fit not in excess of 10 percent of the estimated total cost of the work or not in excess of the amount of the Government's contribution to the cost of property which is or may become subject to disposal as provided in Article 9(c), whichever is greater. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 7(b), but all payments by the Government are provisional only, subject to audit, until the account between the Operator and the Government is finally audited and settled. "Costs incurred" mean costs that have been paid or have become due and payable, or that in the opinion of the Government have become an obligation. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

ARTICLE 6. *Estimated costs.*—(a) *Categories of costs.*—The allowable costs of the work to which the Government shall contribute are limited to those that are direct, reasonable, necessary, and that are estimated in Exhibit "A" by categories as specified in this article. If any category or subcategory is omitted from the estimate of costs, or if the word "none" is annexed to the listing thereof, costs under such category or subcategory are not allowable. Any excess over any estimate which is indicated as the maximum of any category, subcategory, or item, either as to requirement or related cost, and any excess over the estimated total allowable cost of the work, shall not be allowable. Any excess over the estimate of any category, subcategory, or item, either as to requirement or related cost, not indicated as a maximum shall be allowable within the limit of the estimated total allowable cost of the work. To the extent that excesses over maximums other than the estimated total allowable cost of the work may be necessary for the performance of the work, the Operator shall incur such excesses for his own account without contribution by the Government; but except for any such necessary excesses in categories, subcategories, or items thereunder the Operator is not obligated to incur more than his agreed percentage of the estimated, total allowable cost of the work.

To the extent specified in this article or in Exhibit "A" the following categories, subcategories, and elements thereof are maximums; but if not so specified either here or in Exhibit "A" they are not maximums, and may be exceeded within the limit of the estimated total allowable cost of the work:

CATEGORY (1)—INDEPENDENT CONTRACTS.—Work to be performed under independent contracts (see Article 4(b)). The estimated total amount of this category and the estimated cost of each unit of work for performance under an independent contract are maximums.

CATEGORY (2)—PERSONAL SERVICES.

Subcategory (a)—Supervision.—All elements of this subcategory (number of supervisors, periods of employment, rates of pay, and total) are maximums.

Subcategory (b)—Technical services.—All elements of this subcategory (number of technicians, periods of employment, rates of pay, and total) are maximums.

Subcategory (c)—Labor.

CATEGORY (3)—OPERATING MATERIALS AND SUPPLIES.—Includes such items as drill bits and steel, explosives, fuel, pipe, power, small tools costing less than $50 each, timber, track.

CATEGORY (4)—OPERATING EQUIPMENT.

Subcategory (a)—Rental.—The number of each object to be rented [6 mine cars, 1 truck], the rate of rental [$100 per month, $5 per hour], and the total of this subcategory are maximums.

Subcategory (b)—Purchases.—The estimated total of this subcategory is a maximum.

Subcategory (c)—Depreciation.—All elements of this subcategory (time periods, rate of depreciation, and subcategory total) are maximums.

CATEGORY (5)—INITIAL REHABILITATION AND REPAIRS.—Estimates under this category include all requirements and related costs, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The estimated total of this category is a maximum.

Subcategory (a)—Initial rehabilitation and repairs of existing buildings, fixtures, and installations (exclusive of mine workings).—The estimated total of this subcategory is a maximum.

Subcategory (b)—Initial rehabilitation and repairs of operating equipment.—The estimated total of this subcategory is a maximum.

CATEGORY (6)—NEW BUILDINGS, FIXTURES, AND INSTALLATIONS (EXCLUSIVE OF MINE WORKINGS).—Estimates under this category include all requirements and related costs, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The estimated total of this category is a maximum.

CATEGORY (7)—MISCELLANEOUS.—Repairs and maintenance (other than initial) of operating equipment, analytical work, prints and other reproductions, accounting, Operator's share of payroll taxes, liability insurance covering employment, travel, communications, and any other items of requirement or cost that do not fall within any of the first 6 categories.

THE ESTIMATED TOTAL ALLOWABLE COST of the work is a maximum.

(b) *Nonallowable costs.*—The following costs are not allowable for contribution by the Government:

(1) *Costs of the land,* such as rental, depreciation, depletion, or other cost of acquiring, owning, or holding possession;

(2) *Indirect costs,* such as general overhead, corporate management, interest, taxes (other than payroll and sales taxes), insurance (other than liability insurance covering employment), damages to persons, damages to property (other than necessary repairs or replacements of equipment or other property used in the work);

(3) *Previous work* performed or costs incurred before the date of this contract; and

(4) *Deferred payments.*—Any costs incurred by the Operator under any rental-purchase agreement, installment-purchase agreement, or any agreement for the purchase of goods under the provisions of which payment of the full purchase price is deferred more than 90 days from the delivery of the goods; unless the purchase agreement is approved by the Government in writing.

(c) *Reductions in costs.*—The Operator shall account for and give the Government credit for any incidental benefits, credits, or money received in the ordinary course of business in prosecuting the work (as by salvage or sale of materials or equipment, furnishing of room or board, furnishing of power or services to third persons, rebates or discounts on purchases, etc.), in the same ratio in which the Government contributes to costs; and such amounts shall be treated as a reduction in costs incurred so that they are available for use within the limit of the original estimated total cost. This provision does not apply to receipts from production which are subject to the Government's percentage royalty under the provisions of Article 9.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 13. *Changes and added provisions.*—

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By O. Mitchell Dorr
Administrator, Defense Minerals
Exploration Administration

KAISER ALUMINUM & CHEMICAL CORPORATION
(Operator)

By T. J. Ready, Jr.
T. J. Ready, Jr.

Vice President

I, A. N. Warburton, Jr., certify that I am the assistant secretary of the corporation named as Operator herein; that T. J. Ready, Jr. who signed this contract on behalf of the Operator, was then Vice President of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

A. N. Warburton, Jr.

[CORPORATE SEAL]

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

Office of the Interior
Defense Minerals Administration
RECEIVED

EXPLORATION PROJECT CONTRACT
KAISER ALUMINUM & CHEMICAL CORPORATION
DOCKET NO. DMEA-3398

ANNEX I

The land referred to in Article 2 is situated about four miles east of Iowa Canyon Dam, in the Iowa Canyon Mining District, County of Lander, State of Nevada, and consists of the following lode mining claims:

Iowa Fluorspar No. 1

Iowa Fluorspar No. 2

Iowa Fluorspar No. 3

Iowa Fluorspar No. 4

Iowa Fluorspar No. 5

All of said claims appearing as files numbered 28114-28117, at pages 67-69, in Book 18 of Duplicate Mining Notices, in the office of the Recorder of Lander County, Nevada.

DEPARTMENT OF THE INTERIOR
Bureau of Mines Minerals Administration
RECEIVED
NOV 2 - 1964

EXPLORATION PROJECT CONTRACT
KAISER ALUMINUM & CHEMICAL CORPORATION
DOCKET NO. DMEA-3398

EXHIBIT "A"

Description of the Work

At the Iowa Fluorspar No. 1 and No. 2 Claims as shown on the attached map entitled "Iowa Canyon Fluorspar, Lander County, Nevada," by bulldozing dig approximately 800 feet of trench, and by drilling and blasting clean and sample the exposed vein system.

ESTIMATED COSTS OF THE PROJECT

Category (1) - Independent contracts

Bulldoze trench to bedrock approximately 800 linear feet, dozer blade width at bottom, including labor, materials and supplies, transporting in and out	$1,000.00

Category (2) - Personal Services

(a) Supervision

Supervisor @ $600/mo., 1½ mos.	900.00

(b) Labor

Surface miners, 60 man days @ $16.72/day	1,003.20

Category (3) - Operating Materials and Supplies

Explosives	100.00
Sample sacks and tags	50.00
Compressor oil, gas, and supplies	150.00
Tools	96.80

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 3 - 1952

Category (4) - Operating Equipment

Rental of compressor, jack-hammer, and all necessary incidental accessories to drilling	$ 400.00
Depreciation on Company owned automobile, 5,000 miles @ $.07/mile 1/	350.00

Category (5) - Initial Rehabilitation and Repairs

None

Category (6) - New Buildings, Fixtures, and Installations (Exclusive of Mine Workings)

None

Category (7) - Miscellaneous

Analytical work 50 assays for CaF_2 and SiO_2 @ $5.00/ea.	250.00
Transportation of supplies and equipment	500.00
Workmen's compensation and liability insurance	220.00
Total Estimated Cost of Project	$5,020.00
Government participation @ 50%	$2,510.00

1/ Includes repairs, maintenance, supplies, and all other costs.

MF-203
(Revised July 1, 1954)

OWNER'S CONSENT TO LIEN

DEPARTMENT OF THE INTERIOR
Lease Minerals Administration
RECEIVED
MAY 5 - 1954

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

IOWA FLUORSPAR NO. 1, IOWA FLUORSPAR NO. 2, IOWA FLUORSPAR NO. 3, and IOWA FLUORSPAR NO. 4, and IOWA FLUORSPAR NO. 5. All of said claims appearing as filed numbered 28114-28117, at pages 67-69, in Book 18 of Duplicate Mining Notices, in the office of the Recorder of Said Lander County, Nevada.

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

2/ KAISER ALUMINUM & CHEMICAL CORPORATION, a Delaware corporation

hereinafter called the "Operator"; and

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

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

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

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

1/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in book _____ page _____ official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

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

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

(OVER)

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

4. Changes and added provisions _____

_____

_____

_____

Dated this _____ day of _____, 195___.

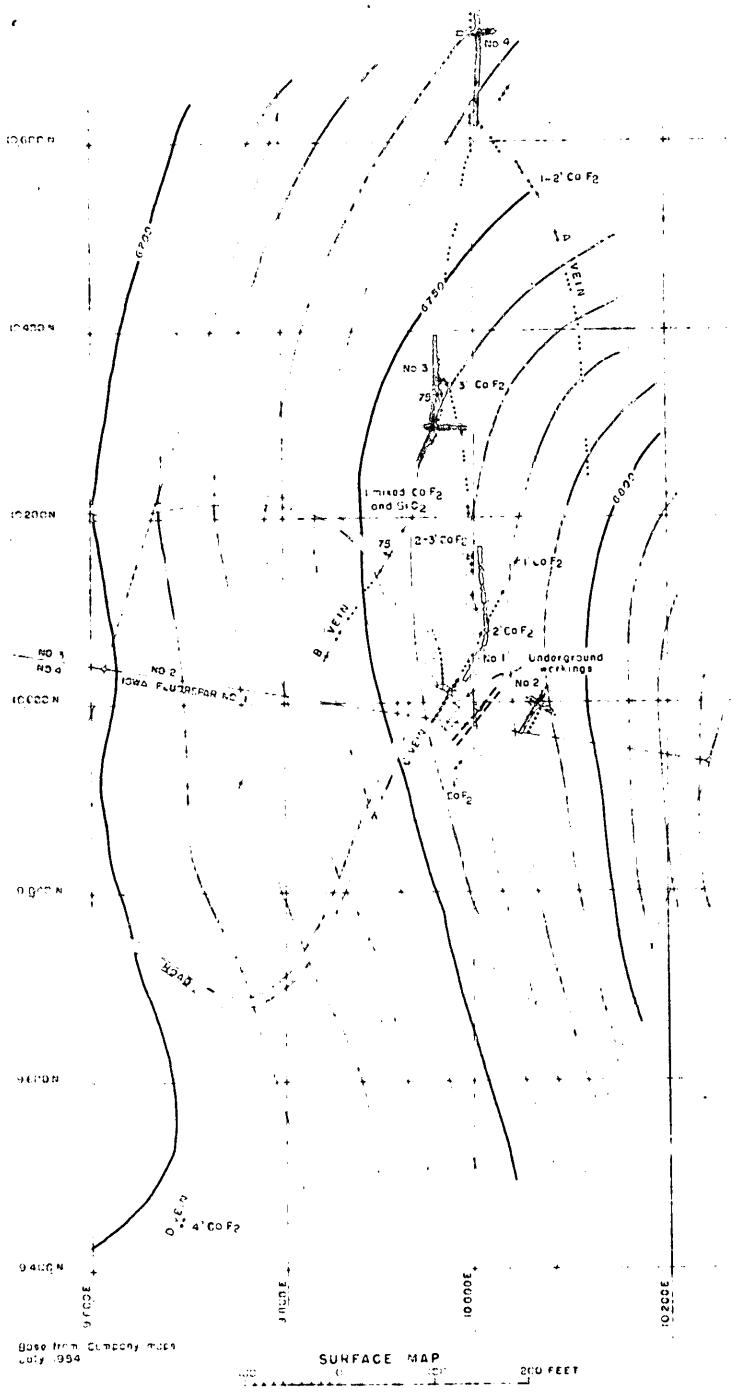
Joseph G. Allen [Seal]

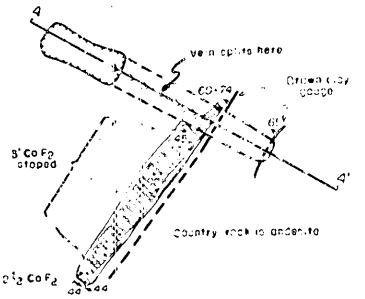
Robert J. Reiber [Seal]

_____ [Seal]

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

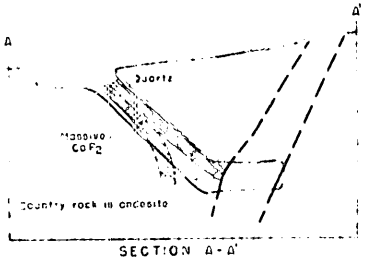
OMEA 3398
(FLUORSPAR)





SKETCH MAP OF UNDERGROUND WORKINGS

20 0 20 40 FEET



SECTION A-A'

EXPLANATION

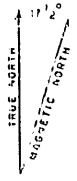
Fault, showing dip (Dashed where approximately located)

Fluorite-bearing vein, showing dip

Vein inferred from float

Proposed trenches

Area underlain by andesite and largely covered by slope wash



IOWA CANYON FLUORSPAR, LANDER COUNTY, NEVADA

FIGURE 2