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-8871, Docket OMEA-3782 (tungsten), dated September 14, 1955, with

J. Noviack and J. F. Barnes
1395 Mark Twain Avenue
Reno, Nevada
and their assignee
Apollo Mines, Inc.
c/o Bible and McDonald
Gazette Building
Reno, Nevada

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 Saddle Mine located in Humboldt County, Nevada, during the period January 1, 1959, through May 25, 1962.

A certification of discovery or development was issued on January 30, 1957, and, in accordance with Article 7 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 September 6, 1956, indicated accepted costs under the exploration contract amounting to $12,997.00 with the Government's contribution on a 75 percent basis being $9,747.56.

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 May 25, 1962, the royalty account of this project was found to be:

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

June 11, 1962

E. D. Talbert, OMB Auditor

Idm-3871 Apollo Mines, Inc., Assignee IDMA-3782

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 Saddle Nos. 1 through 5 unpatented lode mining claims located three miles north of Sentinel Peak. At the time the contract was executed the Operators were owners of the claims.

On the basis of an October 5, 1955, Letter of Intent to enter into a lease and option to purchase agreement with Apollo Mines, Inc., the Government consented on November 4, 1955, to the assignment of the contract to Apollo without releasing the Operator-Assignor from any of the provisions of the contract. An Agreement for Lease and Option was executed on March 1, 1956.

Work under the contract was completed on July 20, 1956, and the Operator-Assignee terminated its lease on August 1, 1956. No ores were produced during the exploration work. Examinations of the property and inquiries have found that the property has remained inactive since July 1956 through the period covered by this review. The Operator-Assignor advised in a May 23, 1962, reply to inquiry on MMB Form 63 that neither production nor change in possessory status has occurred.

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 contain no evidence of production from the property under the contract during the period covered by this review; 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 JUN 18 1962

June 15, 1962

800

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-3782 (Tungsten)
Apollo Mines, Inc., Assignee
Saddle Mine
Humboldt County, Nevada
Contract Idm-E 871

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

PAUL V. FILLO

Paul V. Fillo

Enclosure

Copy to: Contract Administration & Audit Division, OME, Washington, D. C.
Chief, Division of Field Operations, OME, Washington, D. C.

JUN 1 1 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-5782 (Tungsten)
Apollo Mines, Inc., Assignee
Saddle Mine
Humboldt County, Nevada
Contract Idm-8871

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 6-11-62

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

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

March 23, 1962

EXTRA COPY
O. M. E
RECEIVED MAR 27
DATE

Memorandum

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

From: Acting Field Officer, OME, Region II

Subject: IMEA-3782 (Tungsten)
Apollo Mines, Inc., Assignee
Saddle Mine
Humboldt County, Nevada
Contract Idm-E871

With reference to your memorandum of March 19, 1962, enclosed is a copy of the semi-annual report for July 1 to December 31, 1958.

We are unable to locate the semi-annual report for January 1 to June 30, 1958, but will continue to search for this report.

Our files show the last examination was made during the period of July 1 to December 31, 1958.

To our knowledge, there has been no change in ownership.

PAUL V. FILLO

Paul V. Fillo

MAR 19 1962

Memorandum

To: Acting Field Officer, Region II

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

Subject: DMEA-3782 (Tungsten)
Apollo Mines, Inc., Assignee
Saddle Mine
Humboldt County, Nevada
Contract Idm-8871

According to the Washington office files the last examination of the property under the subject contract was on December 31, 1957. The semi-annual report on this examination states "no change", indicating no activity on the property since completion of the exploration work on July 20, 1956.

A Report of Royalty Review issued by George Mavor on May 21, 1959, refers to a semi-annual report for July 1 to December 31, 1958. However, neither this report nor one for the prior six months can be located in the Washington files.

Your advice will be appreciated as to whether your regional files disclose (1) any subsequent examinations of the property or inquiries on the Operator-Assignee or the Operator-Assignor, (2) if so, the findings, and (3) any change in ownership or lease of the property since abandonment by the Operator-Assignee.

EDTalbert/cac
March 19, 1962

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

MAY 27 1959
O.M.E.

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files and records of the OME Field Team, Region II, pertaining to Contract No. Idm-8871, Docket No. DMEA-3782 (Tungsten), dated September 14, 1955, including Amendment No. 1, with

Apollo Mines, Inc., Assignee
c/o Bible and McDonald
Gazette Building
Reno, Nevada

for the purpose of determining the amount of royalties due the U. S. Government on sales of tungsten from property known as the Saddle Mine, located in Humboldt County, Nevada, during the period September 14, 1955 to December 31, 1958.

A certification of discovery or development was issued on January 30, 1957 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 date of contract. A Report of Review dated September 6, 1956, indicated acceptable costs under the exploration contract amounted to $12,997.00 with the Government's contribution on a 75 percent basis, being $9,747.56.

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.

May 21, 1959

George Mavor, OME Auditor

MAY 28 1959

Memorandum

To: Mr. George Mayor, OME Auditor

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

Subject: Docket No. DMEA-3782 (Tungsten)
Apollo Mines, Inc., Assignee
Contract No. Idm-E871

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

AMAlley/ama
May 28, 1959

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

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have examined the Monthly Reports of:

RECEIVED
SEP 10 1956

Apollo Mines, Inc., Assignee
(for J. Novisck and J. F. Barnes)
c/o Bible and McDonald
Gazette Building
Reno, Nevada

pertaining to Exploration Project Contract No. Idm-8871, Docket No. DMEA-3782, including Amendment No. 1, for the months of October 1955 to July 1956, inclusive, covering a project for the exploration of tungsten, on property, known as the Saddle Mine, located in Humboldt 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 fixed unit 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	$14,162.50
Exceptions (Schedule attached)	
This audit	1,165.50
Total Accepted Cost	$12,997.00

The contract calls for a 75 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Nine Thousand Seven Hundred Forty Seven and 56/100 Dollars:

** $9,747.56 **

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

George Mavor
George Mavor
Auditor

September 6, 1956

SCHEDULE OF EXCEPTIONS

Apollo Mines, Inc., Assignee
for J. Moviack and J. F. Barnes — EMKA-3782 — Idm-8871

July 1956 - voucher, prepared
on Form MF-104

Claimed by operator 78 feet of Drifting at $31.50 per ft.	$2,457.00
Should have claimed 41 feet of Drifting at $31.50 per ft.	1,291.50
Amount Disallowed	$1,165.50

Note:

	Cost	75% Paid
The July 1956, MF-104 paid by Gov't	$2,457.00	$1,842.75
Should have paid	1,291.50	968.63
Overpayment refunded by operator	$1,165.50	$ 874.12

The operator actually refunded $874.31 or $0.19 too much, which has been absorbed in the cost to the Government, and included with the certified cost of $9,747.56 as shown in Report of Review.

RECEIVED
SEP 24 1956

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

420 Custom House
555 Battery Street
San Francisco, California

September 21, 1956

Air Mail

Mr. E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Defense Minerals Exploration Administration
Washington 25, D. C.

Re: Idm-E871, DMEA-3782
Apollo Mines, Inc.
Assignee of
J. Noviack & T. F. Barnes

Dear Mr. Talbert:

Reference is made to my letter dated September 17, 1956, in connection with subject contract and method of approval for release of Reports of Review.

I attached to the above mentioned letter a specimen memorandum approval for Hugh M. Simmons, Idm-E829, DMEA-3698, which showed final voucher received as "Dec. 1955 and Jan. & Feb. 1956, $2,910.00" which should read "Mar. Apr. and May 1956, $3,208.00" and I am attaching hereto a corrected specimen memorandum. A photo copy of the first specimen was inadvertantly made, prior to correction.

Mr. Ricker has instigated a form letter to expidite the release of a Report of Review and in this connection I am attaching a copy of his letter to me dated September 19, 1956 for the following contract:

A. C. Nelson, V. Nelson, and Don H. Clair
Idm-E77, DMEA-3551

Trusting my letter of September 17, 1956 together with the attached specimen approvals for release of Reports of Review, will furnish you with the desired information on this subject.

Sincerely yours,

George Mavor

George Mavor
Auditor

Copy to: S. Ricker
Enclosure

MF-602

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

REFERENCE SLIP

DATE 8-15-56

REFERRED TO:

1. Finance & Executive Office
2. DMEA
3. Reno, Nevada
4.

FOR:

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

REMARKS: Received final voucher for March, Apr & May 1956 $3,208.00 from Hugh M. Summers (3,208.00) E 829. Account 3698 Ok to pay. Please return copy of this memo. with your approval

Check (X) before the items needing attention.

George Mayer
Initials of sender.

GPO 16-63016-1

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

RECEIVED
SEP 24 1956

1605 Evans Avenue
Reno, Nevada

September 19, 1956

Memorandum

To: George Mavor, DMEA Auditor, Region II

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMEA-3551 (Lead-Zinc)
A. C. Nelson, V. Nelson, and Don H. Clair
4 Aces Mine
Esmeralda County, Nevada
Contract No. Idm-E 779

This contract has been completed and the Operator's final report received. There will be no additional costs to that presented by the Operator in his last MF-104, MF-104-A forms for July and August, 1956. Final payment to the Operator can now be made subject to audit.

S. Ricker

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

RECEIVED
SEP 1 9 1956

420 Custom House
555 Battery Street
San Francisco 11, California

September 17, 1956

Mr. E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Defense Minerals Exploration Administration
Washington 25, D. C.

RE: Idm-E871, DMEA-3782
Apollo Mines, Inc.
Assignee of
J. Noviack & T. F. Barnes

Dear Mr. Talbert:

Reference is made to your letters dated August 29, 1956 and September 12, 1956, which were instigated through overpayment and refund applicable to subject contract. The remarks and references to audit manual set forth in these two letters were appreciated, as it gave me an opportunity to review the procedure in effect, covering the release of Reports of Review, for Region II, when Short Form Contracts were completed.

Some time ago I discussed with Mr. S. Ricker, Executive Officer, Region II, the question of holding up the final payment of the last MF-104 submitted by the Operator, until the Field Team's final report had been received. As you know it is not feasible at all times, for the Field Team to prepare and submit the final report on a current basis with the last MF-104, therefore in order to avoid delay in preparing the Report of Review and making final payments on Short Form Contracts, it was agreed that Mr. Ricker would discuss the final MF-104 and MF-104a, with the engineer and if the final work completed was acceptable and in accordance with the terms of the contract, then Mr. Ricker would affix thereto a memorandum to the Finance Office, covering his approval, to make the final payment, subject to audit, and for your information I am attaching hereto two specimens of memorandums signed by Mr. S. Ricker, covering approval to pay final vouchers, on the following contracts:

Frank Vollmer, Idm-E766, DMEA-3541
Hugh M. Simmons, Idm-E829, DME-3698

I am presently preparing Reports of Review for the above contracts, after which payment of vouchers will be made, as I assume all contractural requirements have been met by the operators, based on Mr. Ricker's approval.

I discussed the above procedure with Mr. Jay L. Chambers, while he was here in San Francisco, however, you may have already discussed with Mr. Chambers, the possibility of preparing a form to be used and filled in by the Executive Officer, and attached to the final MF-104, which would indicate the status of final reports and whether or not the final voucher should be paid, as described in the last paragraph of my letter to you dated September 7, 1956.

Sincerely yours,

George Mavor

George Mavor
Auditor

Enclosures

Copy to: S. Ricker

8-63 (Revised)
(April 1965)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

REFERENCE SLIP

Route to: Name Lloyd Sjolander Room

1.
2.
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For:

X Action
Approval
Comment
Conference
Consideration
Filing
Initials
Instructions
Investigation
Mailing
Note and return
Previous correspondence
Recommendation

Record of
Referring to
Reply for signature of
Rewriting
See or call me
Signature
Suggestions
Surname
Your information

Remarks:

Docket No. DMEA-3541
Contract Idm-E 766

MF-104, 104-A and Narrative - July 1956

4 copies each

Project completed and final report being prepared. Can be found subject to audit.

S. Ricker

From (Name)
S. Ricker Date Aug. 21, 1956
Division—Office—Address

Ext: Room:

U. S. GOVERNMENT PRINTING OFFICE 16—71720-1

MF-500

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

REFERENCE SLIP

DATE 8-15-56

REFERRED TO:

1. E. RICKER, EXECUTIVE OFFICER
2. DMEA
3. RENO, NEVADA
4.

FOR:

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

REMARKS: Returned final voucher for Dec 1955, July 1 & 2 1956. $2,912.00 from Thyle M. Summers $929. Voucher 3698 Sp OK to pay. [illegible]

Check (X) before the item needing attention.

Copy of this memo. with your approval.

Geo. Mayer
Initials of sender.
Auditor

OPO 16—68318-1

Mr. Chamber

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

Sep 12 1956

Mr. George Mayer
DMEA Auditor
420 Custom House
555 Battery Street
San Francisco 55, California

AIR MAIL

Re: Docket No. DMEA-3782 (Tungsten)
Apollo Mines, Inc., Assignee of
J. Noviack & T. F. Barnes
Saddle Mine, Humboldt County, Nevada
Contract No. Idm-2871

Dear George:

It appears from the contents of your letter of September 7, 1956, in reply to mine of August 29, 1956, regarding your Report of Review on the referenced project, that possibly you may have considered my letter to be in the nature of a criticism or even a reprimand. I wish to assure you that such was not the intent.

The fact that the DMEA docket indicates release of the Report of Review prior to the Field Team's final inspection of the project and a verification of the number of units of work actually performed was brought to my attention by another Division. I assured the Division that it was audit policy to release a Report of Review or an Audit Certificate only after verification, by consultation with the Executive Officer or examining engineer or by reference to Field Team reports, that the specific units of work allowed had actually been performed.

It was the primary purpose of my letter to bring the matter to your attention and afford you an opportunity to place in the record by your reply that this policy was followed. The fourth paragraph of my letter states <u>it is assumed that</u> you followed the established policy. I also assumed that the Field Team had erred in confirming to you the number of units of work completed. The Executive Officer's memorandum of August 24, 1956, to which you refer as an explanation, states only that the Operator made a mistake in his claim.

The secondary purpose of my letter was to call your attention, and through you the attention of the Executive Officer and the Finance Officer, to certain prescribed procedures which <u>possibly</u> were not being fully complied with in Region II. It was for this purpose that I furnished the references in the antepenultimate paragraph of my letter.

In your latest letter you state that the final voucher was "approved for payment" by the Executive Officer and signed by the examining engineer "as being correct". It should be noted that the certificate signed by the engineer and approved by the Executive Officer certifies only "that to the best of my knowledge and belief the contractor *** is operating *** in accordance with the terms of the contract." This is rather a negative sort of a certification which is interpreted to merely mean, because it ordinarily is made prior to inspection of the project, that they have no reason to believe that operations are other than in accordance with the contract. (See section 8 of Operating Committee Memorandum No. 11, dated October 17, 1952.)

Inasmuch as this certification is not specific it is not acceptable for audit purposes in determining the number of units of work performed. That is the reason that the documents, on which a Report of Review is based (see page 57 of audit manual), include the engineer's inspection reports. It is also the reason that one of the justifications in the prescribed Report of Review format (see item J on page 68, 69 and 70 of audit manual) is left blank.

Actually, as your office is not located adjacent to the Executive Officer, you are in a position comparable to this Division's relation to Region I, Alaska District, Region IV and Region V. Our procedure in issuing Reports of Review for these regions is normally based on verification of the work performed by reference to the Field Team's final reports; however, if preparation of such reports is delayed, the Executive Officers normally advise us by memorandum or letter of the specific number of units of work satisfactorily completed. Likewise, if the final reports are not sufficiently specific for audit purposes or differ from the Operator's claim, the matter is settled by correspondence.

I hope the foregoing will be of assistance to you in clarifying the problem. A copy of this letter is being sent to Mr. Ricker for his information.

Best regards,

(Signed) E. D. Talbert

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

EDTalbert/wb
September 12, 1956

Copy to: Docket
Admr. Reading File
Mr. Ricker
Mr. Chambers

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

RECEIVED
SEP 10 1956

420 Custom House
555 Battery Street
San Francisco 11, California

September 7, 1956

Mr. E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Defense Minerals Exploration Administration
Washington 25, D. C.

Re: Idm-E871, DMEA-3782
Apollo Mines, Inc.
Assignee of
J. Noviack and
J. F. Barnes

Dear Mr. Talbert:

In accordance with your letter dated August 29, 1956, I am enclosing three revised copies of Report of Review for subject contract, which was necessitated by overpayment to the operator of $874.12, and subsequently repaid by the operator in amount of $874.31, or $0.19 too much, for which no adjustment will be made by the Finance Officer. You will note from the revised Report of Review that the accepted costs amounts to $12,997.00 for which the Government's 75% contribution would equal $9,747.75, however, in order to absorb the refund overpayment of $0.19, the certified payments are shown as $9,747.56, leaving a contract obligated balance of $1,142.44 to be released by the Washington office.

When the operator rendered the final MF-104 and 104a for July 1956, a claim for 78 feet of drifting was made, which completed the allowable maximum of 400 feet of drifting under Stage II as specified in Exhibit "A" of the contract. As explained in Mr. Ricker's letter dated August 24, 1956 to Mr. Lloyd Sjolander that an error had been made by the operator, when they assumed that the cost of timbering could be converted into drifting that had not been done. This error was not discovered until after Mr. Ricker had reviewed and approved for payment the final voucher for July 1956, prepared on Form MF-104. This voucher was also signed by the Examining Engineer as being correct. no!

This is the first time to my knowledge that a Report of Review prepared in Region II, had to be recalled due to an overpayment, which apparently was unavoidable, and we were fortunate enough to get an immediate refund from the operator, and as suggested in your letter of August 29, 1956, the entire case covering this overpayment was discussed with Mr. Jay L. Chambers, during his visit to San Francisco.

When Mr. Chambers returns to Washington, he will no doubt discuss this particular case with you, with the thought in mind, of

preparing some satisfactory form which would be prepared and signed by the Executive Officer, when a final voucher was received. The form will possibly indicate that the final report had been received, not received, waived or the final monthly narrative report, was accepted as a final report, and in addition advise whether the final voucher should be paid.

Sincerely yours,

George Mavor
Auditor

Enclosure

Copy to: S. Ricker

Mr. Chambers

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

AUG 29 1956

Mr. George Mayer
DMEA Auditor
420 Custom House
555 Batter Street
San Francisco 11, California

AIR MAIL

Re: Docket No. DMEA-3782 (Tungsten)
Apollo Mines, Inc., Assignee of
J. Novinck & T. F. Barnes
Saddle Mine, Humboldt County, Nevada
Contract No. Idm-E871

Dear Mr. Mayer:

On August 6, 1956, you prepared (and presumably released to the Executive Officer and the Finance Officer in accordance with the authority delegated to you by the last paragraph on page 72 of the audit procedure manual) a Report of Review in lieu of a final audit covering the referenced project.

The Washington copies of this Report of Review were distributed promptly upon receipt. Subsequently, copies were received of the final MF-104 indicating aggregate payments to the Operator of $10,621.87, which amount was in agreement with the amount certified by you to be valid and proper for payment. Accordingly, the cost records on this project were considered closed.

There has now been brought to the attention of this Division a copy of a memorandum dated August 24, 1956, addressed to the Finance Officer by the Executive Officer, transmitting a check in the amount of $874.31 as a refund of an overpayment made to the Operator. The indications are that 37 feet of drifting at $31.50 claimed by the Operator was not actually performed (and, if this is so, the refund correctly should be $874.13).

It is assumed that, in reviews covering short form contracts, you are determining the specific number of units of work performed by examination of the engineer's inspection reports as required by the first paragraph on page 67 of the audit manual; therefore, the issuance of this incorrect Report of Review is not understood. An explanation is requested with the submission of the Washington copies of a "Revised Report of Review".

Further examination of the files on this contract indicates that the Finance Officer certified the final payment prior to the issuance of your Report of Review. It is suggested that you call the attention of the Finance Officer to the fact that a certifying officer is relieved of responsibility only if final payment is made in accordance with an Audit Certificate or a Report of Review issued by an

auditor representative of this Division. This policy is set forth in Section 1 of DMEA Circular 19, Supplement No. 4 dated October 9, 1952.

Also, it is noted in this case, as well as others, that no amount was withheld from the payment of the final MF-104 to insure the rendition by the Operator of a final engineering and geological report. This, of course, is not the responsibility of an auditor and the issuance of a Report of Review or Audit Certificate should not be withheld for such reason (except in a very few instances where the contract specifically provides funds for such report preparation).

It is suggested, however, that you review the following references and then discuss them with the Executive Officer and the Finance Officer so that proper procedures may be instituted to protect the Government's interest:

(a) Operating Committee Memorandum No. 11, October 17, 1952 (Section 2, in particular)
(b) Operating Committee Memorandum No. 20, June 22, 1953
(c) Special Notice, Operating Committee Minutes No. 219, May 22, 1953 (paragraph 2)
(d) Special Notice, Operating Committee Minutes No. 574, September 30, 1955 (paragraphs 2 and 3)
(e) Article 5, Forms MF-200 and MF-200A, Revised June 1954 (clause starting with "Provided")

For this purpose two copies of this letter are being sent to Mr. Ricker.

As a matter of information in connection with this matter, the common practice of other DMEA regions is to withhold from $200 to $500 in the payment of a final MF-104 (or the last MF-104 submitted prior to a recess).

I further suggest that you discuss this matter with Mr. Chambers during his next week's visit to your office.

Sincerely yours,

(Signed) E. D. Talbert

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

EDTalbert/wb
August 29, 1956

Copy to: Docket
Admr. Reading File
Mr. Ricker (2)
Mr. Chambers
Mr. Martin

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

RECEIVED
AUG - 8 1956

REPORT OF REVIEW

I have examined the Monthly Reports of:

Apollo Mines, Inc., Assignee
(for J. Novisk and J. F. Barnes)
c/o Bible and McDonald
Gazette Building
Reno, Nevada

pertaining to Exploration Project Contract No. Idm-8871, Docket No. DMX-3782, including Amendment No. 1, for the months of October 1955 to July 1956, inclusive, covering a project for the exploration of tungsten, on property, known as the Saddle Mine, located in Humboldt County, Nevada.

My review included an examination of the Monthly Reports (Forms DF-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 fixed unit 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	$14,162.50
Exceptions	None
Total Accepted Cost	$14,162.50

The contract calls for a 75 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Ten Thousand Six Hundred Twenty One and 87/100 Dollars:

** $10,621.87 **

is considered valid and proper, provided 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

August 6, 1956

George Mayer
Auditor

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

420 Custom House
555 Battery Street
San Francisco, California

August 27, 1956

Mr. Jay L. Chambers, Chief
Contract Administration & Audit Division
Defense Minerals Exploration Administration
Washington 25, D. C.

Re: Idm-E871, DMEA-3782
Apollo Mines, Inc.
Assignee of
J. Noviack &
T. F. Barnes

Dear Mr. Chambers

Reference is made to Report of Review dated August 6, 1956 for subject contract, which showed total costs of $14,162.05 and the Government 75 percent contribution as $10,621.87.

I am now in receipt of copy of letter dated August 24, 1956 from S. Ricker to Mr. Lloyd Sjolander, Finance Officer, and copy of this same letter was sent to the Operating Committee in Washington, wherein the letter states that an error had been made when computing the total drifting footage to be allowed, which resulted in an overpayment of $874.31 and the operator has refunded this amount to the Government. The status of my Report of Review and the corrected amount of claim can be accounted for as follows:

	Report of Review	Corrected Amount	Over Payment
Total cost as billed by contractor	$14,162.50	$12,997.00	$1,165.50
Exceptions	None	None	
Total Accepted Cost	$14,162.50	$12,997.00	$1,165.50
75% Government Contribution	$10,621.87	$9,747.75	$ 874.12
Amount refunded by operator			$ 874.31

From the above summary, it will be noted that the operator has refunded $0.19 too much, for which no adjustment will be made by the Finance Officer. The total amount of the contract was $14,520.00 and the 75 percent obligated amounted to $10,890.00. The amount to be released to the Washington Office, based on my Report of Review would be $10,890.00, less $10,621.87 or $268.13. In view of having received a check from the operator in amount of $874.31, this will increase the amount to $1,142.44 for release to the Washington Office.

Please let me know if a revised Report of Review should be sent to your office, or if you will handle the refund of $874.31 by a separate release.

Sincerely yours,

George Mavor

George Mavor
Auditor

Copy to: S. Ricker

Reply not necessary;
see Bus Ltr. 8/29/56

San Francisco, Calif.

412

THIS DEPOSIT IS NOT SUBJECT TO CHECK

DEPOSIT NO.
14-23-030-23

$ 874.31

For credit of Treasury Regional Office, San Francisco, Calif. 8/28/56
(Name, title, and disbursing or other identification symbol of accountable officer) (Date sent)

deposited with Federal Reserve Bank of San Francisco, Calif.
(Name and location of depositary)

for accounts listed below. SCHEDULE Nos.

ACCOUNT SYMBOL	TITLE OF ACCOUNT TO BE CREDITED	AMOUNT
14X4402	E-871	$ 874.31

(Depositor will insert below his name, title, Department or Agency concerned, and his address)

R. SCHANDER, FISCAL OFFICER
[illegible] DEFENSE
[illegible] ADMINISTRATION
[illegible] ROOM 420
[illegible], CALIFORNIA

SPACE BELOW TO BE USED BY DEPOSITARY ONLY

I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

AUG 28 1956

(Authorized signature)

(Date of credit in Treasurer's account)

QUADRUPLICATE

STANDARD FORM 201 (Formerly Cert. of Deposit, Form 1). Promulgated Oct. 1949 by Treasury Dept., Fiscal Service

DEPOSITARY WILL DATE, SIGN, AND RETURN THIS TO DEPOSITOR, WHO WILL FORWARD BY FIRST MAIL TO ADMINISTRATIVE OFFICE

16—59686c-1 GPO

Apollo Mines, Inc. Assignee of
J. Noviack & T.F. Barnes
Sable Mine, Humboldt City, Nevada
Contract. No. Idm E-871
Docket No. DMEA - 3782
Refund on Overpayment on MF-104
for July 1956. $ 874.31
Check on: Apollo Mines, Inc.
325 Gazette Building
Reno, Nevada
Check No. 126 Dtd. 8/19/56 in the
amount of $ 874.31 drawn
on Nevada Bank of Commerce
Reno, Nevada
Check Received 8/27/56

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

Budget Bureau No. 42-R1036.5

RECEIVED
AUG - 8 1956

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

Month of July, 1956 Docket No. DMEA 3782 Contract No. IDM - E871
Operator's Name Apollo Mines, Inc. Minerals Tungsten
Address 304 Gazette Building, Reno, Nevada
Contract Amount, $ 14,520.00 Government Participation: 75% Amount, $ 10,890.00

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 - Blasting	0	312.50	312.50			
Bulldozing		1,225.00	1,225.00			
Crosscutting	2,457.	10,143.00	12,600.00			
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis	0	25.00	25.00			
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	2,457.	11,705.50	14,162.50			

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

Date 20 July 1956 *Payee APOLLO MINES, INC.

Per John H. Wheeler Title Supervisor

*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:

$ 1842 75

Signature
(Authorized Certifying Officer)

Date Vou. No. SF-DMEA-4

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E871 in accordance with the terms of the contract.

Signature Henry W. Jones Henry W. Jones Title Mining Engineer Date 7/24/56

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature S. Ricker Title Executive Officer Date 7/24/56

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

JUL 30 1956
RECEIVED
AUG - 8 1956

Month of July 1956 Docket No. DMEA _____ Contract No. Idm-E871
Operator's Name Apollo Mines, Inc. Minerals Tungsten
Address 304 Gazette Building, Reno, Nevada

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting	Ft 78	2,457.	78	12,600.00	400	31.50	400	31.50
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping - Blasting	Tr. 0	0	0	312.50	10	31.25	10	31.25
Trenching	hr. 0	0	0	1,225.00	98	12.50	98	12.50
Test Pits								
Roads and Trails								
Sampling	0 Samples	0	0	25.00	5	25.00	64	5.00
TOTAL DISTRIBUTED COSTS		2,457.00	78	14,162.50				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		2,457.00	78	14,162.50				14,520.00

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

Date 20 July, 1956 Operator Apollo Mines, Inc.

Per [signature] Title Supervisor

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)

Henry W. Jones

INSTRUCTIONS

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

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

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

GPO 872894

OPERATORS' NARRATIVE REPORT

- for -

JULY, 1956

RECEIVED
AUG - 6 1956

The Apollo Mines, Inc. has completed 400 feet of drifting at the Saddle Tungsten Mine.

The mineralized zone was cut in three places. The zone appears to be approximately 12 feet thick and intermittent along the contact. The scheelite is scattered and contains considerable molybdenum. The zone is not commercial at present day prices.

The drift definitely reached our objective (see map). We intersected the mineralization below the open cut from which the original shipments were made. The Aplite Dike (and the quartz vein) were intersected.

To make sure we were not paralleling a zone of commercial scheelite, we diamond drilled on our own account (see map). This drilling proved we were on the same zone.

SUMMARY AND CONCLUSIONS

The drifting proved the contact to be mineralized to the depth of the level. Heavy shearing and faulting scatters the mineralization. Therefore, even though impressive in size, and persistent to depth, the zone is not commercial.

COPY

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED JUL 25 1956

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of June, 1956 Docket No. DMEA 3782 Contract No. Idm-E871
Operator's Name Apollo Mines, Inc Minerals Tungsten
Address 304 Gazette Building, Reno, Nevada
Contract Amount, $14,520.00 Government Participation: 75% Amount, $ 10,890.00

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 Blasting	0	312.50	312.50			
Bulldozing	0	1,225.00	1,225.00			
Crosscutting						
Drifting	6,583.50	3,559.00	10,143.00			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis	0	25.00	25.00			
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	6,583.50	5,122.00	11,705.50			

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

Date June 20 1956 *Payee APOLLO MINES, INC.

Per _____ Title Supervisor

*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:

$ 4937 63

Signature _____ (Authorized Certifying Officer)

Date _____ Vou. No. SF-Dm Ca-1

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E871 in accordance with the terms of the contract.

Signature Henry W. Jones Henry W. Jones Title Mining Engineer Date 7/2/56

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature S. Ricker Title Executive Officer Date 7/2/56

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

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

RECEIVED JUL 25 1956

Month of June 1956 Docket No. DMEA 3782 Contract No. Idm-6871
Operator's Name Apollo Mines, Inc. Minerals Tungsten
Address 306 Gazette Building, Reno, Nevada

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting	ft	6,583.50	209	10,149.00	322	31.50	400	31.50
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping & Blasting	Tree	0	0	312.50	10	31.25	10	31.26
Trenching	hr	0	0	1,225.00	98	12.50	98	12.50
Test Pits								
Roads and Trails								
Sampling	Sample	0	0	25.00	5	25.00	64	5.00
TOTAL DISTRIBUTED COSTS		6,583.50	209	11,709.50				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		6,583.50	209	11,709.50				16,920.00

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

REMARKS:

Date June 20, 1956 Operator APOLLO MINES, INC.

Per John H. Whalen Title Supervisor

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)

Henry W. Jones

INSTRUCTIONS

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

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

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

GPO 872894

RECEIVED
JUL 25 1956

OPERATORS' NARRATIVE REPORT

- for -

JUNE, 1956

THE APOLLO MINES, INC. completed 209 feet of drifting at the SADDLE TUNGSTEN MINE. The granite-lime contact was followed for some 57 feet. Heavy faulting shifted the contact and the drift cut 80 feet of granite.

The heading came back to the main granite-lime contact.

We followed this contact for 53 feet when we intersected a reverse fault. After penetrating the reverse fault the ground appears more in place and we are getting occasional scheelite mineralization.

No unusual circumstances were encountered in the work.

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

Budget Bureau No. 42-R1036.5

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

Month of May 1956 Docket No. DMEA 3782 Contract No. Idm E871
Operator's Name Apollo Mines, Inc. Minerals Tungsten
Address 304 Gazette Building, Reno, Nev
Contract Amount, $ 14,520.00 Government Participation 75 % Amount, $ 10,890.00

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 & Blasting	0	312.50	312.50			
Bulldozing	0	1,225.00	1,225.00			
Crosscutting						
Drifting	3,559.50	0	3,559.50			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis	0	25.00	25.00			
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	3,559.50	1,562.50	5,122.00			

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

Date June 4, 1956 Payee APOLLO MINES, INC.

Per John H. Whalde Title Supervisor

*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)

JUN 28 1956

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

$ 2669.62

Signature [illegible]
(Authorized Certifying Officer)

JUN 22 1956

Date Vou. No. SF-Dm 09-37

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E871 in accordance with the terms of the contract.

Signature Henry W. Jones Henry W. Jones Title Mining Engineer Date 6/7/56

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Roscoe M. Smith Roscoe M. Smith Title Acting Executive Officer Date 6/7/56

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of May 6 1956 Docket No. DMEA 3782 Contract No. Idm-E871

Operator's Name Apollo Mines, Inc. Minerals Tungsten

Address 304 Gazette Building, Reno, Nevada

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
	113	3559.50	113	3559.50	113	31.50	400	31.50
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Blasting	0	0	0	312.50	10	31.25	10	31.25
Stripping	0	0	0	1,225.00	98	12.50	98	12.50
Trenching								
Test Pits								
Sampling Trails	0	0	0	25.00	5	25.00	64	5.00
Total Distributed Costs		3559.50	113	5,122.00				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		3559.50	113	5,122.00				14,520.00

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

Date June 4, 1956 Operator APOLLO MINES, INC.

Per John H. Uhlich Title Supervisor

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

Remarks:

(Instructions on reverse)

(For Government use only)

Henry W. Jones

INSTRUCTIONS

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

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

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

GPO 872894

OPERATORS' NARRATIVE REPORT
for
MAY, 1956

The Apollo Mines, Inc. completed 113 feet of drifting on the contact at the Saddle Tungsten Mine.

At seventy (70) feet, the main contact was intersected. Scheelite-bearing tactite was exposed along the contact a distance of 15 feet, when the contact broke to the west of the drift heading.

Samples were sent out on the mineralized zone. From lampings, the scheelite appears to be about 6' thick and commercial in grade.

Cross faulting, dipping to the west caused the shifting of the contact out of the present face, a temporary and expected occurrence.

This faulting requires heavy timbering.

No unusual circumstances were encountered in the work.

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

RECEIVED
APR 1 1 1956

Month of October, 1955 Docket No. DMEA 3782 Contract No. idm-E871
Operator's Name Apollo Mines, Inc. Minerals Tungsten
Address 304 Gazette Building, Reno, Nevada
Contract Amount, $ 14,520.00 Government Participation: 75 % Amount, $ 10,890.00

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:						
& Blasting	312.50	ø	312.50			
Drilling	1225.00	ø	1225.00			
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment	25.00		25.00			
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	~~1562.50~~		~~1562.50~~			

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

Date 3/8/56 *Payee Apollo Mines, Inc.

Per John H. Whalte Title Supervisor

*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:

$ 1171.87

Signature
(Authorized Certifying Officer)

Date APR 6 1956 Vou. No. SF-DMEA-31

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E871 in accordance with the terms of the contract.

Signature Henry W. Jones Title Mining Engineer Date 3/22/56

Henry W. Jones

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature S. Ricker Title Executive Officer Date 3/22/56

S. Ricker

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

ACCOUNTS MAR 29 1956

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED APR 11 1956

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of Oct. 1955 Docket No. DMEA 2722 Contract No. 1DR-2871
Operator's Name Apollo Mines, Inc. Minerals Tungsten
Address 304 Gazette Building, Reno, Nevada

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting	ft.	-	-	-	-		400	31.50
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: & Blasting Core	Trench	312.50		312.50	10		12	31.25
Churn								
Auger								
Stripping								
Trenching (Bulldozer)	hr.	1225.00	98	1225.00	98	12.50	92	12.50
Test Pits								
Roads and Trails								
Sampling	Sample	25.00	5	25.00			64	5.00
TOTAL DISTRIBUTED COSTS		1562.50						TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		1562.50		1562.50				14,520.00

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

Date March 8, 1956 Operator Apollo Mines, Inc.

Per John H. Wheldle Title Supervisor

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)

Henry W. Jones

INSTRUCTIONS

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

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

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

GPO 872894

RECEIVED
APR 1 1 1956

OPERATOR'S NARRATIVE REPORT FOR

OCTOBER, 1955

The Apollo Mines finished Phase I of this D M E A Contract on the Saddle Tungsten Mine.

It was necessary to blast and deepen all trenches to expose the WO_3 mineralization along the strike contact. This deepening forced us to a length of over 200' per trench. Therefore, we trenched No. 9 where the WO_3 was exposed by a road cut and No. 6 where previous open pit showed WO_3.

We completed 10 each trenches 6' deep 200' long and 12' wide.

The trenching definitely proved continuity of WO_3 mineralization for a distance of 900' plus along the contact. See sample sheet attached. This shows of mineralization definitely warrants the continuance of Phase II of the Contract.

No unusual circumstances were encountered in the work.

The delay in submitting the forms for money was due to acceptance of all letters of agreements and its Board Meeting of Apollo Mines.

COPY

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: Apollo Mines, Inc., Assignee of J. Noviack and J. F. Barnes
c/o Bible and McDonald
Gazette Building
Reno, Nevada

Pursuant to the provisions of Exploration Project Contract No. Idm-5371, executed September 14, 1955, (Docket No. DMEA 3782), as amended, hereinafter called the "Contract", between J. Noviack and J. F. Barnes, a partnership, and the United States of America, hereinafter called the "Government"; to establish and fix the Government's percentage royalty on production and its lien therefor and on the land described in the contract, the Government considers and therefore certifies that 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:

Trenching and adit-drifting on the Saddle claims have made more accessible tungsten ore occurring as scheelite-bearing tactite at and near a contact between granitic rock and sedimentary limestones and shales.

THE UNITED STATES OF AMERICA

Dated: JAN 30 1957

By [signature]
Administrator, Defense Minerals
Exploration Administration

SPHolt:am 1-15-57
1-29-57

cc to: Docket
Code 400
Admr. Read. File
Oper. Comm.
FT REG II
Messrs. Lamb - Rm. 3608
R. Holliday, USBM
T. Kiilsgaard, USGS

cc to: Finance Office
Audit Division
Mr. Johnson
Mr. Fredell, GSA
Messrs. J. Noviack and J. F. Barnes

1/15 400

JAN 31 1957 1/15 400

Apollo Mines, Inc., assignee of 8140
J. Novinck and J. T. Barnes 800
c/o Dible and McDonald 130
Gazette Building 110
Reno, Nevada 100
220

Re: Docket No. DMEA 3782 - Tungsten
Saddle Mine
Humboldt County, Nevada
Contract No. Idm-8371

Gentlemen:

Enclosed is a certification of discovery or development which covers all the land described in Article 2 of the contract.

By the terms of the Exploration Project Contract, as amended, and of the certification all minerals mined or produced from September 14, 1955 to September 14, 1965 are subject to the Government's percentage royalty as set forth in the contract until the sum of $9,747.56 is paid.

Payments should be made to Mr. Spangler Ficker, Executive Officer, DMEA Field Team, Region II, 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 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. Ficker of any changes in ownership or production rights that might have any effect on the Government's right to its percentage royalty. Also, if production ceases at any time for any extended period, please notify Mr. Ficker at 6-month intervals that no production has been made, when that is the case.

Sincerely yours,

G. O. Wittenberg

Administrator

Enclosure

cc to: FT MAG II
J. Novinck and
J. T. Barnes

cc to: Oper. Committee
Mr. Johnson
F. D. Lamb, USBM
R. W. Holliday, USBM
E. H. Zillmgeard, USGS

SPHolt:am 1-15-57
cc to: Docket
Code 400
Code 800
Admr. Read. File

JAN 31 1957

Messrs. J. Noviack and J. F. Barnes
1395 Mark Twain Avenue
Reno, Nevada

Re: Docket No. DMSA 3782 - Tungsten
Saddle Mine
Humboldt County, Nevada
Contract No. Idm-2871

Gentlemen:

Enclosed 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 Apollo Mines, Inc., by J. Noviack and J. F. Barnes under a certain indenture dated March 1, 1956. The same property was also referred to in an Assignment of Contract, dated December 9, 1955, from J. Noviack and J. F. Barnes to Apollo Mines, Inc.

Also enclosed is copy of a letter to Apollo Mines, Inc.

Sincerely yours,

G. A. Mitchenoff

Administrator

Enclosures

SPHolt:am 1-16-57
cc to: Docket
Code 400
Code 800
Admin. Read. File
Oper. Comm.
FT REG II
Messrs. F. D. Lamb, USBM
T. Kiilsgaard, USGS
R. Holliday, USBM

JAN 31 1957

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

Re: Docket No. DMS 3722 - Tungsten
Apollo Mines, Inc., Assignee of
J. Novinek and J. T. Barnes
Saddle Mine
Humboldt County, Nevada
Contract No. Idm- E871

Dear Mr. Tredell:

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

Contract No. Idm-E871 for the exploration of the Saddle Mine tungsten deposits was executed September 14, 1955. Expenditures up to $14,520.00 were authorized by the contract, of which the Government's share at 75 percent was $10,890.00. The cost of the work completed was $12,997.00, of which the Government's share was $9,747.56.

The object of the exploration program was to test the possible tungsten occurrences along and near a contact between granitic rock and limestone and shale. The program employed bulldozer trenching transverse to the contact and adit drifting along the contact to explore the mineralized zone.

The contract allowed $14,520.00 to excavate 12 bulldozer trenches and to drive 400 feet of adit drift.

Work completed consisted 93 hours of bulldozer trenching in 10 trenches and 363 feet of adit drift.

Tungsten ore discovered by project work was estimated by the Field Team as 200 tons of indicated and 2,600 tons of inferred ore, total 2,800 tons, average grade 0.59 percent tungsten trioxide (WO_3).

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosure

cc to: Mr. Holliday, USBM
Mr. Kilsgaard, USGS

cc to: Admr. Read. File
Oper. Comm.
Mr. Ziegler
Mr. Lamb, USBM

SPHolt:am 1-16-57
cc to: Docket
Code 400
Code 800
Code 110

AMENDMENT NO. 1 "GOVERNMENT COPY"

to

EXPLORATION PROJECT CONTRACT Idm-E871

Dated September 14, 1955

Docket No. DMEA-3782

between

THE UNITED STATES OF AMERICA

and

APOLLO MINES, INC., ASSIGNEE OF

J. NOVIACK and J. F. BARNES

RECEIVED
MAR 19 1956

It is agreed this 6th day of March, 1956 that the Contract be amended as follows:

(1) Work under this Contract shall be suspended during the period beginning November 6, 1955, and ending not later than May 1, 1956.

(2) The Government shall not contribute to any costs incurred by the Operator during the period of suspension or to any costs of rehabilitation or repair which, in its opinion, would not have occurred if there had been no suspension of the work.

(3) The Operator, at its own cost and expense, without contribution by the Government, during the period of suspension shall preserve and protect the project work.

(4) The time fixed for the completion of the work is extended to September 1, 1956.

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

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By _____

S. Ricker
Executive Officer
DMEA Field Team, Region II

APOLLO MINES, INC.

By _____

By _____

RECEIVED
MAR 19 1956

AMENDMENT NO. 1

Docket No. DMEA-3782 Mineral Tungsten

Exploration Project Contract Idm-E871

Date of Contract 9/14/55

Date of Amendment 3/6/56

Operator Apollo Mines, Inc., Assignee of J. Noviack and J. F. Barnes

JUSTIFICATION

It was necessary to suspend operations due to the excessive costs caused by the severe winter conditions in the area.

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

E. 871

A G R E E M E N T

THIS AGREEMENT, made and entered into this 1st day of March, 1956 by and between J. NOVIACK and FRED BARNES hereinafter called parties of the first part and APOLLO MINES, INC., a Nevada corporation, hereinafter called parties of the second part.

W I T N E S S E T H:

WHEREAS, the parties of the first part are the owners of certain unpatented mining claims known as Saddle No. 1 to No. 5 inclusive, located in Humboldt County, State of Nevada, approximately 90 miles northwest of Winnemucca, Nevada, and

WHEREAS, the parties of the second part are desirous of entering into a lease and option to purchase the said claims.

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein contained, the parties hereto agree as follows:

1. That the parties of the second part will pay as a purchase price for the claims hereinabove referred to the sum of $150,000.00 to be payable as follows:

a). $200.00 per month payable not later than the first day of each and every month commencing with the first day of October, 1955, plus 10% of the net smelter returns and/or 10% of any mill returns less the milling and trucking charges. It being understood that the $200.00 per month and the 10% from ore shipments are to be paid for a period of ten years commencing on the first day of October, 1955, and is to be included as payments on the purchase price and in the event the party of the second part determine at that time to comduct mining operation, they will then pay to the party of the first part the sum of $10,000.00 per year, less any royalties paid, until the lease and option to purchase is fully paid, satisfied, and discharged.

ROBERT L. McDONALD
ATTORNEY AT LAW
RENO, NEVADA

2. It is further understood and agreed by the parties hereto that the parties of the first part have assigned to the party of the second part a DMEA Loan, Docket No. 3782, Contract No. Idm-E-871, the amount of approximately $15,000.00, said assignment heretofore being approved by the DMEA; the above referred to loan is to be considered by the parties concerned to be in two parts:

a). Approximately $1500.00 which has heretofore been allocated for the purpose of stripping certain areas on the claims with a bulldozer and the balance of approximately $13,000.00 to be used to accomplish a 400 foot drift which is phase 2;

The party of the second part as the assignee of said assignment will be the recipient of any monies reimbursed for the DMEA's participation in said loan.

3. It is understood and agreed by the parties hereto that in the event the DMEA are of the opinion that further expenditures, after the drift has been accomplished, would not be justified, the party of the second part will have the option to consider this agreement null and void with no further obligation on their part of make any further payments to the parties of the first part. Any monies paid to the parties of the first part prior to that time will be retained by them as and for rental, but any monies paid as a result of the DMEA's participation in said loan shall be retained by the parties of the second part.

4. That in the event John H. Uhalde, the Engineer and Superintendent for Apollo Mines, Inc. determines that the party of the second part should not proceed any further after the tunnel project has been completed, the party of the second part shall give the parties of the first part a written notice terminating this agreement, without obligation, and can at that time remove any and all machinery and/or equipment that they may have installed on the premises, save and except any equipment, such as rails, pipe, timber in

ROBERT L. McDONALD
ATTORNEY AT LAW
RENO, NEVADA

place that may become subject to the distribution and under the control of DMEA for disposal. The parties of the first part shall retain as rental all money paid them pursuant to the contract.

5. That the party of the second part will carry all necessary industrial accident insurance and any other liabilities contingent to a mining operation and save harmless the parties of the first part from any liability of any kind whatsoever.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement the day and year first above written.

J. NOVIACK

FRED BARNES

Parties of the first part.

APOLLO MINES, INC., a Nevada corporation

By

ROBERT L. McDONALD
ATTORNEY AT LAW
RENO, NEVADA

Government's copy

RECEIVED
JAN 30 1956

ASSIGNMENT OF CONTRACT

WHEREAS, J. Noviack and J. F. Barnes, a partnership (hereinafter called the "Assignor"), entered into Exploration Project Contract Idm-E871 (Docket No. DMEA-3782), dated September 14, 1955 (hereinafter called the "Contract"); and

WHEREAS, Apollo Mines, Inc., a Nevada corporation (hereinafter called the "Assignee"), has acquired the right of possession to the land which is the subject of the Contract and the Assignee desires to perform the work under the Contract;

NOW THEREFORE, effective September 14, 1955, the Assignor, subject to acceptance by the Assignee and the consent of the Government, in consideration of the sum of One Dollar ($1.00) and other good and valuable consideration received from the Assignee, does hereby assign, transfer, and convey to the Assignee all of its right, title, and interest in the Contract.

The Assignor consents to all future amendments and assignments of the Contract and waives notice thereof, and hereby releases the Government from any and all claims arising out of the Contract.

Dated this 9 day of DECEMBER, 1955.

J. Noviack Partner
J. Noviack

J. F. Barnes Partner
J. F. Barnes

ASSIGNEE'S ACCEPTANCE

The Assignee, Apollo Mines, Inc., hereby accepts the above assignment and agrees to be bound by the terms,

RECEIVED
JAN 30 1956

provisions, and conditions of the Contract.

Dated this 15 day of December, 1955.

APOLLO MINES, INC.

By J. A. Allen Pres.
W. J. Rosse Sec

I, W. J. Rosse, certify that I am the Secretary of the corporation named herein; that J. A. Allen who signed this instrument on behalf of the 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.

W. J. Rosse [Corporate Seal]

GOVERNMENT'S CONSENT

The Government, this 4th day of November, 1955, hereby consents to the above Assignment without releasing the Assignor, J. Noviack and J. F. Barnes, from any of the terms, provisions, and conditions of the Contract.

THE UNITED STATES OF AMERICA

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

DMEA Form 14

Contract No. Idm-E 871

Docket No. 3782

DEPARTMENT OF THE INTERIOR

Terminated contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

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

Please make the following entry on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program.

Date of Contract	Region	State	Commodity
September 14, 1955	II	Nevada	Tungsten

Name and Address of Operator: Apollo Mines, Inc.
Reno, Nevada

	Reserve	Obligation
Prior Amount	0	10,890.00
Increase	0	0
Decrease	0	1,142.44
Revised Amount	0	9,747.56

Remarks:

ALLEN S. DAKAN
(Name)

Allen S. Dakan, Chief
Operations Control and
Statistics Division
(Title)

Date Delivered to Bureau of Mines, Washington 8/19/57

16416

Docket No. 3262

Commodity Tungsten

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 871

Date of Contract ~~or Amendment~~: September 14, 1955

Name and Address of Operator:

J. Novlack & J. F. Barnes
1395 Mark Twain Avenue
Reno, Nevada

Amount of Government participation ____ $10,890.00

Percent of Government participation 75 %

Region: II State: Nevada

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

(Title)

Date Delivered to Bureau of Mines, Washington.

9/14/55

54458

Government's copy

RECEIVED
OCT 6 - 1955

MF-200A
(Revised June 1954)

Docket No. DMEA - 3782

Commodity Tungsten

Contract No. Idm-E 871

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXPLORATION PROJECT CONTRACT[1]
(Short Form)

It is agreed this SEP 1 4 1955 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] J. Noviack and J. F. Barnes, a partnership,

whose mailing address is 1395 Mark Twain Avenue
Reno, Nevada,
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-200A), the attached Exhibit "A," Annex I, and 3 maps, Figures 1, 2, and 3.

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

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

(b) The Operator represents and undertakes that:

(1) The Operator is the[4] owner of[5] the entire interest in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of ~~a~~[6] location notices, [7] recorded in Book See Annex I, page I, official records of said County; and

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: none

(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 of the land (lessor, seller, optionor, etc.), are attached, as follows: none

[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."

16—70618-1

(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 7, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 7(b)(1).

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of tungsten. The work to be performed is described in Exhibit "A." The Operator on or before Nov. 1-1955 shall commence the work, and on or before July 1, 1956 (unless the Operator's obligation to complete the work is terminated—see Article 8) shall complete the work, except as otherwise provided in Exhibit "A" as to stages of work.

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

(b) *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.*—A fixed cost for each unit of work to be performed (per foot of drifting, per foot of drilling, per hour of operations, etc.) is hereby agreed upon, and is set forth in Exhibit "A" in connection with the estimated total cost of the project in the sum of $14,520.00 The Government will contribute 75 percent of the fixed unit costs as work is performed, in a total sum not in excess of $10,890.00: *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. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 6(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. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

ARTICLE 6. *Reports, accounts, audits.*—(a) *Operator's records.*—The Operator shall keep suitable records and accounts of the units of work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine 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.

(b) *Progress reports and vouchers.*—The Operator shall provide the Government with five copies of monthly progress reports in three sections as follows: (1) Operator's Monthly Report and Voucher showing a detailed statement of units of work performed during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and the fixed unit costs incurred for each type of work; and (3) a Narrative Report of the work

performed during the reporting period including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground. (Forms for reporting under (1) and (2) above will be provided by the Government.)

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

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

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

ARTICLE 7. *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 6) 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 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 (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 8. *Termination of the Government's obligations.*—(a) If in the opinion of the Government operations at any time have failed to achieve anticipated results that indicate the probability of making a worthwhile discovery, and in the opinion of the Government further operations are not justified, the Government may give the Operator written notice thereof, and thereupon the Government shall be free of all obligation to pay on account of units of work not then performed, and the Operator shall be free of all further obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting.

(b) If in the opinion of the Government the Operator is in any manner in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon the Government shall be relieved of all obligation to pay on account of units of work not performed when the notice was given, and the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting. The 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 8 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 9. *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 10. *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 11. *Changes and added provisions.*—

Executed in sextuplicate the day and year first above written.

NOVIACK AND BARNES
(Operator)

By _____ (Partner)

By _____ (Partner)

THE UNITED STATES OF AMERICA

By _____
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—70618-1

RECEIVED
OCT 6 - 1955

EXPLORATION PROJECT CONTRACT
NOVIACK AND BARNES
DOCKET NO. DMEA-3782

ANNEX I

The land referred to in Article 2 of the contract is described as follows:

Five unpatented lode mining claims, the location notices of which are recorded in the County Courthouse at Winnemucca, Humboldt County, Nevada, as follows:

Name	Book	Page
Saddle No. 1	5	549
Saddle No. 2	6	92
Saddle No. 3		149
Saddle No. 4		243
Saddle No. 5		

The claims are located on and near the 7,000-foot summit of an eastern branch of the Pine Forest Mountains, about three miles north of Sentinel Peak. They are near the headwaters of Leonard Creek, Humboldt County, Nevada, in an unsurveyed area, with no known mining districts.

The location of the Saddle mine is indicated on map, Figure 1, attached hereto.

Map, Figure 2, attached, shows Saddle Nos. 1 to 5 claims.

EXPLORATION PROJECT CONTRACT
NOVIACK AND BARNES
DOCKET NO. DMEA-3782

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EXHIBIT "A"

Description of the Work

The project consists of bulldozer trenching, with D-7 Caterpillar or equivalent, and drifting. The work shall be confined to the west slope of the mountain between the No. 1, or summit outcrop, and the lowermost, or No. 3 outcrop. The work is indicated in plan and section on the attached map, Figure 3.

All mineralized ground encountered shall be sampled and assayed for tungsten. Each sample shall be divided into at least two parts, one of which shall be furnished to the Government.

The work is divided into two successive stages, as indicated below. The Operator shall perform Stage I, and shall perform so much of Stage II as the Government approves in writing in advance, based upon the results of Stage I.

Stage I

Stage I consists of excavating 12 trenches,[1] spaced at approximately 75-foot intervals between the No. 1 and No. 3 outcrops across the contact area, and aggregating 900 feet of trenching, to test the continuity and grade of the outcrops. All trenches shall penetrate bedrock not less than 1 foot on the uphill side, using a router on the dozer blade, and drilling and blasting the harder rock shelves if necessary.

Stage II

This stage consists of 400 feet of drifting from the No. 3 outcrop, to and slightly beyond the downward extension of the main No. 2 outcrop. The drift shall be timbered as necessary, and shall be not less than 5 feet by 7 feet in the clear.

Fixed Unit Costs

Stage I

Bulldozing, 98 hours @ $12.50/hr.	$1,225.00
Drilling and blasting bedrock, as necessary, in 12 trenches, @ $31.25/each trench	375.00

1/ Each trench shall be not less than 75 feet long and 12 feet wide.

24 samples @ $5.00/each sample	$ 120.00	
Estimated total cost of Stage I		$ 1,720.00
Stage II		
400 feet of drift @ $31.50/ft.	12,600.00	
40 samples @ $5.00/each sample	200.00	
Estimated total cost of Stage II		12,800.00
Estimated total cost of project		$14,520.00
Government participation @ 75%		$10,890.00

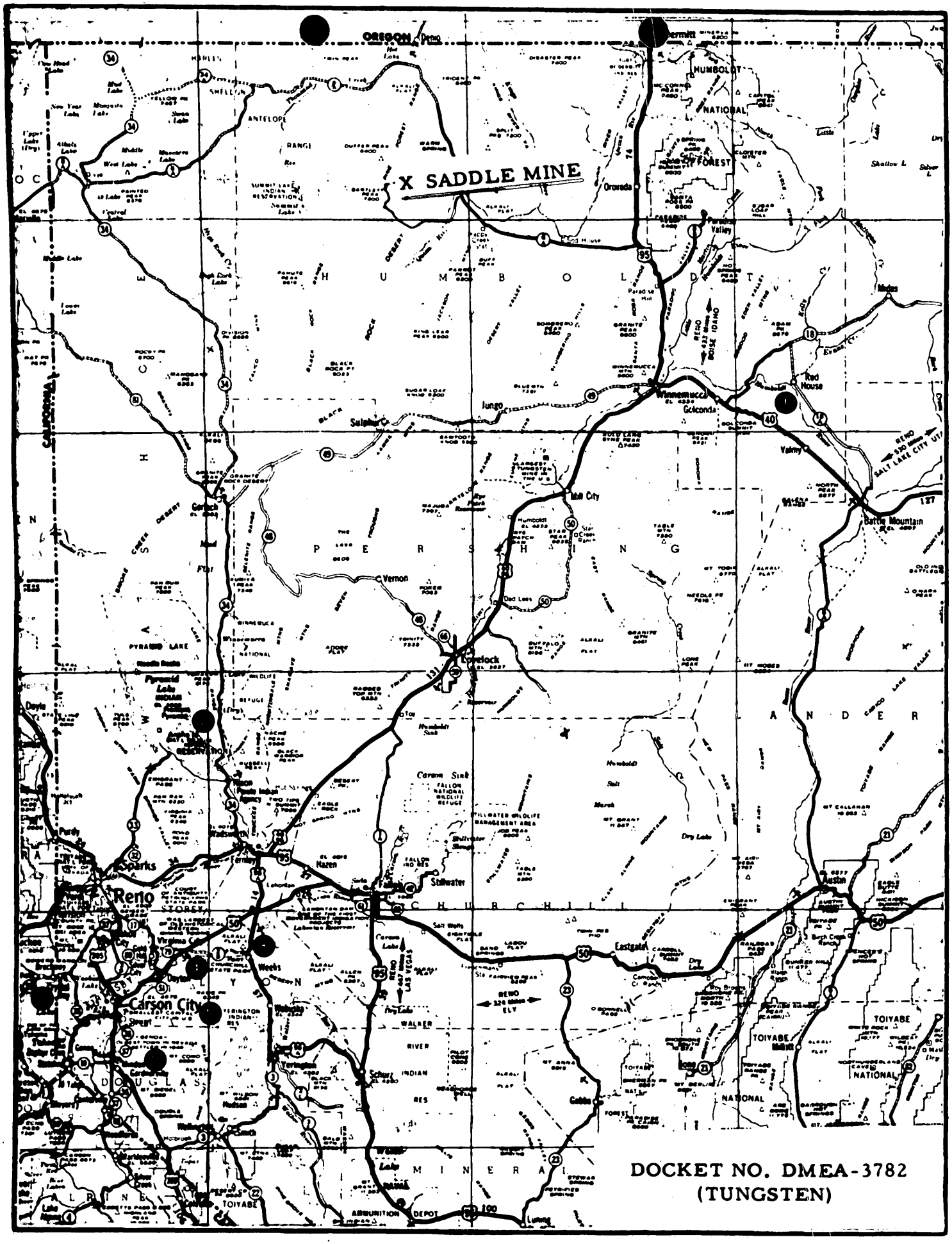
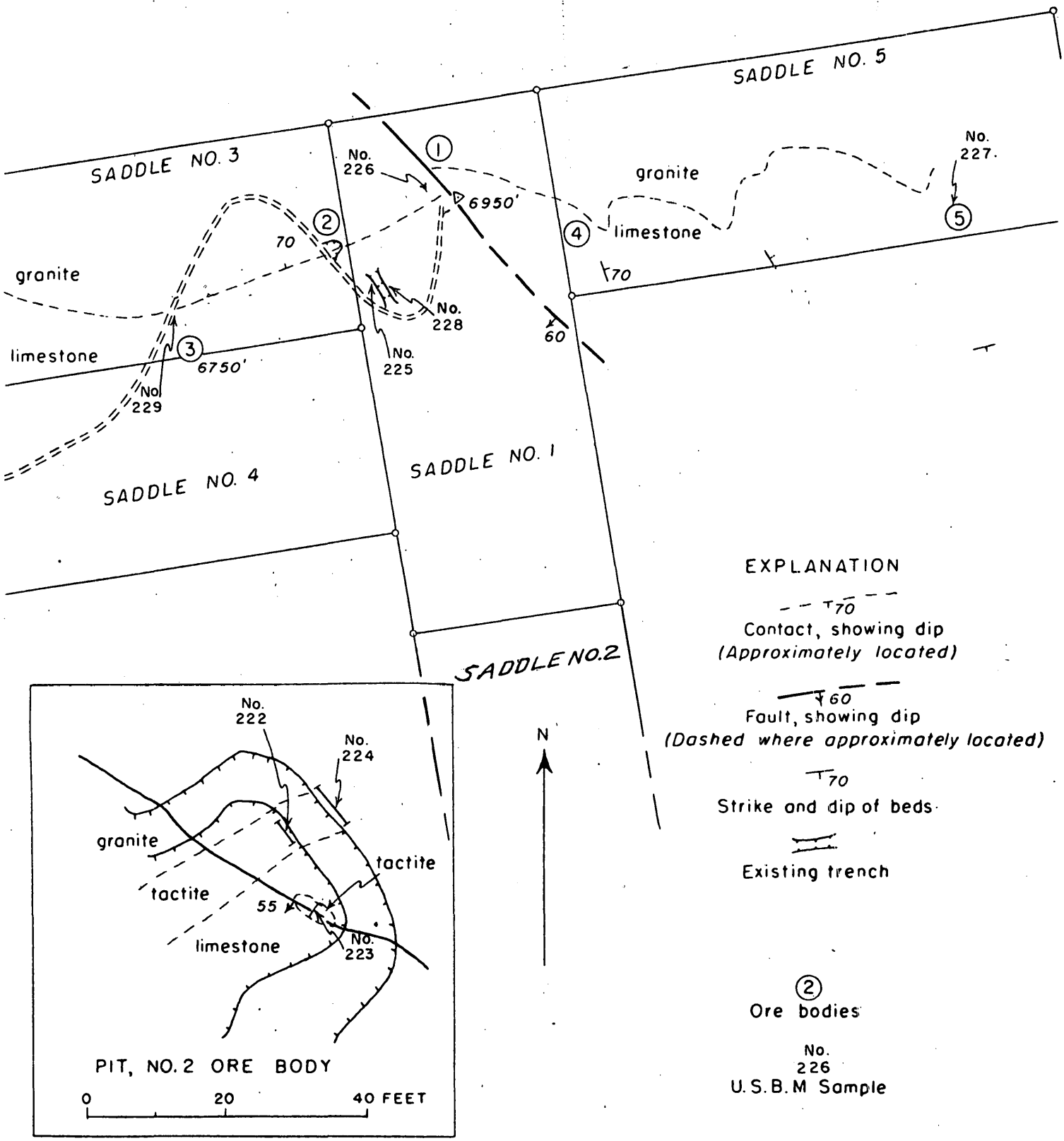


FIG. 1. LOCATION MAP NEVADA



SKETCH MAP SADDLE TUNGSTEN MINE SHOWING LOCATION OF EXPLORATION TRENCHES AND U.S.B.M. SAMPLES
HUMBOLDT COUNTY, NEVADA

Figure 2

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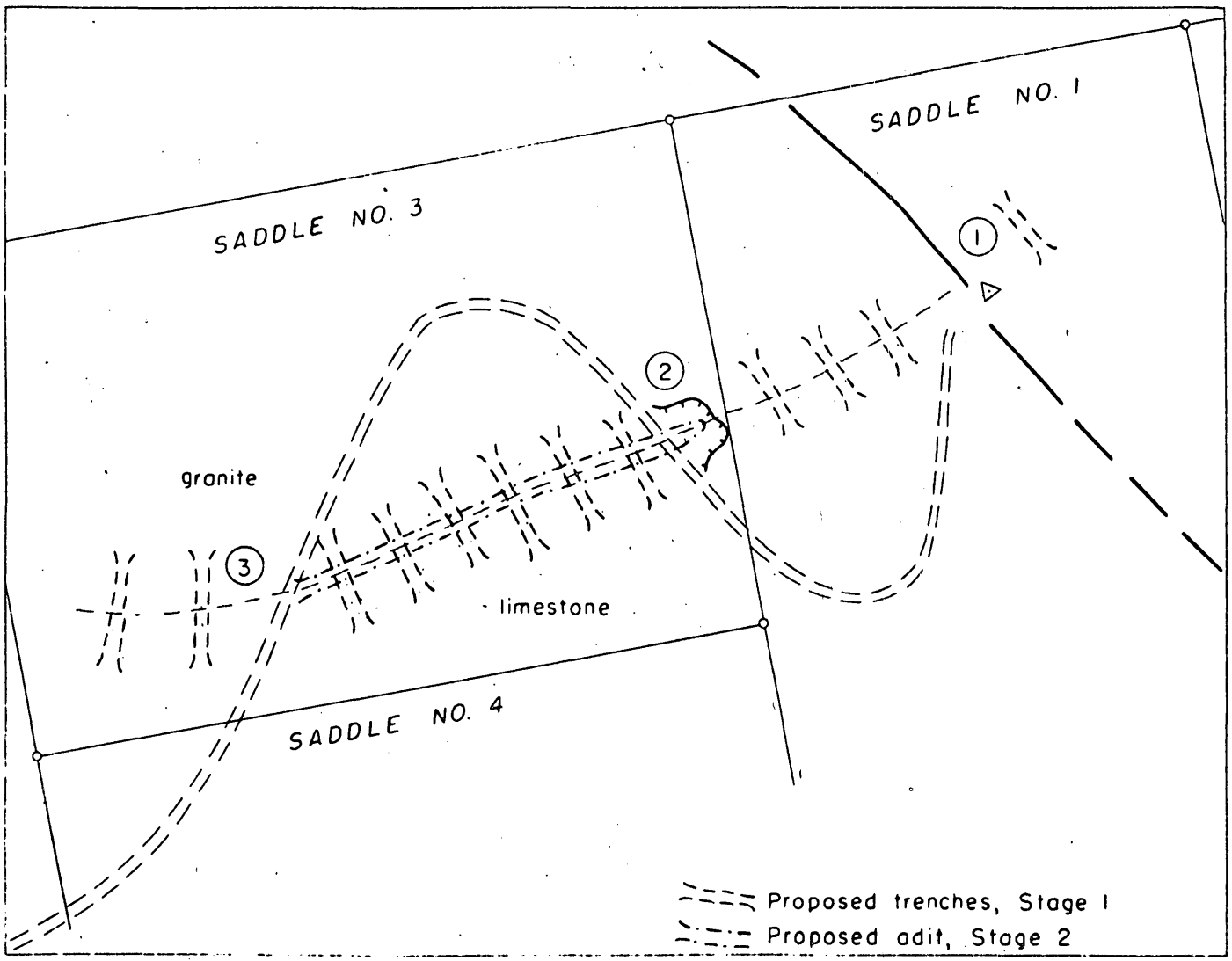
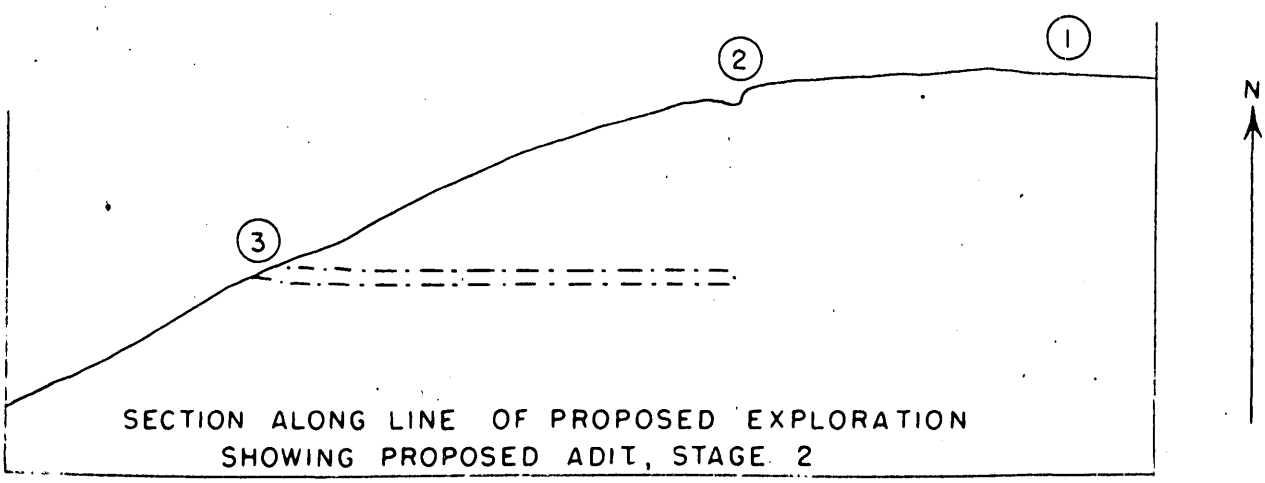
GEOLOGICAL SURVEY

DMEA 3782
(TUNGSTEN)





PROPOSED EXPLORATION, SADDLE TUNGSTEN MINE
HUMBOLDT COUNTY, NEVADA

200 0 200 400 FEET

Figure 3

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