Approved by audit, after Amend. No. 1:

Stage I - Bulldozing	฿300.00
Drilling 12 holes 1020'	3,060.00
Incidental Allowance	918.00
Stage II - Bulldozing	395.00
Drilling 17 holes 1370'	4,110.00
Incidental Allowance	822.00
Total Costs	฿9,605.00
Govt. Part. (75%)	฿7,203.75

Original contract basis:

Stage I - Bulldozing	฿300.00
Drilling 8 holes 740'	2,220.00
Incidental Allowance	666.00
Stage II - Bulldozing	395.00
Drilling 19 holes 1,500'*	4,500.00
Incidental Allowance	900.00
Total Costs	฿8,981.00
Govt. Part. (75%)	฿6,735.75
Difference in Govt. Part	฿468.00

* Map. footage, actual was less, but unknown.

APR 1 1956

Hon. George W. Malone
United States Senate
Washington 25, D. C.

Re: Docket No. DMEA-4715 (Mercury)
Walter L. and Dorothy Low
Mount Tobin Mine
Pershing County, Nevada
Contract No. Idm-21131

Dear Senator Malone:

In my letter of February 28 acknowledging the enclosed February 17 letter to you from Mr. Walter L. Low I stated that his allegations relative to the administration of the referenced exploration contract would be investigated. This investigation has disclosed that payments to Mr. Low of the Government's share of the project costs were in fact delayed, but that the delays were primarily due to Mr. Low's failure to abide by the provisions of the contract.

This contract, as originally executed, provided for Government participation in the costs of rotary drilling 27 holes at sites selected by the Government. All 27 drill sites were located by our Field Team representative in company with Mr. Low prior to the start of the drilling. Mr. Low expressed no objection to the layout of the holes and started the work shortly thereafter.

Final examination of the project, prior to acceptance of the work by the Government, disclosed that the drill site layout had not been followed by Mr. Low. A total of 31 holes had been drilled, only 6 of which were at the designated sites. Two holes were so far from the exploration area that no consideration could be given to acceptance under the contract. Five holes were a considerable distance from the intended exploration area, but were accepted after determination that they were in an area of intense alteration and as likely to encounter mineralization as those originally spotted. The other holes, although not drilled at the selected sites, were acceptably close.

This failure of Mr. Low to drill at the approved sites, or to obtain prior approval of the changed sites, resulted in delays in the acceptance of the work. Furthermore, the execution of

a confirming amendment to the contract was necessary before final payment could be made.

Several other matters contributed to the delays in payment of Mr. Low's vouchers, as follows:

(a) His first voucher was improperly prepared and was returned for correction;

(b) Mr. Low requested an assignment of a portion of the monies payable under this contract; however, as the assignment did not conform with the statutory requirements of the Assignment of Claims Act of 1940, as amended (Title 31, U.S.C.A., sec. 203), Mr. Low subsequently decided to withdraw the request;

(c) Mr. Low delayed in submitting a final geological and engineering report, as required by the contract, until a Field Team representative visited him and assisted in its preparation solely to expedite final payment;

(d) The only auditor we have stationed in the region was stricken with influenza after making an audit of the project costs but before rendering a report of his findings.

Under date of February 18 Mr. Low submitted a supplemental voucher correcting the previously submitted November claim. This voucher was received in the San Francisco regional finance office on February 24 and the entire balance of $4,224.75 due Mr. Low was scheduled for payment on March 3, 1958.

Sincerely yours,

PHS 6698

Administrator

Enclosure

EDTalbert/ama
March 31, 1958

CC; Secretary's Reading File
ADI
MR
Mr. Martin
DL
DCCO

Mails and Files
Admr. Read File
Mr. Gittenderf
Mr. Chambers
FT Rsg. II (2)
Mr. Dwyer

ROUGH DRAFT
FDTalbert/ama
March 31, 1958

Hon. George W. Malone
United States Senate
Washington 25, D. C.

Re: Docket No. DMEA-4715 (Mercury)
Walter L. and Dorothy Low
Mount Tobin Mine
Pershing County, Nevada
Contract No. Idm-E1131

Dear Senator Malone:

In my letter of February 28 acknowledging the enclosed February 17 letter to you from Mr. Walter L. Low I stated that his allegations relative to the administration of the referenced exploration contract would be investigated. This investigation has disclosed that payments to Mr. Low of the Government's share of the project costs were in fact delayed, but that the delays were primarily due to Mr. Low's failure to abide by the provisions of the contract.

This contract, as originally executed, provided for Government participation in the costs of rotary drilling 27 holes at sites selected by the Government. All 27 drill sites were located by our Field Team representative in company with Mr. Low prior to the start of the drilling. Mr. Low expressed no objection to the layout of the holes and started the work shortly thereafter.

Final examination of the project, prior to acceptance of the work by the Government, disclosed that the drill site layout had not been followed by Mr. Low. A total of 31 holes had been drilled, only 6 of which were at the designated sites. Two holes were so far from the

exploration area that no consideration could be given to acceptance under the contract. Five holes were a considerable distance from the intended exploration area, but were accepted after determination that they were in an area of intense alteration and as likely to encounter mineralization as those originally spotted. The other holes, although not drilled at the selected sites, were acceptably close.

This failure of Mr. Low to drill at the approved sites resulted in delays in the acceptance of the work. Furthermore, the execution of a confirming amendment to the contract was necessary before final payment could be made.

Several other matters contributed to the delays in payment of Mr. Low's vouchers, as follows:

(a) His first voucher was improperly prepared and was returned for correction;

(b) Mr. Low requested an assignment of a portion of the monies payable under this contract; however, as the assignment did not conform with the statutory requirements of the Assignment of Claims Act of 1940, as amended (Title 31, U.S.C.A., sec. 203), Mr. Low subsequently decided to withdraw the request;

(c) Mr. Low did not submit a final geological and engineering report, as required by the contract,

until a Field Team representative visited him and assisted in its preparation for no other reason than to expedite final payment;

(d) The sole auditor we have stationed in the region was stricken with influenza after making an audit of the project costs but before rendering a report of his findings, which is a requirement before final payment.

Under date of February 18 Mr. Low submitted a supplemental voucher correcting the previously submitted November claim. This voucher was received in the San Francisco regional finance office on February 24 and the entire balance of $4,224.75 due Mr. Law was scheduled for payment on March 3, 1958.

Sincerely yours,

Administrator

Enclosure

DMEA
RECEIVED MAR 28 1958
DATE | INITIALS | CODE
Ad

1605 Evans Avenue
Reno, Nevada

March 25, 1958

Memorandum

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

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMEA-4715 (Mercury)
Walter L. Low and Dorothy Low
Mt. Tobin Mine
Pershing County, Nevada
Contract No. Idm-E 1131

Enclosed are two copies each of memoranda from Roscoe Smith and H. W. Jones on the specific questions brought out in your letter of March 12, 1958.

I have investigated the payment on October MF-104 vouchers and find that our San Francisco office received them on December 23, 1957 and that they were sent to Treasury on January 3, 1958 for payment. December 23 to January 3, inclusive, totals twelve days. Deducting the day of receipt, holidays, Saturday and Sunday, and the day sent to Treasury leaves 5 extra days. Considering that this was during the Holiday season, I can see no reason for criticism on this payment.

The November MF-104 was received in this office on December 12 but we did not have official word about Low's withdrawal of assignment to the bank until December 20, so the MF-104's were held in this office in the meantime. They were forwarded to Finance December 20 with Roscoe Smith's notation to withhold payment until receipt of Operator's final report. A portion of this payment could have been paid and I discussed it with Mr. Mavor upon my return to the office the first of January. The work was finished and in order to avoid setting

up an account for a small balance on our Finance Office books we decided to conclude the contract by making an audit and helping the Operator with his final report at the same time. Unfortunately, the procedure backfired due to illness of the Auditor and non-acceptance of his audit.

S. Ricker

Attachments

RECEIVED MAR 28 1958

DATE	INITIALS	CODE

1605 Evans Avenue
Reno, Nevada
March 24, 1958

Memorandum

To: S. Ricker, Executive Officer, DMEA Field Team Region II

From: H. W. Jones, Mining Engineer

Subject: Docket No. DMEA-4715 (Mercury)
Walter L. and Dorothy Low
Mount Tobin Mine
Pershing County, Nevada
Contract No. Idm-E 1131
(Letter from Mr. Selfridge dated March 12, 1958)

Paragraphs 1 and 3:

The 27 drill sites were located October 14, 1957 by Brunton and tape survey in company with Mr. Low. Verbal authority was given the Operator to start Stage II on October 30 and during discussion on return to Reno, we concluded that a formal amendment to the contract was unnecessary.

Paragraph 2:

We were guided, but evidently in error, by the maximum units on footage. If holes had averaged 75 feet (50-150), 13 holes under maximum footage of 1,000 feet could have been drilled under Stage I but an amendment would have been required in accordance with the strict interpretation of the contract but not with the reasonable intent thereof -- a rather difficult contract to administer with a drill and crew on the job and a delay for possibly two or more weeks.

Paragraph 4:

Eight holes of Stage I had been completed. Nos. 9 and 10 were disallowed. Hole 11 was started on October 30 during an inspection visit by Roscoe Smith and myself, and additional holes authorized on same date.

Paragraph 5:

Hole No. 9 and No. 10 were both out of order and outside our recommended exploration area. Drill sites were selected by Mr. Low.

Paragraph 6:

Cuttings from No. 8 showed some cinnabar mineralization. Additional drilling was verbally authorized October 30. We did not consider an amendment to meet the intent of the contract was required and informal permission to continue was given by you on November 4. Roscoe Smith and I believed that it was in the interest of both the Government and the Operator to more fully explore the area.

Paragraphs 7 and 8:

No comment.

H. W. Jones

H. W. Jones.

EXPEDITE
DMEA
RECEIVED MAR 28 1958

DATE	INITIALS	CODE

Mineral Deposits Branch

March 20, 1958

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

Re: Docket DMEA-4715 (Mercury)
Walter L. Low and Dorothy Low
Mt. Tobin mine
Pershing County, Nevada
Contract Idm-E1131

Dear Mr. Ricker:

Mr. Selfridge has asked for detailed answers to questions about the referenced project in a letter to you dated March 12, 1958.

In paragraph 1 of that letter, he requests the specific date when variations from the contract were informally authorized. That date was October 30, 1957 at the time of my visit to the property with Henry Jones (not October 29 as reported in Mr. Low's October narrative). At that time 10 holes had been completed, eight of which (holes 1-8) were in accordance with the contract and two of which (9 and 10) had been spotted by Mr. Low completely outside the favorable zone. Hole No. 8 was the last hole authorized in Stage I. Cuttings from this hole panned in my presence contained small amounts of cinnabar and pyrite in silicified shale and chert in the intervals between 75 and 86 feet. The amount of cinnabar was not enough to warrant assaying or to justify all of Stage II, but it was enough to justify some additional drilling. Accordingly, Mr. Low was given oral permission to continue with one hole in Stage II. He then started Hole No. 11 at 2:00 p.m., and at 3:00 p.m. the hole had reached a depth of 60 feet. The interval from 50 to 55 feet yielded cuttings of gray chert which panned a trace of cinnabar, and the interval 55 to 60 feet contained gray chert which panned a significant

quantity of cinnabar. Henry and I concluded from visual inspection that this was a sufficient showing to warrant all of Stage II. As it turned out later the interval 55 to 60 feet yielded the highest assay of the project. A request for an amendment to the contract was not requested at that time because the authorization was strictly in conformance with the first paragraph of Exhibit A. This verbal authorization was an official approval of Stage II, not an informal one as the contract does not state that the approval must be in writing, although it was later confirmed in writing. I saw no need for an amendment at that time and I have no data that suggests the need for an amendment, but I have been told that one is required for fiscal reasons. As we have none of the fiscal data in our office I cannot comment further.

I cannot agree with the last sentence in paragraph 2 which states that the intent of the contract was to drill "not in excess of 19 holes". The contract authorizes the preparation of 19 drill sites and states that 19 holes shall be drilled. The only restriction is that the aggregate length shall not exceed 1,500 feet. If the operator chose to prepare additional drill sites at his own expense and drill 29 holes, this is within the intent of the contract so long as the aggregate length is not over 1,500 feet.

I have no data to answer the questions asked in the third paragraph of the letter. Paragraph 4 requests the date that the operator was given informal approval for drilling Stage II holes. This date was October 30. All of the Stage I holes had been completed at that time and official approval was given to drill all of the Stage II holes as detailed above.

Paragraph 5 concerns holes 9 and 10. These were completed just before my arrival on October 30 and at such a great distance from the exploration area that we saw no way to reconcile them with the contract. We therefore informed Mr. Low that they would be disallowed. Mr. Jones did not spot these holes, the sites were chosen by Mr. Low.

In paragraph 6 the second sentence is not correct. Holes 12, 13, and 14 were not accepted as Stage I holes. The third sentence is also incorrect as drilling in excess of eight holes in Stage I was never informally authorized by the Field Team. At that time,

October 30, eight holes were considered to be all of Stage I, holes 9 and 10 were disallowed, and all subsequent holes were considered to be Stage II. No amendment was necessary and therefore none was requested.

Paragraphs 7 and 8 concern the delay in payment of the operator's vouchers. This delay was occasioned almost entirely by Mr. Low's request for an assignment of his first voucher. Washington's authorization to make the assignment was requested. The reply that the assignment would have to be filled out on a different set of forms was received in your office while I was Acting Executive Officer. I visualized excessive delay if new forms had to be submitted, and therefore I called Mr. Low on the telephone and explained the situation to him. He told me to forget about the assignment and I assured him that I would do so and requested written confirmation of his telephone instructions. I held this first voucher until written confirmation was received and then forwarded the voucher to San Francisco for payment. By that time his second and last voucher had been received, and this I forwarded to San Francisco with a note attached to "hold until operator's final report is received" . I was remiss in not specifying the amount to be withheld. As the operator's final report had still not been received by January 16, 1958, Henry Jones stopped in Winnemucca and assisted Mr. Low in its preparation, for no other reason than to expedite payment of the second voucher.

A comparison of the maps in the final report and in the contract reveals that in Stage I, holes 1, 4, 5, 6, and 7, and in Stage II, hole 31 were the only ones drilled at spots designated in the contract. Sites for the other holes were selected by Mr. Low. Holes 9 and 10 were so far from the contract area that they were disallowed. Five other holes--15, 16, 28, 29, and 30--were drilled at a considerable distance from the project area at Mr. Low's request and were approved because they are in an area of intense alteration and were as likely to discover ore as any of the others.

Sincerely yours,

Roscoe M. Smith, member
DMEA Field Team, Region II

INTERIOR DEPT.
MAR 13 1958
SOLICITOR

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

MAR 12 1958

Re: Docket No. DMEA-4715 (Mercury)
Walter L. Low and Dorothy Low
Mount Tobin Mine
Pershing County, Nevada
Contract No. Idm-E1131

Dear Mr. Ricker:

Your letter of March 4 explains some of the difficulties and delays in the administration and settlement of the referenced project; even so, a number of questions remain unanswered. We have neither the specific date when variations from the contract were informally authorized nor an explanation of the failure at that time to request a confirming amendment to the contract.

This contract was patterned on the Field Team's recommendation for the drilling of 8 primary holes, followed by secondary holes "if satisfactory results are achieved from the primary holes". Thus, the contract provided for the Operator to complete 8 holes at sites approved by the Government, each hole to be between 50 and 150 feet deep, but not exceeding 1,000 feet in the aggregate. Then, the intent of the contract was that, to the extent approved in advance by the Government, the Operator would drill not in excess of 19 holes aggregating not over 1,500 feet in depth.

H. . Jones' interim report and your letter state that the project was visited on October 14 and 23, when both first and second stage holes were located. On which date were the holes actually spotted? How many of the following were spotted: the 27 authorized by the contract, the 29 under your February 17 amendment, or the 31 actually drilled by the Operator?

A second interim report and your letter state that the project was visited again on October 30 and November 4. On which of these dates was the Operator given the informal approval, as confirmed by your November 4 letter, for drilling of Stage II holes? How many Stage I holes had been completed at that time?

Your letter states that holes 9 and 10 were much out of order. H. W. Jones' interim report specifies that these holes were outside of the exploration area. Are we correct in assuming that the Operator did not drill at the sites approved by Mr. Jones?

H. W. Jones' interim report, as well as the Operator's final report, indicates that Stage II was authorized after mineralization was encountered in Stage I hole no. 11. Furthermore, subsequent holes nos. 12, 13, and 14 were accepted (with holes nos. 9 and 10 being disallowed) as Stage I holes. Please give reason and date Stage I drilling in excess of the contract maximum of 8 holes for Stage I was informally authorized by the Field Team. Why was not a request for amendment made at that time?

The delay in payment of the Operator's vouchers also raises some questions. Mr. Low's advice to ignore his request for assignment was received by you on December 20. Could not steps then have been taken to expedite payment of the much past due October MF-104?

The November MF-104 was received by you on December 12 but payment of the entire balance of $4,224.75 was withheld pending receipt of the Operator's final report and an audit of the project account. Why was it necessary to withhold the entire amount rather than a nominal sum to cover the estimated cost of the Operator's final report plus the amount of possible disallowances by audit? That part of contract Article 5 following the word "provided", as well as the Special Notices in Operating Committee Minutes Nos. 219 and 782 and Question and Answer No. 21 of Operating Committee Memorandum No. 8, is pertinent to this question.

So that our files will contain complete and specific information, detailed answers to the above questions would be appreciated.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

EDTalbert/ama
March 11, 1958

APPROVED:

Frank D. Lamb

Member, Bureau of Mines

Thor H. Kiilsgaard

Member, Geological Survey

Copy to: Docket
Admr. Reading File
Operating Committee
Mr. Kiilsgaard, USGS
Mr. Pennington, USBM
Mr. Chambers

ROUGH DRAFT
EDTalbert/ama
3/10/58

Fy
Com

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

Re: Docket No. DMEA-4715 (Mercury)
Walter L. Low and Dorothy Low
Mount Tobin Mine
Pershing County, Nevada
Contract No. Idm-E1131

Dear Mr. Ricker:

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H. W. Jones' interim report and your letter state that the project was visited on October 14 and 23, when both first and second stage

holes were located. On which date were the holes actually spotted? How many of the following were spotted: The 27 authorized by the contract, the 29 under your February 17 amendment, or the 31 actually drilled by the Operator?

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H. W. Jones' interim report, as well as the Operator's final report, indicates that Stage II was authorized after mineralization was encountered in Stage I hole no. 11. Furthermore, subsequent holes nos. 12, 13, and 14 were accepted (with holes nos. 9 and 10 being disallowed) as Stage I holes. Please give reasons and dates [redacted] Stage I drilling in excess of the contract maximum of 8 holes for Stage I was informally authorized by the Field Team. Why was not a request for amendment made at that time?

The delay in payment of the Operator's vouchers also raises some questions. Mr. Low's advice to ignore his request for assignment was received by you on December 20. Could not steps then have been taken to expedite payment of the much past due October MF-104?

The November MF-104 was received by you on December 12, but payment of the entire balance of $4,224.75 was withheld pending receipt

of the Operator's final report and an audit of the project account. Why was it necessary to withhold the entire amount rather than a nominal sum to cover the estimated cost of the Operator's final report plus the amount of possible disallowances by audit? That part of contract Article 5 following the word "provided", as well as the Special Notices in Operating Committee Minutes Nos. 219 and 782 and Question and Answer No. 21 of Operating Committee Memorandum No. 8, is pertinent to this question.

So that our files will contain complete and specific information, detailed answers to the above questions would be appreciated.

Sincerely yours,

Chairman, Operating Committee

Orig to Divisions

EXTRA COPY DMEA RECEIVED MAR 7 1958		
DATE	INITIALS	CODE
3/7	[illegible]	110
		130
3/7	[illegible]	800
		100

1605 Evans Avenue
Reno, Nevada

March 4, 1958

Memorandum

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

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMEA-4715 (Mercury)
Walter L. Low and Dorothy Low
Mount Tobin Mine
Pershing County, Nevada
Contract No. Idm-E 1131

Reference is made to your letter of February 28, 1958 and copy of Walter Low's letter of February 17, 1958 to Senator Malone relative to subject contract.

I am not surprised at such a letter from Mr. Low as a review of our correspondence with him relative to Dockets Nos. 2282 and 2848, during the years 1952 through 1954, is indicative of his character. His opinion of DMEA and our engineers and geologists hasn't changed since our experience with him during those years. As Mr. Low, upon his visit to Reno on October, 1957 to sign the contract seemed exceptionally cordial and pleased with the DMEA functions and personnel, we will give you our comments from that date.

H. W. Jones visited the property on October 14 and 23 and located proposed drill sites in cooperation with Mr. Low, at which time he expressed no objection to the layout of the holes. Drilling started with Hole No. 5 on October 22 and project was completed November 7. As drilling was progressing so rapidly, Jones again visited the project on October 30, November 4, and November 8. Owing to the fact that the Operator seemed determined

to take the project in his own hands and drill without our control, Roscoe Smith accompanied Jones on one of the trips and B. H. Sheahan on another. Two holes, Nos. 9 and 10, were so much out of order that payment could not be reconciled with the contract and was disallowed. Some of the other holes, while not drilled as originally planned, served the general purpose of sound exploration and were accepted. In the meantime, on November 4, 1957, the Operator was advised by mail (copy of letter enclosed) that he could proceed with Stage II of contract in confirmation of verbal permission.

Corrected vouchers MF-104 and MF-104A for October were received in this office November 15, after having been returned to the Operator for correction. In the meantime, on November 9, 1957, an assignment of monies owing to Low was made to the First National Bank of Nevada and forwarded to Washington on November 13, 1957. A letter informing us that the assignment did not conform to Government policy was received from Washington on December 13, 1957. Roscoe Smith informed Mr. Low on December 17, 1957 that the assignment was not in order and was advised by Mr. Low to ignore the assignment and to proceed in the normal manner. A confirmation by mail was received on December 20 of Low's decision and the Finance office in San Francisco was advised to pay the October vouchers. Vouchers were sent to Treasury January 3, 1958 and Low evidently received payment January 9, 1958.

Vouchers for the month of November were received in this office December 12, 1958. Operator's final report had not been received nor had the account been audited. For both reasons, it was necessary to hold payment in abeyance.

On January 16, our Auditor, George Mavor, in company with H. W. Jones audited the account and Jones helped with the Operator's final report so that the account could be closed. Unfortunately, Mr. Mavor had an attack of influenza and upon his return to San Francisco was confined to his home the last two weeks in January. The audit, which was prepared during the first week in February, was returned from Washington for revision on February 10 and payment could not be made until Amendment No. 1 was consummated. This required another delay in payment.

I discussed the amendment with both Roscoe Smith and Mr. Mavor and it was the consensus that it was within the authority of the Executive Officer to prepare and execute it. In addition, it would have probably taken at least two weeks more to have received one from Washington which would have aggravated the situation. To expedite execution of the amendment, Mr. Jones made a special trip to Winnemucca on February 18 to obtain Mr. Low's signature. He fully explained that his last MF-104 and MF-104A vouchers could not be paid as they could not be reconciled with the contract.

In the meantime, the drilling contractor was becoming annoyed because he had not been fully paid and Mr. Low blew his top at the last delay as he had been planning a fishing trip to the Colorado River.

The type of drilling was adaptable to this type of formation. Core drilling would have been impracticable and churn drilling, much more costly, slower, and would not have given any more pertinent information. The drilling was similar to that carried on at project DMEA-4342, which was highly successful in finding a commercial ore body of significant size. Here, however, drilling was done dry and good results obtained. If significant ore bodies had been intersected they would have been indicated in the cuttings. Where possible, every effort was used to give serious consideration to all of Mr. Low's suggestions as to hole locations.

In summary, it may be said that the delay on payment of first voucher was due to Low's assignment to the bank which did not conform to the Government's policy. Delay in payment of the final voucher was due to the fact that the Operator's vouchers did not conform to contract; delay in receiving Operator's final report; illness of Auditor; and necessity of consummating Amendment No. 1.

I am sure Senator Malone will realize that during this period we had other responsibilities in addition to subject contract.

We hope this will give you the data requested.

S. Ricker

Attachment

1605 Evans Avenue
Reno, Nevada

November 4, 1957

EXTRA COPY
DMEA
RECEIVED MAR 7 1958
DATE | INITIALS

Mr. Walter L. Low
Walter and Dorothy Low
Box 373
Winnemucca, Nevada

Re: Docket No. 4715 (Mercury)
Walter L. and Dorothy Low
Mount Tobin Mine
Pershing County, Nevada
Contract No. Idm-E 1131

Dear Mr. Low:

This will grant the Government's permission to proceed with Stage II of referenced contract. Location of additional drilling should be in accordance with the instructions of the Government's Field Team.

Very truly yours,

S. Ricker
Executive Officer
DMEA Field Team, Region II

SRicker:ft
cc: File
Chron

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

OFFICIAL FILE COPY
DMEA
RECEIVED MAR 5 1958

DATE		CODE
3/5	C	220
		800

420 Custom House
555 Battery Street
San Francisco 11, California

February 28, 1958

Mr. Walter L. Low
P. O. Box 373
Winnemucca, Nevada

Re: Idm-K1131, DMEA-4715
Walter L. Low
and
Dorothy Low
Mount Tobin Mine

Dear Mr. Low:

Enclosed herewith for your information and files are copies of Audit Certificate and Audit Report for subject contract, which covers the operating period of October and November 1957. The balance due you in amount of $4,224.75 is now being processed for payment and you should receive your check within a few days.

Sincerely yours,

George Mavor
Auditor

Enclosure:

Copy to: Jay L. Chambers

FEB 28 1958

Mr. George Mavor
DMEA Auditor
420 Custom House
555 Battery Street
San Francisco 11, California

Re: DMA-4715, Idm-F1131
Walter V. Low and Dorothy Low

Dear Mr. Mavor:

By telegram yesterday I advised you of the acceptance of your revised Audit Report and Certificate covering the referenced project. Normal distribution of all copies therefore is authorized.

Amendment No. 1, upon which your revision was based, increased maximum requirements (the number of holes in Stage I and in total, as well as the footage in Stage I). The Executive Officer does not have the authority to execute such an amendment. See Section 2(e)(1)(ii) of the Secretary's Order No. 2808. However, I have been assured that the amendment will be approved after more detailed justification by Mr. Ricker.

The intent of the second paragraph of my letter of February 10 was to point out that excesses over maximum could be accepted only upon execution by the Administrator of an amendment upon the request and justification of the Field Team. The underscored words were not included in my advice, so I may have unintentionally contributed to Mr. Ricker's unauthorized action.

In your future interpretation of contracts consideration should be given to the intent when stages of work are provided. In this case the Operator was to complete 8 holes, each between 50 and 150 feet deep, but the aggregate depth was not to exceed 1,000 feet. Based upon the results of these 8 holes, the Operator was to drill as many of the 19 holes of Stage II as were approved in advance by the Field Team.

Our files do not give a very concise story of what actually took place, but indicate that the decision to proceed with Stage II was based on the results of hole no. 11 (the 9th, not 8th accepted

hole). If this is so, properly the Field Team should have requested and justified an amendment to revise the drilling program at the time oral authorization was given for hole no. 9.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Director
Contract Administration
and Audit Division

EDTalbert/ama
February 28, 1958

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

Contract Adm. & Audit Div.

Defense Minerals Exploration Adm.
14X4401(01) Revolving Fund, Defense Production Act, Interior, (Transfer to Office of Secretary)

TELEGRAM

FEB 27 1958

MR. [illegible] MAYOR
DMEA AUDITOR
420 CUSTOM HOUSE
555 BATTERY STREET
SAN FRANCISCO 11, CALIFORNIA

AUDIT REPORT ON DMEA-4715, IDM-81131, MONT TORIN MINE IS ACCEPTABLE.

PLEASE REQUEST CERTIFYING OFFICER TO EXPEDITE PAYMENT OF BALANCE DUE OPERATOR.

(Signed) J. L. Chambers

JAY L. CHAMBERS, DIRECTOR
CONTRACT ADMINISTRATION
AND AUDIT DIVISION

EDTalbert/wb
February 27, 1958

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

Box 373
Winnemucca, Nevada
February 17, 1958

Senator George W. Malone
Senate Office Building
Washington, D. C.

My dear Senator,

We want to thank you for expediting that DMEA deal last September. It came through in just one week after you contacted them. However, our experience with the DMEA has been entirely unsatisfactory. Of all the damned incompetent loafers we ever had dealings with, this no-account outfit takes the grand prize.

A brief history of this deal follows:

✓April 1, 1957 - Application submitted to Reno office of DMEA for 2500 feet of drilling and 50 hours of bulldozing.

✓April 4, 1957 - Receipt of above acknowledged by Allen A. Dakan.

✓April 26, 1957 - Frank E. Johnson advised us by letter that DMEA field team at Reno instructed to examine property.

✓May 21, 1957 - Henry W. Jones and Robert G. Reeves from Reno DMEA office examined property.

October 1, 1957 - DMEA contract No. 1131 signed at Reno office of DMEA.

October 22 - Drilling started on drill sites staked by Henry Jones.

November 7, 1957 - Drilling and dozing completed.

November 13, 1957 - Report and voucher mailed to DMEA at Reno for month of October.

December 9, 1957 - Report and voucher mailed for month of November.

January 9, 1958 - Check received for DMEAcontribution for October $2979.00.

January 15, 1958 - Henry W. Jones and DMEA auditor came to make audit of accounts connected with contract. At this time they advised us check for November would be mailed to us in two weeks.

February 17, 1958 - Henry W. Jones phoned from Reno stating he was coming to Winnemucca tomorrow, February 18, with some papers to sign so he could complete his report, so we will be in line to get a check.

Fast work for a bunch of drones on government relief with nothing to do but kill time. They are in the same class with foreign aid - it is time to abolish both of them.

As to the drilling program at the Mt. Tobin Mine done under this DMEA contract, it accomplished nothing, due to the way

these supposed-to-be mining engineers and geologists designated where the holes should be drilled. We objected to the location of the holes, but were told we could waste a few more months if we asked to have them changed. So we went ahead and drilled the holes in the wrong places designated by these "experts".

We believe, from our experience with this DMEA outfit, that a thorough investigation of their activities is in order.

Thanking you, Senator, for any assistance you may give us, we remain

Sincerely yours,

Walter L. Low

and

Dorothy Low

wl:hg

DMEA
RECEIVED FEB 20 1958

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

AUDIT CERTIFICATE

I have examined the records and transactions of

Walter L. Low and Dorothy Low,
a partnership
P. O. Box 373
Winnemucca, Nevada

pertaining to Exploration Project Contract No. Idm-X1131, Docket No. DMEA-4715, dated September 11, 1957, including Amendment No. 1, covering a project for the exploration of mercury, on property located in Pershing County, Nevada, and commonly known as the Mount Tobin Mine, for the months of October and November 1957.

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

The audit disclosed the following facts in regard to the amount to be paid the Contractor:

Total cost as billed by Contractor	$9,605.00
Exceptions	-0-
Total Accepted Cost	$9,605.00

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 Seven Thousand Two Hundred Three and 75/100 Dollars, is valid and proper.

Amount Payable to Operator	$7,203.75
Amount reimbursed	2,272.00
Balance due Operator	$4,931.75

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

George Mavor
George Mavor
Auditor

February 17, 1958

AUDIT REPORT

I. INTRODUCTION

On January 16, 1958, a final audit (covering operations for the Months of October and November 1957) was made of the records and transactions pertaining to Exploration Project Contract No. Idm-K1131, Docket No. DMEA-4715, dated September 11, 1957, including Amendment No. 1, with:

Walter L. Low and Dorothy Low,
a partnership
P. O. Box 373
Winnemucca, Nevada

covering a project for the exploration of mercury, on property located in Pershing County, Nevada, and commonly known as the Mount Tobin Mine.

The accounting records under this contract were maintained in the home of Mr. Walter L. Low, Co-partner, 1363 Bridge Street, Winnemucca, Nevada.

Mr. Henry W. James, Mining Engineer, and member of Region II, DMEA Field Team, accompanied the auditor and assisted in the audit. Mr. Walter L. Low, Co-partner was also present during the audit and consulted as required.

II. GENERAL INFORMATION ON RECORDS

The Operator did not maintain a formal set of accounting records, however, he did have in his possession all invoices and cancelled bank checks, relating to the cost of the DMEA Exploration Project. These invoices and cancelled bank checks furnished sufficient information from which a satisfactory audit of the cost of the project was made.

III. SCOPE OF AUDIT

The audit consisted of a complete analysis of all expenditures, in order to ascertain the accuracy, propriety and validity of the costs as shown in the "Totals to Date" column on Form NV-164, Operator's Monthly Report and Voucher, for the month of November 1957. The extent of the audit and the findings under each of the "Items of Cost" follows:

(1) Independent Contracts $7,865.00

All charges under this category were verified to invoices and cancelled bank checks, and the costs claimed by the Operator were as follows:

	Stage I	Stage II	Total Cost
Bulldozing	300.00	345.00	645.00
Mobilization Dozer & Equip.	-0-		-0-
Demobilization Dozer & Equip.		50.00	50.00
Rotary Drilling	3,060.00	4,110.00	7,170.00
Totals	$3,360.00	$4,505.00	$7,865.00

The bulldozing cost of $645.00 covered work performed by Lee Ferral Construction Company in connection with bulldozing drill sites and access roads, and the costs are accounted for as follows:

	Total Cost	Cost Distribution Stage I	Stage II
Cat & D-8 Dozer 43 hours at $15.00	$645.00	$300.00	$345.00

As the bulldozer was in the vicinity when the Operator started work, no charge was made for mobilization costs. However, a charge of $50.00 was made for demobilization when the bulldozer was removed from the Operator's property, and was an allowable cost under Stage II of the contract.

The Operator entered into an agreement dated September 10, 1957 with Tom Hayley, d/b/a Sierra Drilling and Bit Co., for the performance of all rotary drilling at a flat rate of $3.00 per foot and the drilling costs claimed were as follows:

Rotary Drilling

October 1957		
Drilled Holes No. 1 to No. 14	1,160 ft. at $3.00	$3,480.00
Less: Holes No. 9 & 10 disallowed	160 ft. at 3.00	480.00
Net claim for October 1957	1,000 ft. at 3.00	$3,000.00
November 1957		
Drilled Holes No. 15 to 31	1,370 ft. at 3.00	4,110.00
Total claimed 29 holes	2,370 ft. at 3.00	$7,110.00

The above rotary drilling costs in amount of $7,110.00 were distributed as follows:

Stage I	Stage II	Total
1000 ft at $3.00=$3,000.00	1370 ft at $3.00=$4,110.00	2370 ft at $3.00=$7,110.00

The disallowance for holes No. 9 & 10, aggregating 160 feet listed above, was due to the Operator drilling these two holes outside the exploration area without approval by the Government and was disallowed by the Remaining Engineer.

The total cost of Independent Contracts in amount of $7,865.00 listed above was verified to terms shown in Exhibit "A" of the contract and the costs did not exceed the allowable maximums shown therein.

The actual cost of rotary drilling paid by the Operator was as follows:

Billed by Sierra Drilling and Bit Co.

Oct. 1957	8 Holes	740 ft. at $3.00	$2,220.00
Nov. 1957	23 Holes	1,760 ft. at 3.00	5,280.00
Totals	31 Holes	2,500 ft. at 3.00	$7,500.00

An examination of drill logs showed that hole No. 31 had been drilled to a depth of 120 feet, however, as this exceeded the total footage by 30 feet as allowed by the contract, the driller only charged for 70 feet.

(1) Fixed Unit Costs $1,740.00

The costs under this category were classified as incidental allowances and charged on fixed unit rates, based on the footage of drilling completed as follows:

Stage I	Oct. 1957	1020 ft. at $0.90	$	918.00
Stage II	Nov. 1957	1370 ft. at $0.60		822.00
Total				1,740.00

The costs claimed by the Operator in amount of $1,740.00 did not exceed the allowable maximum of $1,800.00 as set forth under Stage I and Stage II of the contract.

IV CONCLUSION

The audit disclosed that all costs charged to this project, as examined in the preceding section of this report are reasonable and proper under the terms of the contract.

The audit also disclosed that the status as of November 30, 1957, of "Allowable Maximums" under the contract was as follows:

Stage I	Allowable Maximum	Total Costs	Balance
Independent Contracts	$3,460.00	$3,360.00	$100.00
Fixed Unit Costs			
Incidental Allowances	918.00	918.00	-0-
Assaying	120.00	-0-	120.00
Totals Stage I	4,498.00	4,278.00	220.00
Stage II			
Independent Contracts	$4,990.00	$4,505.00	$485.00
Fixed Unit Costs			
Incidental Allowance	882.00	822.00	60.00
Assaying	174.00	-0-	174.00
Total Stage II	$ 6,046.00	5,327.00	719.00
Totals Stage I & Stage II	10,544.00	9,605.00	939.00

The adjustments between Items of Costs, as shown on the November 1957 MP-104, and approved amounts are summarized as follows:

	Totals Nov. 27-30	Distribution Corrected	Total	Accepted Cost Phase I	Phase II
(1) Independent Contracts					
Bulldozing	$645.00	$645.00	$645.00	300.00	345.00
Rehabilitation Bulldozer and Equipment		50.00	50.00	-0-	50.00
Rotary Drilling	7,170.00	7,170.00	7,170.00	3,060.00	4,110.00
Fixed Unit Costs					
Incidental Allowance		1,740.00	1,740.00	918.00	822.00
(7) Miscellaneous					
Rehabilitation Bulldozer and Equipment	50.00				
Incidental Allowance	1,740.00				
Totals	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

At the conclusion of the audit the findings were discussed with Mr. Walter L. Low, Co-partner for the enterprise.

This report has been discussed with Mr. E. Richer, Executive Officer, Region II, and he concurred with my findings, and agreed that the final allowable costs as presented, were necessary and allowable under the terms of the contract.

George Mayer
George Mayer
Auditor

February 17, 1958

CENTRAL FILE COPY
DMEA
RECEIVED FEB 20 1958
DATE | INITIALS | CODE
2/20 | C | 220
| | 800

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

WASHINGTON 25, D.C.
420 Custom House, 555 Battery Street
San Francisco, California

February 18, 1958

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

Re: Idm-E1131, DMEA-4715
Walter L. Low and
Dorothy Low

Dear Mr. Chambers:

Reference is made to your letter dated February 10, 1958 wherein you returned Audit Report and Certificate covering subject contract for revision. Upon receipt of your letter I discussed with Mr. S. Ricker, Executive Officer, Region II, the items listed in your letter which did not meet with the terms of the Contract, and it was decided that Amendment No. 1 would be issued in order to confirm the work performed by the Operator which was accepted by the Government. The Amendment reads in part as follows:

Not within Ex. Off. authority
See Sec. 2(a)(1)(ii) of Order 2808

"In Exhibit "A" of the contract the Rotary Drilling Units of work to be performed and Fixed Unit Costs for Incidental Allowances are deleted and the following is subsituted".

Stage I

Actual Costs	
Rotary Drilling, 12 Holes 1,020 feet at $3.00 per foot	$3,060.00
Fixed Unit Costs	
Incidental Allowances for each foot of drilling completed, 1,020 feet at $0.90 per foot	918.00

Stage II

Actual Costs	
Rotary Drilling, 17 Holes 1,480 feet at $3.00 per foot	$4,440.00
Fixed Unit Costs	
Incidental Allowances for each foot of drilling completed, but not exceeding 1,470 feet at $0.60 per foot	882.00

I have corrected my audit report in accordance with Amendment No. 1, and have also made the necessary corrections in accordance with Items (3) and (4) of your letter, and I am attaching hereto the revised Audit Report and Certificate for your approval. Mr Ricker expects to forward Amendment No. 1 to the Operating Committee by Air Mail Wednesday, February 19, 1958.

Sincerely yours,

George Mavor

George Mavor
Auditor

Attachment:
Copy to: S. Ricker

Mr. George Meyer
DMEA Auditor
420 Custom House
555 Battery Street
San Francisco 11, California

Re: Docket No. DMEA-4715
Contract No. Ida-E1131
Walter L. Low and Dorothy Low

Dear Mr. Meyer:

The recently submitted copies of your final Audit Report and Certificate covering the referenced project are returned for revision as may be necessary after consideration of the following points:

(1) You have allowed the costs of 11 full holes and part of a 12th hole in Stage I, whereas the contract provides for 8 holes in Stage I. As this figure is not modified by terms such as "approximately" or "about", it must be considered a maximum. Furthermore, a hole is never split between stages. Stage II could be authorized only after the completion of the Stage I holes.

(2) You have allowed the costs of a total of 29 holes. As explained above, the contract specifies a maximum of 8 holes in Stage I and 19 in Stage II, a total of 27.

(3) On page 3 of your report, Incidental Allowances are listed under Category (7) Miscellaneous. Such costs are Fixed Unit Costs and should be stated under that title.

(4) Also on page 3, allowable maximums are indicated for the three items under Independent Contracts. The estimated total costs of each of these items (bulldozing, mobilization, and drilling) are not maximums; only the unit rates and the total cost of the category are maximums per Article 6 (a) of the contract.

As costs in excess of the maximums of 8 holes in Stage I and 19 holes in Stage II, or a total of 27 holes, can be allowed only after appropriate amendment of the contract based upon justified recommendations of the Field Team, a copy of this letter is being sent to Mr. Richter.

In connection with these holes, it is to be noted that the contract specifies that each hole shall be between 50 and 150 feet deep. Any hole not meeting this specification, likewise cannot be allowed without appropriate amendment.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Director
Contract Administration
and Audit Division

Enclosure

EDTalbert/wb
February 10, 1958

Copy to: Docket
Admr. Reading File
Mr. Ricker, Region II
Mr. Chambers

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 November, 1957 Docket No. DMEA 4715 Contract No. 1131
Operator's Name Walter L. & Dorothy Low Minerals Mercury
Address Box 373, Winnemucca, Nevada
Contract Amount, $ 10,544.00 Government Participation: 75 % Amount, $ 7,908.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling Rotary	4,110.00	3,060.00	7,170.00			
Bulldozing	645.00	---	645.00			
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						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
Demobilization	50.00		50.00			
Incidental Allowance	822.00	912.00	1,734.00	*828.00		1740.00 Per Suppl. MF-104
(8) Contingencies (specify):						
TOTALS	5,627.00	3,972.00	9,599.00	5633.00	3972.00	9605.00

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

Date 12/9/57 *Payee Walter L. & Dorothy Low

Per Walter L. Low Title Partner

*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:

$ 4224.25 (Final)

Signature [illegible]
(Authorized Certifying Officer)

Date MAR 3 1958 Vou. No. SF-10 MCA-17

(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-E1131 in accordance with the terms of the contract.

Signature Henry W. Jones Title Mining Engineer Date December 16, 1957

Henry W. Jones

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Roscoe M. Smith Title Acting Executive Officer Date Dec. 16, 1957

Roscoe M. Smith

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.

GPO 872893

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED MAR 2 1958 DMEA

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of November 1957 Docket No. DMEA 4715 Contract No. 1131
Operator's Name Walter L. and Dorothy Low Minerals Mercury
Address Box 373, Winnemucca, 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								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core Rotary	Ft.	4,11000	1370	7170.00	2390	3.00	2500	7500.00
Churn								
Auger								
Stripping Bulldozing	Hr.	645.00	43	645.00		15.00		750.00
Trenching Mobilization Job		---		---				100.00
Test Pits Demobilization Job		50.00		50.00		50.00		100.00
Roads and Trails Assaying Sample		---		---		3.00	98	---
Incidental	Pt	822.00	1370	1734.00	2390	.90+.60	2500	1800.00
* adjustment of Incidental Exp. see Oct. MF-104.		6.00		6.00				
Total Distributed Costs		~~5622.00~~ XXXXXXXX 5633.00		~~9598.00~~ XXXXXXXX 9605.00				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		~~5622.00~~ XXXXXXXX 5633.00		~~9598.00~~ XXXXXXXX 9605.00				10,544.00

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 12/9/57 Operator Walter L. Low Dorothy Low

Per Walter L. Low Title Partner

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

NARRATIVE REPORT

Month of November 1957 - Docket No. DMEA 4715 - Contract No. 1131

Walter L. and Dorothy Low, Box 373, Winnemucca, Nevada

Rotary drilling was continued on stage II by Sierra Drilling & Bit Company of Reno, Nevada. A total of 31 holes were drilled with a total footage of 2550 ft. Of this, 160 ft. were disallowed by Henry Jones of the Reno office as not being where he decided they should be drilled.

Drilling was completed on November 8, 1957.

Fourteen holes were drilled in October.

Seventeen holes were drilled in November.

Ore in significant quantities was not found in any hole.

Bulldozing of access roads and drill sites was done by Les Ferrel of Sparks, Nevada.

Respectfully submitted,

Walter L. and Dorothy Low

by: Walter L. Low

LES [illegible]

P.O. BOX [illegible]

[illegible], NEVADA.

In [illegible]: November 1, 1[illegible]7

Walter Low,

1[illegible] Bridge St.,

Winnemucca, Nevada.

October 1[illegible]7

43 hours caterpillar [illegible] and dozer rental for drill sites and drill site road const. in Mt. Tobin area

@ $1[illegible] per [illegible] $[illegible]

[illegible] charge $[illegible]

Total $695.[illegible]

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 MAR 1958 D.M.E.A.

Supplement

Month of November 1957 Docket No. DMEA 4715 Contract No. Idm-E 1131
Operator's Name Walter L. & Dorothy Low Minerals Mercury
Address Box 373, Winnemucca, Nevada
Contract Amount, $ 10,544.00 Government Participation: 75% Amount, $ 7,908.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
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						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
Incidental Allowance	6.00		6.00	Transferred to Nov. '57 MF-104		
(8) Contingencies (specify):						
TOTALS	$5,633.00		9,605.00			

I certify that the above bill is correct and just and that payment therefor has not been received.
Date Feb 18, 1958 *Payee Walter L. Low
Per _____ Title Operator

*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:

$ -0-

Signature _____
(Authorized Certifying Officer)

Date _____ Vou. No. _____
(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. dm-E1131 in accordance with the terms of the contract.

Signature Henry W. Jones Henry W. Jones Title Mining Engineer Date Febr. 20, 1958

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature S. Ricker Title Executive Officer Date Febr. 20, 1958

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

RECEIVED FEB 7 1958 D.M.E.

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

Supplement

Month of November 1957 Docket No. DMEA 4715 Contract No. Idm-E 1131

Operator's Name Walter L. & Dorothy Low Minerals Mercury

Address Box 373, Winnemucca, Nevada

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Incidentals		6.00		6.00	2,390	904.60	2500	$1800.00
Additional								
TOTAL DISTRIBUTED COSTS		5633.00		9605.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		5633.00		9605.00				

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 Feb 18, 1958 Operator Walter L. Low

Per Title Operator

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)

REMARKS:

(For Government use only)

Adjustment in accordance with Amendment No. 1 to Contract. Work done October, 1957, 20 units at $0.90 instead of 20 units at $0.60

Henry W. Jones

H. 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

Form MF-10? (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 JAN 10 1958 DMEA

Month of October, 195 7 Docket No. DMEA 4715 Contract No. 1131
Operator's Name Walter L. and Dorothy Low Minerals Mercury
Address Box 373, Winnemucca, Nevada
Contract Amount, $ 10,544.00 Government Participation: 75% Amount, $ 7,908.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling Rotary	$3060.00	0	$3060.00			
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						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
Incidental Allowance	912.00	0	912.00			
(8) Contingencies (specify):						
TOTALS	$3972.00		$3972.00			

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

Date Nov. 13, 57 *Payee Walter L. Low and Dorothy Low

Per Walter L. Low Title Partner

*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:

$ 2979.00

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

Date JAN 3 1958 Vou. No. SF-DMCa-13

(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. dm-E1131 in accordance with the terms of the contract.

Signature Henry W. Jones Title Mining Engineer Date 11/15/57

Henry W. Jones

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert M. Smith Title Executive Officer Date 11/15/57

for S. Hicks

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 DMF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED JAN 10 1958 D.M.E.A.

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of October 1957 Docket No. DMEA 4715 Contract No. 1131

Operator's Name Walter L. and Dorothy Low Minerals mercury

Address Box 373, Winnemucca, 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								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core Rotary	Ft	$3060.00	1020	$3060.00	1020	3.00	2500	$7500.00
Churn								
Auger								
Stripping Bulldozing	Hr					15.00	50	750.00
Freezing Mobilization	Job					100.00	Job	100.00
Test Pits Demobilization	Job					100.00	Job	100.00
Roads and Trails Assaying	Sample					3.00	98	294.00
Incidental		912.00	1020	912.00		.904.60	2500	1800.00
TOTAL DISTRIBUTED COSTS								TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		$3972.00		$3972.00				$10,544.00

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 November 1957 Operator Walter L. Low
Dorothy Low

Per Walter L. Low Title Partner

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

NARRATIVE REPORT

Month of October, 1957 - Docket No. 4715 - Contract No. 1131

Walter L. and Dorothy Low, Box 373, Winnemucca, Nevada

Rotary drilling was started October 22, 1957 by Sierra Drilling and Bit Company of Reno, Nevada, on stage I which called for 1,000 feet of drilling.

Fourteen holes No.s 1 through 14 were drilled in October with a total of 1180 feet. We are informed that hole No. 9 with a depth of 100 feet and hole No. 10 with a depth of 60 feet were disallowed.

Showings of cinnabar (HgS) were found in holes No.s 8, 11, and 13.

Authorization to continue with stage II was verbally granted on October 29, and a letter confirming this, dated November 4, was delivered to us later.

Respectfully submitted,

Walter L. and Dorothy Low

by: Walter L Low

C O P Y

Box 373
Winnemucca, Nevada

Dec. 18, 1957

Mr. S. Ricker
D.M.E.A. Field Team
Reno, Nevada

Dear Mr. Ricker:

This will confirm my instructions, by telephone conversation with Mr. Roscoe Smith, to recall and disregard the assignment made by Mrs. Low and me to the First National Bank of Nevada, Winnemucca Branch.

Thanking you, we remain

Sincerely yours,

Walter L. and Dorothy Low
/s/ by Walter L. Low

Mr. Chamb[illegible]s - Rm.4448

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

DEC [illegible] 1957

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

Re: Docket No. DMEA 4715 - Mercury
Walter L. and Dorothy Low
Mount Tobin Mine
Pershing County, Nevada
Contract No. Idm-[illegible]1131

Dear Mr. Ricker:

Your memorandum dated November 13, 1957, to the Operating Committee, transmitted an "Assignment of Monies" form executed by the Operator in favor of the First National Bank of Nevada under the subject contract, informed us that no payment has been made under the contract to date, and stated that the Government's total participation in the contract will amount to approximately $7,200.00. You asked us how to proceed in the matter.

Assignments to banks of money due under Government contracts are permissible under the Assignment of Claims Act of 1940, as amended (Title 31, U.S.C.A., sec. 203). However, the assignment must cover all amounts payable under such contract. In addition, an assignment of any rights under the subject contract is subject to the approval of the Government.

The assignment form submitted by the bank would transfer the amount of $5,135.50 which amount is less than $7,906.00, the total allowable amount that the Government may contribute to the Operator's costs, or $7,200.00, the estimated final participation by the Government. In this respect, therefore, the assignment does not conform with the statutory requirement.

You should inform the bank of the foregoing, and also advise it that if an assignment is submitted which clearly indicates that it is for the full sum of money due the Operator under the contract, we will give the matter our prompt consideration. The assignment (six copies) should be submitted with a "notice of assignment" prepared in accordance with the attachment to the enclosed Budget and Finance Letter No. 54, dated January 21, 1952.

As an alternative suggestion, the Operator might give the bank an appropriate power of attorney and, at the same time, instruct you by letter to send all payment checks, payable to the order of the Operator, directly to the bank. Such an arrangement would require no assignment, and would not need Government approval.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

APPROVED:

P. F. Yopes

Member, Bureau of Mines

N. E. Nelson

Member, Geological Survey

Enclosure

HGRUBIN/amd 11/25/57
WSMARTIN/fcc 12/5/57
cc to: Code 400
Admr. R. File
Oper. Comm.
FT. REG. II
Messrs. Rubin
Pennington, USBM
Kiilsgaard, USGS
Chambers, Audit Div.

EXTRA COPY
DMEA
INCOMING CORRESPONDENCE

DATE	INITIALS	CODE
		800

1605 Evans Avenue
Reno, Nevada

November 19, 1957

Fitzgerald, Abbott & Beardsley
First Western Bank Building
Oakland 12, California

Re: Peterson Tractor & Equipment Co.
- Les Ferrel
Docket No. DMEA-4715
Walter L. and Dorothy Low
Mt. Tobin Mine
Pershing County, Nevada
Contract No. Idm-E 1131

Gentlemen:

The Defense Minerals Exploration Administration have an exploration contract, Docket No. DMEA-4715, Contract No. Idm-E 1131, with Walter L. Low and Dorothy Low for certain units of work at fixed costs. Walter L. Low and Dorothy Low are responsible for payment of any costs incurred by other parties working for them under the contract.

The Lows have requested that a portion of the monies due them from the Government be assigned to The First National Bank of Nevada, Winnemucca Branch, Winnemucca, Nevada. This request has been forwarded to our Washington office for their consideration and instructions to us.

While the Government would regret if any parties lost money working for Mr. Low, we cannot under the contract be responsible for Mr. Low's obligation to his employees. We feel certain, however, that Mr. Low's intensions are honorable and that he will fulfill his obligation to his employees. We would suggest that you take up the question of monies due Mr. Ferrel direct with Mr. Low. We are under the impression that the bulldozer operator had not yet billed Mr. Low for his services and rental of the bulldozer.

Very truly yours,

S. Ricker
Executive Officer, DMEA Field Team

SRicker:ft
cc: Opr. Com., DMEA, Wash., D.C.
File
Chron

BUREAU OF MINES
WASHINGTON, D. C.

Nov 21 10 28 AM '57

Audit Copy

7-25-58

DMEA
RECEIVED FEB 24 1958
NAME | NUMBER | CODE

EXPLORATION PROJECT CONTRACT
WALTER L. LOW AND DOROTHY LOW
DOCKET NO. DMEA-4715

AMENDMENT NO. 1

It is agreed this 17th day of February, 1958, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Walter L. Low and Dorothy Low, partners, that Exploration Project Contract No. Idm-E 1131 (Docket No. DMEA-4715), dated September 11, 1957, is amended as follows:

A. Under Exhibit "A", Description of the Work:

Paragraph 2, page 1, line 3, is changed to read: "access roads and 29 drill sites, followed by rotary drilling."

Stage I

Item 1, page 1, is changed to read: "Bulldoze access roads and 12 drill sites at locations approved by the Government."

Item 2, page 1, first sentence is changed to read: "Rotary drill 12 holes an aggregate length not to exceed 1020 feet, at sites selected by the Government."

Stage II

Item 1, page 1, first sentence is changed to read: "Bulldoze for preparation of branch access roads and 17 drill sites."

Item 2, page 2, is changed to read: "Rotary drill 17 holes an aggregate length not to exceed 1480 feet (Fig. 2), under the same procedure specified under Stage I."

B. Under Exhibit "A", Estimated Cost of the Project:

Stage I

Actual costs, page 2, Category (1), Independent Contracts, item 3 is changed to read:
"Rotary drilling, 1020 feet at $3.00/ft. $3,060.00

Fixed Unit Costs, page 2, item 1 is changed to read:
"Incidental allowance 1/ for each foot of drilling completed, 1020 feet at $0.90/ft. 918.00

Stage II

Actual costs, page 3, Category (1) Independent Contracts, item 3 is changed to read:
"Rotary drilling, 1480 feet at $3.00/ft. $4,440.00

Fixed Unit Costs, page 3, item 1 is changed to read:
"Incidental allowance 1/ for each foot of drilling completed but not exceeding 1470 feet at $0.60/ft. $ 882.00

This amendment shall not be construed to increase the estimated cost of the project nor the aggregate total amount which the Government may be required to contribute.

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By S. Ricker

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

Walter L. Low

Walter L. Low

Dorothy Low

Dorothy Low

DMEA Form 14

Contract No. Idm-E 1131

Docket No. 4715

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 11, 1957	II	Nevada	Mercury

Name and Address of Operator: Mount Tobin Mine
Box 373
Winnemucca, Nevada

	Reserve	Obligation
Prior Amount	0	7,908.00
Increase	0	0
Decrease	~~0~~	~~704.25~~
Revised Amount	0	7,203.75

Remarks:

ALLEN S. DAKAN
(Name)

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

Date delivered to Bureau of Mines, Washington 4/15/48

22845

DMEA Form 14

Contr[illegible] No. Idm-E 1131

Docket No. 4715

DEPARTMENT OF THE INTERIOR

Executed 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 11, 1957	II	Nevada	Mercury

Name and Address of Operator: Mount Tobin Mine
Box 373
Winnemucca, Nevada

	Reserve	Obligation
Prior Amount	7,908.00	0
Increase	0	7,908.00
Decrease	7,908.00	0
Revised Amount	0	7,908.00

Remarks:

ALLEN S. DAKAN
(Name)

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

Date delivered to Bureau of Mines, Washington 10/7/57

22845

Audit copy

MF-200
(Revised June 1954)

Docket No. DMEA 4715

Commodity Mercury

Contract No. Idm-E 1131

RECEIVED OCT 4 1957 D.M.E.A.

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this 11 SEP 1957 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] Round Robin Mine, a partnership comprised of Walter L. Fox and Dorothy Fox, whose mailing address is Box 373, Minnemucca, 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-200), the attached Exhibit "A," Annex I, ~~and~~ Annex II, and maps (Fig. 1 and Figure 2).

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 Pershing, 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 page 1, 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

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

of the land (lessor, seller, optionor, etc.), are attached, as follows: ....

....

....

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

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of Mercury. The work to be performed is described in Exhibit "A." The Operator on or before 60 days from date of Contract shall commence the work, and on or before Dec. 31, 1958 (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall either have completed the work ~~or shall have incurred allowable costs (see Article 6) in a sum not less than the estimated total allowable cost set forth in Exhibit "A"~~ except as otherwise provided in Exhibit "A" with respect to stages of work. See Annex II.

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

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

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

ARTICLE 5. *Contribution by the Government.*—The estimated total allowable cost of the project, set forth in Exhibit "A," is the sum of $10,544.00. The Government shall contribute 75 percent of the allowable costs as they are incurred in a total sum not in excess of $7,908.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last

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

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

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

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

CATEGORY (2)—PERSONAL SERVICES.

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

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

Subcategory (c)—Labor.

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

CATEGORY (4)—OPERATING EQUIPMENT.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 13. *Changes and added provisions.*—

See Annex II

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

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

MOUNT TOBIN MINE
(Operator)

By Walter L. Low
Walter L. Low, Partner

By Dorothy Low
Dorothy Low, Partner

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—70617-1

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DMEA
RECEIVED OCT 4 1957

EXPLORATION PROJECT CONTRACT
WALTER L. LOW AND DOROTHY LOW
DOCKET NO. DMEA-4715

ANNEX I

The land referred to in Article 2 of the Contract consists of 8 unpatented lode mining claims (Fig. 2), situated in sec. 1, T. 28 N., R. 39 E., M. D. B. & M., Pershing County, Nevada, and recorded in the official records of said county at Lovelock, Nevada, as follows:

Claim Name	Recorded Book	Recorded Page
Miner's Dream	4	129
Miner's Dream No. 1	9	223
Miner's Dream No. 2	9	224
Miner's Dream No. 3	9	224
Miner's Dream No. 4	9	224
Miner's Dream No. 5	16	323
Miner's Dream No. 6	16	324
Miner's Dream No. 7	16	325

EXPLORATION PROJECT CONTRACT
WALTER L. LOW AND DOROTHY LOW
DOCKET NO. DMEA-4715

ANNEX II

Article 13. Changes and added provisions.--

(a) That part of the last sentence of Article 3 beginning with the word "either" is deleted and replaced by the words "have completed the work, except as otherwise provided in Exhibit 'A' with respect to stages of work."

(b) That part of the last sentence in the first paragraph of Article 6(a) commencing after the semicolon is deleted.

(c) Categories (2) through (7) of Article 6(a) are deleted.

(d) In addition to the costs of work estimated in Exhibit "A" by categories of actual costs, the costs of work requirements specified in Exhibit "A" as "Fixed Unit Costs" are allowable costs of the project. The Government will contribute to the fixed unit costs as work units are performed. A "Fixed Unit Cost" is an agreed price for each unit of work to be performed regardless of costs incurred by the Operator. Costs set forth in Exhibit "A" include all allowable costs of the work to be performed under the Contract.

(e) In the last sentence of Article 6(c), the words "Article 8" are substituted for the words "Article 9."

(f) Notwithstanding any other provision of the Contract, the allowable unit cost per foot of a drilling item is the average unit cost per foot computed on the basis of all the actual unit costs of said drilling item incurred by the Operator: Provided, That the Government will not contribute to any portion of an average unit cost of a drilling item that exceeds the estimated unit cost of said item set forth in the Contract.

EXPLORATION PROJECT CONTRACT
WALTER L. LOW AND DOROTHY LOW
DOCKET NO. DMEA-4715

EXHIBIT "A"

Description of the work

The maps attached to and made part of the Contract are as follows:

Figure 1. Mount Tobin Mine, Pershing County, Nevada.

Figure 2. Geologic and Topographic Map of the Mt. Tobin Quicksilver Mine Area, Pershing County, Nevada.

The project consists of bulldozing with a D-8 caterpillar dozer or equivalent unit of another make to prepare access roads and 27 drill sites, followed by rotary drilling not to exceed a total aggregate length of 2,500 feet of hole in two stages as set forth below. The Operator shall complete Stage I, and shall perform only such Stage II work as is approved in advance by the Government.

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

STAGE I

1. Bulldoze access roads and 8 drill sites at locations approved by the Government.

2. Rotary drill 8 holes an aggregate length not to exceed 1,000 feet, at sites selected by the Government. Tentative drill hole locations are shown on Figure 2. Each hole shall be between 50 and 150 feet deep. Each hole shall be drilled dry, using a standard bit not less than 4½ inch size and a Duclone type separator for collecting samples, unless wet drilling is approved by the Government. All cuttings from the holes shall be saved and sampled at intervals of not more than 5 feet of hole. Each sample shall be labelled and split into two equal parts, one of which shall be stored for Government use. The Operator's portion of samples containing cinnabar in significant quantities shall be assayed for mercury.

STAGE II

1. Bulldoze for preparation of branch access roads and 19 drill sites. Bulldozing requirements and costs not used in Stage I may, if needed, be transferred to Stage II with the prior approval of the Government.

2. Rotary drill 19 holes an aggregate length not to exceed 1,500 feet (Fig. 2), under the same procedure specified under Stage I.

Estimated Cost of the Project

Stage I

Actual Costs

Category (1) Independent Contracts

Bulldozing drill sites, 20 hours @ $15.00/hr. (includes the cost of access roads)	$ 300.00	
Mobilization of bulldozer and equipment	100.00	
Rotary drilling, 1,000 feet @ $3.00/ft.	3,000.00	$3,400.00

Categories (2) through (7)

None	- - - -	

Fixed Unit Costs (See Annex II)

Incidental Allowance 1/ for each foot of drilling completed, 1,000 feet @ $0.90/ft.	900.00	
Assaying 40 samples for mercury @ $3.00/each sample	120.00	$1,020.00
Estimated Total Cost of Stage I		$4,420.00

Stage II

Actual Costs

Category (1) Independent Contracts

Bulldozing drill sites, 30 hours @ $15.00/hr. (includes the cost of branch access roads)	$ 450.00	
Demobilization of bulldozer and equipment 2/.	100.00	

Rotary drilling, 1,500 feet @ $3.00/ft.	$4,500.00	$5,050.00

Categories 2 through 7

None

Fixed unit Costs (See Annex II)

Incidental allowance1/ for each foot of drilling completed, 1,500 feet @ $0.60/ft.	900.00	
Assaying, 58 samples for mercury @ $3.00/each	174.00	1,074.00
Estimated Total cost of Stage II		$6,124.00

S U M M A R Y

Estimated Total Cost of Stage I	$4,420.00	
Estimated Total Cost of Stage II	$6,124.00	
Estimated Total Cost of Project		$10,544.00
Government participation @ 75%		$7,908.00

1/ Includes all costs whatsoever that are otherwise allowable costs under Categories 1 through 7 of the Contract, except as scheduled in Exhibit "A".

2/ If work under Stage II is not authorized by the Government, this sum is nevertheless allowable for the cost of demobilizing the bulldozer and its equipment.

MONT TOBIN MINE
PERSHING COUNTY, NEVADA

WALTER L. LOW AND DOROTHY LOW
P.O. Box 373, Winnemucca, Nevada

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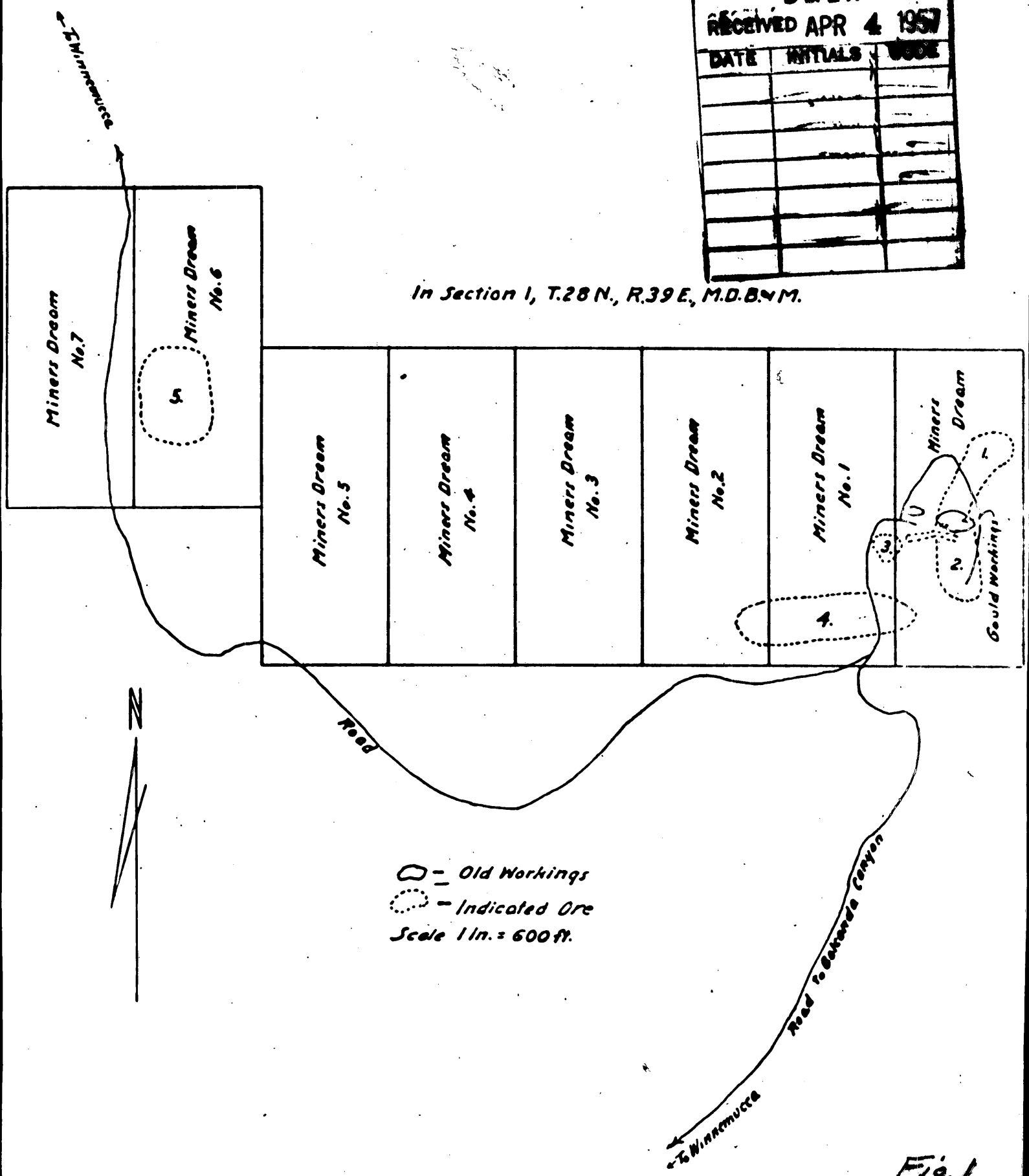
DMEA
RECEIVED APR 4 1957

DATE	INITIALS	CODE



In Section 1, T.28 N., R.39 E., M.D.B.&M.

= Old Workings
= Indicated Ore
Scale 1 in. = 600 ft.

Fig. 1

EXTRA COPY

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DATE		CODE

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DMEA 4715
(MERCURY)

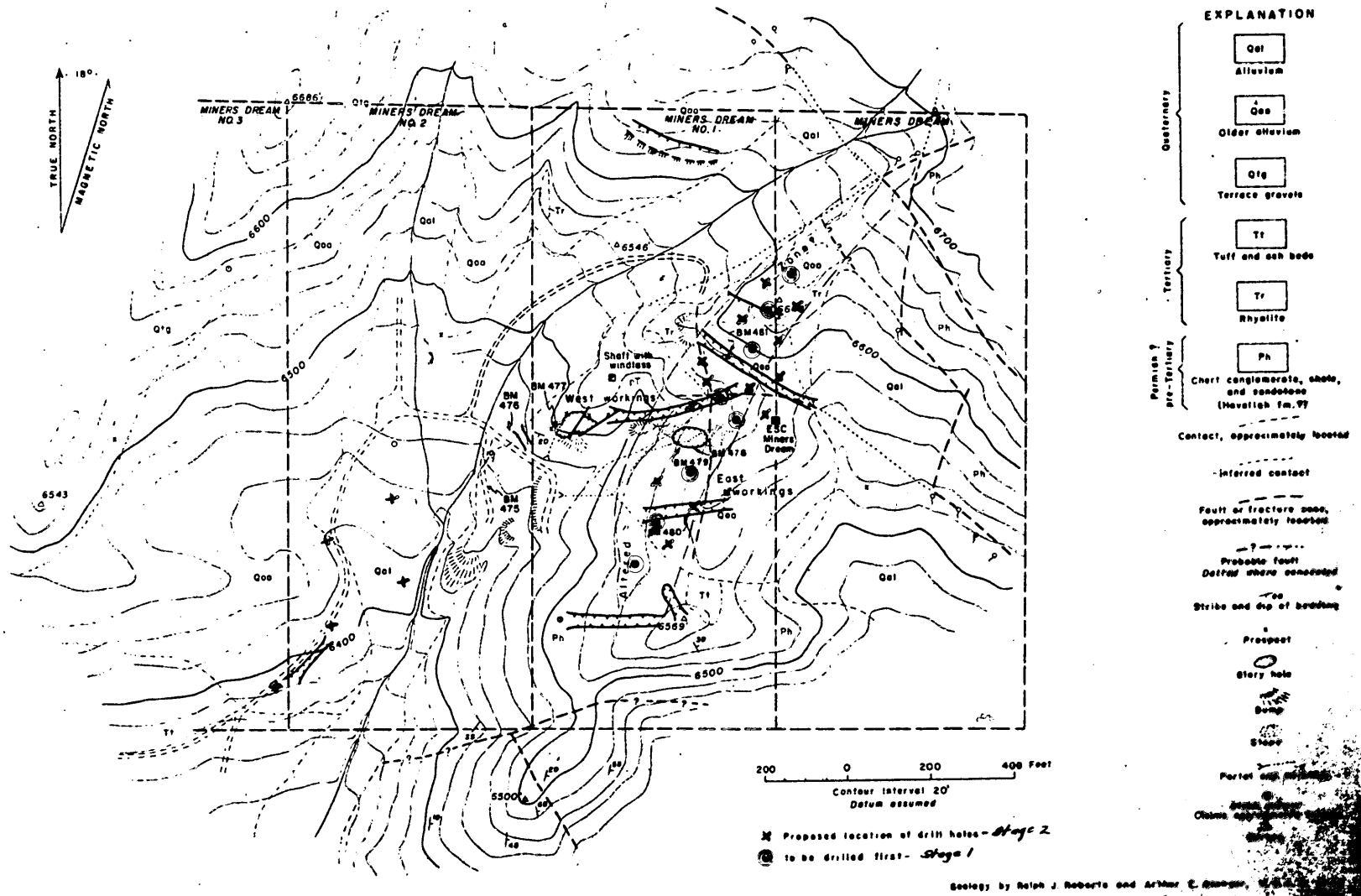

Figure 2. GEOLOGIC AND TOPOGRAPHIC MAP OF THE MT. TOBIN QUICKSILVER MINE AREA
PERSHING COUNTY, NEVADA

DMEA Form 14

Contract No. Idm-E 1131

Docket No. 4715

DEPARTMENT OF THE INTERIOR

Approved 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 11, 1957	II	Nevada	Mercury

Name and Address of Operator: Mount Tobin Mine
Box 373
Winnemucca, Nevada

	Reserve	Obligation
Prior Amount	0	0
Increase	7,908.00	0
Decrease	0	0
Revised Amount	7,908.00	0

Remarks:

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

Date delivered to Bureau of Mines, Washington 9.11.57

22845