DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

John McManmon
1617 Division Street
Bend, Oregon

pertaining to Exploration Project Contract No. Idm-E721, Docket No. DMEA 3382, dated October 7, 1954, including Amendment No. 1, for the period of October 7, 1954 to June 6, 1955, covering a project for the exploration of mercury on property, known as Pinkey No. 1 and Pinkey No. 2 unpatented mining claims, located in Crook County, State of Oregon.

My review included an examination of the Monthly Reports (Forms MF-104) and supporting documents attached thereto, comparison of the costs claimed with the contract and pertinent schedules, consultation with the Government representative who visited and examined the project, and a determination of the reasonableness and propriety of the costs.

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

(a) All of the costs incurred were under a contract provision for payment by the Government on the basis of agreed estimated costs of units of work actually performed.

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

Total Cost as billed by Contractor	$9,340.70
Exceptions (schedule attached)	58.00
Total Accepted Cost	$9,282.70

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 Six thousand nine hundred sixty two and 03/100 Dollars

--$6,962.03--

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

C. A. Turner, Auditor

June 23, 1955

SCHEDULE OF EXCEPTIONS

John McManmon DMEA 3382 Idm-E721

Stage II Drifting

Claimed by Operator May 31, 1955 MF-104	150 feet @ $29.00	$4,350.00
Final Inspection June 6, 1955 Actual measurement	148 feet @ $29.00	4,292.00
Disallowed	2 feet @ $29.00	$ 58.00

C. A. Turner, Auditor

June 23, 1955

W

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

Budget Bureau No. 42-R1036.5

RECEIVED
JUL 11 1955

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

Month of May, 1955 Docket No. DMEA -3302 Contract No. DMEA-721
Operator's Name John McMannon Minerals Mercury
Address 1617 Division Bend, Ore.
Contract Amount, $ Government Participation: 75% Amount, $

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		$ 300.00	$ 300.00		300.00	300.00
Bulldozing		161.70	161.70		161.70	161.70
Crosscutting Station						
Drifting 43 ft.	1218	$132.00	4350.00	1160.00	3132.00	4292.00
Crosscut		4040.00	4020.00		4020.00	4020.00
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs		$ 200.00	200.00		200.00	200.00
(6) New Bldgs., Improvements, etc.		225.00	225.00		225.00	225.00
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis 5	13	21.00	34.00	13.00	21.00	34.00
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify): transporting cover-job		50.00	50.00		50.00	50.00
TOTALS	1231	$8109.70	$9340.70	1173.00	8109.70	9282.70

I certify that the above bill is correct and just and that payment therefor has not been received.
Date 6-13-1955 *Payee John McMannon

Per Title

*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:

$ 879 75

Signature Myrtle J. Purdy
(Authorized Certifying Officer)

Date 7-8-55 Vou. No. 1552
(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. 6721 in accordance with the terms of the contract.

Signature /S/ M R Rickes Title Engineer Date 6-16-55

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /S/ Stephen M Zoldok Title Mining Engr. Date 6-22-55

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
JUL 11 1955

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of May 1955 Docket No. DMEA 2382 Contract No. 721
Operator's Name John McMannon Minerals Mercury
Address 1617 Division Bend, Ore.

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	150 ft.	$1218.00	42 ft.	$4280.00	150	$4280.	150 ft.	@ $29.00
Crosscutting Station	210 cu. ft.			161.70	210	161.70	210 cu. ft.	@ .77
Raising								
Shafts	60 ft.			4020.00		4020.00	60 ft.	@ 67.00
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching Dozing	30 hrs.			300.00	30	300.00	30 hrs.	300.00
Test Pits Crust. Dozer				50.00		50.00	job	50.00
Roads and Trails Assays		13.00		34.00	12	34.00	12	3.00
Total Distributed Costs		$1231.00		$8915.70				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs Headframe				200.00				
New Buildings, Improvements, etc.								
Compressor Bomas				225.00				
Total Costs		$1231.00		$9340.70				

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 6-13-1955 Operator John McMannon

Per _____ Title _____

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)

151 M R Lickes
6-16-55

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

The following is a copy of the "Final Report" submitted by the Operator re: Docket No. DMEA 3382 (mercury), John McMannon, Pinkey No. 1 and No. 2 claims, Crook County, Oregon, Contract Idm-8721.

RECEIVED
JUL 11 1955

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We started phase number one Nov. 3 - 54. It consisted of doing about three fourths mile of new road and removing the overburden from mineralized section of the dike. We started the sixty feet of shaft Nov. 4 and completed it in two months; also built the compressor house and headframe.

We had faverable weather and other conditions for this phase. However the weather and roads were really rugged through Jan. and part of Feb. I wasn't feeling too well either so the only work done was several pits which we would do mostly on weekends when the boys were free to help me. We had to carry gas in for the compressor so couldn't get much done.

I am sending a map showing what we got done on our own, also showing assay returns not connected with the project.

This made it necessary for me to get a time extension on my contract. I am grateful for the time extension. I needed only one month of the three granted but was glad to have the governments cooperation in this matter.

We run a sample retort several weeks and would get some mercury from most samples run. We got one eighth teaspoon from twenty five lbs. of crushed rock. That was the highest amount. From that down to only a few fine beads (and I mean fine).

We started the second phase Mar. 1 and still had some difficulty with the weather. We cut 210 c. ft. of station at the 54 ft level.

We crosscut the dike to the southwest for forty one feet with no ore showing that amounted to anything. Then we cut the mud wall to the northeast about ten feet with no results. Then we drifted about thirty feet southeast. Cut six feet to the southwest because we saw a few signs

of mercury. However assay returns show 0.5 lbs. per ton at that point. After drifting six feet there was no improvement so we continued in a southeasterly direction along the wall for the remainder of the project.

At about forty three feet we hit a narrow vein of iron pyrites that didn't show any mercury but we had an analysis made which I am mailing and showing location on the map. Then we drifted about thirteen feet where we had a little showing which I had assayed. Same thing 0.5 lbs. per ton. About twenty feet from the end of the tunnel we hit a vein that run for about eight feet of low grade from which I sent two assays. Same thing 0.5 lbs. per ton.

I am mailing two bids on the compressor house by private parties also one of my own. I would like to keep the compressor house on the property for my own use in the future if I should happen to need it.

The headframe we used all through the project and it would be of little value if removed or salvaged. I intend to do a little more work on my own in the tunnel and could still use it.

I am also doing a little more work in the Houston hole. The shaft there is at a depth of about twenty five feet now and I had an assay of 5.5 lbs. per ton at a depth of 20 ft.

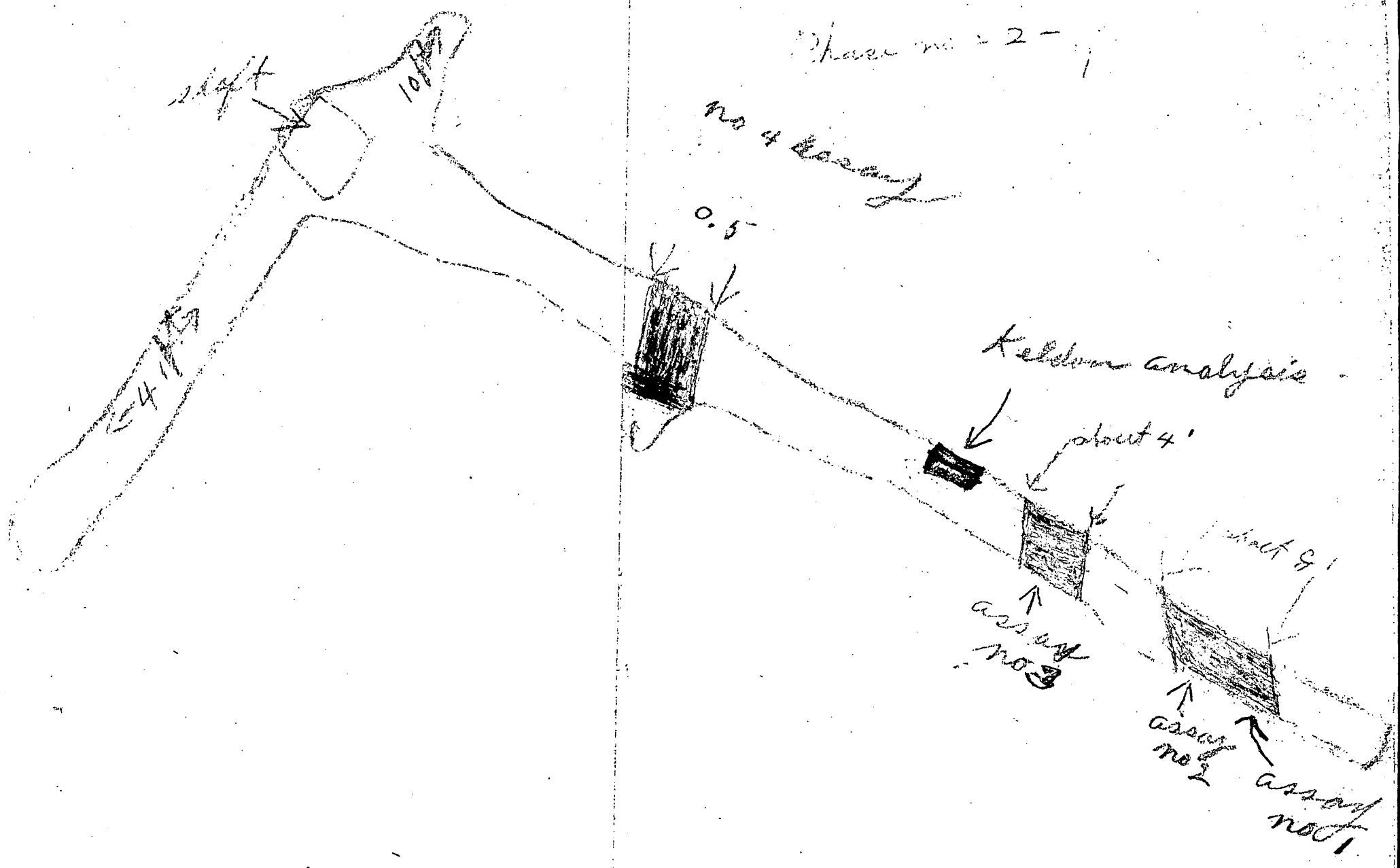
Down another five feet it looks better. No assay returns yet as we sank a little farther just lately. This hole is about three hundred feet from where we sank our shaft to the northwest. I have this property leased.

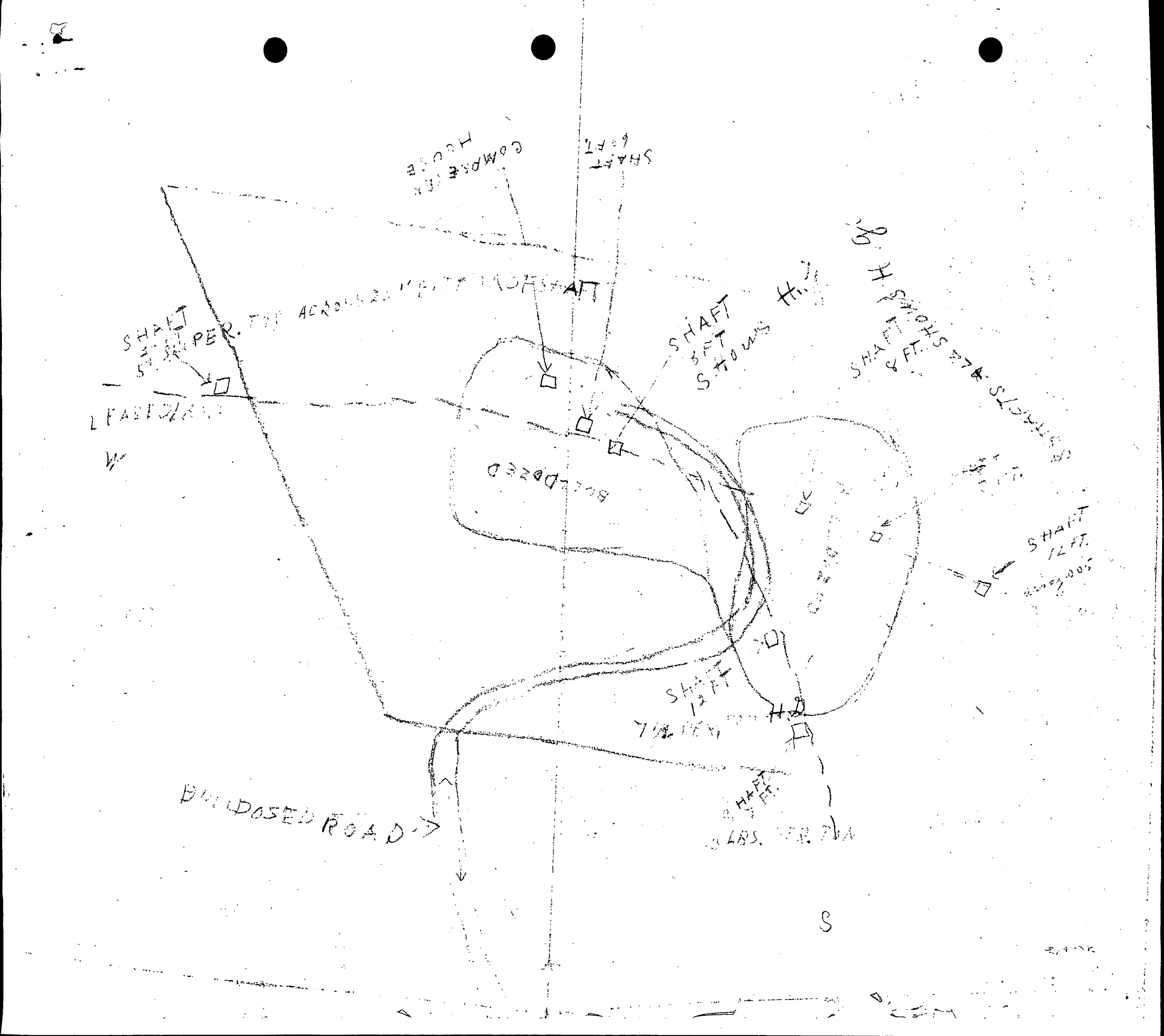
This is on the same wall along which we run the tunnel. This is the only shaft we have so far that is improving with depth. We did not have this property leased before we got our DMEA contract but leased it later. Would like to know if it would be possible to get some assistance on it.

I have appreciated the assistance given me on the project. Also the cooperation of the field team. Hope I have completed the contract in a satisfactory manner.

John McMannon

This was the only report sent in by the operator with this MF-104 and the Field Team decided to accept it as both a monthly narrative and a final report.


Phase no - 2 -
no 4 Bassy
0.5
Kellum analysis
about 4'
assay no 3
assay no 2
assay no 1


COMPRESSOR HOUSE
SHAFT 6 FT.
SHAFT 5 FT. PER.
SHAFT 8 FT. STOWS
SHAFT 8 FT. STOWS
SHAFT 12 FT.
SHAFT 13 FT.
PROPOSED ROAD
S

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 12 1955

Month of April, 1955 Docket No. DMEA-3382 Contract No. 1721955
Operator's Name John Mc Manmon Minerals Mercury
Address 1617 Division, Bend, Oregon
Contract Amount, $ 9433.00 Government Participation: 75 % Amount, $ 7074.75

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						
Bulldozing		$300.00	$300.00			
~~Crosscutting~~ Station	$50.82	110.88	161.70	50.82		
Drifting 60 ~~70~~ ft.	2030.00	1392.00	3422.00	1740.00		
Shaft		4020.00	4020.00			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) ~~Initial Rehabilitation and Repairs~~ Head frame		$200.00	$200.00			
(6) New Bldgs., Improvements, etc.		225.00	225.00			
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis		21.00	21.00			
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify): Transp. Dozer		50.00	50.00			
TOTALS	$2080.82	$6318.88	$8399.70	1790.82	6318.88	8109.70

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

Date 4-29 *Payee John Mc Manmon

Per _____ Title _____

*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:

$1343 12

Signature MQP
(Authorized Certifying Officer)

Date 5-4-55 Vou. No. 1494

(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. E721 in accordance with the terms of the contract.

Signature (S) Webster S Anderson Title Mining Engr Date 5-2-55

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature (S) Stephen W Zoldok Title Mining Engr Date 5-2-55

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 12 1955

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of April 1955 Docket No. DMEA -3382 Contract No. DMEA-721
Operator's Name John McMannon Minerals Mercury
Address 1617 Division, Bend, Oregon

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	108	$1740.00 ~~2030.00~~	60 ~~70~~	$3,422.00	108	3,422.00	150 ft.	@$29.00
Crosscutting Station	210	50.82	66	161.70	210	161.70	210 cu.	@ .77
Raising								
Shafts	60 ft.			$4,020.00	60	4,020.00	60 ft.	@ 67.00
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
~~Trenching~~ Dozing	30 hrs.			300.00	30	300.00	30 hrs	300.00
~~Test Pits~~ Transp. Dozer.				50.00		50.00	job	50.00
~~Roads and Trails~~ assays	7			21.00	7	21.00	42	@ 3.00
Total Distributed Costs		$2080.82		$7974.70				Total Costs Authorized by Contract
Operating Equipment Purchased								
~~Initial Rehabilitation and Repairs~~ Head frame				200.00				
New Buildings, Improvements, etc.								
Compressor House				225.00				
Total Costs		$~~2080.82~~ 1790.82		$~~8399.70~~ 8109.70				~~9413.00~~

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 4/29 Operator John McMannon

Per _____ Title _____

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)

/s/ Webster S Anderson

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

C O P Y

MAY 12 1955

Bend, Oregon
April 29, 1955

This month we drifted sixty feet to the South East. Everything is about the same as it was when we were visited last. We are past the outcropping that is below the shaft. We are into an opalite mass along the mud wall but no mercury at the present this is approx. 12 inches wide where we are now don't know what it will turn up yet but we are hoping to see some mercury soon. James has to go back to school for a couple of weeks for a review and I'm not feeling so good right now so it may take a little longer than we planed to finish the project.

Yours truly,

John McManmon
1617 Division
Bend, Oregon

Defense Minerals
RECEIVED
MAY 12 1955

DMEA Field Team, Region I, NW District May 5, 1955

DMEA Certifying Officer, Region I

John Mathesson, Contract 14n-E7R1
Monthly operating report for April 1955

The subject operating report has been received and processed for payment.

A disallowance of $290.00 has been made. There is a difference of 10 feet in the footage claimed on the MF-104 and in the amount of footage Mr. Mathesson states in his narrative he accomplished during the reporting period. For this reason payment for the 10 feet has been withheld. If the inspecting engineer finds the correct footage to be 70 feet when he makes his next visit to the mine, Mr. Mathesson may receive the amount disallowed.

Myrtle Purdy

cc: Operator
DMEA (2)
USGS
WASH. (2) ✓

XXXXXXXXXXXXXXXXXX
1201 N. Division St.
Spokane 2, Washington
May 5, 1955

Department of the Interior
Defense Minerals Administration
RECEIVED
MAY 12 1955

Mr. John McHannon
1617 Division
Bend, Oregon

Re: Contract Idm-5721
Monthly operating report
for April 1955

Dear Mr. McHannon:

The subject monthly operating report has been received and processed for payment.

This is to inform you that payment could not be made in the full amount claimed. The amount deleted is explained in the attached copy of a memorandum to the Field Team, Region I, from the DMEA Certifying Officer, Region I.

By Field Team, Region I
Northwest District

A. E. Weissenborn, Exec. Officer
U. S. Geological Survey

King G. Agnew, Member
U. S. Bureau of Mines

cc: DMEA (2)
USGS (2)

DMEA Field Team, Region I, NW District

May 5, 1955

DMEA Certifying Officer, Region I

Division of the Interior
Defense Minerals Administration
RECEIVED
MAY 12 1955

John McMannon, Contract Idu-8721
Monthly operating report for April 1955

The subject operating report has been received and processed for payment.

A disallowance of $290.00 has been made. There is a difference of 10 feet in the footage claimed on the MF-104 and in the amount of footage Mr. McMannon states in his narrative he accomplished during the reporting period. For this reason payment for the 10 feet has been withheld. If the inspecting engineer finds the correct footage to be 70 feet when he makes his next visit to the mine, Mr. McMannon may reclaim the amount disallowed.

Myrtle Purdy

cc: Operator
DMEA (2)
USGS

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

Budget Bureau No. 42-R1036.5

Defense Minerals Administration
RECEIVED
APR 12 1955

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

Month of [illegible], 195[illegible] Docket No. DMEA-[illegible] Contract No. [illegible]
Operator's Name [illegible] Minerals [illegible]
Address [illegible]
Contract Amount, $[illegible] Government Participation: [illegible] % Amount, $[illegible]

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		[illegible]	[illegible]			
Crosscutting [illegible]	110.88		[illegible]			
Drifting	139.11		[illegible]			
[illegible]		[illegible]	[illegible]			
(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 [illegible]		[illegible]	[illegible]			
(6) New Bldgs., Improvements, etc.		[illegible]	[illegible]			
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis		[illegible]	[illegible]			
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
[illegible]		[illegible]	[illegible]			
TOTALS	[illegible]	[illegible]	[illegible]			

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

Date ..... *Payee [illegible]

Per ..... Title .....

*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:

$1127.16

Signature [illegible]
(Authorized Certifying Officer)

Date 4-8-55 Vou. No. 1477
(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. E721 in accordance with the terms of the contract.

Signature /S/ Webster S. Anderson Title Mining Eng Date 4-4-55

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /S/ Stephen W. Zoldok Title Mining Eng Date 4-5-55

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of March 1955 Docket No. DMEA-3382 Contract No. DEMEA 721
Operator's Name John McGuinness Minerals Uranium
Address 1617 Harrison, Berkeley, Calif.

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	48 ft	1392	48	1392.	48	1392.00	150 ft	@ $29.
~~Crosscutting~~ Cutting Station	144	110.88		110.88	144	110.88	210 cf	@ .77
Raising								
Shafts	60 ft			4020.00	60	4020.00	60 ft	@ 67.00
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
~~Trenching~~ Mining	30 hr			300.00	30	300.00	30 hr	300.00
~~Test Pits~~ Prospecting				50.00		50.00	1 job	@ $50.00
~~Roads and Trails~~ Assays	7			21.00	7	21.00	42	@ $3.00
Total Distributed Costs		1502.88		5893.88				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc. Electrone				200.00				
Compressor Lease				225.				
Total Costs		1502.88		6318.88				9433.00

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 April 1, 1955 Operator John McGuinness

Per _____ Title _____

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)

151 Webster S. Anderson

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

C O P Y

April 1, 1955

We worked this month on the second phase of the contract. We drifted 41 ft. to the southwest and 8 ft. to the south and cut 144 ft. of the station. We haven't found anything very promising so far.

We are sending some assays this month. Plan to go ahead as discussed. No more bird-dogging around until we finish the project, then we are going prospecting for uranium for a week or so.

By the way, we are getting our report in on time for a change. We hope it is correct. If not send it back. Be sure to show how to correct it.

Yours truly,

/s/ John McMannon

Operations Review [illegible]

Feb. 28-1955 — [illegible]

Company - Minerals

Contract Number 26 M-E 721

3382
DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 10 1955

Since my last report the Mesaverde has been sampled in the second phase of the contract. Results are not as good as that of the first phase results. However, I have done a considerable amount of work on my own. Field sampling of these veins has about eliminated the [illegible] of varied widths across short sections of the dike.

I sent several samples for assays. These were more selective samples. The results were [illegible] .005% - .010% - .03% [illegible] 7.40 was hot. Two assays [illegible] were rejected as [illegible].

I intend to start the second phase [illegible]

John McNamara

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 Nov-Dec, 1954 Docket No. DMEA-338 Contract No. 721
Operator's Name [illegible]
Minerals [illegible]
Address [illegible]
Contract Amount, $ 9433.00 Government Participation: 75 % Amount, $ 7074.75

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						
Bulldozing	300.00		300.00	300.00	-0-	300.00
Crosscutting						
Drifting						
60 ft [illegible] 67.00	[illegible]		4220.00	4020.00	-0-	4020.00
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs	200.00		200.00	200.00	-0-	200.00
(6) New Bldgs., Improvements, etc.	225.00		225.00	225.00	-0-	225.00
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis	21.00		21.00	21.00	-0-	21.00
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
Nothing	50.00		50.00	50.00	-0-	50.00
due						
TOTALS	4816.00		4816.00	4816.00	-0-	4816.00

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

Date January 1, 1955 *Payee John McMannon

Per _____ Title _____

*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:

$ 3612.00

Signature M.P.
(Authorized Certifying Officer)

Date 1/26/55 Vou. No. 1417
(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. E 721 in accordance with the terms of the contract.

Signature 1S1 Webster S Anderson Title Mining Eng Date 1-22-55

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature 1S1 Stephen W Goldok Title Mining Eng Date 1-25-55

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of Nov-Dec 1954 Docket No. DMEA-3382 Contract No. 721

Operator's Name [illegible]

Address [illegible]

Minerals [illegible]

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	ft	4020.00	60	4020.00			604	67.00
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping	30 hrs	300.00		300.00			30 hrs	300.00
Trenching		50.00		50.00			5	50.00
Test Pits								
Roads and Trails		21.00		21.00			42	0.50
TOTAL DISTRIBUTED COSTS		4391.00		4391.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.		200.00		200.00				
[illegible]		225.00		225.00				
TOTAL COSTS		4816.00		4816.00				

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 Jan. 4, 1955 Operator John McMannamon

Per ..... Title .....

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

REMARKS:

(Instructions on reverse)

(For Government use only)

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

COPY

Bend, Oregon
January 4, 1955

Mr. W. S. Anderson

Dear Sir:

I have completed the first faze of my contract No. 3382.

I have returns on four assay report. Three more waiting on returns. We are still in an opalite formation and the ore to best of my knowledge lays to the ~~xxxx~~ south of the shaft.

I have bulldozed about 3/4 mile of road and removed overburden for about 500 ft. on the dyke.

Yours truly,

/s/ John McManmon

Mr. Talbert:

Here is an additional narrative and map to be attached to the MF-104 for Nov.-Dec. 1954 sent in by John McManmon, contract Idm-E 721.

Mrs. Purdy

10

COPY

1617 Division
Bend, Oregon
January 26, 1954

Mr. Anderson

Dear Sir:

Enclosed please find statement for dozing. Dozing consisted o f about three-fourths mile of new road and removal of overburden from mineral dyke and was completed Nov. 3, 1954.

Started sixty foot shaft Nov. 4, 1954 and finished shaft, compressor house and headframe in about two months with two men working seven days per week and one man part-time. This was myself and two sons.

The shaft so far has shown very little of value as assays show.

I am doing a lot of work on my own on thhs project in which the government is not participating as I feel this dyke warrants it.

The crosscutting we will do in Phase II - of about 25 or 30 feet should show what we want to know on this first shaft from present indications.

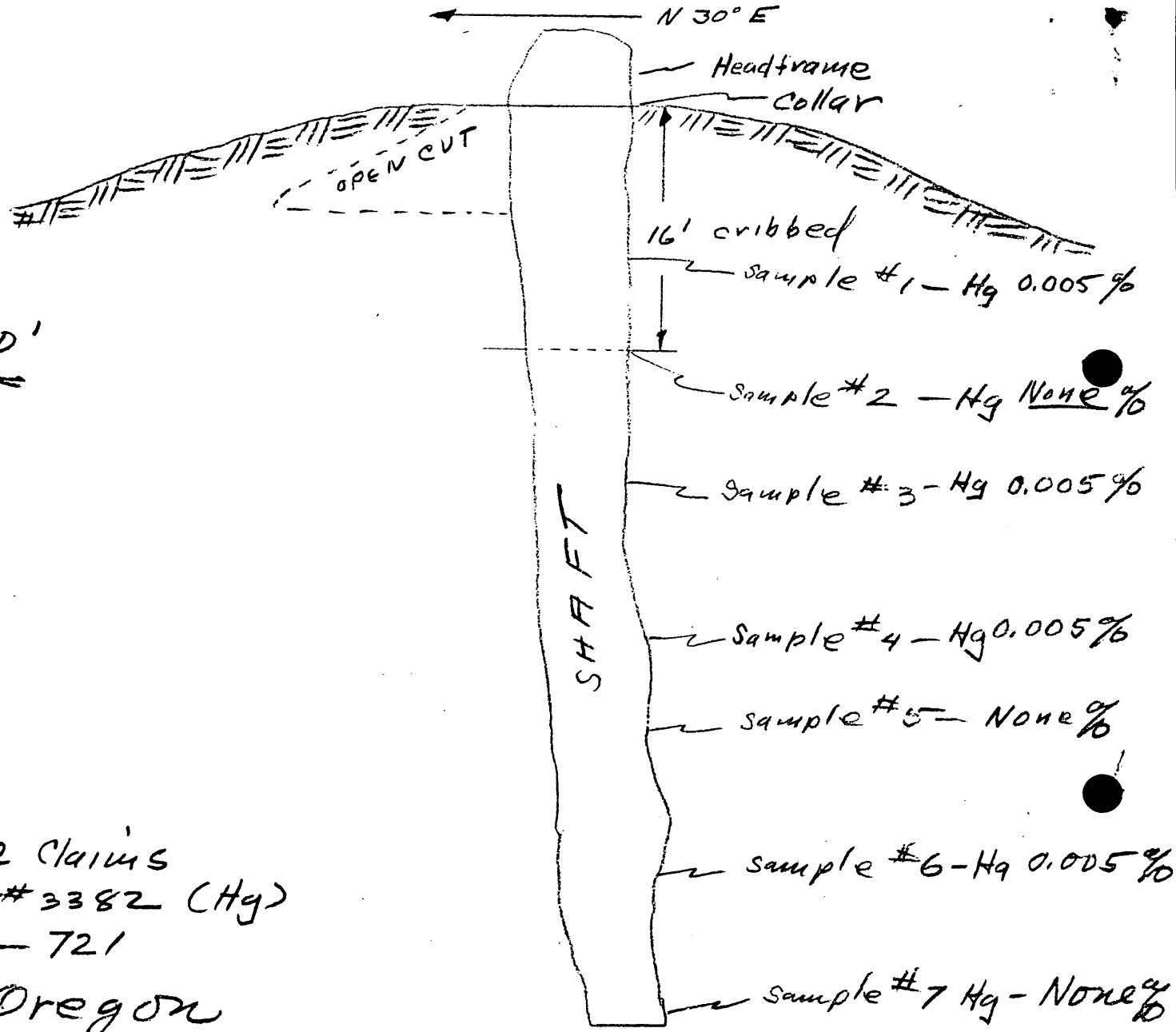
However I am not satisfied as to the dyke being explored as I have sunk two places, one about six feet and another eight or ten which should be explored further in my opinion. The assays are not back yet but I had a fair recovery of mercury from sample retort of my own. Six foot cut is about 150 feet east of shaft and the other is about 200 southeast.

Hope you find this enough proof and information so there will be no further delay on my check as I am getting short of funds to continue this project.

Yours truly,

John McMarmon

P.S. Sorry I can't write much of story.



Scale 1" = 10'

John McMannon

Pinkey No 1 + No 2 Claims
DMEA Docket #3382 (Hg)
Contract Idm E — 721
Crook County, Oregon

APR 24 1956

Mr. John Hallmann
[illegible] Division Street
Bend, Oregon

Re: Docket No. [illegible]-3182 - Recovery
Mining No. 1 and No. 2 claims
Grant County, Oregon
Contract No. [illegible]-5721

Dear Mr. Hallmann:

This is with reference to the subject exploration contract between you and the Government.

It is not our intention to issue a certification of discovery or development which would create a lien against the subject property. We are, therefore, closing our books and records with respect to this project. Your attention is called, however, to the provisions of the contract which require the operator to keep and preserve certain records for the period indicated.

We regret that the exploration work performed did not result in a discovery or development. Your participation in the exploration program, however, is sincerely appreciated.

Sincerely yours,

C. O. Mitteydorf

Administrator

[illegible]/[illegible]/[illegible]
([illegible]/[illegible]/56)
cc to: Docket
Code 110 - Mr. Johnson
Code [illegible] - Mr. Martin (2)
Code [illegible] - Mr. Chambers
Admr. Reading File
FT, Reg. I (BF Dist.) (2)
Jeffersonville, [illegible]
[illegible], [illegible]

Government Copy

(Amendment to Change Starting and/or Completion Dates)

RECEIVED
JUN 27 1955

AMENDMENT NO. 1

It is agreed this 25th day of May 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration and John McManmon, 1617 Division Street, Bend, Oregon

each acting in consideration of the agreement to the other to the terms hereinafter set forth, that the Exploration Project Contract Idm-E721 dated October 7, 1954 between the parties hereto be modified and amended to change the starting date from -- (No. of days) to within -- (No. of days) of the date of the contract and the completion period from 6 (No. of months) to 9 (No of months) from the date of the contract. The effective date of this amendment shall be October 7, 1954.

This amendment is made by authority granted the Executive Officer, DMEA Field Team, Region ~~XX~~ I, NW District, in Order No. 2684 by the Acting Secretary of the Interior.

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

Executed in sextuplicate the day and year first above written

JOHN McMANMON
(Operator)

By John McManmon

THE UNITED STATES OF AMERICA

By A E Weissenborn
A. E. Weissenborn
Executive Officer
DMEA Field Team, Region ~~II~~ I, NW District

Exploration Project Contract No. Idm-E721
John McManmon
Docket No. DMEA-3382

Justification for Amendment No. 1

Contract work has been progressing steadily from the date of the contract, but inclement weather and short periods of illness of the Operator slowed the work sufficiently so that the contract work was not completed within 6 months from the date of the contract. The additional time allowed by this amendment will be sufficient for the completion of the contract work.

Willard P. Puffett

Docket No. [illegible]

Commodity Mercury

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

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

Contract No. Idm-E 721

Date of Contract ~~or Amendment~~ Oct. 7, 1954

Name and Address of Operator:
John McFannon & Earl E. Bayley
Pinky Nos. 1 and 2 Claims
Crook County, Oregon

Amount of Government participation ____ $ 7,074.75

Percent of Government participation 75 %

Region: 1 State: Oregon

Note: Please release $ 112.72

E. R. Talbert
(Name)
for C. L. Chamber
Chief, Contract Administration and Audit Division
(Title)

Date Delivered to Bureau of Mines, Washington. 7/8/55

54458

Docket No. DMEA - 3382

Commodity Mercury

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

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

Contract No. Idm-E 721

Date of Contract ~~or Amendment~~ October 7, 1954

Name and Address of Operator:
John McMannmon & Basil R. Bayley
Pinkey Nos. 1 and 2 Claims
Crook County, Oregon

Amount of Government participation $ 7,074.75

Percent of Government participation 75 %

Region: 11 State: Oregon

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

(Title)

Date Delivered to Bureau of Mines, Washington.

10/7/54

54458

Government's copy
U.S. DEPT. OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 15 1954

MF-200A
(Revised June 1954)

Docket No. DMEA - 3382

Commodity Mercury

Contract No. Idm-E - 721

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

It is agreed this 7th day of October, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] John McManmon

whose mailing address is 1617 Division Street
Bend, Oregon
hereinafter called the "Operator," as follows:

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

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 Oregon, County of Crook, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] locator of [5] 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 notice, [7] recorded in Book 7, pages 259, 261, official records of said County; and

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

(c) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above, and (if the Operator does not hold the legal title) the Consent to Lien of any holder of the legal title of the land (lessor, seller, optionor, etc.), are attached, as follows:

[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."

(d) The Operator shall preserve and maintain his right, title, and interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. Until the lapse of the time within which the Government may make a certification of discovery or development without any such certification having been made, and after any such certification has been made, the Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof. If the Government makes no certification of discovery or development within the time limited in Article 7, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 7(b)(1).

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of Mercury. The work to be performed is described in Exhibit "A." The Operator on or before 30 days from date * shall commence the work, and on or before 6 months from date* (unless the Operator's obligation to complete the work is terminated—see Article 8) shall complete the work.

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

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

ARTICLE 5. *Contribution by the Government.*—A fixed cost for each unit of work to be performed (per foot of drifting, per foot of drilling, per hour of operations, etc.) is hereby agreed upon, and is set forth in Exhibit "A" in connection with the estimated total cost of the project in the sum of $9,433.00. The Government will contribute 75 percent of the fixed unit costs as work is performed, in a total sum not in excess of $7,074.75: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of 10 percent of the estimated total cost of the work. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 6(b), but all payments by the Government are provisional only, subject to audit, until the account between the Operator and the Government is finally audited and settled. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

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

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

*The word "date" refers to the date of the contract.

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

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

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

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

ARTICLE 7. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after a sufficient final report and final account (see Article 6) has been rendered, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

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

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

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

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

One and one-half (1½) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half (½) percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.

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

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

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

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

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

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

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

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

(c) The giving of any notice by the Government under the provisions of this Article 8 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and such rights shall be fully preserved.

ARTICLE 9. *Notices to be given by the Government* may be delivered to the Operator, or may be sent by registered mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 10. *Officials not to benefit.*—No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 11. *Changes and added provisions.*—

Nov. 4-1954

Executed in sextuplicate the day and year first above written.

JOHN McMANMON ~~AND ASSOCIATES~~
(Operator)

By John McMannon ~~(Partner)~~ Operator

~~By~~ ~~(Secretary)~~

THE UNITED STATES OF AMERICA

By O. Mitchell
Administrator, Defense Minerals
Exploration Administration

I, ..., certify that I am the ..... secretary of the corporation named as Operator herein; that ..... who signed this contract on behalf of the Operator, was then ..... of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

.....

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—70618-1

DEPARTMENT OF THE INTERIOR
Bureau of Mines Minerals Administration
RECEIVED
NOV 15 1984

EXPLORATION PROJECT CONTRACT
JOHN McMANMON ~~XXXXXXXXXXXXXXXXXXXXXXXX~~
DOCKET NO. DMEA-3382 aew

ANNEX I

The property referred to in Article 2 of the contract form is located in Section 8, Township 18 South, Range 17 East, Crook County, Oregon, and consists of two unpatented mining claims, Pinkey No. 1 and Pinkey No. 2, recorded May 10, 1954, in the official records of Crook County, Oregon, Book No. 7, pages 259 and 261.

Department of the Interior
Bureau of Mines Minerals Administration
RECEIVED
NOV 25 1968

EXPLORATION PROJECT CONTRACT
JOHN McMANMON ~~AND XXXXXXXXXXXXXXXXXXXX~~
DOCKET NO. DMEA-3382

EXHIBIT "A"

Description of the Work

The work consists of bulldozing an access road to the property and exploration by surface stripping, shaft sinking, and drifting on the silicified and brecciated zones indicated on the attached map entitled "Plan Map of McManmon and Bayley Mercury Prospect."

The shaft shall be timbered, with cross-sectional dimensions of 4 feet by 6 feet inside the timbers.

The drift shall be timbered where necessary and have cross-sectional dimensions of 5 feet by 7 feet in the clear.

The work shall be done in two stages. If in the opinion of the Government the results of Stage I work warrant it and the Government approves it in writing in advance, the work outlined in Stage II shall be done. The location, direction, and extent of all work under both stages are subject to the approval of the Government.

Stage I

Bulldoze an access road to the property and strip the surface at the intersection of the two brecciated zones and at points along the zones where such work is found desirable.

Erect a headframe, construct a compressor house, and sink a vertical shaft to a depth of 60 feet at the intersection of the two brecciated zones, or at any other point approved by the Government.

Representative channel samples shall be taken at appropriate points as the work progresses, but not more than 12 samples shall be analyzed chemically under Stage I.

Stage II

Cut a station at the 50-foot level of the shaft and drift on this level for a distance not to exceed 150 feet along the brecciated zones in whatever direction found most encouraging.

Representative channel samples shall be taken at appropriate points as the work progresses, but not more than 30 samples shall be analyzed chemically under Stage II.

Estimated Cost of the Project

Fixed Unit Costs

Stage I		
30 hours of bulldozing @ $10.00/hr. 1/	$ 300.00	
Transportation costs on bulldozer	50.00	
60 feet of shaft sinking @ $67.00/ft. 2/	4,020.00	
12 chemical analyses @ $3.00/ea.	36.00	
Headframe	200.00	
Compressor house	225.00	$4,831.00
Stage II		
210 cu. ft. station cutting @ $0.77/cu. ft. (rounded to)	162.00	
150 feet of drifting @ $29.00/ft. 2/	4,350.00	
30 chemical analyses @ $3.00/ea.	90.00	4,602.00
Estimated Total Cost of the Project		$9,433.00
Government Participation @ 75%		$7,074.75

1/ Includes operator, bulldozer, fuel, maintenance, and all other costs.

2/ Includes cost of the timbering prescribed under "Description of the Work."

Bend, Ore.
Nov. 4-1954

Dear Sirs:

Enclosed please find
filed by Barrit Bayley
to me. There was no
agreement other than
the recording. If any
further release is
necessary let me know

Yours Truly

John McGannon

RECEIVED
NOV 8 1954
U. S. G. S.
SPOKANE, WASH.

FORM No. 721—QUITCLAIM DEED.
(Revised 1953)

537 STEVENS-NESS LAW PUB. CO., PORTLAND, ORE.

KNOW ALL MEN BY THESE PRESENTS, That I, Basil R. Bayley

in consideration of One *Dollars,*

to me *paid by* John McManmon

do hereby remise, release and forever QUITCLAIM unto the said John McManmon *and unto* his *heirs and assigns all* my *right, title and interest in and to the following described real property, with the tenements, hereditaments and appurtenances, situated in the County of* Crook*, State of Oregon, bounded and described as follows, to-wit:*

Two unpatented mining claims, Pinkey No. 1 and Pinkey No. 2 located in Section 8, Township 18 South, Range 17 East of the Willamette Meridian, in Crook County, Oregon, as recorded May 10, 1954 in the official records of Crook County, Oregon, in Book No. 7 on Pages 259 and 261.

To Have and to Hold the same unto the said John McManmon *and* his *heirs and assigns forever.*

Witness my *hand and seal this* 16th *day of* October *, 19* 54.

Basil R. Bayley (SEAL)

(SEAL)

STATE OF OREGON,
County of Klamath } ss.

On this 16th *day of* October *, 19* 54*, before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within named* Basil R. Bayley *who known to me to be the identical individual described in and who executed the within instrument, and acknowledged to me that* he *executed the same freely and voluntarily.*

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

Amy C. Heil
Notary Public for Oregon.
My Commission expires Oct 2 - 1957

AMY C. HEIL NOTARY PUBLIC STATE OF OREGON

QUITCLAIM DEED

Basil R. Bayley

TO

John McManmon

AFTER RECORDING RETURN TO

John McMannon
1617 Division
Bend, Oregon

(DON'T USE THIS SPACE; RESERVED FOR RECORDING LABEL IN COUNTIES WHERE USED.)

STATE OF OREGON,
County of Crook } ss.

I certify that the within instrument was received for record on the 23rd *day of* October *, 19* 54*, at* 10:10 *o'clock* A. M.*, and recorded in book* 72 *on page* 579 *Record of Deeds of said County.*

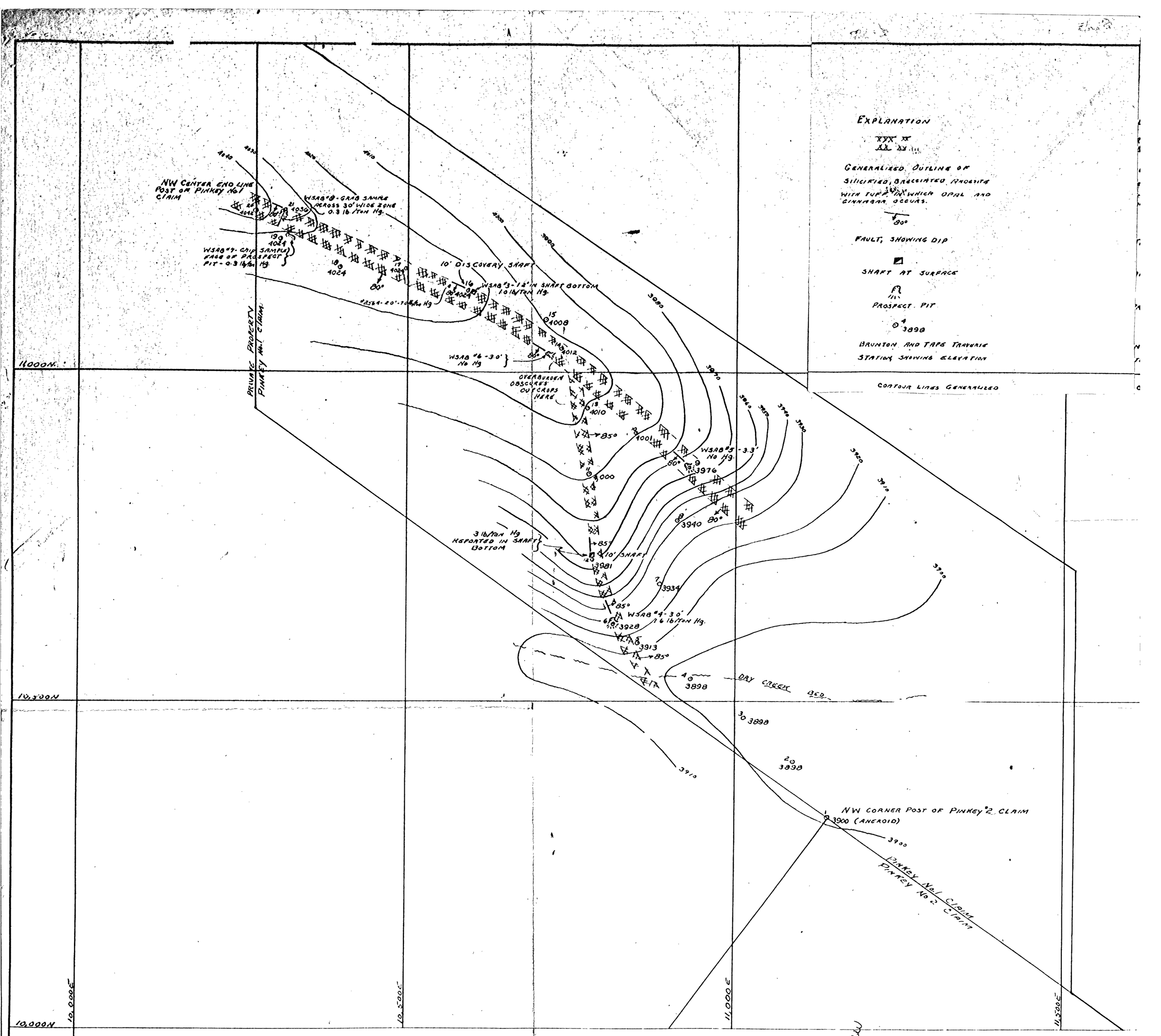
Witness my hand and seal of County affixed.

HAZEL A. POWELL
County Clerk—Recorder.
By [signature]
Deputy.

INDEXED

65754

$1.00



PLAN MAP OF McMANMON ~~AND BAYLEY~~ MERCURY PROSPECT

SEC. 8, T18S., R.17E., W.M., CROOK COUNTY, OREGON

CONTOUR INTERVAL - 10 FEET

Tape and Compass Survey - 6-25-54

W P PUFFETT, USGS.
W S. ANDERSON, USBN