Building [illegible] - Federal Center
Denver 25, Colorado

June 13, 1962

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, GSE
Washington 25, D. C.

From: Acting Field Officer, GSE, Region III

Subject: Expiration of BMEA Contracts Paying Royalty

This responds to your memorandum of June 14, 1962 regarding the royalty expiration date on BMEA Docket 2358 Lbs-8271 Belle Eldridge Gold Mines, Inc.

We also have another, Docket BMEA 2392 Lbs-[illegible] Mineral Mills, Inc. which is in the same general area. I had hoped to have the engineer inspect this property in connection with GSE 6121, Farley and Lorraine dba L & R Mining Company. It now appears that the Applicants on GSE 6121 are no longer interested in exploration of their property and we have no other applications in the area at the present time. Attached is the last advice we have had regarding the operation of Lbs-[illegible] Mineral Mills, Inc. Our form letter to them dated February 8, 1960 was never answered.

I question the economic advisability of spending the money for a trip to make the final inspection on either or both of these properties. It appears to me that your suggestion of mailing an BMM Form 63 to Belle Eldridge Gold Mines, Inc. in lieu of an inspection would be adequate. I was thinking it would suffice in the case of Mineral Mills, Inc., Lbs-[illegible].

If you agree will you please mail the forms.

Ralph M. Gunners

Attachments

APR 23 1959
O.M.E.

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Executive Officer, OME Field Team, Region III, Denver, Colorado, pertaining to Contract Idm-8358, Docket No. MMA 2392 (Strategic Mica) dated June 24, 1952, with,

Mineral Mills, Inc.
Custer, South Dakota

for the purpose of determining the amount of royalties due the United States on the sale of Mica produced from the Glenwood Mine, Custer County, South Dakota, for the period June 24, 1952, through April 17, 1959.

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

My review established the net smelter value of sales of Mica for this period to be $7,092.45. (See Schedule No. 1 attached.) Royalty due the United States Government at the contract rate of 5% is $354.63. The royalty paid and the balance due are as follows:

Total Royalty Due	$354.63
Total Royalty Paid	354.30
Balance of Royalty Due	$ 0.33

April 17, 1959

Donald T. Finch
Donald T. Finch
OME Auditor

MINERAL MILLS, INC.

CONTRACT NO. Idm-8352 DOCKET NO. RMEA 2392

STATUS OF PROJECT, DESCRIPTION OF REVIEW AND REASONS THEREFOR

A Certificate of Discovery or Development was issued October 17, 1952. A Report of Review in lieu of Final Audit Report dated October 3, 1952, indicates accepted costs of $1,154.40, with Government participation on a 90 percent basis being $1,038.96. According to the terms of the contract royalty is payable on any minerals mined or produced from land described in Article 2 for a maximum period of 10 years from the date of the contract. Viz., June 24, 1952.

My review consisted of a tabulation and recomputation of all liquidation settlement sheets on file with the Executive Officer of the Field Team during the period June 24, 1952, through April 17, 1959, reconciliation of royalty receipts with the records of the OME Finance Office, Denver, Colorado, and a detailed review of all semi-annual examination reports from the examining engineers.

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

(1) Sales of Mica were adequately supported by liquidation settlement sheets.

(2) The examining engineer is of the opinion that all sales of production have been properly accounted for.

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

Schedule No. 1

MINERAL HILLS, INC.

CONTRACT NO. 16n-8352 DOCKET NO. DMEA 8392

SUMMARY OF PRODUCTION SUBJECT TO ROYALTY
FOR THE PERIOD JUNE 15, 1952, THROUGH APRIL 27, 1959

(All sales were to General Services Administration)

Year	Lot No.	Pounds Strategic Mica	Amount	Royalty Due at 5%	Royalty Paid	Balance Royalty Due
1952						
6-[illegible]	6-15	2066	$ 619.80	$ 30.99)		
9-3	6-17	1268	359.40	17.98)		
9-8	6-21	1275	382.50	19.13)		
9-19	6-24	1335	400.50	20.02)		
9-24	6-29	1496	448.80	22.44)		
9-29	6-31	1187	356.10	17.80)		
10-13	6-37	2416.5	724.95	36.25)		
12-1	6-65	1589.5	476.85	23.84)		
12-24	6-78	1976	592.80	29.64)		
1953						
1-21	6-90	1833	549.90	27.50)		
2-18	6-104	1174	352.20	17.61)		
3-16	6-112	1776	532.80	26.64)		
4-23	1st Royalty Payment			$289.38	$289.06	$ 0.32
11-16	6-252	1559	467.70	23.39		
1954						
1-31	6-279	2191	657.30	32.87	32.87	
4-5	6-305	1189	179.65	8.99	8.98	.01
	Totals	24,841 lbs.	$7,[illegible]	$354.63	$354.30	$ 0.33

CHECK SHEET OF EXAMINING ENGINEER

Operator's Name Mineral Mills Inc.

Address Custer, South Dakota

Glenwood Mine, Custer County, South Dakota

Exploration Contract No. Idm-E 352

Docket No. DMEA 2392

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

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

Date 4-16-59

H Marshall
Mining Engineer

Memorandum

To: Mr. Donald T. Finch, OME Auditor

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

Subject: Docket No. DMEA-2392 (Strategic Mica)
Mineral Mills, Inc.
Contract No. Idm-E352

Your report of royalty review on the above cited project is acceptable and normal distribution is authorized.

AMAlley/ama
April 23, 1959

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

SEXTUPLICATE

STANDARD FORM 209e (Formerly Cert. of Deposit, Form 6599)
Promulgated August 1951 by Treasury Department, Fiscal Service

CERTIFICATE OF DEPOSIT FOR CHECKING ACCOUNT

DEPOSIT NO.
24-23-050-3

Deposited with Federal Reserve Bank, Minneapolis, Minn. 8/[illegible]/54
(Name and location of depositary) (Date sent)

$8.98

the sum shown opposite for credit, subject to check, in the disbursing account of—

SYMBOL NO.
409

Lee Testin, RDO, Minneapolis, Minn.
(Name and address of officer to be credited)

On account of—

11X1401 Contract D-352, Mineral Hills, Inc., Docket 2392

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

L. A. Hill, Authorized Certifying Officer
Defense Mineral Exploration Adm.
2908 Colfax Ave. South
Minneapolis 8, Minn.

SPACE BELOW TO BE USED BY DEPOSITARY ONLY

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

(Authorized signature)

(Date of credit in Treasurer's account)

DEPOSITOR WILL RETAIN THIS COPY

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
Region V
2908 Colfax Avenue South
Minneapolis 8, Minnesota

September 1, 1954

Memorandum

To: Jay L. Chambers, Chief, Contract Administration and Audit Division, DMEA, Washington, D. C.
Through: Operating Committee, DMEA

From: Executive Officer, Field Team, Region V

Subject: Certified project royalties

Following up previous correspondence regarding the delinquent royalty payments in Region V, you are advised that dockets 1554, Stewart-Roseberry, 1236, Campbell & Ventling, 2392, Mineral Mills-Glenwood, and 2876, Duncan & Himebaugh were the ones in question which were delinquent.

Since advising you we have received a check from the operators of docket 2392, Mineral Mills-Glenwood, which brings them current. We have also been advised by our representatives at Rapid City that the operators of docket 2876 indicated that they will make payment some time in the near future, and the reason they have not done so heretofore has been because of certain financial difficulties in connection with the law suits and other controversies experienced by the partnership. We are of the opinion that these operators be extended a little more time.

As we advised you on August 3, 1954, we had written to the operators of dockets 1554 and 1236 also. We have not heard from either of these two, and we suggest that the next correspondence or contacts regarding the royalties be made by your office.

A. B. Needham

A. B. NEEDHAM

C
O
P
Y

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINTERLS EXPLORATION ADMINISTRATION
Region V
2908 Colfax Avenue South
Minneapolis 8, Minnesota

August 3, 1954

Memorandum

To: Jay L. Chambers, Chief, Contract Administration and Audit Division, Washington, D. C.

From: Executive Officer, Field Team, Region V

Subject: Certified project royalties

Reference is made to your letter of July 22, 1954, relative to action taken to effect collection of royalties due on the following:

Docket	Contract	Operator
1554	E-165	Stewart-Roseberry
1236	221	Campbell & Ventling
2392	352	Mineral Mills-Glenwood
2876	496	Duncan & Himebaugh

We have written to all but Duncan & Himebaugh, requesting an accounting, but thus far have not heard from them. We will continue to follow up and advise you of the results.

We have requested our Mr. Binyon to talk with Duncan & Himebaugh personally because of the complicated nature of a lawsuit pending between the two partners over the property. We feel it can best be handled and explained that way, rather than by correspondence. We will advise you of the result of the personal contact.

Relative to the difference between royalties reported as paid and amounts for which copies of schedules of collections have been received by you, please be advised that certificate of deposit of $162.02 was sent you on June 16, and one for $256.17 on July 2. These, together with the $134.24 on your record, equals the $552.43 reported by us for contract E-57, Calumet & Hecla, Inc. The Duncan & Himebaugh contract E-496 certificate for deposit for $101.91 was sent on June 7. If you have not already received these, please check with Mr. Bailey's office, Bureau of Mines.

A. B. NEEDHAM

C
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Y

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
Region V
2908 Colfax Avenue South
Minneapolis 8, Minnesota

August 3, 1954

Mr. A. I. Johnson
Mineral Mills, Inc.
Keystone, South Dakota

Dear Mr. Johnson:

Reference is made to your DMEA contract Idm-E352 for exploration of the Glenwood Pegmatite, which project was completed and certified on October 20, 1952 that a discovery and/or development was made, thereby requiring repayment of the exploration loan out of a percentage of the proceeds from production.

We have been advised that shipment of 0.6 tons of mica was made in 1954, but thus far we have not received a check to cover the royalty payment on that production.

We would appreciate your check to cover this royalty payment and also the certified documents we returned on July 6, 1954, and which were to accompany the check dated June 30, 1954, in the amount of $8.98.

Very truly yours,

AB. NEEDHAM
Executive Officer
Field Team
Region V

cc: Operating Committee (2)
Button
Binyon
Redden

For Schedule of Collections No. DMA-2, dated March 29, 1954, xxx giving royalty repayments of $23.39 and $32.87, see E-178.

Standard Form No. 1044—Revised
Form approved by Comptroller General U. S.
June 25, 1936

SCHEDULE OF COLLECTIONS

Schedule No. 9

Sheet No.

Defense Minerals Exploration Administration — (Department or Establishment)

14-23-050 — (Bureau or Office)

Received by Les Testin (Name) Regional Disbursing Officer (Title) at Minneapolis, Minnesota (Station)

Period May, 1953 (Month or quarter ended)

D. O. Symbol No. 109

Date Received	Receipt Number	Name of Remitter	Detail Description of Purpose for Which Collections Were Received	Amount	Fund to be Credited (Symbol and title in full)
5/6/53	2740	Mineral Mills, Inc. (Glenwood Lode Mine)	Royalty Payment 1st payment on loan under Contract MM-1352, Docket 2392 - Mineral Mills, Inc.	$259.06	14X4401 Revolving Fund, Defense Production Act, Interior
			Total,	$259.06	

Defense Minerals Administration
RECEIVED
MAY 11 1953

Received _____, subject to collection. Forwarded 5/8/53

(Disbursing clerk or accountable officer)

By _____

By L. A. Hill (Name)

Title Authorized Certifying Officer

Certificate of Deposit No. _____ dated _____

☆ U. S. GOVERNMENT PRINTING OFFICE 10—1790

REPORT
OF REVIEW

DMEA MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Mineral Mills, Inc.

Custer

South Dakota

pertaining to Exploration Project Contract No. Idm-E352, Docket No. DMEA-2392, for the period of July 23, 1952, to August 23, 1952.

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 Executive Officer of the Field Team, and a determination of the reasonableness and propriety of the costs.

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

(a) the administrative cost to the Government of an audit would be excessive in relation to value of the contract or the estimated amount of possible disallowances thereunder;
(b) the Monthly Reports were supported by documentary proof of the costs incurred under the contract; and
(c) a major portion ($960.00) of the costs covered bulldozing at hourly rates.

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

Total cost as billed by Contractor		$1,154.40
Exceptions:		
By DMEA Finance Officer	$ 0	
Herewith (schedule attached)	0	0
Total Accepted Cost		$1,154.40

The contract calls for a 90 per cent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of One thousand and thirty-eight Dollars and 96/100

- $1,038.96 -

is considered valid and proper.

Auditor

October 3, 1952

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.3.
Approval expires 6-30-53.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 1 1952

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of August, 1952 Docket No. DMEA 2392 Contract No. Idm E-552
Operator's Name Mineral Mills, Inc. Minerals Mica
Address Custer, South Dakota
Contract Amount, $ 1,200.00 Government Participation: 90 % Amount, $ 1,080.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor	74.40	—	74.40	74.40	—	74.40
Supervision	120.00	—	120.00	120.00	—	120.00
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental Bulldozer	960.00	—	960.00	960.00	—	960.00
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	1,154.40	—	1,154.40	1,154.40	—	1,154.40

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

Date Sept. 1, 1952 *Payee Mineral Mills, Inc.

Per [signature] Title Secretary

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

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

(Instructions on reverse)

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

$ 1038.96 AH

Signature L. A. Hill
(Authorized Certifying Officer)

Date SEP 24 1952 Vou. No. 11
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm E-352 in accordance with the terms of the contract.

Signature D. H. Mullen Title Supervising Engineer Date Sept. 13, 1952

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature A. B. Weatherson Title Exec Off Date 9/22/52

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.

U. S. GOVERNMENT PRINTING OFFICE 205675

Form MF-104A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 1 1952

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of July 23-Aug 23 1952 Docket No. DMEA 2392 Contract No. Idm-E-352

Operator's Name Minerl Mills Inc Minerals Mica

Address Custer, S. Dak.

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping	Cu.Yds	$1154.40	2121	$1154.40	2121	54.4¢		
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		$1154.40		$1154.40				Total Costs Authorized by Contract
Operating Equipment Purchased		---		---				
Initial Rehabilitation and Repairs		---		---				
New Buildings, Improvements, etc.		---		---				
Total Costs		$1154.40		$1154.40				

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 Sept. 1 Operator Minerel Mills Inc

Per A. J. Johnson Title Secretary

Remarks:

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

(Instructions on reverse)

(For Government use only)

RECEIVED
SEP 22 1952
BUREAU OF MINES
REGIONAL OFFICE
MINING DIVISION

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.

U. S. GOVERNMENT PRINTING OFFICE 205676

Narrative - DMEA 2392- Glenwood Mine
Mineral Hills Inc.- Custer, S. Dak.
Exploration project for strategic Mica.

Operations were started July 23rd on the stripping operations and the work was completed August 23rd. Dozing operations were completed August 23rd but hand excavation, to determine if the mica vein continued West to the last trench, was undertaken and this work was completed August 23rd. The last outcrop of the vein to the west hence was not projected to this excavation as this work did not indicate that the vein extended to that point. The mica pegmatite was exposed for a length of 180 feet and strategic mica of the ruby muscovite variety was exposed west of the shaft along the full exposure of the vein in that direction. Smaller quantities of this mica were indicated in the vein to the East of the shaft and future work will be required to fully determine the nature of this section. The results of the exploration project were very satisfactory and operations have started to produce mica for sale to the Mica depot in Custer.

Underground development work or diamond drilling would be necessary to determine the amount of mica blocked out as only a surface exposure of the mica vein was completed in this project.

A surface plat of the excavation work is included with this narrative. The overburden varied from four feet to 13 feet. The continuation of the mica veing proviously worked was not found as an extension but directly to the west as anticipated but to the south west.

A. I. Johnson

A. I. Johnson - Supervisor.

AUG 2 2 1962

Mineral Mills, Inc.
c/o Mr. A. I. Johnson, Secretary
Box 113
Keystone, South Dakota

Re: [illegible]-2352 (Mine)
Mineral Mills, Inc.
Glossner Mine
Custer County, South Dakota
Contract Ida-2352

Gentlemen:

By the terms of the subject Exploration Project Contract and the certification of discovery or development, dated October 17, 1952, all minerals mined or produced from June 24, 1952, to June 24, 1962, were subject to the Government's percentage royalty as set forth in said contract.

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

Sincerely yours,

George Fumich, Jr.

Director

FMMurphy/gln
8-22-62
cc to: Director's Reading File
Region I (2) w/cy MMI Form 63 sgd. by Mr. A.I.Johnson 8/13/62
Contract Division
Docket
Code 500

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C. 600

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

To: Mineral Hills, Inc.
Custer, South Dakota

Pursuant to the provisions of Exploration Project Contract No. DMA-6352, dated June 24, 1952, (Docket No. DMA-23921), hereinafter called the "contract", between you and the United States of America, hereinafter called the "Government"; to establish and fix the Government's percentage royalty on production and its lien thereon and on the mineral deposit which is the subject of the exploration project, the Government considers and therefore certifies that a discovery or development has resulted from the work from which commercial production of ore may be made.

The property consists of the Glenwood Lode Mining Claim, recorded in Book 17, page 274 of "Location Certificates", Custer County Records, Custer County, South Dakota.

The Government's estimate of said discovery or development is particularly described and delimited as follows:

Surface stripping exposes pegmatite outcrop 130 feet long by 5-10 feet wide. At the western end for a length of 20 feet there was exposed a mica roll in which occurred books of ruby mica which contained some good-stained and better quality.

Any production of mica or other minerals from the property described will result from the discovery or development here certified and this certification covers the whole of that property and any such production therefrom.

THE UNITED STATES OF AMERICA

By C O Mitteudorf
Administrator

Dated: OCT 17 1952

JTRobertson:gsd 10/14/52

Copy to: Adm. A File
Operating Committee
Mr. Hodges, 4604
Field Team, Region V
Mr. Chambers, 4612
Docket File
Mr. Hook
Mr. Thayer, 5216 GSA Bldg.
Finance Officer
Mr. Jess Larson, DMEA
Mr. F. E. Johnson
Mr. Markland, 6020

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C. 600

OCT 20 1952

Mr. A. I. Johnson, Secretary
Mineral Mills, Inc.
Custer, South Dakota

Subject: Docket No. DMEA-2392 - Mica
Glenwood Lode Mine
Custer, South Dakota
Contract No. Idm-E352

Dear Mr. Johnson:

Transmitted herewith is a Certification of Discovery or Development under Contract No. Idm-E352 on the Glenwood Lode Claim.

By the terms of the Exploration Project Contract and of the Certification all mica and other minerals produced from the aforesaid mine from the date of the Exploration Project Contract No. Idm-E352, is subject to the Government's percentage royalty as set forth in the Exploration Project Contract until the sum of $1,038.96 is paid or until June 24, 1962 whichever occurs first.

Checks for reimbursing the Government for advances under the above cited contract should be made payable to "The Treasurer of the United States", and transmitted to Mr. A. B. Needham, Executive Officer, DMEA Field Team, Region V, 2908 Colfax Avenue, South, Minneapolis 8, Minnesota.

Royalty payments to the Government should be accompanied by suitable evidence, such as copies of settlement sheets showing quantity and grade of the mica or other minerals sold, the name of the purchaser, and the price and charges certified to be correct by the purchaser.

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

Sincerely yours,

C. O. Mittendorf

Administrator

JTRobertson:gad 10/15/52
Copy to: Docket File
Adm. R. File
Operating Committee
Mr. F. E. Johnson
Mr. Hedges, 4604
~~Enclosure~~
Mr. Thayer, 5216 GSA Bldg.
Field Team, Region V
Mr. Chambers, 2612
~~Miss Terry~~ Mr. Henk

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C. 600

OCT 20 1952

Mr. Jess Larson, Administrator
Defense Materials Procurement Agency
General Services Administration
Building
Washington 25, D. C.

Subject: Docket No. DMEA-2392 - Mica
Glenwood Lode Mine
Mineral Mills, Inc.
Custer, South Dakota
Contract No. Idm-1352

Dear Mr. Larson:

Enclosed you will find a copy of a "Certification of Discovery or Development" and a copy of the Field Team's Final Report on the above-referred property.

The project contract was signed June 24, 1952. The Government participated to the extent of 90% in a project estimated to cost $1,200. On completion of the contract, the Government's contribution amounted to $1,038.96, leaving $41.04 unspent.

The project was a surface stripping operation to uncover a pegmatite outcrop. Some 2,121 cubic yards of overburden were moved uncovering a pegmatite 180 feet long and 5-10 feet wide. At the west end, for a length of about 20 feet, there was uncovered a distinct mica roll containing ruby mica in books of good-stained and better quality. The result of the exploration was satisfactory and the operations have started to produce mica for sale to the Mica Depot in Custer, South Dakota.

Further details and particulars may be found in the Field Team's Report transmitted herewith.

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosures

JTRobertson:gad 10/15/52
Copy to: Adm. R. File
Docket File
Operating Committee
Mr. F. E. Johnson
Mr. Hedges, 4604
Mr. Thayer, 5216 GSA Bldg.
Field Team, Region V
Mr. Chambers, 2612 Mr. Murkland, 6020 Finance Officer
Mr. Hook

C
O
P
Y

Region V
2908 Colfax Avenue South
Minneaplis 8, Minnesota

August 29, 1952

Memorandum

To: Operating Committee, Defense Minerals Exploration Administration, Interior Building, Washington 25, D. C.

From: Executive Officer, Field Team, Region V

Subject: Completed exploration projects

For your information, the following projects have been completed as to field work. Operator's final engineering and geological reports and the Government's final report have not been received on them; therefore, final official notice on termination and balance of funds available have not been made to you.

Docket	Contract	Operator	Date completed
812a	E-99	Black Hills Keystone	8/3/52
1145	E-11	Dodgeville - Jones	5/17/52
1227	E-50	Vinegar Hill - Hancock	5/1/52
1315	E-178	J. E. & L. M. Miller	8/20/52
1560	E-42	Dodgeville - Weigle	3/31/52
1562	E-168	Dodgeville - Pearson	6/3/52
1985	E-171	Star Mining Co.	8/29/52
2078	E-263	L. D. Pitts	8/29/52
2392	E-352	Mineral Mills - Glenwood	7/16/52

As operator's reports, Government reports, and audit reports are made available to us, we will complete the projects officially and transmit notice with balance of funds available to you.

This serves only to keep you abreast of field activities.

(signed) A. B. Needham

A. B. Needham
Executive Officer
Field Team, Region V

Docket No. [illegible]

Commodity [illegible]

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 [illegible]

Date of Contract or Amendment: June [illegible], 1952

Name and Address of Operator:

Mineral [illegible], Inc.,
Custer, S. D.

Amount of Government participation $1,000.00

Percent of Government participation 50 %

Region: V State: South Dakota

Please release C.A.C. Authority: Records of Contract Administration and Audit Division

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

(Title)

Date Delivered to Bureau of Mines, Washington. Oct. 20, 1952 13908

Docket No. 2392

Commodity Mica

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 352

Date of Contract or ~~Amendment~~ June 24, 1952

Name and Address of Operator:
Mineral Mills, Inc.
Custer
South Dakota

Amount of Government participation $ 1,080.00

Percent of Government participation 90 %

Region: V State: South Dakota

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

(Title)

Date Delivered to Bureau of Mines, Washington. June 24, 1952 13808

MF-200
(June 1951)
(Revised Feb. 1952)

DEPT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 14 1952

DOCKET NO. DMEA 2392

COMMODITY Mica
Idm-E352

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

Government's Copy

EXPLORATION PROJECT CONTRACT [1]

IT IS AGREED this 24th day of June, 1952, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Mineral Mills, Inc. (a corporation duly organized and operating Custer under and by virtue of the laws of the South Dakota State of South Dakota)

hereinafter called the "Operator," as follows:

ARTICLE 1. *Authority for contract.*—This agreement is entered into under the authority of the Defense Production Act of 1950, as amended, pursuant to DMEA Order 1 entitled "Government Aid in Defense Exploration Projects."

ARTICLE 2. *Operator's property rights.*—With respect to that certain land situated in the State of South Dakota, County of Custer, described as follows: [3] The property consists of the Glenwood Lode Mining Claim, recorded in Book 17, page 272, of "Location Certificates", and deeded to the Operator by deed filed in Book 18, page 627 of Deeds in the office of the Register of Deeds, Custer, South Dakota. The claim is situated in Sec. 32, T. 3, S., R. 5 E., about 4 miles southeast from Custer, South Dakota. the Operator represents and undertakes: [4]

(*a*) That the Operator is the owner, in possession and entitled to possession, and that the property is subject only to the following claims, liens, or encumbrances as to each of which the subordination agreement of the holder is attached:

None

(~~b) That the Operator has a lease, option, or other right to possession thereof, subject only to~~ [struck out with typed x's]

The Operator shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of the exploration project without any allowance for the use, rental value, depreciation, depletion, or other cost of acquiring, owning, or holding possession thereof.

ARTICLE 3. *Exploration project.*—The Operator, within thirty (30) days from the date of this contract shall commence work on a project of exploration for [5] strategic mica

in or upon the described land; and shall bring the project to completion within a period of sixty (60) days from the date of this contract. The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided.

ARTICLE 4. *Performance of the work.*—(*a*) *Operator's responsibility.* The work shall be performed efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmens' compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. To the extent specified in Exhibit "A," attached hereto, the work may be performed by independent contractor or contractors; and work not specified in Exhibit "A" for performance by independent contractor may nevertheless be so performed upon amendment of Exhibit "A," as agreed to by the parties, to state the work to be so performed and the estimated unit costs thereof, as provided hereafter.

(*b*) *Independent contracts.*—Any independent contract for the performance of work shall be on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, per cubic yard of material moved), or on some basis that will indicate the amount due for work performed at any stage of the work to be performed under such independent contract. The Government shall not be nor be considered to be a party to any such independent contract, and the Government's right to terminate the exploration project contract under any of its provisions shall not in any manner be affected by reason of any such independent contract. If the reference in Exhibit "A" to any such independent contract states that the Government's approval thereof is required, the Government may refuse to participate in the cost thereof unless and until it has given its written approval of the independent contract.

(*c*) *Government may inspect.*—The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

ARTICLE 5. *Estimated costs of the project.*—A statement of the estimated cost of the project is set forth in Exhibit "A," attached hereto. Except insofar as any item of requirement or the estimated cost thereof set forth in Exhibit "A" is there or elsewhere designated as an "allowable maximum," such items of requirement and of related cost are estimates only, and may be exceeded to the extent that the Government may from time to time approve for the most economic and beneficial performance of the work within the limitation of the total aggregate estimate of costs. The Government's approval of any such excess over the estimate for an item of requirement or related cost will be signified by its approval and payment of any invoice or voucher for payment which expressly calls attention to such excess. Items expressly designated in Exhibit "A" or elsewhere as "allowable maximum," and the total aggregate estimated cost are limitations, and any excess therein will be for the sole account of the Operator in which the Government will not participate.

ARTICLE 6. *Allowable costs of the project.*—(*a*) The costs of the project in which the Government will participate are limited to the following:

(1) *Independent contracts.*—Payments to independent contractors under independent contracts listed in Exhibit "A." The estimated cost of any work to be performed under an independent contract is or shall be included in the estimate of costs in Exhibit "A" in terms of the estimated numbers of units of work to be performed, the estimated amount to be paid per unit, and the estimated total amount to be paid to the independent contractor, and such estimates shall be allowable maximums above which the Government will not contribute. Regardless of the provisions of any such independent contract, the Government will participate in the payments to the independent contractor only on account of work actually performed and that conforms with the provisions of the exploration project contract, and only to the extent that the Government deems the unit prices for the work under the independent contract to be reasonable and necessary. No such independent contract shall have the effect of increasing the estimated total cost of the exploration project contract nor the maximum amount which the Government will pay as provided in the exploration project contract.

(2) *Labor, supervision, consultants.*—Labor, supervision and technical services (including engineering and geological consultants), a schedule of which is included in the estimate of costs set forth in Exhibit "A." The requirements and related estimated costs for supervision and technical services are allowable maximums.

(3) *Operating materials and supplies.*—Necessary materials and supplies including items of equipment costing less than $50.00 each, and power, water, and fuel, a schedule of which is included in the estimate of costs in Exhibit "A."

(4) *Operating equipment.*—Any operating equipment to be rented or purchased, or which is owned and will be furnished by the Operator, with the estimated rental, purchase price, or the allowable depreciation, as the case may be, a schedule of which is included in Exhibit "A." Any items listed as owned and to be furnished by the Operator, and related ~~initial~~ allowable depreciation, are allowable maximums.

(5) *Rehabilitation and repairs.*—Any necessary initial rehabilitation or repairs of existing buildings, installations, fixtures, and movable operating equipment, now owned by the Operator and to be devoted to the purposes of the exploration contract, a schedule of which is included in the estimate of costs set forth in Exhibit "A." These items are allowable maximums.

(6) *New buildings, improvements, installations.*—Any necessary buildings, fixed improvements, or installations to be purchased, installed, or constructed for the purposes of the exploration work, with the estimated cost of each, a schedule of which is included in the estimate of costs in Exhibit "A." All of these items are allowable maximums.

(7) *Miscellaneous.*—Repairs to and maintenance of operating equipment (not including initial rehabilitation or repairs of the Operator's equipment), analytical work, accounting, workmen's compensation and employers' liability insurance and payroll taxes.

(8) *Contingencies.*—Such other necessary, reasonable direct costs of performing the exploration work, within the limit of the total aggregate estimate of costs, whether or not included in any schedule of costs in Exhibit "A," as may be approved by the Government in the course of the work, as indicated by its approval and payment of invoices and vouchers.

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] State name, address, and nature of organization if any.
[3] Give legal description or enough to identify the property, particularly excluding any land or interest therein to which the Government's lien is not to attach or the production from which is not to be subject to the Government's percentage royalty.
[4] Strike out the provision not applicable.
[5] Name of mineral or minerals.

(*b*) The Government's payments in all cases will be based on actual, necessary costs (including contract unit prices) incurred not in excess of any "allowable maximum," and not in excess of the fixed percentage of the total aggregate estimated cost. Costs will be considered to be incurred only as they are or become due and payable.

(*c*) No items of general overhead, corporate management, interest, taxes (other than payroll and sales taxes) or any other indirect costs, or work performed or costs incurred before the date of this contract, shall be allowed as costs of the project in which the Government will participate.

ARTICLE 7. *Reports, accounts, audits.*—(*a*) *Progress reports.* The Operators shall provide the Government with monthly reports of work performed and costs (including contract unit prices) incurred under the contract, in quintuplicate (five copies), upon forms provided by the Government. These progress reports shall be certified by the Operator, and shall constitute both the Operator's invoice of costs incurred on the project during the period covered by the report and his voucher for repayment by the Government, unless the Government requires the use of a standard voucher form with invoice attached. Progress reports shall include surface and/or underground engineering-geological maps or sketches showing the progress of the exploration, with assay-reports on samples taken concurrently with the advance in mineralized ground.

(*b*) *Final report.*—Upon completion of the exploration work or termination of the contract the Operator shall provide the Government with an adequate geological and engineering report, in quintuplicate (five copies), including an estimate of ore reserves resulting from the exploration work.

(*c*) Compliance with requirements.—If, in the opinion of the Government, any of the Operator's reports are insufficient or incomplete, the Government may procure the making or completion of such reports and attachments as an expense of the exploration work; and the Government may withhold approval and payment of any vouchers depending upon insufficient or incomplete reports.

(*d*) *Accounts and audits.*—The Operator shall keep suitable records and accounts of operations, which the Government may inspect and audit at any time. The Government may at any time require an audit of the Operator's records and accounts by a certified public accountant, the cost thereof to be treated as a cost of the project. The Operator shall keep and preserve said records and accounts for at least 3 years after the completion of the project or the termination of this contract. Upon the completion of the project or termination of the contract the Operator shall render a final account as provided in Article 12.

ARTICLE 8. *Payments by the Government.*—(*a*) The Government will pay 90 percent of the allowable costs incurred, as they accrue, in an aggregate total amount not in excess of $1,080.00, which is 90 percent of $1,200.00, the agreed, estimated total cost of the project in which the Government will participate; *Provided,* that until the Operator's final report and final accounting have been rendered to the Government, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract.

(*b*) The Government may make any payment or payments direct to independent contractors and to suppliers, for the account of the Operator, rather than to the Operator.

ARTICLE 9. *Repayment by Operator.*—(*a*) If, at any time, the Government considers that a discovery or a development from which production may be made has resulted from the exploration work, the Government, at any time not later than 6 months after the Operator has rendered the required final report and final account, may so certify in writing to the Operator. The certification shall describe broadly or indicate the nature of the discovery or development. In the event of such certification, any minerals mined or produced from the land described in Article 2 within 10 years from the date of this contract, including any mined or produced before the certification, shall be subject to a percentage royalty which the Operator or his successor in interest shall pay to the Government, upon the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, until the total amount contributed by the Government, without interest, is fully repaid, or said 10 years have elapsed, whichever occurs first, as follows:

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

(2) One and one-half (1½) percent of any such net amounts, plus one-half (½) percent of such net amounts for each additional full fifty cents ($0.50) by which such net amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such net amounts.

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

(*b*) As here used, "net smelter returns," "net concentrator returns," and "other net amounts realized from the sale or other disposition," mean gross revenue from sales; or if not sold, the market value of the material after it is mined in the form in which and the place where it is held. In the case of integrated operations in which the material is not disposed of as such, these terms mean what is or would be gross income from mining operations for percentage depletion purposes in income-tax determination.

(*c*) To secure the payment of its percentage royalty, the Government shall have and is hereby granted a lien upon the land described in Article 2 and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

(*d*) This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

ARTICLE 10. *Assignment, transfer, or loss of Operator's interest.*—Without the written consent of the Government, the Operator shall not assign or otherwise transfer or hypothecate this contract or any rights thereunder. The Operator shall not make any voluntary nor permit any involuntary transfer or conveyance of the Operator's rights in the land described in Article 2, without making suitable provision for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof; *Provided,* that mere failure by the Operator to maintain the Operator's rights in the land, without any consideration running to the Operator other than relief from the cost of maintaining such rights (as by surrender of a leasehold, failure to perform assessment work, or failure to exercise an option), coupled with complete abandonment by the Operator of all interest in or operations on the land for a period of 10 years from the date of this contract, shall not constitute such a transfer or conveyance. Should the Operator make or permit any transfer or conveyance in violation of this provision, the Operator shall be and remain liable for payment to the Government of the same amounts, at the same times, as would have been paid under the terms of the percentage royalty on production. If for any reason the net smelter returns, net concentrator returns, or other net amounts realized from the sale or other disposition of such production are not available as a means of measuring the amount of the Operator's liability, the amount thereof shall be estimated as well as may be, and in the event of dispute as to such estimates, the determination thereof by the Administrator of Defense Minerals Exploration Administration or by his successor shall be final and binding upon the Operator.

ARTICLE 11. *Title to and disposition of property.*—All facilities, buildings, fixtures, equipment, or other items costing more than $50.00 each, paid for or purchased with funds contributed jointly by the Operator and the Government, although title may be taken in the name of the Operator, shall belong to the Operator and the Government jointly, in proportion to their respective contributions, and upon the completion of the work or the termination of the contract shall be disposed of promptly by the Operator for the joint account of the Government and the Operator, either by return to the vendor, by sale to others, or purchase by the Operator at a price at least as high as could otherwise be obtained, as may appear to be for the best interest of the Government, unless the Government, in writing, waives its interest in any such item. If necessary to accomplish such disposition, the Operator shall dismantle, sever from the land, and remove any such item, the cost thereof to be for the joint account of the parties in proportion to their respective interests. If the Operator, within 90 days after the receipt of written notice from the Government, fails, neglects, or refuses to dispose of such property, the Government may itself enter upon the land, take possession of, and remove and dispose of any such property as above provided.

ARTICLE 12. *Termination and completion.*—The Government may, at any time, by written notice to the Operator, terminate this contract: (*a*) If the Operator fails to provide his share of the money necessary to prosecute operations pursuant to the terms of the contract; (*b*) if the Operator, in the opinion of the Government, fails to prosecute operations pursuant to the terms of the contract; or (*c*) if in the opinion of the Government, operations up to the time of the notice have not indicated the probability of making any worth while discovery and in the opinion of the Government further operations are not justified. Upon the completion of the project or any termination of the contract the Operator shall dispose of any remaining materials, supplies, facilities, buildings, fixtures, and equipment in which the Government has an interest, for the joint account of the Operator and the Government in the proportion of their respective interests; shall render to the Government a full and final accounting of his operations under the contract and his expenditures of money; and shall pay to the Government its pro rata share of any money remaining.

ARTICLE 13. *Changes and added provisions.* ----------

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. Mittendorf
Acting Administrator
Defense Minerals Exploration Administration

MINERAL MILLS, INC.
(Operator)

By A. F. Gushurst

I, Arthur I. Johnson, certify that I am the secretary of the corporation named as Operator herein; that A. F. Gushurst, President, 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.

Arthur I. Johnson

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—66328-1

MINERAL MILLS, INC.
EXPLORATION PROJECT CONTRACT
DOCKET NO. DMEA-2392

EXHIBIT "A"

Description of the Work

By means of a bulldozing operation, to trench along the lateral extension of a zone of mica-bearing pegmatites previously mined on a small scale for ruby mica, as indicated on the map entitled "DMEA-2392, Glenwood Lode Claim, Mineral Mills, Inc., Custer, S. Dak." attached hereto and made a part hereof.

Much of the zone is covered with upwards of 8 feet of top-soil and this overburden will be removed along the strike of the pegmatite at places agreeable to both the Operator and the Government.

The use of rented power-equipment should not exceed 80 hours of actual working time.

Estimated Costs of Project
(*Indicates allowable maximum)

(1) Independent Contracts

None

(2) Labor, Supervision, Consultants

1 Laborer	10 days @ $10.00/day	$100.00	
1 Supervisor	10 days @ $12.00/day	120.00*	$ 220.00

(3) Operating Materials and Supplies

None

(4) Operating Equipment

To be rented

1 Bulldozer (complete with crew, fuel, repairs, etc.) 80 hours @ $12.00/hr.	960.00*

(5) Rehabilitation and Repairs

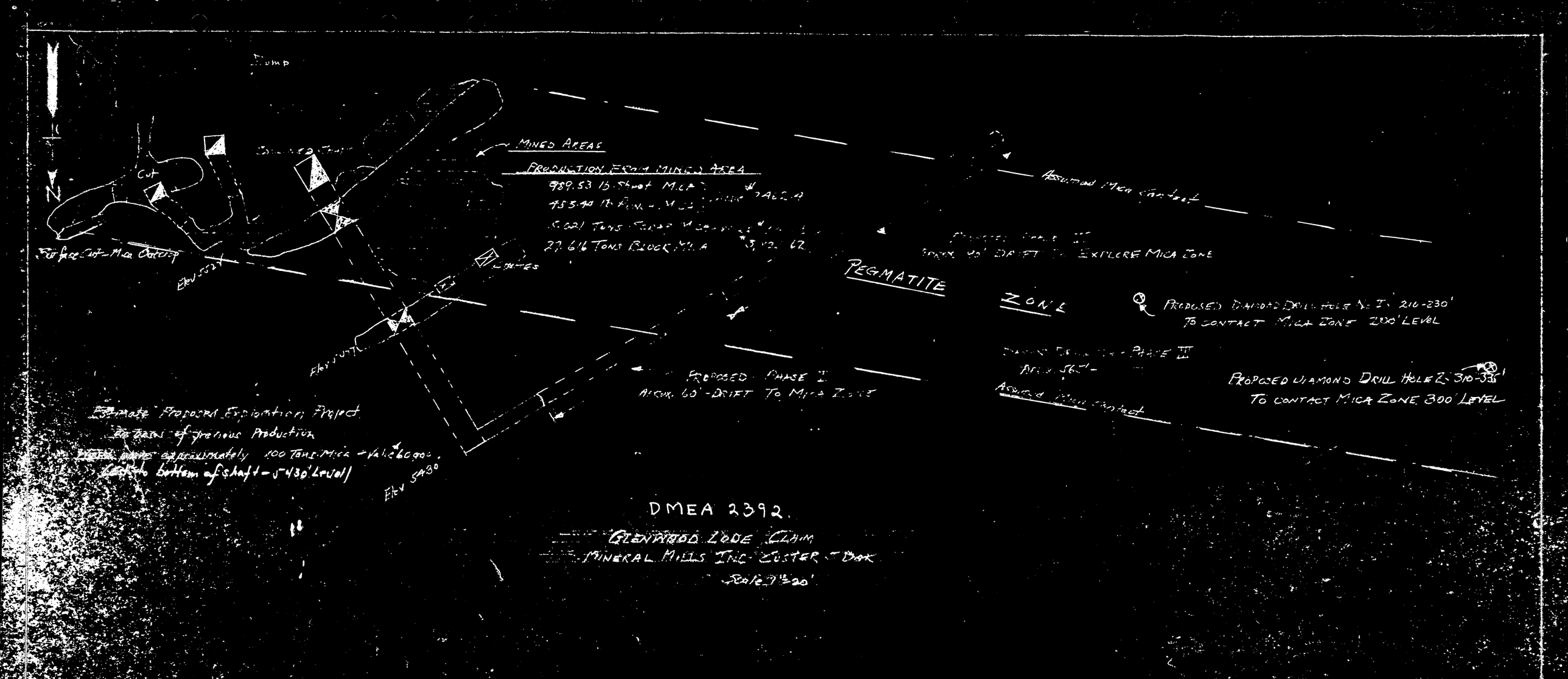
None

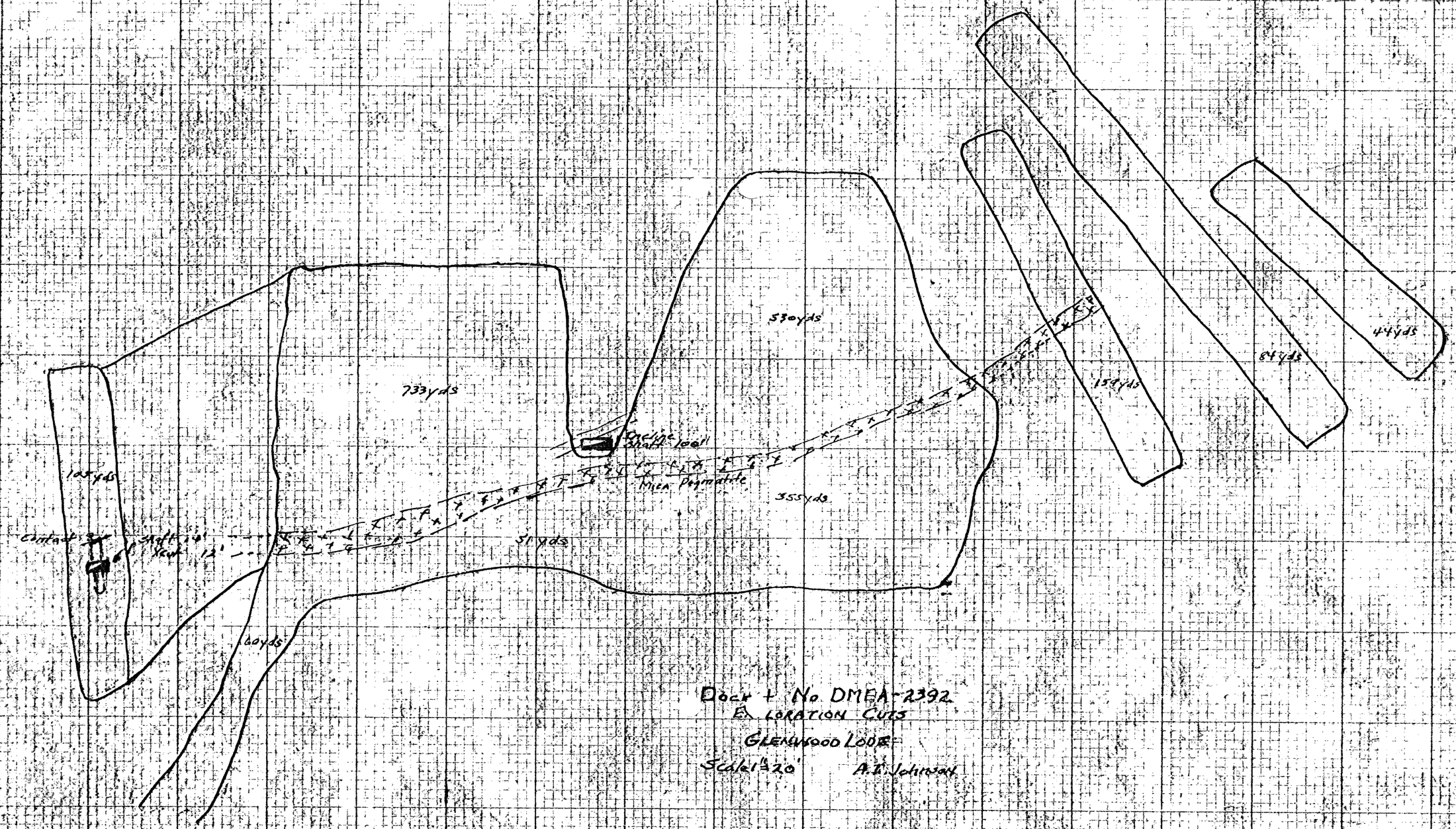
(6) New Buildings, Improvements, Installations

None

(7) Miscellaneous

Payroll taxes, Workmen's Compensation and Employers' Liability Insurance	$20.00	
TOTAL ESTIMATED COSTS OF PROJECT		$1,200.00*
Government Participation @ 90%		$1,080.00*


Dump
N
Cut
Surface Cut - Mica Outcrop
Elev 5521
Elev 5077
Elev 5430
Mined Areas
Production From Mined Area
989.53 lb Sheet Mica
453.44 lb Film - Mica
5,021 Tons Scrap Mica
27,616 Tons Block Mica
Lines
Pegmatite
Zone
Assumed Mica Contact
Proposed Phase II
Approx. 60' - Drift To Mica Zone
Proposed Phase III
Approx. 56' -
Assumed Mica Contact
Proposed Diamond Drill Hole No. 1: 210-230'
To Contact Mica Zone 200' Level
Proposed Diamond Drill Hole 2: 310-330'
To Contact Mica Zone 300' Level
Estimate Proposed Exploration Project
To Gain of Previous Production
approximately 100 Tons Mica - Value 60,000.
(Cost to bottom of shaft - 5430' Level)
DMEA 2392.
Glenwood Lode Claim
Mineral Mills Inc. Custer - Dak
Date 7-20'



Dock + No. DMEA-2392
Exploration Cuts
Glenwood Lode
Scale 1"=20'
A.T. Johnson