OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Washington office pertaining to Contract Idm-E496, Docket DMEA-2876 (beryl-mica), dated March 6, 1953, with

Francis E. Duncan and E. Boyd Himebaugh
d/b/a Duncan and Himebaugh
Custer, South Dakota

for the purpose of determining the amount of royalty payable to the U. S. Government on sales of minerals from property referred to as the Last Chance Lode Claim located in Custer County, South Dakota, during the period July 14, 1959, through September 5, 1962.

A certification of discovery or development was issued on December 11, 1953, and, in accordance with Article 6 of the contract, royalty is payable on all minerals produced from the land described in Article 2 of the contract for a period of 10 years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A Report of Review dated October 7, 1953, indicated accepted costs under the exploration contract amounting to $2,736.00 with the Government's contribution on a 90 percent basis being $2,462.40.

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

This review established no sales subject to the Government's royalty subsequent to the period covered by a prior Report of Royalty Review which found the sales subject to the Government's royalty through July 13, 1959, to be $2,585.30. The royalty account as of July 13, 1959, was:

Total Royalty Payable	$129.27
Total Royalty Paid	101.91
Balance of Royalty Due	$ 27.36

As of September 5, 1962, the royalty account of this project was found to be:

Total Royalty Payable	$129.27
Total Royalty Paid	115.59
Balance of Royalty Due	$ 13.68

E. D. Talbert

E. D. Talbert, OME Auditor

October 13, 1962

STATUS OF PROJECT, SCOPE OF REVIEW AND REASONS THEREFOR

This contract provides that the Operator or its successor in interest shall pay to the Government a percentage royalty on any minerals produced from the land thereunder. The land consists of an unpatented claim of about 20 acres, known as the Last Chance Lode, located in sec. 11, T. 5 S., R. 4 E., B.H.B.M. At the time the contract was executed, the Operator was the owner. The contract contains the so-called "abandonment" provision.

Exploration work under the contract was completed during August 1953. Production during the exploration work and shortly thereafter resulted in the sale by Francis Duncan in 1953 and 1954 to the G.S.A. Mica Purchase Depot, Custer, South Dakota, of five lots aggregating 10,911.5 lbs. of beryl on which $2,437.15 in proceeds was realized. Francis Duncan paid $101.91 in royalty but failed to pay $19.95 properly payable on one of the five lots (G.S.A. No. 48-B, 1,995 lbs. settled on February 8, 1954, for $399.00).

Letters addressed to Francis Duncan by DMEA regional representatives on February 18, 1955, and April 22, 1955, and to the partnership on May 27, 1955, by the Washington office resulted only in a reply from E. Boyd Himebaugh indicating a disagreement existed between the partners but stating that "if Duncan does not make the return, I will". A further demand by letter dated September 14, 1955, elicited neither remittance nor reply. Accordingly, on November 18, 1955, the Administrator decided that, considering the size of the indebtedness, all reasonable collection steps had been taken and the account was deemed administratively uncollectible at that time.

Examinations of the property and inquiries by DMEA and GSE regional representatives disclosed that the property remained inactive from early 1954 through December 31, 1959, except for the salvage of mica from the dump by persons possibly unknown to the Operator. A sale of 1,375 lbs. of mica for $148.15 on November 5, 1958, under G.S.A. lot no. C-825, was made by a Dale McDermond. The royalty payable of $7.41 was not remitted.

By letters dated April 6, 1959, and July 14, 1959, the GSE Executive Officer, Region III, requested the partnership to pay the total of $27.36 due the Government. On April 3, 1961, the Administrator demanded payment by letters addressed to the individual partners. The only response was an April 10, 1961, reply from E. Boyd Himebaugh enclosing a check for $13.68, one-half of the amount due. Further demands by letters dated April 14, 1961, and May 4, 1961, addressed

to Himebaugh and Duncan, respectively, resulted in neither reply nor further remittance.

In view of the size of the debt, no further collection action is justified at this time. However, even though the royalty obligation period expires on March 6, 1963, the Government's lien on the property should not be formally released unless this debt is liquidated.

In a September 5, 1962, reply to a MMS Form 63 inquiry, E. Boyd Himebaugh, Bowman, North Dakota, indicated that no production had been shipped from the property since January 1, 1960.

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

(1) The files indicate that all sales of production since the date of the contract have been accounted for and proper royalty thereon paid, except as stated above; and

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

Building 20 - Federal Center
Denver 25, Colorado

800

October 18, 1962

Memorandum

To: Fiscal Section, Division of Administrative Services
Office of the Secretary, Department of the Interior
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: DMRA-2876 (Beryl-Mica)
Contract Idm-E496
Duncan and Himebaugh
(Last Chance Lode Claim)
Custer County, South Dakota

Attached is the original Report of Royalty Review on the subject property dated October 13, 1962 covering the period July 14, 1959, through September 5, 1962.

Original signed by

Hugh M. Connors

Attachment

cc Chief, Division of Field Operations, OME
E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Royalty Corres Idm E496
Chron

HMC/lm

OCT 1 5 1962

Memorandum

To: Acting Field Officer, Region III

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

Subject: DMRA-2876 (Beryl-Mica)
Duncan and Himebaugh
Last Chance Lode Claim
Custer County, South Dakota
Contract Idm-E496

The original and one copy of a Report of Royalty Review covering the subject contract are enclosed. If you concur in the facts stated therein, please make the following distribution:

(a) Original to the Fiscal Section, Division of Administrative Services, Office of the Secretary, Department of the Interior, Washington 25, D. C.; and

(b) One copy for your files.

This Report of Royalty Review is made for record purposes only; therefore, no copy for the Operator is provided.

As evidence of your concurrence, a copy of your memorandum transmitting the original report to the Fiscal Section should be furnished this Division. If for any reason you do not concur, both copies of the report should be returned to this Division with your comments.

Enclosures

EDTalbert/ama 10-15-62

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

MAY 4 1961

Mr. Francis E. Duncan
Custer, South Dakota

Re: DMEA-2876 (Beryl-Mica)
Duncan and Himebaugh
Last Chance Lode Claim
Custer County, South Dakota
Contract Idm-C496

Dear Mr. Duncan:

By letters dated April 3, 1961, you and your partner under the referenced contract were advised that, unless delinquent royalty in the amount of $27.36 was received within 30 days, legal proceedings might be instituted.

Your partner, S. Boyd Himebaugh, immediately remitted a half of the amount due and advised that he was requesting you to remit the other half. It was hoped that you would do so; however, neither reply nor remittance has been received from you.

Remittance of $13.68 by return mail will be appreciated. Such action on your part will void the necessity of collection proceedings and ultimate additional costs to you.

Sincerely yours,

(Signed) FRANK E. JOHNSON

Acting Director

EDTalbert/ama
May 2, 1961

Copy to: Docket
Director's Reading File
CA & A Division
Acting Field Officer, Region III (2)

APR 1 4 1961

Mr. S. Boyd Himebaugh
Custer, South Dakota

Re: OMEA-2876 (Beryl-Mica)
Duncan and Himebaugh
Last Chance Lode Claim
Custer County, South Dakota
Contract Idm-8496

Dear Mr. Himebaugh:

Receipt is acknowledged of the H and H Service Company's check for $13.68 in payment of half of the $27.36 delinquent royalty due the Government under the referenced contract.

This remittance is appreciated; however, acceptance thereof by the Government does not release you from the obligation for payment of the balance due. Under the provisions of the contract you as an individual, as well as you and Mr. Duncan jointly as partners, assumed all of the obligations thereunder.

Accordingly, unless payment of the $13.68 balance due is received from either you or Mr. Duncan before May 3, 1961, legal action for collection may be instituted.

Sincerely yours,

(signed) FRANK E. JOHNSON

Acting Director

EDTalbert/ama
April 13, 1961

Copy to: Docket
Director's Reading File
CA & A Division
Acting Field Officer, Region III (2)

E-496

For royalty payment of $13.68, dated April 13, 1961, see transmittal letter file.

APR 13 1961

Memorandum

To: Chief, Fiscal Section
Division of Administrative Services
Office of the Secretary

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

Subject: OMEA-2876 (Beryl-Mica)
Duncan and Himebaugh
Last Chance Lode Claim
Custer County, South Dakota
Contract Idm-8496

Attached for deposit to the subject OMEA account under symbol 14X4401 as a royalty receipt is check no. 3736 dated April 10, 1961, drawn by the H and H Service Co. in the amount of $13.68 on The Rapid City National Bank, Rapid City, South Dakota.

This check is a partial payment of delinquent royalty due the Government.

Attachment

EDTalbert/ama
April 13, 1961

Copy to: Docket
Director's Reading File
CA & A Division
Acting Field Officer, Region III (2)

REGISTERED MAIL
RETURN RECEIPT REQUESTED

APR 3 1961

Mr. Francis E. Duncan
Custer, South Dakota

Re: DMEA-2876 (Beryl-Mica)
Duncan and Himebaugh
Last Chance Lode Claim
Custer County, South Dakota
Contract Idm-E496

Dear Mr. Duncan:

By the terms of the referenced exploration project contract you are obligated to pay the Government a percentage royalty on any minerals produced from the Last Chance Lode Claim until March 6, 1963, or until $2,462.40 is paid, whichever occurs first. To secure the payment of the royalty you granted the Government a lien upon the property.

A shipment of 1,995 pounds of beryl from the property was purchased by the G.S.A. depot in Custer on February 8, 1954. The proceeds of this shipment, identified as G.S.A. lot number B-48, were $399.00 and a 5% royalty of $19.95 is due the Government thereon.

On November 5, 1958, a shipment of 1,375 pounds of mica was purchased by the Custer depot as lot number G.S.A. C-825. Proceeds of $148.15 were received on this shipment and a 5% royalty of $7.41 thereon also is due the Government.

The matter of your indebtedness for this delinquent royalty was the subject of letters dated February 18, 1955, April 22, 1955, May 27, 1955, and April 6, 1959, addressed by the Defense Minerals Exploration Administration to you and your partner under the contract, E. Boyd Himebaugh. No replies were received from you and no remittance was received from either you or your partner.

The Office of Minerals Exploration, as successor to the Defense Minerals Exploration Administration, is responsible for the administration of the contracts entered into by the latter. This responsibility includes the enforcement of the royalty payment provisions of the contract and in the execution of this responsibility this

office does not have the authority to postpone indefinitely such action as may be necessary to collect royalty due the Government.

Accordingly, demand hereby is made for payment of the $27.36 in royalty known to be due the Government. Please make your check payable to the Office of Minerals Exploration.

Unless the amount of $27.36 is received within 30 days from the date of this letter, I shall have no alternative but to report the matter to the Comptroller General of the United States. Such referral may result in legal proceedings with probable further costs to you and may include action under the Government's lien upon the land.

Sincerely yours,

(signed) FRANK E. JOHNSON

Acting Director

EDTalbert/ama
March 31, 1961

Copy to: Docket
Director's Reading File
CA & A Division
Acting Field Officer, Region III (2)

APR 3 1961

REGISTERED MAIL
RETURN RECEIPT REQUESTED

Mr. E. Boyd Himebaugh
Custer, South Dakota

Re: DMEA-2876 (Beryl-Mica)
Duncan and Himebaugh
Last Chance Lode Claim
Custer County, South Dakota
Contract Idm-8496

Dear Mr. Himebaugh:

By the terms of the referenced exploration project contract you are obligated to pay the Government a percentage royalty on any minerals produced from the Last Chance Lode Claim until March 6, 1963, or until $2,462.40 is paid, whichever occurs first. To secure the payment of the royalty you granted the Government a lien upon the property.

A shipment of 1,995 pounds of beryl from the property was purchased by the G.S.A. depot in Custer on February 8, 1954. The proceeds of this shipment, identified as G.S.A. lot number B-48, were $399.00 and a 5% royalty of $19.95 is due the Government thereon.

On November 5, 1958, a shipment of 1,375 pounds of mica was purchased by the Custer depot as lot number G.S.A. C-825. Proceeds of $148.15 were received on this shipment and a 5% royalty of $7.41 thereon also is due the Government.

The matter of your indebtedness for this delinquent royalty was the subject of letters dated February 18, 1955, April 22, 1955, May 27, 1955, and April 6, 1959, addressed by the Defense Minerals Exploration Administration to you and your partner under the contract, Francis E. Duncan. The only reply to this correspondence was your undated letter, addressed to the Bureau of Mines in Rapid City and received by that office on June 6, 1955, wherein you promised to make payment if Mr. Duncan did not do so. No payment, however, was received from either you or Mr. Duncan.

The Office of Minerals Exploration, as successor to the Defense Minerals Exploration Administration, is responsible for the administration of the contracts entered into by the latter. This

responsibility includes the enforcement of the royalty payment provisions of the contract and in the execution of this responsibility this office does not have the authority to postpone indefinitely such action as may be necessary to collect royalty due the Government.

Accordingly, demand hereby is made for payment of the $27.36 in royalty known to be due the Government. Please make your check payable to the Office of Minerals Exploration.

Unless the amount of $27.36 is received within 30 days from the date of this letter, I shall have no alternative but to report the matter to the Comptroller General of the United States. Such referral may result in legal proceedings with probable further costs to you and may include action under the Government's lien upon the land.

Sincerely yours,

(signed) FRANK E. JOHNSON

Acting Director

EDTalbert/ama
March 31, 1961

Copy to: Docket
Director's Reading File
CA & A Division
Acting Field Officer, Region III (2)

Building 20 - Federal Center
Denver 25, Colorado

August 18, 1959

Memorandum

TO: Chairman, Operating Committee, OME

From: Executive Officer, OME Field Team, Region III

Subject: Docket No. DMEA 2876 (Beryl-Mica) Contract No. Idm-E496
Francis E. Duncan and E. Boyd Hinshaugh, d/b/a Duncan and Hinshaugh, (Last Chance Lode Claim) Custer County, South Dakota

A review of the file on the subject docket shows the Administrator, in his letter dated November 8, 1955, deemed that the royalty then due ($19.95) was uncollectible. Since that time, another shipment has been made from the property, and $7.41 additional royalty is due. We believe that this last shipment represents Mica salvaged from the dump by persons unknown to us, and possibly unknown to the property owner.

By letter dated July 10, 1959, copies of which were forwarded your office, we alerted G.S.A. to withhold 5 percent royalty from the proceeds of any future production from the property until March 6, 1963, the end of the repayment period.

Original signed by

J. W. Townsend

HMC:ltm

cc: Finch
Roy. Corres. E496
Chron.

EXTRA COPY
O. M. E.
RECEIVED AUG 21 1959
DATE | INITIALS | CODE
800

224 New Customhouse
Denver 2, Colorado

July 14, 1959

EXTRA COPY		
O. M. E.		
RECEIVED JUL 17 1959		
DATE	INITIALS	CODE
		800

CERTIFIED MAIL

Mr. E. Boyd Himebaugh
Duncan and Himebaugh
Custer, South Dakota

Re: Docket DMEA 2376 (Beryl-Mica)
Duncan and Himebaugh
(Last Chance Lode Claim)
Custer County, South Dakota
Contract Idm-E496

Dear Mr. Himebaugh:

We have had no reply to our letter to you dated April 6, 1959, in which we requested past-due royalty amounting to $19.95, plus the royalty due on GSA Lot No. C-825. We also require three copies of the settlement sheet for GSA Lot No. C-825.

If we do not receive a reply from you before August 14, 1959, we will have no recourse but to refer the matter to higher authority.

Very truly yours,

Original signed by
J. W. TOWNSEND

J. W. Townsend
Executive Officer
OME Field Team, Region III

Copy to: Mr. Francis E. Duncan
Custer, South Dakota

HMC:jy
cc: Chm. Op. Comm. (2)
Finch
Roy. Corres.
Chron.

REPORT OF
ROYALTY REVIEW

JUL 20 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-E496, Docket No. DMEA 2876 (Beryl-Mica) dated March 6, 1953 with:

Francis E. Duncan and E. Boyd Himebaugh
d/b/a Duncan and Himebaugh
Custer, South Dakota

for the purpose of determining the amount of royalty due the United States Government on the sale of beryl-mica produced from the Last Chance Lode Claim, located in Custer County, South Dakota, for the period March 6, 1953 to July 13, 1959.

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

My review established the total sales of beryl-mica for this period to be $2,585.30 (See Summary Attached). Royalty due the United States Government at the contract rate of 5% is $129.27. The royalty paid and the balance due are as follows:

Total Royalty Due	$129.27
Total Royalty Paid	101.91
Balance Royalty Due	$ 27.36

July 14, 1959

Donald T. Finch
Donald T. Finch
OME Auditor

STATUS OF THE PROJECT, DESCRIPTION OF REVIEW
AND REASONS THEREFOR

CONTRACT NO. IDM-E496 DOCKET NO. DMEA 2876

A Certification of Discovery or Development was issued on December 11, 1953, and accordingly royalty is payable on all production from the land described in Article 2 of the contract for a maximum period of 10 years from the date of the contract. A Report of Review in lieu of Final Cost Audit dated October 7, 1953, indicated accepted costs under the exploration contract amounting to $2,736.00 with Government contribution on a 90 percent basis being $2,462.40.

The major portion of the production was incidental to the exploration work performed under the contract. At the time this contract was transferred to Region III (about October 15, 1954) there remained an uncollected balance of $19.95 for royalty due on the sale of beryl to G.S.A. on Lot No. 48. Past efforts to collect this balance have been unsuccessful, and the Administrator authorized the placing of the account in a deliquent file to be maintained indefinitely. (See Ltr. November 8, 1955). The Field Team's Semi-Annual Reports of Certified Project for the periods July 1, 1955 to June 30, 1958, indicate the property inactive. The Semi-Annual Report for the period July 1, 1958 to December 31, 1958 indicates a sale of 1,375 lbs of Mica, G.S.A. Lot No. C-825, by Dale McDermond on November 5, 1958, with an indicated additional amount of royalty due of $7.41. The examining engineer comments in this Semi-Annual Report as follows:

> "It is the opinion of E. O. Binyon, Mining Engineer, U.S.B.M. that reported production represents Mica salvaged from the dump by persons possibly entirely unknown to the Operator. Personal observation of mine workings showed no fresh sign of blasting or evacuation."

My review included a tabulation and recomputation of all statements of production and sales supported by documents received from purchasers. A reconciliation of all indicated production with the Field Team's Semi-Annual Reports of Certified Projects during the period under review and a reconciliation of indicated royalty receipts with the Finance Office, OME, Denver, Colorado.

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

(a) All reported production was reconciled with the Field Team's Semi-Annual Reports of Certified Projects.

(b) Reported production was supported by adequate documentation.

(c) The administrative cost to the Government would be excessive in relation to the amount of possible additional royalty which might be disclosed.

CONTRACT NO. IDM-E496 DOCKET NO. DMEA 2876

FRANCIS E. DUNCAN AND E. BOYD HIMEBAUGH

SUMMARY OF PRODUCTION, SALES AND ROYALTY

For the Period March 6, 1953 to July 10, 1959

Date	Voucher	Purchaser	Pounds Beryl	Pounds Mica	Amount
1953	Francis Duncan	G.S.A. B-17	1550.5		$ 310.10
	" "	G.S.A. B-37	1044		208.80
	" "	Gladys Wells Signed Receipt	5097		1,274.25
1954					
Feb. 8	Francis Duncan	G.S.A. B-48	1995		399.00
Feb. 26	Francis Duncan	G.S.A. B-53	1225		245.00
1958					
Nov. 5	Dale McDermond	G.S.A. C-825		1375	148.15
	Totals		10911.5 lbs.	1375 lbs.	$2,585.30

Royalty

Total Royalty Due 5% of $2,585.30	$129.27	
Total Royalty Paid	101.91	
Balance of Royalty Due		$27.36
Represented by:		
Royalty Due on:		
G.S.A. Lot No. B-48	19.95	
G.S.A. Lot No. C-825	7.41	
Total Royalty Due as above		$27.36

MME Form 22
April 59

DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration

CHECK SHEET OF EXAMINING ENGINEER

JUL 20 1959
O.M.E.

Operator's Name [illegible]

Address [illegible]

Exploration Contract No. [illegible] Docket No. [illegible]

LAST CHANCE LODE CLAIM
(Mica-Beryl)

		Check One Yes	No.
1.	(a) Does the Operator stockpile ore subject to royalty repayment?		
	(b) If so, is segregation and identification procedure adequate?		
2.	(a) Does Operator commingle production subject to DMEA or OME royalties with exempt production?		
	(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?		
	(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?		
5.	Do you consider that the manner of disposing of production gives the Government its fair royalty returns?		
6.	Do your periodic examinations of operations indicate the Operator is properly reporting his production of ores subject to DMEA or OME royalties?		
7.	Does the Operator buy from or sell to other Operators?		
8.	Comment on any item 2 (b) to 6 if answer is No.		

9. Remarks - Questions 1-7 not applicable as property has been idle for some time. Latest information available is that contained in the Semi-Annual Report of Certified Project for the period July 1, 1958 through December 1, 1958.

July 19, 1959
Date

Mining Engineer

53362

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
224 New Customhouse
Denver 2, Colorado

OFFICIAL FILE COPY O. M. E. RECEIVED JUL 20 1959		
DATE	INITIALS	CODE
7-20	gad	VVO
		800
OME		

July 15, 1959

Memorandum

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

From: Donald T. Finch, OME Auditor, Region III

Subject: Docket No. DMEA 2876 (Beryl-Mica) Contract No. Idm-E496
Duncan and Himebaugh, Custer County, South Dakota

Enclosed are three copies of Report of Royalty Review for the subject contract.

An examination of some of the earlier correspondence concerning royalty indicates there might have been some Mica production sold from the property during the years 1953 and 1954. On the other hand, other correspondence indicates Mica referred to was produced from another property.

The examining engineer's Semi-Annual Report for the period January 1, to June 30, 1955, states previous production since date of contract as 10,911.5 pounds of Beryl, but makes no mention of any Mica produced during the corresponding period. In view of the lack of evidence to support Mica production during the years 1953 and 1954, the Report of Review makes reference only to the Mica sold on November 5, 1958, to the G.S.A. Beryl; however, is documented by statements obtained from purchasers.

Donald T. Finch

Donald T. Finch

Enclosures

JUL 21 1959

Memorandum

To: Mr. Donald T. Finch, OME Auditor

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

Subject: Docket No. DMEA-2576 (Beryl-Mica)
Duncan and Himebaugh
Contract No. Idm-E496

Your Report of Royalty Review on the subject contract is acceptable and normal distribution is authorized.

EDTalbert/fw-7/29/59

cc: Docket
Dir.Read.File
CA & A Div.

OFFICIAL FILE COPY O. M. E. RECEIVED JUL 13 1959		
DATE	INITIALS	CODE
7-13	gad	7 V 0
		8 00

224 New Customhouse
Denver 2, Colorado
July 10, 1959

Regional Controller
General Services Administration
Denver 25, Colorado

Re: Royalties Due U. S. Government
Exploration Contract No. Idm-2496
Docket No. DMEA 2876 (Beryl-Mica)
Francis E. Duncan & Boyd E. Hinsbaugh
Custer, South Dakota

Dear Sir:

Reference is made to telephone conference July 9, 1959, between Mr. C. V. Fitzgerald, Chief Inspection Division, Defense Materials Services, and Mr. Donald T. Finch, Office of Minerals Exploration Auditor.

As pointed out in this conference, OME has a contract for exploration of Beryl-Mica with the subject partnership dated March 6, 1953.

According to the terms of this contract, royalty is due the United States Government on all production from the Last Chance Lode Claim, comprising approximately twenty acres in Sec. 11, T 5 S, R 4 E, as further described in Book 17 of locations, Page 539, Custer County, South Dakota, for a maximum period ending March 6, 1963.

Past efforts to collect 5% royalty on a sale of Beryl, G.S.A. Lot No. 48, dated February 8, 1954, shipped by Francis E. Duncan, and 5% royalty due on a sale of Mica, G.S.A. Lot No. C825 dated November 5, 1958, shipped by Dale McDermond have been ignored by the former partners.

As stated in the referenced conference the OME will appreciate the withholding of 5% from the proceeds of any future purchases of production from the described claim that may be made during the remaining royalty period ending March 6, 1963.

Any such withholding should be transmitted to the Executive Officer, OME Field Team, Region III, Building No. 20, Denver 25, Colorado.

Thank you for your cooperation in this matter.

Sincerely yours,

Original signed by
J. W. TOWNSEND

J. W. Townsend
Executive Officer, OME
Field Team, Region III

DTF:ltm
cc: Reg. Dir., Def. Matl's Serv.
G.S.A.
Chmn. Op. Comm. (2)
Harshman
E.D. Talbert ✓
Finch
OME/DFC- Roy. file- Chron.

224 New Customhouse
Denver 2, Colorado
April 6, 1959

Mr. R. Boyd Hinsbaugh
Duncan and Hinsbaugh
Custer, South Dakota

Re: Docket No. [illegible]-2576 - (Beryl-Mica)
Duncan and Hinsbaugh
(Last Chance Lode Claim)
Custer County, South Dakota
Contract No. [illegible]-496

Dear Mr. Hinsbaugh:

We have been advised that another shipment has been made from the captioned property, GSA Lot No. C-825, and that the shipper was Dale Mohammed.

Please refer to Article 6(c) and Article 7 of the Exploration Project Contract, which is in effect until March 6, 1963, or until the amount of the Government's participation is fully repaid.

As you know, you are now in arrears in royalty due the Government in the amount of $19.95, plus the royalty due on GSA Lot No. C-825.

Please forward this office a check for the amount of royalty due. The check should be made payable to the Office of Minerals Exploration, which is the successor agency to the Defense Minerals Exploration Administration.

We will also require three copies of the settlement sheet for GSA Lot No. C-825.

Very truly yours,

Original signed by
J. W. TOWNSEND

J. W. Townsend
Executive Officer
OME Field Team, Region III

HMC/ff

cc: Mr. Francis E. Duncan
Custer, South Dakota

Chmn. Op. Comm (2)
Marshall, OME/DFC) w/copy of Marshall's memorandum dated
Royalty file, E-496 April 1, 1959
Chron.

OME
DEPARTMENT OF THE INTERIOR
APR 2 - 1959
REGION III
DENVER, COLORADO

Apr. 1, 1959

Memorandum

To: Executive Officer, OME Field Team, Region III

From: Milton H. Marshall

Subject: Docket No. DMEA 2876 (Mica-Beryl) Contract Idm-E496
F. E. Duncan and E. B. Himebaugh (Last Chance Lode)
Custer County, South Dakota

Inspection of production data from the Custer, South Dakota, Mica Purchase Depot, showed that the following shipment of mica was purchased:

GSA Lot No.	C825
Receiving Date	November 5, 1958
Purchase weight	1375 lb.
Origin	Last Chance lode
Shipper	Dale McDermond

The preliminary payment for this purchase was $148.15.

To my knowledge neither royalties or evidence of sale of this production has been submitted to your office.

Milton H Marshall
Milton H. Marshall
Mining Engineer

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

NOV - 8 1955

Mr. W. M. Traver
Executive Officer
DMEA Field Team, Region III
224 New Customhouse Building
Denver 2, Colorado

Re: Docket No. DMEA-2876 (Beryl-Mica)
Duncan and Hinebaugh
Last Chance Lode Claim
Custer County, South Dakota
Contract No. Idm-E496

Dear Mr. Traver:

Reference is made to your letter of October 19, 1955, advising that payment of the past due royalty of $19.95 under the referenced project has not been made in accordance with the demands by our letters of May 27, 1955 and September 14, 1955.

It appears, after due consideration to the size of the debt and the cost to the Government of further pursuing the collection effort, that all reasonable steps at the disposal of this Administration to collect this small indebtedness have been taken. Accordingly, this account is deemed uncollectible at this time; however, in accordance with the Department's Budget and Finance Letter No. 60, dated April 18, 1952, a statement of the account supported by the collection correspondence should be filed in a delinquent file, to be maintained indefinitely.

Sincerely yours,

C. O. Mittonderf

Administrator

EDTalbert/wb
November 1, 1955

Copy to: Docket
Admr. Reading File
Administrator
Mr. Houk
Mr. Chambers
Mr. Talbert
Mr. Hodges

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

SEP 1 4 1955

Mr. E. Boyd Himebaugh
Duncan and Himebaugh
Custer, South Dakota

Re: Docket No. DMEA-2876 - Beryl-Mica
Duncan and Himebaugh
Last Chance Lode Claim
Custer County, South Dakota
Contract No. Idm-E496

Dear Mr. Himebaugh:

By letter dated May 27, 1955 you were advised that, unless payment of the $19.95 in past due royalty under the referenced Exploration Project Contract was received by July 1, 1955, this Administration would take appropriate collection action. An identical letter was sent to Mr. Francis E. Duncan.

No further action has been instituted by this Administration due to your promise in an undated letter (received by the Bureau of Mines, Rapid City, South Dakota, on June 6, 1955) to make payment if Mr. Duncan did not do so. To date, however, payment has not been received from either you or Mr. Duncan.

It is not within the authority of this Administration to postpone indefinitely such action as may be required to collect amounts properly due the Government. Accordingly, I must advise you that unless payment of the $19.95 is received within thirty days from the date of this letter, this Administration will institute appropriate action, including referral to the Attorney General of the United States if such resort is necessary.

A copy of this letter is being sent to Mr. Duncan.

Sincerely yours,

C. O. Mittauer

Administrator

EDTalbert/wb
September 9, 1955

Copy to: Docket
Admr. Reading File
Field Team, Region III (2)
Administrator
Mr. Hofflund
Mr. Houk
Mr. Chambers
Mr. Duncan

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

RECEIVED
SEP 12 1955

224 New Customhouse
Denver 2, Colorado

September 8, 1955

Memorandum

To: C. O. Mittendorf, DMEA Administrator

From: Executive Officer, DMEA Field Team, Region III

Subject: Royalty payments, DMEA Docket 2876 (Beryl-Mica) Contract Idm-E496, Duncan and Himebaugh, Last Chance Lode Claim, Custer County, South Dakota.

We have not received the royalty payment of $19.95 which was demanded by your letters to Mr. Duncan and Mr. Himebaugh dated May 27, 1955.

We recommend that the action indicated in the last paragraph of above letters be initiated as it is evident that payment will not be received without it.

W. M. TRAVER

W. M. Traver

RDB/vj

cc: Royalty File E496
Sec. Opr. Comm. (2)
E. O. Binyon
Berkenkotter
Chron.

RECEIVED

JUL 27 1955

224 New Customhouse
Denver, Colorado

July 1, 1955

Memorandum

To: C. O. Mittendorf, DMEA Administrator

From: Executive Officer, DMEA Field Team, Region III

Subject: Royalty payments, DMEA Docket 2876 (Beryl-Mica) Contract Idm-E496, Duncan and Himebaugh, Last Chance Lode Claim, Custer County, South Dakota

With reference to our letter dated June 22, 1955 this is to advise that royalty payment has not been received as per terms of your May 27 letter.

W. M. TRAVER

W. M. Traver

RDB:dja

cc: Royalty File E496
E. O.Binyon
Sec. Opr. Comm. (2)
Berkenkotter
Chron

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

224 New Customhouse
Denver 2, Colorado

June 22, 1955

Memorandum

To: C. O. Mittendorf, DMEA Administrator

From: Executive Officer, DMEA Field Team, Region III

Subject: Royalty payments, DMEA Docket 2876 (Beryl-Mica) Contract Idm-E496, Duncan and Himebaugh, Last Chance Lode Claim, Custer County, South Dakota

Reference is made to your separate letters of May 27, 1955 to each of the applicants demanding payment of royalties due under Contract Idm-E496. We have received a letter from Mr. Himebaugh and are enclosing a photostat copy for your information and also a copy of Mr. Binyon's transmittal letter.

We will advise on July 1, 1955 whether or not this royalty payment has been received as per terms of your May 27th letter.

W. M. Traver

Enclosures

vj/RDB

cc: Royalty File E496
E. O. Binyon
Sec. Opr. Comm. (2) w/attachments
Berkenkotter
Chron.

Rapid City Experiment Station
School of Mines Campus
Rapid City, South Dakota

Memorandum

To: W. [illegible] Traver, Executive [illegible], [illegible]

From: E. C. Binyon, Rapid City, S. Dak.

Subject: Royalty Payments, [illegible] Duncan and Himebaugh, [illegible]

Enclosed is a letter from E. Paul Himebaugh [illegible] subject.

How correct Mr. Himebaugh's statements are concerning the agreements etc., I have no way of knowing. However, I do know that the royalty payments to date have been made by Francis Duncan, and he stated that Himebaugh did not contribute any part of the payments. Francis Duncan has been requested several times, both in person and by letter, to make payment.

Should you want me to continue to try to collect, please advise.

E. C. Binyon

cc: Traver (2)
files

[illegible] SERVICE COMPANY

Bureau of [illegible]
Rapid [illegible]
South [illegible]

Gentlemen: [illegible]

He[illegible]
Mineral[illegible]
requesting [illegible] payment
of royalt[illegible]

Francis Duncan [illegible] the one who made the sale [illegible] ended up with the proceeds. He admitted to [illegible] to me and his [illegible] in the presence of John [illegible], [illegible] dead. The two of them worked the mine without my knowledge or consent for several weeks and Francis worked the mine with a helper for some time previous to this. This was also done for a time without my knowledge as Francis told me he was quitting the operation to work in another mine.

Even tho I have bills and cancelled checks to show that I spent quite a sum above the loan we obtained Francis has kept hidden from me the facts of sales ect. and has refused to make an accounting and brot suit against me to obtain the portion of the mine I own. This was done only to rob the mine of the most accessible values and to take advantage of the fact that I live removed from Custer. The matter of the $19.95 should be taken care of and this is the first I have known of it to my recollection. I sincerely believe Francis Duncan is morally boundto make this and other returns, but legally I am certain I also am liable. Therefore I want you to know that if Duncan does not make the return, I will, but I want an attempt made for him to make the payment. I have written to him tonight and am sending a copy of the letter I wrote to his lawyer. I doubt if it will do any good because I don't know how to cope with people like him.

Thanks again for you patience and cooperation.

Sincerely yours,

E. Boyd Himebaugh

E. Boyd Himebaugh

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

MAY 27 1955

Mr. E. Boyd Himebaugh
Duncan and Himebaugh
Custer, South Dakota

Re: Docket No. DMFA-2876 - Beryl-Mica
Duncan and Himebaugh
Last Chance Lode Claim
Custer County, South Dakota
Contract No. Idm-E496

Reference is made to the certification of discovery or development issued December 11, 1953, and the letter transmitting it and the requests for payment of royalty due ($19.95) the Government.

On February 18, 1955, Mr. E. O. Binyon in a letter to Mr. Duncan, and on April 22, 1955, Mr. W. M. Traver in a letter to Mr. Duncan requested payment of the royalty due since February 18, 1954.

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

Since the royalty is fifteen months overdue a demand is hereby made of each of the partners for $19.95. If the sum of $19.95 is not received by Mr. W. M. Traver, Executive Officer, Defense Minerals Exploration Administration Field Team, Region III, Bureau of Mines, 224 New Customhouse Building, Denver 2, Colorado, by July 1, 1955, the Defense Minerals Exploration Administration will take whatever action is deemed appropriate.

Sincerely yours,

C. O. Mittenderd

Administrator

LGHouk:gad 5/24/55
Copy to: Admr. R. File
Docket
Field Team, Region III
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Hedges, 4604
Mr. Houk
Mr. Chambers

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

MAY 27 1955

Mr. Francis E. Duncan
Duncan and Himebaugh
Custer, South Dakota

Re: Docket No. DMEA-2876 - Beryl-Mica
Duncan and Himebaugh
Last Chance Lode Claim
Custer County, South Dakota
Contract No. Idm-E496

Reference is made to the certification of discovery or development issued December 11, 1953, and the letter transmitting it and the requests for payment of royalty due ($19.95) the Government.

On February 18, 1955, Mr. E. O. Binyon in a letter to Mr. Duncan, and on April 22, 1955, Mr. W. M. Traver in a letter to Mr. Duncan requested payment of the royalty due since February 18, 1954.

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

Since the royalty is fifteen months overdue a demand is hereby made of each of the partners for $19.95. If the sum of $19.95 is not received by Mr. W. M. Traver, Executive Officer, Defense Minerals Exploration Administration Field Team, Region III, Bureau of Mines, 224 New Customhouse Building, Denver 2, Colorado, by July 1, 1955, the Defense Minerals Exploration Administration will take whatever action is deemed appropriate.

Sincerely yours,

C. O. Mittendorf

Administrator

LGHouk:gad 5/24/55
Copy to: Admr. R. File
Docket
Field Team, Region III
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Hedges, 4604
Mr. Houk
Mr. Chambers

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

224 New Customhouse
Denver 2, Colorado

April 22, 1955

Mr. Francis Duncan
Custer, South Dakota

Re: Royalty Payments - DMEA Docket 2876 (Beryl-Mica), Contract Idm-E496, Duncan & Himebaugh, Custer County, South Dakota

Dear Mr. Duncan:

Reference is made to letter dated February 18, 1955, from E. O. Binyon concerning royalty due under the subject contract. We are enclosing a copy of this letter. Please give this matter your immediate attention so we can keep our files under this contract current.

Please furnish this office with four copies of the settlement sheets, if possible. If you do not have a sufficient number of copies please send us your copy and we will photostat the required number and return the original to you.

Yours very truly,

/s/ W. M. Traver

W. M. Traver
Executive Officer
DMEA Field Team, Region III

Enclosure

RDB:ld
Copy to: Sec. Opr. Comm. (2) w/enclosure
E. O. Binyon with enclosure
R. D. Berkenkotter w/enclosure
Royalty File E496
Chron

C
O
P
Y

Rapid City Experiment Station
School of Mines Campus
Rapid City, South Dakota

February 18, 1955

Mr. Francis Duncan
Custer, South Dakota

Re: Docket DMEA 2876
Contract Idm-E496

Dear Mr. Duncan:

This is to confirm our conversation of February 17 concerning royalty payments on beryl shipments from the Last Chance Property.

As was mentioned, the ohly royalty payment due is on a shipment from the property of 1,995 pounds of beryl which was sold to the GSA depot in Custer under Lot Number 48-B dated February 8, 1954.

As the lost was not analyzed, it is assumed that it brought a price of 20 cents per pound; if so, then the amount due as royalty is $19.95, or 5 percent of $399.00. However, if you received more or less than 20 cents per pound for this lot, the royalty of 5 percent should be applied to the total amount received, as shown on the settlement sheet.

As you may know, the royalty check is to be made payable to the Defense Minerals Exploration Administration and the check, with four copies of the settlement sheet or other record of the sale and amount received, should be sent to:

Executive Officer, DMEA Field Team,
Region III, 224 New Customhouse
Denver, Colorado

Very truly yours,

/s/ E. O. Binyon

E. O. Binyon
Mining Engineer

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

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

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. 14-23-050-1

Deposited with Federal Reserve Bank, Minneapolis, Minn. 5/7/49
(Name and location of depositary) (Date sent)

$ 101.91

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

SYMBOL NO. 409

Ion Zestin, DSO, Minneapolis, Minn.
(Name and address of officer to be credited)

On account of—

14X4401 Royalty payment on contract with Duncan & Himebaugh
Idm-Eh96, Docket No. DMEA-2876

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

L. A. Hill, Authorized Certifying Officer
Defense Mineral Exploration
Administration
2200 Colfax Ave. South
Minneapolis 6, 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

E142 Royalty Receipts

REPORT
OF REVIEW

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Francis E. Duncan and E. Boyd Himebaugh

d/b/a Duncan & Himebaugh

Custer, South Dakota

pertaining to Exploration Project Contract No. Idm-F496, Docket No. DMEA 2876, for the period of April 20, 1953 to August 31, 1953, inclusive, covering a project for the exploration of beryl and mica on property known as the Last Chance Lode Claim located near Pringle in Custer County, South Dakota.

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, review of the Field Team's reports on the project, and a determination of the reasonableness and propriety of the costs.

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

the contract provides 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		$2,736.00
Exceptions:		
By DMEA Finance Officer	$ - 0 -	
Herewith	- 0 -	- 0 -
Total Accepted Cost		$2,736.00

The contract calls for a 90 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Two thousand four hundred sixty-two and 40/100 Dollars,

$2,462.40

is considered valid and proper.

E. D. Talbert, Auditor

October 7, 1953

Washington

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration
Region V
2908 Colfax Avenue South
Minneapolis 8, Minnesota

Defense Minerals Administration
RECEIVED
JUN 14 1954

June 9, 1954

Memorandum

To: L. A. Hill, Special Assistant to the Regional Director, Region V

From: Executive Officer, Field Team, Region V

Subject: Docket 2876, Contract Idm E-496, Last Chance Lode, Duncan and Himebaugh

The first royalty payment of $101.91 has been received from production of beryl from the Last Chance Lode. Therefore, the $100.00 withheld on the July and August 1953 monthly report total can be released.

/s/ Walter E. Lewis
Acting for A. B. Needham

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

$100.00

Signature L. A. Hill
Authorized Certifying Officer

Date JUN 10 1954

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

RECEIVED
JUN 14 1954

June 11, 1954

Memorandum

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

From: Executive Officer, Field Team, Region V

Subject: Memorandum voucher, Docket 2876, Contract Idm E-496, Last Chance Lode, Duncan and Himebaugh

Attached are two copies of a memorandum voucher covering the subject project.

Walter E. Lewis

WALTER E. LEWIS

Attachments

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

Defense Minerals
REC'D
MAY 3 - 1954

April 29, 1954

E-496

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: Distribution of Supplemental Form MF-104

Reference is made to your letter of April 23, referring to Section 8 of DMEA Circular 19, and inquiring about dockets 1561 and 2876.

In the case of docket 1561, Dodgeville Mining Company, an amount was withheld pending receipt of the final report by the operator. This report has never been received, therefore is still pending, and consequently the funds are still being withheld. No supplemental voucher has been issued. It is our personal opinion that the operator does not intend to submit a final report on this project. This company's operations were recessed, both because of the current low zinc market, and, I would presume, a lack of ore reserves.

In the case of docket 2876, Duncan & Himebaugh, the final payment was not made as yet because we were awaiting clarification of certain difficulties in connection with royalty payments. It seems as though the operators are suing one another, and are having quite a difficult time adjusting the partnerships of the mine. Therefore, a supplemental MF-104 has not been issued in this case either.

A. B. NEEDHAM

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

800

OCT - 7 1953

Mr. A. B. Needham
Executive Officer
DMEA Field Team, Region V
2908 Colfax Avenue South
Minneapolis, Minnesota

Re: Francis B. Duncan & E. Boyd Himebaugh
d/b/a Duncan & Himebaugh
Contract Idm-E496, Docket DMEA-2876

Dear Mr. Needham:

Enclosed are the original and two copies of the Report of Review covering the referenced Exploration Project Contract.

Inasmuch as the Field Team's reports on the project confirmed the performance of the work authorized by the contract on an agreed unit cost basis, it has not been necessary for an auditor to visit your office in order to issue this Report of Review.

Distribution should be effected in accordance with Section 3 of DMEA Circular 19, Supplement 4, dated October 9, 1952.

Sincerely yours,

(Signed) E. D. Talbert

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

Enclosure

EDTalbert/wb
October 7, 1953

Copy to: Docket
Admr. Reading File
Mr. Chambers

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

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
SEP 28 1953

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of July & August, 1953 Docket No. DMEA 2676 Contract No. 11[illegible] E 496
Operator's Name Duncan & Hinebaugh Minerals Beryl & Mica
Address Custer, South Dakota
Contract Amount, $ 3,000.00 Government Participation: 90 % Amount, $ 2,700.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) ~~Independent~~ Short Form Contracts:						
~~Drilling~~ Drifting	408.00	2328.00	2736.00	408.00	2,328.00	2,736.00
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	408.00	2328.00	2736.00	408.00	2,328.00	2,736.00

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

Date Sept. 5, 1953 Payee Duncan & Hinebaugh

Per E. Boyd Hinebaugh Title Partner

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

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

(Instructions on reverse)

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

$ 3672.00 withheld
2672.20 AG

Signature
(Authorized Certifying Officer)

Date 9/22/53 Vou. No. 8
(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. [redacted] in accordance with the terms of the contract.

Signature E. O. Bryson Title Mining Engineer Date September 22, [illegible]

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature R. B. Needham Title Ex Off Date 9/21/53

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
SEP 28 1953

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

8

Month of July & August, 1953 Docket No. DMEA 2876 Contract No. [illegible] 496
Operator's Name Duncan & Hinebaugh Minerals Beryl-Mica
Address Custer, South Dakota

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	Ft.	408.00	17	2736.00	114	24.00	125	24.00
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		408.00		2736.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		408.00		2736.00				3,000.00

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 Sept. 5, 1953 Operator Duncan & Hinebaugh

Per E. Boyd Hinebaugh Title Partner

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 83-38475

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8

H. & H. SERVICE COMPANY

Boyd Himebaugh

Bowman, North Dakota * Custer, South Dakota

September 5, 1953

Re: Contract Idm E-496
Minerals: Beryl - Mica

Last Chance Lode, Pringle, S. Dak.

Equipment Used:

Sullivan 160 Air Compressor and necessary tools, etc.
Case Model C. Tractor
10 Ton Hoist
Blower (air) Powered by Ford Model A Motor
Jack Leg
Sorting and dumping bin, track 1 ton car

Mining Procedure:

A fifty foot shaft was sunk on the northern end of the dike. The footwall was followed and the hanging wall was encountered only at the bottom and then by slabbing off and enlarging the shaft. A drift both north and south was run from the shaft with the major portion of the work being done to the south, overall footage was 114 feet of drift. It was necessary to install a blower as the mine would not clear. A round would be shot at the close of shift and next morning gasses would still be present. Near the southern end of the drift the values diminished rapidly and work was then resumed on the northern end where the contacts were somewhat closer together. However, we are now certain that the work should have been concentrated on the southern end as we believe another roll would have been encountered.

Results:

The amount and quality of mica recovered was discouraging, however, beryl shows throughout the pay zones. The shaft is being sunk to a lower depth at present and a draw shoot will be installed in an attempt to mine the property profitably. We plan to take the shaft on to ever a lower level to determine the lower values. While running the drift a total of 1075 lbs. of beryl was recovered and 936 lbs. of saleable mica.

Duncan & Himebaugh
By: E. Boyd Himebaugh

/s/ E. Boyd Himebaugh

Copied 9/11/53

Form MF[illegible]4 (Rev.)
(Apr[illegible]2)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of June, 1953 Docket No. DMEA 2876 Contract No. IDM E. 496-2
Operator's Name Duncan & Himebaugh Minerals Beryllium & Mica
Address Custer, South Dakota
Contract Amount, $ 3,000.00 Government Participation: 90 % Amount, $ 2,700.00

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) [redacted] Short Form Contracts:						
Drilling	960.00	1368.00	2328.00	960.00	1,368.00	2,328.00
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	960.00	1368.00	2328.00	960.00	1,368.00	2,328.00

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

Date July 11, 1953 Payee Duncan & Himebaugh

Per Fred Himebaugh Title Partner

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

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

(Instructions on reverse)

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

$ 864.00

Signature L. A. Hill
(Authorized Certifying Officer)

Date JUL 27 1953 Vou. No.
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm E 496 in accordance with the terms of the contract.

Signature E. Bunyon Title Mining Engineer Date July 20, 1955

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature J. B. Needham Title Ec Off Date 7/24/53

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-[illegible]4A
(April 1[illegible])

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

2

Month of June 1953 Docket No. DMEA 2876 Contract No. IDM E 496
Operator's Name Duncan & Himebaugh Minerals Beryl-Mica
Address Custer, South Dakota

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting	Ft.	960.00	40	2328.00	97	24.00	125	24.00
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		960.00		2328.00				
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc								
Total Costs		960.00		2328.00				

Total Costs Authorized by Contract: 3,000.00

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 July 11, 1953 Operator Duncan & Himebaugh

Per P. Ben Himebaugh Title Partner

Remarks:

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

(Instructions on reverse)

(For Government use only)

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

OPERATOR'S NARRATIVE REPORT June, 1953.
Docket 2876 - Contract Idn E 496
Last Chance Pegmatite

During the period an advance of 40 feet was made in the drift to the southeast. Progress was slower than expected owing, in part, to bad drilling ground and to some trouble with the compressor.

Additional repairs or an overhaul of the compressor may be needed and it is expected that the drifting will not be completed before August 1st to the 15th, depending on the extent of the repairs.

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.

RECEIVED JUL 10 1953

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of April 20 to June 1, 1953 Docket No. DMEA 2876 Contract No. Idm E-496

Operator's Name Duncan & Himebaugh Minerals Beryllium & Mica

Address Custer, South Dakota

Contract Amount, $ 3,000 Government Participation: 90 % Amount, $ 2,700

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	$1,368.00	-	$1,368.00	$1,368.00	-	$1,368.00
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	$1,368.00	-	$1,368.00	$1,368.00	-	$1,368.00

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

Date June 14, 1953 *Payee Duncan & Himebaugh

Per E. Joseph Himebaugh Title Partner

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

$ 1231.20 AB

Signature L. A. Hee
(Authorized Certifying Officer)

Date JUL - 2 1953 Vou. No. 1

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

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

Signature E. O. Benson IDM Eng. Title Mng Engineer Date Jan 29, 1953

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature [illegible] Title Ex. Dir. Date 7/1/53

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

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

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of April 20 1953 to June 1 Docket No. DMEA 2876 Contract No. Idm E-496

Operator's Name Duncan & Himebaugh Minerals Beryl-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	Ft.	$1,368	57	$1,368	57	$24.00	125	$24.00
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		$1,368	$1,368					TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased		-	-					$3,000.00
Initial Rehabilitation and Repairs		-	-					
New Buildings, Improvements, etc.		-	-					
TOTAL COSTS		$1,368	$1,368					

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

Date June 14, 1953 Operator Duncan & Himebaugh

Per E. Boyd Himebaugh Title Partner

E. Boyd Himebaugh

REMARKS: The drift was made wider than originally planned, some waterencountered. 766 lbs. beryl recovered, 536 lbs. mica.

→ 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)

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

Docket DMEA 2876
Contract Idm - E-496

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 10 1953

LAST CHANCE PEGMATITE

OPERATOR'S MONTHLY NARRATIVE REPORT

This work has gone somewhat slower than anticipated mainly because the drift was made leaving the pay zone and later slabbed off, before the tracks were layed. To date there has been 766 lbs. of beryllium recovered and 536 lbs. of saleable mica. A great deal of the beryl and mica was at first shot up because the drill holes were placed in the pay zone. A blower has been installed because the mine would just not clear. A round would be shot close of shift and next morning the men could still not get in the drift. Our cost per unit will decrease considerably from now on as better help has been acquired and initial problems have been worked out.

Please mail all correspondence to Boyd Himebaugh,
Bowman, N. Dak.

July 29, 1963

Memorandum

To: The Files

From: W. R. Griswold, Chief
Division of Minerals

Subject: DMEA-2876 (Beryl-Mica)
Duncan and Himebaugh
Last Chance Lode Claim
Custer County, South Dakota
Contract Idm-2496

The Report of Royalty Review of October 13, 1962, shows $13.68 back royalty due. Various attempts have been made to collect this sum, the last of which was on June 21, this year.

Hence, in view of the various unsuccessful attempts and the small size of amount due, we feel that it should be written off and the docket be closed by this memorandum, but with no release letters being sent out.

It is highly unlikely that any production has been made since the date of the last form 63 report (September 5, 1962). The contract contains the "abandonment" provision.

W. R. Griswold

WRGriswold/mm
cc: Region III
CAA Division
Code 500

Docket

GOVERNMENT COPY

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

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

To: Francis E. Duncan
E. Boyd Himebaugh
(Doing business as Duncan and Himebaugh, a partnership)
Custer, South Dakota

Pursuant to the provisions of Exploration Project Contract No. Idm-2496, dated March 6, 1953, (Docket No. DMEA-2876), hereinafter called the "contract" between you and the United States of America, hereinafter called the "Government"; to establish and fix the Government's percentage royalty on production and its lien thereon and on the land described in the contract, the Government considers and therefore certifies that discovery or development from which production may be made has resulted from the exploration work.

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

As a result of underground exploration beryl and mica were produced and sufficient work completed under the contract to indicate reserves of strategic beryl and mica.

THE UNITED STATES OF AMERICA

By C O Mottendorf
Administrator, Defense Minerals
Exploration Administration

Dated: DEC 1 1 1953

JTRobertson:gad 12/3/53

Copy to: Mr. Irving Gumbel, EPS, GSA
Mr. Thayer, 5216 GSA Bldg.
Mr. Hedges, 4604
Admr. R. File
Docket File

Field Team, Region V
Operating Committee
Mr. Chambers
Mr. Johnson
Mr. Houk
Finance Office

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

DEC 11 1953

C. O. Mittendorf

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

DEC 11 1953

Mr. Irving Gumbel, Acting Director
Materials Division
Emergency Procurement Service
General Services Administration
Washington 25, D. C.

Re: Docket No. DMEA-2876 - Beryl-Mica
Duncan and Himebaugh
Last Chance Lode
Custer County, South Dakota
Contract No. Idm-R496

Dear Mr. Gumbel:

I am enclosing one copy of a Certification of Discovery or Development relating to the subject exploration contract.

The contract, providing for 125 linear feet of underground work, was signed March 6, 1953, with the Government participating to the extent of 90 percent of $3,000.00 or $2,700.00. The work was discontinued after 114 feet of drift was completed. It was driven from an old existing shaft at a level 35 feet below the pegmatite outcrop. The drift followed a two-foot wall zone containing beryl, estimated at 0.5 to 1.0 percent, and an undetermined amount of sheet mica. During the project, 1,075 pounds of beryl and 936 pounds of hand-cobbed mica were recovered. Allowing for extension of ore 25 feet below the level, the inferred ore is estimated at 20 to 40 tons of recoverable beryl. It is the intention of the Operator to attempt to mine and market the ore indicated and, also, to extend the shaft to greater depth.

The DMEA is of the opinion that the project work was of definite benefit to the property and, therefore, we have certified that a discovery or development resulted from the work.

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosure
JTRobertson:gad 12/3/53
Copy to: Admr. R. File
Mr. Johnson
Operating Committee
Mr. Hedges, 4604
Mr. Houk
Docket File
Mr. Thayer, 5216 GSA Bldg.
Field Team, Region V
Mr. Chambers
Admr. R. File

DEC 11 1953

Mr. Irving Gunbal, Acting Director
Materials Division
Emergency Procurement Service
General Services Administration
Washington 25, D. C.

Re: Docket No. DMEA 1205 - Tungsten
Bradley Mining Company
Ima mine
Lemhi County, Idaho
Contract No. Ida-411

Dear Mr. Gunbal:

Enclosed is a copy of a "Certification of Discovery or Development" for the above-noted project.

As soon as we receive the final fiscal and field team reports and the operator's final report, we shall supply you with further data.

Sincerely yours,

[illegible]

Administrator

Enclosure

JHopkins:fac
12-8-53

Copy to: Docket
Code 400 - Mr. Martin
Code 800 - Mr. Chambers
Code 110 - Mr. Johnson
Admr. Reading File
Operating Comm.
Field Team - Region 4
Mr. Gaskan, USBM
Mr. Thayer, USGS

Dock[illegible] No. ~~[illegible] 2676~~

Commodity ~~[illegible]~~

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

RECORDED

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 496

Date of Contract ~~or Amendment~~: March 6, 1953

Name and Address of Operator:
Duncan and Hinchcaugh
Custer, S. D.

Amount of Government
participation ____ $ 2,700.00

Percent of Government
participation 90 %

Region: V State: S. D.

NOTE: Please release C237.60; Advice Contract Administration and Audit Division

(Name)

J. L. Gamberg,
Chief, Contract Administration and
Audit Division

(Title)

Date Delivered to Bureau of Mines, Washington. 10/12/53

13908

Document No. DMEA 2876

Commodity Beryl 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 496

Date of Contract ~~or Amendment~~: March 6, 1953

Name and Address of Operator:
Francis E. Duncan and E. Boyd Himebaugh,
d/b/a Duncan and Himebaugh,
Custer, S. D.

Amount of Government participation $2,700.00

Percent of Government participation 90 %

Region: V State: S. D.

(Name)

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

(Title)

Date Delivered to Bureau of Mines, Washington. Mar. 19, 1953 13908

MF-200 (A)
(February 1952)

DOCKET NO. DMEA 2876

COMMODITY Beryl-Mica

Government's Copy

IDM-E 496

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 17 1953

EXPLORATION PROJECT CONTRACT[1]

(Short Form)

IT IS AGREED this 6th day of March, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Francis E. Duncan and E. Boyd Himebaugh, partners doing business as Duncan and Himebaugh, Custer, 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 Last Chance Lode Claim comprising approximately twenty (20) acres in Sec. 11 T.5 S., R. 4 E. as further described in Book 17 of Locations, Page 539, Custer County, 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 is a lessee, in possession and entitled to possession, and the Owner's Consent to Lease is attached.~~

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 60 days from the date of this contract shall commence work on a project of exploration for[5] Beryl and Mica

in or upon the described land; and shall bring the project to completion within a period of six (6) months 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. The work shall be performed by the Operator or by independent contractor or contractors efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmen's compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. 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 4. *Costs of the project.*—The agreed, estimated costs of performing the work, expressed in terms of units of work to be performed (per foot of drifting, per foot of drilling, per cubic yard of material to be moved, etc.) are set forth in Exhibit "A," attached hereto. The Government will pay 90 percent of these agreed, estimated costs, as they accrue, for units of work actually performed that conform with the description or specifications for the work set forth in this contract, in an aggregate total amount not in excess of $2,700.00, which is 90 percent of $3,000.00, 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 check or 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. The Government may, as it sees fit, make payments direct to the Operator's independent contractors, if any, for the account of the Operator, rather than to the Operator.

ARTICLE 5. *Reports, accounts, audits.*—(*a*) *Progress reports.* The Operator shall provide the Government with monthly reports of units of work performed 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 units of work performed 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.

[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*) *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 the units of work performed, which the Government may inspect and audit at any time. The Government may at any time require a check of the work performed and an audit of the Operator's records and accounts, by a certified public accountant or otherwise, 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 and statement of work performed to accompany his final report.

ARTICLE 6. *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 the 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 7. *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 8. *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.

ARTICLE 9. *Changes and added provisions* _____

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

Duncan and Himebaugh
(Operator)

By Francis Duncan Partner

By C. Bond Himebaugh Partner

By C O Mitteudorf
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—66329-1

EXPLORATION PROJECT CONTRACT
DUNCAN AND HIMEBAUGH
DOCKET NO. DMEA-2876

EXHIBIT "A"

Description of the Work

The work shall consist of driving a drift and/or crosscut from the bottom of the existing 32-foot shaft to explore a beryl-mica pegmatite. The total footage of drifts and/or crosscuts shall not exceed 125 linear feet. The location, direction and extent of all work, shall be approved by the DMEA Field Team, Region V.

AGREED UNIT COST

125 linear feet - drifting and/or crosscutting @ $24/ft.	$3,000.00	
Total Cost of the Project		$3,000.00
Government Participation @ 90%		$2,700.00