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

DOCKET COPY

December 28, 1953

Project Summary Report

By: F. M. Murphy

1. Docket No. DMEA-2202 (Mercury)
Contract No. Idm-E468
Amerimex Mining Company
Fresno Mine
Presidio County, Texas

Property rights - Lease on twelve (12) State of Texas Mineral Awards, each containing 20.66 acres; six (6) of the awards being numbered M29843 to M29848, inclusive, out of survey 106, Block 341, T.C.Ry. Co., and six (6) awards being numbered M29849 to M29854, inclusive, out of survey 108, Block G-5, M.K. & T.E.Ry. Co.

No "Owner's Consent to Lien." Guarantys signed by:

(1) Nan Lewis, President N. J. Crowley Tar Products Co. December, 1953 (Prior to contract)
Certified by W. J. Jennings, Secretary of Corporation.

(2) Mr. R. N. Pulliam, President, Amerimex Mining Co.
Mrs. L. N. Pulliam (Spouse) co-signed December 13, 1953.

2. Contract December 18, 1952. (6 months to complete)

Work authorized -

Underground exploratory mine openings to be driven-1160 feet.
Underground exploratory holes to be diamond-drilled-1500 feet.
Surface bulldozing of exploratory trenches - 56 hours.
Surface prospect shafts, adits or pits to be excavated-288 feet.

1) Independent contracts: None

Labor	$25,440.00
Supervision	9,900.00
Technical services	1,200.00
Operating materials & supplies	13,230.00
Operating equipment to be rented	8,220.00
Equipment to be purchased	10,700.00
Rehabilitation and repairs	550.00
New buildings, improvements and installations	3,145.00
Miscellaneous	7,615.00
Total est. cost of contract	$80,000.00
75% Govt. participation	$60,000.00

Amendments -

Amendment No. 1 - January 11, 1953

Specified equipment to be rented and purchased at no additional cost to contract.

Amendment No. 2 - June 26, 1953

Provided new working places.
Added 6 months, making completion date December 18, 1953.
Distributed some cost items.
No additional cost to contract.

Amendment No. 3 - submitted by Operator for additional $96,960.00 - denied.

Work completed -

912 feet exploratory mine openings (including shafts).
476 feet of diamond drilling.
56 hours of trenching by bulldozer.

Last costs reported in July MF-104:

Drifting $57.43	Average	per	foot	
Crosscutting $40.86	"	"	"	
Raising $47.11	"	"	"	
Shafting $31.12	"	"	"	

Project should have been completed ~~terminated~~ December 18 1953. Operator unable to provide his share of cost. Work stopped by Operator August 18, 1953.

3. Audit Certificate -

Interim Audit Certificate - August 20, 1953.

Final Audit not yet made.

4. Certification date: December , 1953.

Ore estimate 3400 tons : 3.6 lbs. of mercury/ton.
Production during contract - 43 flasks of mercury from 536 tons of ore. No royalties have been paid on above production.

5. Comments -

The work was not conducted in an efficient manner. The miners employed were probably not experienced, as can be noted by Mr. Williams' comments in his memorandum dated July 10, 1953, to the Operating Committee.

The Operator had to be corrected a number of times by Government representatives for his failure to comply with directions given for the exploration work and sampling methods. Also, a number of disallowances had to be made on the MF-104 forms submitted by the Operator.

Geology: Claims are located on a local collapsed anticline on a flank of a major anticlinal structure (along which numerous mines have been worked). Most of the ore in the Fresno and other mines in the district came from debris filled caverns, cavities, and subterranean passages in the Georgetown and possible other lower Cretaceous limestones. The impervious Del-Rio (lower Cretaceous) clayshale rests disconformably on the Georgetown limestone and played an important role in stopping the advance of the mineral-bearing solutions, thereby contributing to the formation of ore deposits along the contact with the underlying Georgetown limestone.

The work outlined for the project to explore the contact zones was well planned. If the project had been more efficiently managed and the work as outlined carried out, there is a possibility that a greater reserve of ore would have been discovered.

The (sinks) contacts of the Georgetown Limestone and Del-Rio shales have not been completely explored. As the mine had a previous production estimated at 4000 flasks of mercury during the years (1939-1944), this property is still a potential source of mercury; however, further work under the present management is considered to be futile.

F. M. Murphy

F. M. Murphy, Mining Engineer,
Rare & Misc. Metals Division

cc to: Docket
Adm. Reading File
Operating Committee
Rare & Misc. Metals Div. contract file
Mr. Murphy

MME Form 7
(10-58)

OFFICIAL FIL

Date	Surname	
10/14	[illegible]	
10/14	Talbot	800
10/14	Hall	500
	[illegible]	500
10/16	Selfridge	130
"	[illegible]	110
10-16	gad	220
		225

OCT 16 1959

Memorandum

To: Executive Officer, OME Field Team, Region III

From: Chairman, Operating Committee, OME

Subject: Docket No. DMEA-2202 (Mercury)
Amerimex Mining Company
Fresno Mine
Presidio County, Texas
Contract No. Idm-E468

Reference is made to your memorandum dated October 7, 1959, requesting advice as to whether or not the subject contract can be deleted from your listing of contracts on which interim reports are required. Your memorandum also states that there appears to be a conflict of policy between the decision regarding royalty payments under the subject contract and that concerning contract Idm-E520, Docket No. DMEA-2768, Mining Research Corporation.

It is true that each of these contracts initially contained the same "abandonment" clause (Article 10 of Idm-E468 and Article 7 of Idm-E520). However, Article 4 of Amendment No. 1 to the Mining Research Corporation contract deleted this provision. Furthermore, section b of the Annex II, which was substituted for Article 6 of the latter contract by Amendment No. 2, requires the Operator, as surety, to pay the royalty on production even if he is not the producer. Also, under this latter contract, the Government is protected in its royalty rights by owner's consents to lien on the property subject to the contract. The Acting Director's letter dated June 22, 1959, was based on these provisions of the contract with Mining Research Corporation.

In the case of Amerimex Mining Company, the "abandonment" clause was never eliminated from the contract. Also, in lieu of securing an Owner's Consent to Lien, the Government accepted guaranties of royalty payment executed by W. J. Crowley Tar Products Co. and personally by R. W. Pulliam and L. M. Pulliam. Thus, no lien on the land for royalty was established and, when Amerimex exercised its right of abandonment, the Government lost its right to royalty on any subsequent production by other companies or individuals. Furthermore, as stated in the Comptroller General's letter dated June 12, 1958, the guarantors' liability for royalty on subsequent production was eliminated by the Operator's abandonment and the Government is not required to proceed further against the guarantors.

436

Attached for your information are two copies each of the following correspondence pertinent to this matter:

1. Letter dated October 2, 1958, from N. J. Crowley Tar Products Co. to Administrator, DMEA.

2. Reply dated October 17, 1958, by Acting Director, OME.

3. Letter dated October 24, 1958, from N. J. Crowley Tar Products Co.

4. Reply dated November 7, 1958, by Acting Director, OME.

The Amerimex contract should not be deleted from your listing of certified projects; however, interim reports will not be required.

Enclosures

George C. Selfridge

APPROVED:

P. F. Yopes

Member, Bureau of Mines

Harold Kirkemo

Member, Geological Survey

CEFisher/GMcC
October 13, 1959

cc: Docket
Director's Reading File
Operating Committee
Contract Adm. & Audit Div.
J. W. Pennington, USBM
Harold Kirkemo, USGS

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado
October 7, 1959

OFFICIAL FILE COPY
O. M. E.
RECEIVED OCT 12 1959

DATE	INITIALS	CODE
10/12	RCW	225
10/12	[illegible]	800
10/12	[illegible]	~~800~~ S.P.H.
		225

Memorandum

TO: Chairman, Operating Committee, OME

From: Executive Officer, OME Field Team, Region III

Subject: Docket No. DMEA 2202 (Mercury) Contract Idm-E468, Amerimex Mining Company (Fresno mine) Presidio County, Texas

Reference is made to the memorandum to this office from W. R. Griswold, Acting Chairman, Operating Committee, dated September 15, 1959, regarding royalty payments on production from the subject property.

My review of the file failed to disclose where the Certification dated January 8, 1954, had been rescinded; therefore, it was my assumption that it was the matter of demanded royalty payments on past production on which the Government files were being closed, and not the matter of royalty payments on all future production up to the ending date of the royalty repayment period.

From the advice in Mr. Griswold's memorandum, it appears that in effect, the Certification is to be considered as voided. If that is the case, please advise as to whether or not the contract can be deleted from our listing of certified projects on which interim reports are required.

It appears that there is a conflict of policy between the decision regarding royalty payments under the subject contract and that concerning Contract Idm-E520, Docket No. DMEA 2768, Mining Research Corporation. The latter Operator also abandoned the leases on the property involved in the contract, but is still held accountable for royalty payments according to the letter from Frank E. Johnson, Acting Director, OME, to Clifton W. Livingston dated June 22, 1959.

It has always been our understanding that in event of the Operator giving up its lease on a certified project that responsibility for payment of royalty on production would revert to the signers of the Consent to Lien forms.

J. W. Townsend

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
9/15	Fisher	800
9/15	Talbert	800
9/15	Hoff	500
	Murray	500
		130
9-15	gad	220
9/15	Selfridge	

SEP 15 1959

Memorandum

To: Executive Officer, OME Field Team, Region III

From: Chairman, Operating Committee

Subject: Docket No. DMEA-2202 (Mercury)
Amerimex Mining Company
Fresno Mine
Presidio County, Texas
Contract No. Idm-E468

Your letter of September 11, 1959, to the subject Operator indicates that possibly you were not aware that the Amerimex Mining Company has abandoned the property which was the subject of the exploration contract. Possibly the files transferred from Region IV were not complete in this respect.

On this premise two copies of a letter dated June 12, 1958, from the Comptroller General of the United States, wherein he concurs that Amerimex has been relieved of its liability for royalty by such abandonment and advises that the Operator, the Pulliams personally, and the N. J. Crowley Tar Products Company are all relieved from liability for royalty as guarantors, are attached for your information. Also attached are two copies of a joint letter dated July 2, 1958, to Terlingua Mercury Corporation and N. J. Crowley Tar Products Company by the Administrator, DMEA, wherein it is stated "Our file in the matter is now closed".

It therefore appears that your letter dated September 11, 1959, to Mr. R. N. Pulliam, President, Amerimex Mining Company, should be withdrawn.

W. R. Griswold

Chairman, Operating Committee

APPROVED:

Frank D. Lamb

Member, Bureau of Mines

Thor H. Kiilsgaard

Member, Geological Survey

Attachments

CEFisher/ama
September 15, 1959

Copy to: Docket
Director's Reading File
Operating Committee
CA & A Division
Mr. Pennington, USBM
Mr. Kirkemo, USGS

43683

OFFICIAL FILE COPY
O. M. F.
RECEIVED SEP 14 1959

DATE	INITIALS	CODE
9-14	gab	VVO
		1VO
9/16	[illegible]	800
9-15	Hart	500
		225

Building 20 - Federal Center
Denver 25, Colorado

September 11, 1959

Mr. R. N. Pulliam
President
Amerimex Mining Company
Box 626
Alpine, Texas

Re: Docket No. DMEA 2202 (Mercury)
Contract No. Idm-E468
Amerimex Mining Company
(Fresno mine)
Presidio County, Texas

Dear Mr. Pulliam:

The files on Contract No. Idm-E468 have recently been transferred to this office for administration purposes. Therefore, please forward all future correspondence concerning the contract or payment of royalty to the Government to the heading address of this letter.

In reference to production or lack of it, from the property subordinated under the contract and royalty payments to the Government, your attention is directed to the instructions in the last paragraph of the letter to you from C. O. Mittendorf, Administrator, DMEA, dated January 8, 1954.

Please advise the status of operations on the property the first of January and July of each year until the expiration of the repayment period, December 18, 1962.

We will appreciate advice by return mail as to the extent of production from a subordinated land up to June 30, 1959.

Very truly yours,

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

JWT/cg

cc: Chmn. Op. Comm. (2)
Roy. Corres., E-468
Hasler
Chron.

Box 431
Joplin, Missouri

March 9, 1959

RECEIVED MAR 11 1959
DATE
CODE
225

GMK Operating Committee
Room 4457
Department of the Interior
Washington 25, D. C.

Re: Field Team Semi-Annual Reports
on Certified Projects, Region IV
for period ending Dec. 31,1958

Dear Sirs:

For the 6-month period ending December 31, 1959, there were no pertinent production or development activities, and no royalties are due the Government under any of the six DMEA Project Contracts which have been Certified in Region IV, listed as follows:

Project No.	Operator	Project Contract No.
DMA-197X (Mn)	Westmoreland Manganese Corp.	I-DMA-88
DMA-2002X (Mn)	" " "	Idm-4139
DMA-1062X (Zn)	Shelton Mining Co.	Idm-4122
DMA-1371X (Pb,etc.)	National Lead Co.	Idm-848
DMA-2206X (Mg)	Amerimex Mining Co.	Idm-4460
DMMA-2485 (Pb-Zn)	Dale Mining Co.	Idm-4325

Sincerely yours,

Clinton C. Knox

CCK/ima

Clinton C. Knox
Executive Officer
GMK Field Team, Region IV

cc: Op.Com.(3)
King,USGS,Denver
Amos,USGS,Carbondale
Semi-Annual Rep.file
197X-2002X file
1062 file
1371 "
2206X "
2485 "

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SOLICITOR
WASHINGTON 25, D. C.

MAR 14 1959

Memorandum

To: Acting Director, Office of Minerals Exploration

From: Associate Solicitor, Division of Mineral Resources

Subject: Amerimex Mining Company, Docket No. DMEA-2202

Your undated memorandum, received January 13, 1959, asks whether Amerimex Mining Company is under any obligation to pay royalty under the subject contract.

There is no obligation under the subject contract for the payment of royalty. In this regard, see our memorandum of September 4, 1957 to the Administrator, the Comptroller General's decision of June 12, 1958 to the Secretary and our letter of November 7, 1958, to N. J. Crowley Tar Products Company.

Robert P. Dwyer

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
1/12	[illegible]	200
1/13	Selfridge	130
"	Johnson	110
		225

JAN 12 1959

INTERIOR DEPT. RECEIVED
JAN 13 1959 JAN 13 1959
SOLICITOR ASSOC. SOLICITOR MINERAL RESOURCES

Memorandum

To: Office of the Solicitor
Attention of Mr. Rubin

From: Acting Director, Office of Minerals Exploration

Subject: Status of Docket No. 2202 - Amerimex Mining Company

Please advise us on the status of the subject contract, in particular stating whether this company is under any obligation to pay royalty on any material that may be produced from the property. This information is required for a report on Defense Production Act funds which we must make to the General Services Administration as soon as possible.

If this company has no further obligation to repay the Government, the funds advanced on this contract must be reported in the write-off category.

(signed) FRANK E. JOHNSON (fh)

Acting Director

ASDakan:kb - January 12, 1958
Copy to: Mr. Johnson
Mr. Selfridge
Dir. file
Dir. reading file
Chron.

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
	Long	
	Shuzca	
	[illegible]	
11/6	Martin	400
11-7	Chambers	800
11/7	Selfridge	

NOV 7 1958

Mr. R. J. Jennings
Vice President
N. J. Crowley Tar Products Company
271 Madison Avenue
New York 1[illegible], New York

Re: Docket No. DMEA 2202 (Mercury)
Amerimex Mining Company
Fresno Mine
Presidio County, Texas

Dear Mr. Jennings:

At the time of our October 17, 1[illegible], letter we did not know that the Amerimex Mining Company had been formally liquidated and dissolved pursuant to the laws of Texas. Accordingly, the presumption stated in your letter of October 24, 1[illegible], is correct, i.e. that should another company be formed using the name Amerimex Mining Company but having different stockholders, your Company would not be liable as a guarantor.

Sincerely yours,

Frank E. Johnson

Acting Director

RWLong/hm 10/31/58
cc: Director's reading file
OME Docket
Mr. Fisher
Mr. Chambers
Mr. Long

8623

OFFICIAL FILE COPY

Date	Surname	Code
10/27	Fisher	800
10/27	Chambers	800
		110
		220

OCT 27 1958

Memorandum

To: Associate Solicitor
Division of Mineral Resources

From: Acting Director, Office of Minerals Exploration

Subject: Docket No. DMEI-2202 (Mercury), Contract No. Idm-F468, Amerimex Mining Company

Herewith the subject docket file which includes a letter dated October 24, 1958, from W. J. Jennings, Vice President, N. J. Crowley Tar Products Company, in response to our letter dated October 17, 1958.

Will you please arrange for the proper reply to Mr. Jennings.

FRANK E. JOHNSON
ACTING Director (B.H.)

Attachment

CEFisher/ama
October 27, 1958

Copy to: Docket
Director's Reading File
Mr. Chambers

8623

N.J.

CROWLEY TAR PRODUCTS CO.

271 MADISON AVENUE,
NEW YORK 16

October 24, 1958

OFFICIAL FILE COPY
O. M. E.
RECEIVED OCT 27 1958

DATE	INITIALS	CODE
10/27	C	220
		225

United States
Department of the Interior
Office of Minerals Exploration
Washington 25, D. C.

Attention: Mr. F. E. Johnson
Director, Office of Minerals Exploration

Re: Docket No. DMEA-2202 (mercury)
Amerimex Mining Company
Fresno Mine, Presidio County, Texas
Contract No. Idm-E468

Dear Mr. Johnson:

Thank you for your letter of October 17 on the above subject.

The Amerimex Mining Company has been formerly liquidated and dissolved according to the laws of the State of Texas. We presume that when you refer in your letter to Amerimex Mining Company you refer to the company with the identical stockholders of the original company, and that if another corporation should be formed of that same name, but with different stockholders, we would not be liable as a guarantor.

We should appreciate your confirmation of this fact.

Yours very truly,

W J Junnop

Vice President

WJJ:aa

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
	Long	
	Dwyer	
	App'l. Sol. Off.	
10/16	Martin	406
10/17	Johnson	

OCT 17 1958

Mr. W. J. Jennings, Vice President
N. J. Crowley Tar Products Co.
271 Madison Avenue
New York 16, New York

Re: Docket No. DMEA-2202 (mercury)
Amerimex Mining Company
Fresno Mine, Presidio County, Texas
Contract No. Idm-E468

Dear Mr. Jennings:

The conclusion, stated in your letter of October 2, 1958, that your Company has no contingent liability whatsoever to DMEA as a result of the subject contract is not quite correct. Because a certificate of discovery or development was issued, your Company would be liable as a guarantor, if Amerimex Mining Company should reacquire and operate the Fresno Mine at any time up until December 18, 1962. Except for this contingency your conclusion is correct.

FROM SOLICITOR

OCT 1[illegible] 1958

FOR SIGNATURE

Sincerely yours,

Frank E. Johnson (for)

ACTING Director
Office of Minerals Exploration

RWLong/eal - 10/15/58

Copy to: OME Docket
C. E. Fisher
R. P. Dwyer
R. W. Long

8623

Form 7
56)

OFFICIAL FILE COPY

Date	Surname	Code
10/7	Fisher	800
10/7	Chambers	800
"	Johnson	100
		~~220~~
8	Mittendorf	100
		220

OCT 8 1958

Memorandum

To: Associate Solicitor
Division of Mineral Resources

From: Director, Office of Minerals Exploration

Subject: Docket No. DMEA-2202 (Mercury), Contract No. Idm-E468, Amerimex Mining Company

Herewith the subject docket file which includes copy of a letter dated October 2, 1958, from W. J. Jennings, Secretary, N. J. Crowley Tar Products Company, wherein he asks that we confirm his conclusion "that our Company has no contingent liability whatsoever to the DMEA".

Will you please arrange for the proper reply to this request.

C. O. Mittendorf

ACTING Director

Attachment

CEFisher/ama
October 7, 1958

Copy to: Docket
Director's Reading File
Mr. Chambers

8623

N.J.

CROWLEY TAR PRODUCTS CO.

271 MADISON AVENUE,
NEW YORK 16

October 2
19 58

DATE	INITIALS	
10/3	C	220
		225

United States Department of the Interior
Defense Minerals Exploration Administration
Washington 25, D. C.

Attention: Mr. C. O. Mittendorf
Administrator

Re: Docket No. DMEA-2202(Mercury)
Amerimex Mining Company
Fresno Mine, Presidio County, Texas
Contract No. Idm-E468

Gentlemen:

We refer to the above subject and in view of your letter of July 2 we now conclude that our Company has no contingent liability whatsoever to the DMEA.

We should like your confirmation of this fact, however, so we, too, may close our files on the matter.

Yours very truly,

W J Jennings

Vice President

WJJ:aa

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
7/2	Fisher	800
7-2	Chambers	800
	Martin	400
7/2	Selbridge	120
"	Johnson	110
"	Mittendorf	100
7/3	C	220
		225

Mr. Robert N. Pulliam, President
Terlingua Mercury Corporation
P. O. Box 330
Alpine, Texas

JUL 2 1958

Mr. W. J. Jennings, Secretary
N. J. Crowley Tar Products Co.
271 Madison Avenue
New York 16, New York

Re: Docket No. DMEA-2202 (Mercury)
Amerimex Mining Company
Fresno Mine
Presidio County, Texas
Contract No. Idm-E468

Gentlemen:

In a letter dated June 12, 1958, the Comptroller General of the United States rendered an opinion that the Government is not required to proceed further against you for the collection of royalty referred to in our letters dated December 12, 1957, relating to the value of mercury produced by Terlingua Mercury Corporation from the Fresno Mine.

Our file in the matter is now closed.

Sincerely yours,

C. O. Mittendorf (for)

Administrator

CEFisher/GMcC
July 2, 1958

cc: Docket
Admr. Reading File
Reg. IV Field Team (2)
Mr. Martin
Mr. Chambers

8623

Mr. Dodd:

I don't believe we should send a copy of the Comptroller's letter to a fellow like Pullman. It might be nothing but more bunk of the broadcasted letter basis of the discussion.

It was not our intent to solicit a gift of funds to firm or guarantors upon negotiability in terms of greater abandonment.

I suggest that we merely advise

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
6/26	Fisher	800
6-26	Chambers	800
6/27	Martin	400
		120
		110
		100
		220

Mr. Robert N. Pulliam, President
Terlingua Mercury Corporation
P. O. Box 330
Alpine, Texas

Mr. W. J. Jennings, Secretary
N. J. Crowley Tar Products Co.
271 Madison Avenue
New York 16, New York

Re: Docket No. DMEA-2202 (Mercury)
Amerimex Mining Company
Fresno Mine
Presidio County, Texas
Contract No. Idm-E468

Gentlemen:

~~Attached hereto are copies of~~ a letter dated June 12, 1958, ~~wherein~~ the Comptroller General of the United States ~~has~~ rendered an opinion that the Government is not required to proceed further against you for the collection of royalty ~~on~~ the value of mercury produced by Terlingua Mercury Corporation from the Fresno Mine.

Our file in the matter is now closed.

Sincerely yours,

Administrator

Attach.

CEFisher/GMcC
June 26, 1958

cc: Docket
Admr. Reading File
Reg. IV Field Team (2)
Mr. Martin
Mr. Chambers

8623

COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON 25

JUN 13 2 49 PM '58

INTERIOR
CHIEF CLERK

B-136129

June 12, 1958

INTERIOR DEPT.
JUN 17 1958
SOLICITOR

Dear Mr. Secretary:

Reference is made to your letter of May 8, 1958, with enclosures, requesting advice as to whether the Government is required to proceed further against R. N. Pulliam and the N. J. Crowley Tar Products Company, as guarantors that the Government would be paid royalties, as specified in Defense Minerals Exploration Administration Contract No. IDM-E 468 with the Amerimex Mining Company, Alpine, Texas, "upon any and all ore discovered or developed as a result of said Contract and any amendment thereof, which is mined within 10 years from the date of said Contract."

The contract covered a project of exploration for mercury ore deposits on certain land in the County of Presidio, Texas, leased by the Amerimex Mining Company from E. G. Bledsoe and Elizabeth Bledsoe of Big Bend National Park, Brewster County, Texas. R. N. Pulliam was the president of the corporation known as the Amerimex Mining Company and his wife, L. M. Pulliam, was its secretary. L. M. Pulliam also signed the guarantee instruments which were executed in consideration of the waiver by the United States "of the requirement of the Owner's Consent to Lien."

The Government agreed, under article 8 of the contract to pay 75 percent of the allowable costs of the exploration work in an aggregate total amount not in excess of $60,000 (75 percent of the estimated cost of $80,000 for the project). Under the provisions of article 9(a), if the Government certified in writing that a discovery of development from which production may be made has resulted from the exploration work, the operator or its successor in interest was required to pay to the Government a percentage royalty on the value of any minerals mined or produced from the land described in article 2 of the contract within 10 years from the date of the contract "until the total amount contributed by the Government, without interest, is fully repaid, or said 10 years have elapsed, whichever occurs first."

The contract had been entered into on December 18, 1952, but its effective date was changed to January 11, 1953, by Amendment No. 1. The operator started work on January 10, 1953, and ceased operations on August 19, 1953. It appears that at such time the operator had incurred expenses of more than $61,000 on the project

and that the work was discontinued because of financial difficulties and the belief that no substantial amount of mercury ore deposits would be discovered unless the Government authorized an increase in the estimated cost of the project. Thereafter, the operator requested that the estimated cost be increased by $96,900 but such request was denied by letter dated December 24, 1953, for the stated reason that the proposed additional exploration work was not sufficiently promising to justify further Government participation. The operator forfeited its lease on the land about January 2, 1954, and the contract was terminated by the Government on January 5, 1954.

A certificate of discovery or development was issued by the Government on January 8, 1954, and the validity of the certificate was questioned by the operator on the ground that commercial production was not feasible then or in the foreseeable future.

While the Government was attempting to negotiate a settlement with the operator, R. N. Pulliam attempted to obtain a new lease and eventually become president of the Terlingua Mercury Corporation, a new company to which the late Raymond A. Wagner had assigned a lease on the Bledsoe property. Mining operations were conducted by the Terlingua Mercury Corporation from November 1954 until September 1956. This venture resulted in a production of 278 flasks of mercury which were sold for $77,331, as compared with an expenditure of about $246,000 incurred in such production.

On the basis of applying certain ratios to the tonnages of ore mined to the sales prices, it was considered that the Government was entitled to receive from the guarantors royalty payments in the amount of $1,631.34, representing 5 percent of the determined value of the ore mined by the Terlingua Mercury Corporation. The sum of $179.80, found due the Government on production made by the Amerimex Mining Company, had, in the meantime, been set off against the amount otherwise payable to that company under Contract No. IDM-E 468.

Demands were made upon R. N. Pulliam and the N. J. Crowley Tar Products Company for payment of the amount of $1,631.34. Mr. Pulliam had contended before these demands were made that he was not liable on his guarantee. In a letter dated December 17, 1957, from the N. J. Crowley Tar Products Company, it was indicated that, on advice of counsel, the company would not recognize any liability for payment of the sum claimed by the Government.

Although it appears that the facts of the present case have been fully ascertained, the Government does not contend that there

was anything irregular about the abandonment of the project by the Amerimex Mining Company and the fact that Mr. R. N. Pulliam, its president, had acquired a substantial financial interest in the new company, the Terlingua Mercury Corporation. The exploration contract did not require the operator to engage in mining operations or to maintain its leasehold interest in the land, and it is apparent that the operator did not violate the provisions of article 10 of the contract which have reference to assignments, transfers, or loss of the operator's interest.

The Government determined that the operator was entitled to be relieved from any obligation to pay royalties on the ore produced and mined by the Terlingua Mercury Corporation. It was believed, however, that this would not affect the Government's right to require the guarantors, R. N. Pulliam, L. M. Pulliam and the N. J. Crowley Tar Products Company, to make such royalty payments. The guarantors have contended that ore produced by others, following a complete abandonment of the project by the original operator, should not be considered as "ore discovered or developed as a result of" the contract between the Government and the Amerimex Mining Company.

We are advised that, upon reexamining the issue of the obligation of the guarantors in the light of possible litigation, you believe that, since the Government drafted the guaranty instruments and since a doubt exists as to the nature of the obligation, the doubt should be resolved in favor of the guarantors. You state that, had the Government obtained a Consent to Lien in this case, the landowner would have been relieved of all obligation when the operator was relieved.

The language of the guaranty instruments, when construed literally in relationship to the provisions of article 9 of the contract and the fact that the Government contract was principally concerned with exploration work as distinguished from mining operations, would appear to cover all minerals mined or produced from the particular land within 10 years from the date of the contract. Where the Government issued a certificate of discovery or development, article 9 of the contract clearly suggests that the mining or production of any minerals from the land described in article 2 would be considered as having resulted from the exploration work.

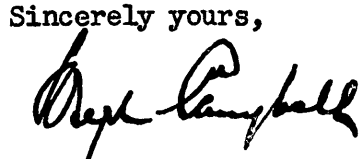
However, at the time of the execution of the guaranty instruments, it does not appear that the parties contemplated other than

that royalty payments due from the contractor or its successor in interest, including royalty payments required to be paid in the event of a violation of the provisions of article 10 of the contract, should be guaranteed. This same kind of protection would have been afforded to the Government by an Owner's Consent to Lien and there is no evidence that the Government sought to obtain any greater rights under the guaranty instruments.

Thus, if the landowners had consented to a lien upon the land and any production of minerals therefrom during a 10-year period, and they would have been relieved from any obligation when the project was abandoned by the original lessee, there would seem to be no reasonable basis for not granting similar relief to the guarantors. In this connection, it has been held that, where words in a contract, if construed literally, would produce an unfair, unusual or improbable result, such construction is to be avoided if possible. A. E. West Petroleum Company v. Atchison, T. & S. F. Ry. Co., 212 F. 2d 821.

Accordingly, you are advised that, in our opinion, the Government is not required to proceed further against the guarantors. The file of documents and correspondence enclosed with your letter is returned herewith.

Sincerely yours,



Comptroller General
of the United States

The Honorable
The Secretary of the Interior

Enclosures

DEPARTMENT OF THE INTERIOR
June 16, 1958

Referred to Solicitor's Office.

Chief Clerk

2262

FILE COPY
Surname:

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SECRETARY
WASHINGTON 25, D. C.

MAY 8 - 1958

Dear Mr. Campbell:

On December 18, 1952, the Amerimex Mining Company, a Texas corporation, P. O. Box 686, Alpine, Texas, entered into Defense Minerals Exploration Project Contract Idm-2468 (Docket No. DMA-2202X) with the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration.

In general the contract provided that: (a) the Amerimex Mining Company (hereinafter referred to as the Operator) would conduct exploration for mercury, as outlined in Exhibit "A" of the contract and amendments thereto; (b) the Government would pay to the Operator 75 percent of the accepted costs of completed exploration work; and (c) under provisions of Article 9, if the Government certified in writing that a discovery or a development from which production may be made resulted from the exploration work, the Operator or his successor in interest would pay to the Government a percentage royalty on the value of any minerals mined or produced from the land described in Article 2 of the contract within 10 years from the date of the contract or until the amount of the Government's contribution to the exploration costs, without interest, is fully repaid, whichever occurs first. (Enclosure No. 1.)

The exploration was conducted on land owned by R. G. Bledsoe and Elizabeth Bledsoe of Big Bend National Park, Brewster County, Texas. In consideration of the waiver by the Government of the regular requirement of the Owner's Consent to Lien, which would have granted the Government a lien upon the land to secure royalty payments, R. N. Fulliam (president of Amerimex Mining Company) and his wife, L. M. Fulliam, and M. J. Crowley Tar Products Co. executed instruments guaranteeing "the payment to the United States of America of royalties, as specified in said Contract and any amendment thereof, upon any and all ore discovered or developed as a result of said Contract and any amendment thereof * * *". These guarantees are attached to the exploration contract.

Exploration work was started January 10, 1953, and was stopped by the Operator on August 19, 1953. The Government terminated the contract by a notice dated January 5, 1954, because of the Operator's failure to prosecute operations pursuant to the terms of the contract. The termination notice stated that the Government's rights respecting royalty were preserved. (Enclosure No. 2.) On January 5, 1954, a certificate of discovery or development was issued by the Defense Minerals Exploration Administration based upon the results of the exploration work that had been performed. (Enclosure No. 3.)

In a letter dated January 21, 1954, to the Administrator, the Operator protested the Government's action in certifying a discovery or development, and requested that the certification be rescinded. The Operator also stated that it surrendered its leases because of the Government's fault in not making prompt and full payment of its share of the costs. (Enclosure No. 4.)

In a letter dated February 3, 1954, N. J. Crowley for Frederic Dempsey asked the Administrator, DMEA, to clarify the basis for the certification of discovery or development, in view of the Government's denial of the Operator's application for additional work. (Enclosure No. 5.) The Administrator's reply to this letter, dated February 11, 1954, stated that the certification was issued because the Government considered that a discovery or development had resulted from the exploration work. It was also pointed out that the Operator had acknowledged to DMEA in writing that a discovery had been made. A copy of the Administrator's letter was furnished to the Operator. (Enclosure No. 6.)

Negotiations to effect an amicable winding-up of the exploration project and settlement of acceptable costs, including disposition of salvable equipment and materials purchased for use on the project, were conducted for approximately one year. In a letter dated February 14, 1955, to the Operator the Administrator, DMEA, reviewed these negotiations and advised the Operator that since

efforts to settle the matter by mutual agreement had not succeeded, the Government was making a final audit of the contract and would settle the Operator's account on that basis. (Enclosure No. 7.)

The final audit determined that the total accepted costs for Government participation, after adjustment for salvable property, amounted to $61,953.39 and that the Government's participation, on the 75 percent basis, amounted to $46,465.04. In making the final settlement, an amount of $179.80 due to the Government for royalty on the value of mercury produced from the mine and sold by the Operator during the exploration period was set off against the amount otherwise payable to the Operator.

The mining property was idle from January 1954, when the Operator gave up its lease, until November 1954, when operations were started by Terlingua Mercury Corporation, Jones Building, Box 330, Alpine, Texas. Mr. R. N. Pulliam, who had signed the exploration contract as president of Amerimex Mining Company, as well as the guarantee of royalty aforementioned, is president of Terlingua Mercury Corporation.

Efforts by DMEA to secure data relating to the amounts of mercury production and sales by Terlingua Mercury Corporation were culminated in a demand for such data by a registered letter dated October 5, 1956, to Mr. Pulliam. (Enclosure No. 8.) On October 11, 1956, Mr. Pulliam called at the office of the Administrator, DMEA, and discussed the matter. Mr. Pulliam agreed that the requested information would be furnished. A copy of the Administrator's "Memorandum for the Files" relating thereto is enclosed. (Enclosure No. 9.) Mr. Pulliam furnished the requested information with a letter dated November 14, 1956. A copy of this letter, but not the voluminous attachments, is enclosed. (Enclosure No. 10.)

In a letter dated June 20, 1957, the Administrator, DMEA, requested copies of any documents relating to termination of the mining lease under which Amerimex Mining Company had operated the property, and a copy of any agreement in which Terlingua Mercury Corporation had agreed to assume

the royalty obligation of the Pulliams and N. J. Crowley Tar Products Company under their guarantees. (Enclosure No. 11.)

Mr. Pulliam furnished the requested documents with a letter dated July 23, 1957. This letter also contended that an abandonment of the mining property by the Amerimex Mining Company had occurred; that, pursuant to Article 10 of the contract, abandonment relieved the operator from the payment of any royalty; that in the absence of liability of the operator there could be no liability of the guarantors; that if there was any liability of the guarantors at all it was limited to the payment of royalty on "ore discovered or developed" as a result of the exploration work, rather than on all production from the land described in Article 2 of the Contract, and that no production had in fact resulted from the exploration work. (Enclosure No. 12.)

Based upon Mr. Pulliam's letter of July 23, 1957, the Government determined that an abandonment, as defined by Article 10 of the Contract, had occurred, relieving the operator of liability for payment of royalty if continued for 10 years. The Government also determined that there was no evidence available to indicate that Terlingua Mercury Corporation had assumed any liability to the Government for royalty.

In a letter dated September 17, 1957, to Mr. Pulliam, the Acting Administrator stated that production made from "Projects 3A & B" and "Projects 40, 41" during the periods November 1954 to December 1955 and January to September 1956, was believed to have resulted from the discovery or development certified by the Government on January 8, 1954. This production resulted in 278 flasks of mercury on which the Government's share for royalty at the rate of five percent amounted to $1,631.34. A demand for payment was made of Mr. and Mrs. Pulliam as guarantors. A letter dated September 17, 1957, was also addressed to N. J. Crowley Tar Products Co. demanding payment in the same amount. (Enclosure No. 13.) In making these demands we were not free from doubt that the lack of obligation for payment of royalty on the part of the operator excused the guarantors from their obligations. We resolved the doubt in favor of the Government.

N. J. Crowley Tar Products Company informed the Acting Administrator in a letter dated September 26, 1957, that the matter had been referred to its attorneys in Houston, Texas, to learn Mr. Fullion's position in the matter. (Enclosure No. 14.)

In letters dated December 12, 1957, the Administrator, SBA, advised Mr. Fullion and N. J. Crowley Tar Products Company that unless a substantial payment is made on the account and arrangements made for the orderly liquidation of the entire amount of $1,631.34, the matter would be referred to the Attorney General of the United States for appropriate action. (Enclosure No. 15.)

In a letter dated December 17, 1957, N. J. Jennings, Secretary, N. J. Crowley Tar Products Company, stated the company had been advised that the production on which the payment of royalty was being requested was from ore discovered or developed by Harlingen and not from ore discovered or developed as a result of the exploration contract. (Enclosure No. 16.)

Upon reexamining the issue of the obligation of the guarantors, in the light of possible litigation, we believe that since the Government drafted the guaranty instruments, and since a doubt exists as to the nature of the obligation the doubt should be resolved in favor of the guarantors. Had the Government obtained a Consent to Sign in this case, the landowner would have been relieved of all obligation when the operator was relieved. We inquire, therefore, whether the Government is required to proceed further against the guarantors.

The enclosures furnished with this letter are either photostats or copies of the original documents.

Sincerely yours,

(sgd) D. Otis Beasley

Administrative Assistant Secretary

Hon. Joseph Campbell
Comptroller General of the
United States
Washington 25, D. C.

Enclosures

Copy to: Secretary's Reading File
Administrator's Reading file, EPA
Field Team, Region IV (2)
EPA Members
G. E. Fletner, Room 4446
J. L. Stanberg, Room 4448
R. F. Boyer, Room 6554
H. C. Rubin, Room 6554

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
Box 431
Joplin, Missouri
April 30, 1958

RECEIVED MAY 5 1958 DMEA

DMEA Operating Committee
Department of the Interior
Washington 25, D. C.

Re: Semi-Annual Reports on
Certified projects, Region IV
for period ending Dec. 31,1957

Dear Sirs:

Transmitted herewith are three copies of the subject report on Projects Contract I-DMA-E8 and Idm-E139, Westmoreland Manganese Corporation (DMA-197X and -2002X) which was evidently the only deposit with DMEA production during that period.

There was no activitiy at deposits on any of the other four Certified DMEA projects of Region IV listed as follows:

Docket No.	Operator	Project Contract No.
DMA-1088X (zinc)	Shelton Mining Co.	Idm-E122
DMA-1371X (lead,etc.)	National Lead Co.	Idm-E48
DMA-2202X (mercury)	Amerimex Mining Co.	Idm-E468
DMEA-2485 (lead-zinc)	Dale Mining Co.	Idm-E325

Sincerely yours,

Clinton C. Knox
Executive Officer
DMEA Field Team, Region IV

encl. 3

cc: DMEA Op.Com.(2)
King,USGS,Denver w/cy encl.
Amos,USGS,Carbondale w/cy encl.
Semi-Annual Report file
197X/2002X file
1088 "
1371 "
2202 "
2485 "

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SOLICITOR
WASHINGTON 25, D. C.

APR 24 1958

Memorandum

To: Administrator, DMEA
ATTENTION: Director, Div. of Contract Adm. and Audit

From: Associate Solicitor, Division of Mineral Resources

Subject: Amerimex Mining Company (Docket No. DMA-2202X) Exploration Project Contract Idm-E468

With a reference slip dated April 3, 1958, Mr. Chambers submitted a draft of a proposed letter to the Attorney General relating to the question of liability for royalty of the guarantors. The instruments entitled "Guaranty" are attached to the subject Contract.

In connection with our review of this proposed letter, we have also reviewed our memorandum dated September 4, 1957, to the Administrator. That memorandum stated that information submitted by Mr. Pulliam established that Amerimex, the Operator, had abandoned the land described in the Contract and thus was released from liability for royalty; that Terlingua Mining Company had not assumed any obligation for royalty; and that a demand might be made upon the guarantors, the Pulliams and J. T. Crowley Tar Products for royalty on ore discovered or developed as a result of the exploration project work. In advising as to the latter point, we were not free of doubt as to whether, in view of the language of the guaranty instruments, the relief of the Operator from liability for royalty also relieved the guarantors from their undertakings. We resolved this doubt in favor of the Government and determined that demands might be made upon the guarantors under their separate undertakings.

Upon reexamining this issue, however, in the light of possible litigation, we are of the opinion that since the Government drew these instruments, and since a doubt does exist as to the obligations thereunder, the doubt should be resolved in favor of the guarantors. Accordingly, we believe that the proposed letter should be sent to the Comptroller General to determine whether the Government, in the circumstances, is required to proceed further against the guarantors.

Robert P. Dwyer

(COPY)id

DMEA Operating Committee
OFFICIAL FILE COPY
DMEA
RECEIVED MAR 3 1958

	INITIALS	CODE
	C	220
		800
		225

TERLINGUA MERCURY CORPORATION
Jones Building
Box 330 - Phone TE7-2617
Alpine, Texas

February 24, 1958

Mr. Clinton C. Knox
Executive Officer
DMEA Field Team
P. O. Box 431
Joplin, Missouri

Re: Docket DMA-2202X (Mercury)
Amerimex Mining Company
Fresno Mine
Presidio County, Texas
Project Contract Idm-E468

Dear Mr. Knox:

Thank you for your letter dated February 19 in response to ours dated January 31, 1958.

I appreciate your explaining your reason for having made inquiry through C. Pat Lumpkin & Associates for information about the Fresno Mine.

Mr. Lumpkin is a small shareholder and a director in our Company, but he has not been authorized to prepare or send out any kind of "prospectus" or "brochure" in behalf of this Company. If he has participated in the organization of any new company which has as its purpose the acquisition or operation of any property of this Company, I have not heard of it previously.

If C. Pat Lumpkin & Associates are sending out a "prospectus" or "brochure" with an offer of shares to the public, such action is not in behalf of this Company; and if it is for some other company, no other company or person holds any right or option, either express or implied, on any property or other asset of this Company.

I would like very much to know the facts about this, and I shall be deeply grateful for any information concerning the source of your knowledge.

The Fresno Mine has not been operated since November, 1956.

There is virtually no activity in the Terlingua Quicksilver District at this time except the drilling being done on the north side of the Study Butte property by Southern Geophysical for undisclosed principals.

I have discovered an extensive mercury ore outcrop in the upper part of the Buda Limestone formation after predicting its occurrence on the basis of a projected fault juncture.

For some time, I have been trying to negotiate a joint venture deal with a large established enterprise on an individual basis whereby our Company may be able to obtain capital with which to resume operations. Conditions are decidedly unfavorable for mining and for raising capital at this time, and I do not know what the results may be.

Please be assured of your welcome here in our office or at the Mine at any time.

With best personal regards to you and your family and apologies for any misunderstanding evident in my previous letter to you, I am

Sincerely,

/s/ Bob
R. N. Pulliam, President

RNP:agf

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Box 431
Joplin, Missouri
February 19, 1958

2/24 C 220
2/25 800
225

Mr. Robert N. Pulliam, President
Terlingua Mercury Corporation
Jones Building
Alpine, Texas

Re: Docket DMA-2202X(mercury)
Amerimex Mining Company
Fresno mine
Presidio County, Texas
Project Contract Idm-2468

Dear Mr. Pulliam:

This is to acknowledge receiving your letter dated January 31, 1958, regarding a letter I addressed to C. Pat Lumpkin & Associates on January 22 which had been referred to you for reply.

I made that inquiry under an obviously erroneous impression then that you and the Terlingua Mercury Corporation no longer held any interest in Fresno mercury mining property, and that C. Pat Lumpkin & Associates recently had issued some sort of a "prospectus" or "brochure" to the Public with an offer of shares in a new corporation being organized to operate the Fresno mine. Please be assured that there was no intent to try to obtain confidential information of yours, the shareholders of the Terlingua Mercury Corporation, or anyone else.

Admittedly, you had not notified this office of any changes in ownership rights that might have any effect on the Government's rights to its percentage royalty under the above-cited project contract; nor have you notified at 6-month intervals that no production has been made, when that was the case, as requested in the letter dated January 8, 1954, from Mr. C. O. Mittendorf to you with the "Certification".

I had hoped for the opportunity to be in Alpine the first part of January for another visit in your office and inspection of the mine if deemed necessary, but it now appears impossible for me to schedule a trip to Texas in the foreseeable future. Therefore,

this is also to state that at your earliest convenience I would appreciate greatly receiving the pertinent information from you on any significant changes in the status of the Fresno mine ownership and production for the 6-month period from July 31 to December 31, 1957.

Receipt of that information undoubtedly would make a visit with you unnecessary but I will notify you in advance whenever I or any other Field Team representative again have the opportunity to visit your office during a trip to Texas.

With best personal regards to you and your family, I am,

Sincerely yours,

CCK/id

Clinton C. Knox
Executive Officer
DMEA Field Team, Region IV

cc: DMEA Op.Com.(2)
King,USGS,Denver
2202I file

OFFICIAL FILE COPY

Date	Surname	Code
	Rubin	
	Dwyer	
	Pulliam	
	Martin	
1/27	Pennington	100
1/28	C	220
		400

JAN 27 1958

Mr. W. J. Jennings, Vice President
N. J. Crowley Tar Products Co.
271 Madison Avenue
New York 16, New York

Re: Docket No. DMEA-2202 (Mercury)
Amerimex Mining Company
Fresno Mine
Presidio County, Texas
Contract No. Idm-E463

Dear Mr. Jennings:

Your letter dated January 21, 1958, to the Acting Administrator, asked that we inform you of the date in January 1954 that we consider to be the official date of abandonment of the land by the subject Operator. You will note in the copy of the letter dated January 2, 1954, from Amerimex Mining Company to Mr. and Mrs. E. G. Bledsoe that Amerimex fixed the effective date of surrender as 10 days from the date of its letter. We would, therefore, consider January 12, 1954, as the date of abandonment.

Sincerely yours,

C. O. Mittendorf

Administrator

HCRubin:md
1/24/58
CC: DMEA Docket
Admin. reading file
J. L. Chambers
Reg. IV Fld Tm (2)
Mr. Martin
Mr. R. N. Pulliam
R. P. Dwyer
H. C. Rubin
J. W. Pennington
Chron
Pending

8623

N.J.

CROWLEY TAR PRODUCTS CO.

271 MADISON AVENUE,
NEW YORK 16

January 21
1 9 5 8

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DMEA
RECEIVED JAN 22 1958

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United States
Department of the Interior
Defense Minerals Exploration Administration
Washington 25, D. C.

Re: Docket No. DMEA-2202 (Mercury)
Amerimex Mining Company
Fresno Mine
Presidio County, Texas
Contract No. Idm-E468

Attention: Mr. F. E. Johnson
Acting Administrator

Dear Mr. Johnson:

Thanks for your most recent letter relating to the abandonment of the above mining property. So that our records may coincide identically with yours, would you please tell us what you consider to be the official date of abandonment of the property?

Very truly yours,

Vice President

WJJ:ad

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
1/7	Baker	800
1/7	Talbert	800
		400
	Martin	400
	Parker	
	Sawyer	
1/10	Selfridge	120
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		~~100~~
		220
		225

Mr. W. J. Jennings, Vice President
N. J. Crowley Tar Products Co.
271 Madison Avenue
New York 16, New York

JAN 10 1958

Re: Docket No. DMEA-2202 (Mercury)
Amerimex Mining Company
Fresno Mine
Presidio County, Texas
Contract No. Idm-E468

Dear Mr. Jennings:

In response to your letter dated January 3, 1958, I am attaching hereto copies of the following letters which were submitted to this Administration by Mr. Pulliam in support of his contention that a valid abandonment of the mining property was accomplished by Amerimex Mining Company:

1. Letter Dated December 31, 1953, signed by E. G. and Elizabeth Bledsoe, addressed to Amerimex Mining Company, giving notice as provided in Paragraph 9 of alleged violations of the Mining Lease dated August 25, 1951, under Paragraph 3, subparagraph d, and Paragraph 5.

2. Letter dated December 31, 1953, signed by E. G. and Elizabeth Bledsoe, addressed to Amerimex Mining Company, giving notice as provided in Paragraph 9 of alleged violations of the Mining Lease dated August 25, 1951, under Paragraph 5.

3. Letter dated January 2, 1954, signed by R. N. Pulliam, President of Amerimex Mining Company, to Mr. & Mrs. E. G. Bledsoe, pursuant to receipt of the previously-described letters from them and giving notice as provided in Paragraph 10 of the Mining Lease dated August 25, 1951.

4. Letter dated December 31, 1953, signed by E. G. and Elizabeth Bledsoe, addressed to Amerimex Mining Company, giving notice of default of rental payments under a lease dated March 20, 1953, covering their one-half undivided interest in and to the surface rights, certain buildings, mine plant, machinery, equipment and supplies owned as a separate estate apart from the mineral estate.

8623

5. Letter dated January 2, 1954, signed by R. N. Pulliam, President of Amerimex Mining Company, to Mr. & Mrs. E. G. Bledsoe in reply to the preceding letter and giving notice of forfeiture of rights under the preceding lease.

6. Letter dated December 31, 1953, signed by E. G. and Elizabeth Bledsoe, addressed to Amerimex Mining Company, giving notice of default of rentals due under a lease dated March 20, 1953, on seven frame houses used for accommodation of mine personnel of Amerimex Mining Company.

7. Letter dated January 2, 1954, signed by R. N. Pulliam, President of Amerimex Mining Company, in response to the preceding letter and giving notice of surrender of lease.

Sincerely yours,

(By ey)

Administrator

Attachment

CEFisher/wb
January 7, 1958

Copy to: Docket
Admr. Reading File
Reg. IV Fld. Tm. (2)
Mr. Martin
Mr. Chambers
Mr. R. N. Pulliam

N.J.

CROWLEY TAR PRODUCTS CO.

271 MADISON AVENUE,
NEW YORK 16

January 3
19 58

OFFICIAL FILE COPY
DMEA
RECEIVED JAN 6 1958

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United States
Department of the Interior
Defense Minerals Exploration Administration
Washington 25, D. C.

Re: Docket No. DMEA-2202 (Mercury)
Amerimex Mining Company
Fresno Mine
Presidio County, Texas
Contract No. Idm-E468

Attention: Mr. F. E. Johnson
Acting Administrator

Dear Mr. Johnson:

We note in your letter of September 17, 1957 that you mention the surrender by Amerimex of its lease, and the abandonment of the mining property at some time in January 1954.

We would appreciate your giving us the exact date in January of 1954 on which this abandonment occurred.

Yours very truly,

W. J. Jennings

Vice President

WJJ:aa

N.J.

CROWLEY TAR PRODUCTS CO.

271 MADISON AVENUE,
NEW YORK 16

December 17
19 57

OFFICIAL FILE COPY
DMEA
RECEIVED DEC 19 1957

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United States
Department of the Interior
Defense Minerals Exploration Administration
Washington 25, D. C.

Attention: E.O. Mittendorf
Administrator
Re: Docket No. DMEA-2202(Mercury)
Amerimex Mining Company
Contract No. Idm-E468

cy sent to 800

Dear Mr. Mittendorf:

We were obliged to defer a detailed reply to your earlier letter on the above subject pending advice from our attorneys in Houston, Texas, also the required consultation with our former associate, Mr. R. N. Pulliam in Alpine Texas.

We are advised that "Our guarantee covers only such ore as is discovered and developed 'as a result of said Contract and any amendment thereof.' The last sentence states the same language 'under said contract and any amendment thereof'. The contract further states with regard to the 10-year period that it covers only ore that is developed on the property 'covered by the said contract.' ! ?

"It is not asserted at all that this ore was mined under the contract. Our contract had terminated when this ore was mined. Certainly it is the context and spirit and intent of the agreement that we would only be liable as a result of operations under our contract. I do not know of any conceivable theory under which we could be held for operations under an entirely distinct and separate contract.

"The letter from the Department dated September 17, 1957 states that in January, 1954 Amerimex surrendered its lease and abandoned the mining property. The government states 'This action served to release that company from obligation to the government for royalty on any production from the property subsequent to such abandonment.' It seems to me that this admission by the government is sufficient to completely make out our defense. Certainly ore which was developed by the Terlingua Mercury Corporation was not mined or developed under the Amerimex contract because it had surrendered its lease and abandoned the mining property, all as admitted by the government."

Since the subject at the moment seems to be one largely of legal interpretation, perhaps it would be best if we did not try to inject our own thoughts beyond those of the attorneys.

Nevertheless we assure you of our earnest consideration and close cooperation in the matter.

Yours faithfully,

Secretary

WJJ:aa

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
12-6	Fisher	800
12-6	Chambers	800
12-6	[illegible]	400
	Martin	400
	[illegible]	
	Dungan	
12/11	[illegible]	120
"	Johnson	110
"	Mittendorf	100
12/12	C D	220
		225

DEC 12 1957

Certified Mail
Return Receipt Requested

Mr. W. J. Jennings, Secretary
N. J. Crowley Tar Products Co.
271 Madison Avenue
New York 16, New York

Re: Docket No. DMEA-2202 (Mercury)
Amerimex Mining Company
Fresno Mine
Presidio County, Texas
Contract No. Idm-F468

Dear Mr. Jennings:

Your letter dated September 20, 1957, indicated that your attorneys in Houston, Texas, were to confer with Mr. Pulliam regarding the matter of royalty due to the Government under provisions of the subject exploration contract. No further information has been received from you and Mr. Pulliam has not replied to our letter to him dated September 17, 1957, copy to you.

It is not within the authority of this Administration to postpone indefinitely such action as may be necessary to collect amounts properly due the Government. Accordingly, I must advise you that unless a substantial payment is made on the account within twenty days, coupled with arrangements for the orderly liquidation of the entire amount of $1,631.34, it will be necessary to refer the matter to the Attorney General of the United States for appropriate action.

Sincerely yours,

C. O. Mittendorf

Administrator

CEFisher/wb
December 6, 1957

Copy to: Docket
Admr. Reading File
Reg. IV Fld. Tm. (2)
Mr. Martin
Mr. Chambers
Mr. R. N. Pulliam

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
12/6	Fisher	800
12-6	Chambers	800
12-6	Hopkins	400
	Martin	400
	Ruton	
	Dunyon	
12/11	Selfridge	120
"	Johnson	110
"	Mittendorf	100
		220
		225

DEC 12 1957

Certified Mail
Return Receipt Requested

Mr. Robert N. Pulliam, President
Terlingua Mercury Corporation
P. O. Box 330
Alpine, Texas

Re: Docket No. DMEA-2202 (Mercury)
Amerimex Mining Company
Fresno Mine
Presidio County, Texas
Contract No. Idm-E468

Dear Mr. Pulliam:

Reply has not been received to our letter to you dated September 17, 1957, wherein demand was made for the payment of royalty amounting to $1,631.34 due to the Government under provisions of the subject exploration contract.

It is not within the authority of this Administration to postpone indefinitely such action as may be necessary to collect amounts properly due the Government. Accordingly, I must advise you that unless a substantial payment is made on the account within twenty days, coupled with arrangements for the orderly liquidation of the entire amount of $1,631.34, it will be necessary to refer the matter to the Attorney General of the United States for appropriate action.

Sincerely yours,

C. O. Mittendorf

Administrator

CEFisher/wb
December 6, 1957

Copy to: Docket
Admr. Reading File
Reg. IV Fld. Tm. (2)
Mr. Martin
Mr. Chambers
N. J. Crowley Tar Products Co.

14-1

N.J.

CROWLEY TAR PRODUCTS CO.

271 MADISON AVENUE,
NEW YORK 16

OFFICIAL FILE COPY
DMEA
RECEIVED SEP 23 1957

DATE	INITIALS	CODE
9/23	C	220
		~~800~~
		225

September 20
1 9 5 7

Department of The Interior
Defense Minerals Exploration Administration
Washington 25, D.C.

Attention of Mr. Frank E. Johnson,
Acting Administrator

Re: Docket No. DMEA-2202 (Mercury)
Amerimex Mining Company
Fresno Mine
Presidio County, Texas
Contract No. Idm-E468

Dear Sirs:

We acknowledge your letter of September 17, with copy of a letter you addressed on the same date to Mr. Robert N. Pulliam at Alpine, Texas, concerning royalty said to be due to the Government for Mercury produced as a result of the exploration work.

We have sent a copy of your letter to our attorneys in Houston, Texas, for them to confer with Mr. Pulliam to learn his side of the story, after which we shall be in further touch with you. It is our recollection that Mr. Pulliam withheld royalty payments to the Government, considering them an offset to certain funds said to be properly due Amerimex from the Government.

Very truly yours,

Secretary

WJJ:CP

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
Box 431
Joplin, Missouri
September 16, 1957

OFFICIAL FILE COPY DMEA RECEIVED SEP 18 1957		
DATE	INITIALS	CODE
9-18	C	220
		225

DMEA Operating Committee
Department of the Interior
Washington 25, D. C.

Re: DMA-2202X(mercury)
Amerimex Mining Company
Fresno Mine
Presidio County, Texas
Project Contract Idm-E468

Dear Sirs:

To advoid further delay, this is to advise that Mr. Harris Smith of Joplin, because of continuing ill health, yet has been unable to search the Fresno Mine files in his possession for copies of the documents mentioned in your July 18 letter to me. He is now in the Veteran's Hospital at Fayetville, Arkansas, and may be there for a considerable time.

The copies of letters and the lease executed with Mr. Raymond A. Wagner, however, are believed to be the same as those described under 1, 2, 3, 4 and 8 in the September 23 letter from Mr. Robert N. Pulliam to Mr. Mittendorf, of which I received a copy. Although I did not receive with it the twelve listed enclosures, I assume that under the circumstances they may constitute all the essential evidence that you will need to furnish the Associate Solicitor.

When I visited Mr. Pulliam's office in Alpine on July 17, he still had not assembled the desired information which you ask for afterward in your July 18 letter that I secure while there. Anticipating that you would want such information, Mr. Pulliam evidently complied with my verbal suggestion by his letter of July 23.

If there is any further service I can render in connection with this certified project, please advise.

Sincerely yours,

Clinton C. Knox

Clinton C. Knox
Executive Officer
DMEA Field Team, Region IV

cc: DMEA Op.Com.
King,USGS,Denver
2202X file

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
9/12	Fisher	800
9/12	Talbert	800
	Rubin	
	Hellund	
9/16	Hopkins	400
	Martin	400
9/16	Jeffrey	120
		~~110~~
	9-17 C	~~100~~ 220 225

SEP 17 1957

Mr. W. J. Jennings, Secretary
N. J. Crowley Tar Products Co.
271 Madison Avenue
New York 16, New York

Certified Mail
Return Receipt Requested

Re: Docket No. DMEA-2202 (Mercury)
Amerimex Mining Company
Fresno Mine
Presidio County, Texas
Contract No. Idm-E468

Dear Mr. Jennings:

Reference is made to Exploration Project Contract No. Idm-E468, Docket No. DMA-2202X, dated December 18, 1952, between this Administration and Amerimex Mining Company, P. O. Box 626, Alpine, Texas, under the terms of which the U. S. Government participated in the cost of a project for the exploration of mercury on certain lands in Presidio County, Texas, leased by Amerimex from E. G. and Elizabeth Bledsoe. Attached to and made a part of this contract is a guaranty of the payment of royalties to the Government upon any and all ore discovered or developed as a result of said contract, as quoted below:

> "In consideration of the waiver by the United States of America of the requirement of the Owner's Consent to Lien, as set forth in paragraph 2(b) of the attached Exploration Project Contract, the undersigned hereby guarantees the payment to the United States of America of royalties, as specified in said Contract and any amendment thereof, upon any and all ore discovered or developed as a result of said Contract and any amendment thereof, which is mined within 10 years from the date of said Contract, whether or not the undersigned has any interest in the property, covered by the said Contract, or any part in the mining operations at the time said ore is mined. If for any reason the net smelter returns or other net amounts, from operations that would be subject, under said Contract and any amendment thereof, to such payments to the United States of America, are not available as a means of measuring the amount of such payment, then the undersigned agrees and undertakes to make such payment according to the best estimates of the amount that can reasonably be made, and in the event of dispute as to such estimate, the undersigned agrees that the determination thereof by either the Administrator of Defense Minerals Exploration Administration, or his designee, shall be final and binding upon the undersigned."

8623

A similar guaranty was also made by R. N. Pulliam, who was president of Amerimex Mining Company, and L. N. Pulliam, secretary of that company.

A certificate of discovery or development was issued on January 8, 1954, under provision of Article 9 of the contract. Shortly thereafter an exchange of correspondence relating thereto occurred between this Administration and your company. Reference is made to your letters dated February 3 and 18, 1954, and our letters dated February 11 and March 5, 1954.

In January 1954 Amerimex surrendered its lease and abandoned the mining property. This action served to release that company from obligation to the Government for royalty on any production from the property subsequent to such abandonment.

In August 1954 the mining property was leased by Terlingua Mercury Corporation, Box 330, Alpine, Texas, and since that date there has been production of mercury on which the Government is entitled to royalty under provisions of the above-mentioned guaranties. R. N. Pulliam is president of Terlingua.

Our investigation indicates that the royalty presently due and payable to the Government amounts to $1,631.34 based on the value of mercury produced from "ore discovered or developed" as a result of the exploration work.

Enclosed is a copy of our letter of this date to R. N. Pulliam demanding payment of said amount. Similar demand for payment is hereby made on your company.

Sincerely yours,

Frank E. Johnson

ACTING Administrator

Enclosure

CEFisher/wb
September 11, 1957

Copy to: Docket
Admr. Reading File
Reg. IV Fld. Tm. (2)
Mr. Martin
Mr. Chambers
Mr. R. N. Pulliam

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
9/12	Fisher	800
9/12	Talbert	800
	Ortiz	
	Hoffmann	
9/16	Hopkins	400
	Martin	400
9/16	Selfridge	120
		~~110~~
		~~100~~
		220

SEP 17 1957

Mr. Robert N. Pulliam, President
Terlingua Mercury Corporation
P. O. Box 330
Alpine, Texas

Certified Mail
Return Receipt Requested

Re: Docket No. DMA-2202 (Mercury)
Amerimex Mining Company
Fresno Mine
Presidio County, Texas
Contract No. Idm-E468

Dear Mr. Pulliam:

Your letter dated July 23, 1957, and attachments have been reviewed and we accept your contention that a valid abandonment of the properties described in the subject contract was accomplished by Amerimex Mining Company. Thus that company is not subject to the payment of royalty on any production from the property subsequent to such abandonment. Neither is Terlingua Mercury Corporation required to pay the royalty.

In view of the foregoing, the Government's claim for royalty on production subsequent to abandonment by Amerimex is limited to that provided by the guaranty agreements executed by N. J. Crowley Tar Products Company and you and Mrs. Pulliam. Thus the Government is entitled to royalty on production of "ore discovered or developed" as a result of the exploration work.

Your comments with respect to the definition of "ore" and the propriety of the Government's certification of discovery or development have received careful consideration. It is our belief that a discovery or development from which production may be made, and in fact was made, resulted from the exploration. Our action on January 8, 1954, of certifying that a discovery or development was made has been proven to be justified and proper.

It is believed that, of the production reported on the statement which accompanied your letter dated November 14, 1956, covering the period November 1954 to September 1956, those portions applicable to "Projects 3A & 3B" and "Projects 40, 41" pertain to ore discovered or developed as a result of the exploration work. The statement indicates that 3,350.26 tons of ore were mined and sorted during the period November 1954 to December 1955. Of this tonnage, 713.10 tons and 992 tons, respectively, were obtained from the areas to which the certification applied. Similarly, during the period January to September 1956,

8623

the total production amounted to 1,649.50 tons with 27 and 31 tons, respectively, being from the areas covered by the certification. Allocation of the proceeds from the sales of mercury during each of the periods on a basis of tonnage of ore mined and sorted during such periods produces amounts of sales subject to royalty and the royalty due to the Government as follows:

Item	Projects 3A - 3B	Projects 40, 41	Totals
Period - Nov. 1954 to Dec. 1955			
Tonnage of ore milled	713.10	992.00	3,350.26
Ratios	21.28%	29.61%	100%
Proceeds from sale of 223 flasks of mercury	$13,434.06	$18,692.79	$63,130.00
Royalty due - 5%	$671.70	$934.64	$1,606.34
Period - Jan. to Sept. 1956			
Tonnage of ore milled	27.00	31.00	1,649.50
Ratios	1.64%	1.88%	100%
Proceeds from sale of 55 flasks of mercury	$232.90	$266.98	$14,201.00
Royalty due - 5%	$11.65	$13.35	$25.00
Total royalty due	$683.35	$947.99	$1,631.34

It is understood that none of the production subsequent to September 1956 came from the areas in question. However, if there has been any additional production from such areas or if there should be any production from such areas in the future, the Government will be entitled to royalty based on the value of the mercury recovered.

Accordingly, demand is made upon you and upon the N. J. Crowley Tar Products Company, which company is being furnished a copy of this letter, for the payment of royalty presently due to the Government in the amount of $1,631.34. A copy of our letter of this date to N. J. Crowley Tar Products Company demanding payment of this amount is enclosed for your information.

Sincerely yours,

Frank E. Johnson (By ay)
ACTING Administrator

Enclosure

CEFisher/wb 9/11/57

Copy to: Docket
Admr. Reading File
Reg. IV Fld. Tm. (2)
Mr. Martin
Mr. Chambers
N. J. Crowley Tar Products Co.

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SOLICITOR
WASHINGTON 25, D. C.

SEP - 4 1957

Memorandum

To: Administrator, DMEA

From: Associate Solicitor, Division of Mineral Resources

Subject: Docket No. DMEA-2202, Amerimex Mining Company
Contract Idm-E468 (Mercury)

Your memorandum dated August 13, 1957, transmitted Mr. R. N. Pulliam's letter, dated July 23, 1957, with attachments, referred to our memorandum dated June 4, 1957, to you, and asked three questions concerning the subject contract, which are answered below.

1. Whether the information submitted by Mr. Pulliam establishes that the Operator (Amerimex) abandoned the 12 State of Texas Minerals Awards described in the Contract?

We believe that it does.

2. Whether the information now available establishes that Terlingua took possession without notice of the Government's rights to royalty?

In view of our answer to the first question, Terlingua's notice or lack thereof of the Government's royalty interest is immaterial, since there is no obligation of Amerimex, in view of the abandonment, to which Terlingua could become subject. Moreover, there is no evidence before us that Terlingua assumed any liability of either guarantor. Although oral statements to that effect were made to you by Mr. Pulliam, they are now explained away by him as a mistaken impression. The comment on this subject in our June 4, 1957, memorandum was based upon his oral statements. Finally, it is noteworthy that Mr. Pulliam's letter states Terlingua has no assets.

3. Whether the information now available is sufficient to establish that a demand may be made upon the guarantors, the Pulliams and "J. T. Crowley Tar Products," for royalty on the production of "ore discovered or developed" as a result of the exploration work?

We believe that, as stated in our memorandum of June 4, 1957, demands may be made upon the guarantors, the Pulliams and N. J. Crowley Tar Products Co., for payment of royalty on such production as falls within the category quoted in the question. However, before any demand is made, disposition should be made of the contention in Mr. Pulliam's letter that such production as was made as a result of the exploration work was not in fact "ore," within the meaning of the generally accepted definition of that term.

Robert P. Dwyer

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
8/13	Fisher	800
8-13	Chambers	800
8-13	Hopkins	400
	Martin	400
8/16	Selfridge	120
8/19	Johnson	110
	Mittendorf	100
		220
		225

August 13, 1957

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: Administrator

INTERIOR DEPT.
AUG 16 1957
SOLICITOR

Subject: Docket No. DMFA-2202 (Mercury), Amerimex Mining Company Fresno Mine, Presidio County, Texas, Contract Idm-E468

Reference is made to the letter dated July 23, 1957, and attachments, from R. N. Pulliam, president, Terlingua Mercury Corporation, and to your memorandum dated June 4, 1957, pertaining to royalty due to the Government under provisions of the subject contract.

It is noted that Mr. Pulliam now states that Terlingua Mercury Corporation did not assume any liability to pay royalty to the Government. He further states that Article 10 of the exploration contract permitted abandonment by Amerimex and that such abandonment released the guarantors from any liability for royalty on production subsequent to such abandonment. This contention differs substantially from previous allegations that Terlingua had assumed any obligation that might exist against the Pulliam's under their personal guaranty.

Will you please review the attached file and advise whether the information now available is sufficient to establish that:

(a) actual abandonment by Amerimex was accomplished;

(b) Terlingua took possession without notice of the Government's rights to royalty under terms of the contract; and

(c) a demand upon Mr. and Mrs. R. N. Pulliam and J. T. Crowley Tar Products for royalty due on "ore discovered or developed" as a result of the exploration work is in order.

CEFisher/wb 8/13/57

cc to: Docket
Admr. Reading File
Mr. Martin
Mr. Chambers

C. O. Mittendorf (for)

Administrator

8623

12-1

TERLINGUA MERCURY CORPORATION
Producers of Prime Virgin Quicksilver
JONES BUILDING
BOX 330 - PHONE 2617
ALPINE, TEXAS

OFFICIAL FILE COPY
DMEA
RECEIVED AUG 5 1957

DATE	INITIALS	CODE
8/6	P.K.	220
		800
		225

July 23, 1957

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. C. O. Mittendorf, Administrator
Defense Minerals Exploration Administration
U. S. Department of the Interior
Washington, D. C.

Re: DMA-2202X (Mercury)
Amerimex Mining Company
Fresno Mine, Presidio County, Texas
Project Contract Idm-E468

Dear Mr. Mittendorf:

This will acknowledge receipt of your letter dated June 20, 1957, which arrived during my extended absence from the city.

In compliance with your request that I provide documentation to support my contentions with respect to the captioned contract, I am enclosing copies of the following:

1. Letter dated December 31, 1953, signed by E. G. and Elizabeth Bledsoe addressed to Amerimex Mining Company giving notice as provided in Paragraph 9 of alleged violations of the Mining Lease dated August 25, 1953, under Paragraph 3, subparagraph d, and Paragraph 5.

2. Letter dated December 31, 1953, signed by E. G. and Elizabeth Bledsoe addressed to Amerimex Mining Company giving notice as provided in Paragraph 9 of alleged violations of the Mining Lease dated August 25, 1953, under Paragraph 5.

3. Letter dated January 2, 1954, signed by R. N. Pulliam, President of Amerimex Mining Company, to Mr. & Mrs. E. G. Bledsoe pursuant to receipt of the previously-described letters from them and giving notice as provided in Paragraph 10 of the Mining Lease dated August 25, 1953.

12-2

4. Letter dated December 31, 1953, signed by E. G. and Elizabeth Bledsoe addressed to Amerimex Mining Company giving notice of default of rental payments under a lease dated March 20, 1953 covering their one-half undivided interest in and to the surface rights, certain buildings, mine plant, machinery, equipment and supplies owned as a separate estate apart from the mineral estate.

5. Letter dated January 2, 1954, signed by R. N. Pulliam, President of Amerimex Mining Company, to Mr. & Mrs. E. G. Bledsoe in reply to the preceding letter and giving notice of forfeiture of rights under the preceding lease.

6. Letter dated December 31, 1953, signed by E. G. and Elizabeth Bledsoe addressed to Amerimex Mining Company giving notice of default of rentals due under a lease dated March 20, 1953, on 5 frame houses used for accommodation of mine personnel of Amerimex Mining Company.

7. Letter dated January 2, 1954, signed by R. N. Pulliam, President of Amerimex Mining Company in response to the preceding letter and giving notice of surrender of lease.

8. Mining Lease dated August 25, 1954, from E. G. and Elizabeth Bledsoe to Raymond A. Wagner of Victoria, Texas.

9. Assignment of the Mining Lease dated August 25, 1954, previously described, from Raymond A. Wagner to Terlingua Mercury Corporation on October 14, 1954.

Fresno See 106 3

10. Mining Lease dated August 16, 1954, from joint owners J. Daviss Collett, Paul Williams and Mrs. Virginia Wheat to R. N. Pulliam covering all of Section 69, Blk. 341, T. C. Ry. Co., Brewster County, Texas.

11. Assignment of the Mining Lease dated August 16, 1954, previously described, from R. N. Pulliam to Terlingua Mercury Corporation on October 14, 1954.

12. Bill of Sale dated August 30, 1954, from R. N. Pulliam to Terlingua Mercury Corporation covering various machinery, equipment and supplies as listed in attached Exhibit A.

12-3

As you will observe, the correspondence included as Enclosures 1 through 7 shows that Lessors gave notice to Lesses to correct various alleged defaults under the Mining Lease dated August 25, 1953; under the Surface and Appurtenances Lease dated March 20, 1953; and under the Lease-Purchase Option on 5 houses dated March 20, 1953; and Lessor, being without funds with which to correct the alleged deficiencies or to participate in litigation, thereupon gave notice of surrender of rights under each of the leases and abandoned the property as of January 12, 1954.

Enclosures 8 and 9 show that the mining property was leased to Raymond A. Wagner of Victoria, Texas, on August 25, 1954, and was subsequently assigned by him to Terlingua Mercury Corporation on October 14, 1954.

Enclosures 10, 11 and 12 show that Mr. R. N. Pulliam leased Section 69, Blk. 341, T. C. Ry. Co., Brewster County, Texas, from the owners and subsequently transferred his leasehold and certain machinery, equipment, materials and supplies to Terlingua Mercury Corporation. No assignment or bill of sale shows that Terlingua Mercury Corporation did assume or was to assume any liability to the Government for the payment of royalty on production from the Fresno Mine property.

However, it was believed previously that the Bill of Sale on machinery, equipment and supplies did contain a provision whereby if R. N. Pulliam and L. M. Pulliam had to pay a royalty on production as a result of their guaranty under the subject Contract, then Terlingua Mercury Corporation would pay such royalty only to such extent as R. N. Pulliam and L. M. Pulliam might be liable for same.

Article 10 of the Contract between DMEA and Amerimex is entitled "Assignment, transfer, or loss of Operator's interest." This article provides that if the Operator assigns or transfers the lease, he must obligate the assignee to pay the royalties owing to the Government. This provision completely assures the Government of its percentage royalty on production in event of such transfer. This article further provides that if the Operator makes a transfer or conveyance in violation of the provisions of the article, the Operator shall remain liable for the royalty payments to the Government. The only reasonable construction of these words is that so long as the Operator does not make any assignment or transfer violative of the provisions of this article, but loses the lease as permitted by the article, the Operator does not remain liable. This article further clearly provides that the Operator has the right to lose the lease or Operator's right in the land so long as the Operator receives no consideration and merely surrenders his lease back to the person from whom he obtained it.

It appears to us that Article 10 of the subject Contract

12-4

exists primarily to prevent Operator's escape from liability by assignment or transfer of lease and to permit Operator's release from liability if the lease should be lost or surrendered without consideration.

We do not believe that the Government would have included the language in Article 10 so clearly stating that Operator's loss or surrender of lease is not an assignment unless the result was that the Government's royalty no longer attached. There could be no other purpose in the provision.

Moreover, there could be no more conclusive proof of the complete failure of the exploration program financed by the Government and the Operator than the Operator's good faith abandonment of the lease.

The Government is entitled to its percentage royalty on production if the Operator maintains the lease and produces minerals as a result of the exploration program financed in part by the Government.

Conversely, if the exploration program results in no accomplishment and in the total loss and abandonment of the lease by the Operator, the only fair and equitable construction is that the Government would have no further claim to a percentage royalty on production from the property. To burden properties with prior exploration costs that have ultimately proved valueless, as evidenced by the Operator's abandonment of the lease, would inevitably forestall exploration.

We firmly believe that any liability on the part of Amerimex Mining Company for the payment of a percentage royalty to the Government on production from property described under Article 2 of the subject Contract terminated upon surrender of the lease to Mr. and Mrs. Bledsoe and abandonment of the property by the Operator as provided for in Article 10 of the D.M.E.A. Contract.

We also firmly believe that upon surrender of the lease and abandonment of the property by Amerimex Mining Company, there was no further liability on the part of the Operator under the terms of the subject Contract and consequently there remains no further liability on the part of any guarantor because of the Guarantys state specifically " ... the undersigned hereby guarantees the payment to the United States of America of royalties, as specified in said Contract and any amendment thereof, upon any and all ore discovered or developed as a result of said contract and amendment thereof which is mined within 10 years from date of said Contract, whether or not the undersigned has any interest

12-5

in the property, covered by the said Contract, or any part in the mining operation at the time the said ore is mined."

Article 10 of the contract clearly relieves the Operator of liability to pay the Government a percentage royalty on production by surrender of the lease and abandonment of the property. The Guarantors assumed only such royalty obligations as the Operator had " ... as specified in said Contract and any amendment thereof, upon any and all ore discovered or developed as a result of said Contract ... "

Therefore, we believe that the Guarantors were relieved of any further liability for the payment of royalty to the Government when Amerimex Mining Company surrendered its lease in good faith and abandoned the property.

Had the Operator assigned or transferred the lease in violation of Article 10 of the Contract or had the Guarantors simply sold or transferred their stock in Amerimex Mining Company, we believe that the Guarantors would be liable for payment of royalty to the Government on production " ... upon any and all ore discovered or developed as a result of said Contract and any amendment thereof ... "

But the Operator surrendered the lease and abandoned the property as provided for in Article 10 of the Contract and thereby ceased to be liable for royalty payments to the Government; and when the Operator ceased to be liable, the Guarantors under the Contract also ceased to be liable under the provisions of Article 10, and the wording of the Guaranty which refers to the royalty provisions, " ... as specified in said Contract and any amendment thereof ... "

If it should be determined that the Guarantors are in any way liable for payment to the Government of royalty on production, liability would be limited as indicated, " ... upon any and all ore discovered or developed as a result of said Contract and any amendment thereof ... "

There has been no production from "ore" during the operation of Amerimex Mining Company or subsequently. The generally accepted definition of "ore" is "that part of a geologic body from which the metal or metals it contains may be extracted profitably." Even if that definition is altered to mean " ... from which the metal or metals it contains may be extracted profitably..." <u>during the next 10 years</u>, it is inconceivable that the small tonnage of mineralized clay discovered as a result of the D. M. E. A. Contract could properly be called "ore". Had it been of either economic grade or quantity by any standard of estimation, our cost per flask of mercury produced would obviously be much less than $827, which has been the average cost notwithstanding the fact that virtually all production has resulted from exploration and development

12-6

conducted solely at the expense of Terlingua Mercury Corporation.

Without the facilities made available by Terlingua, without the added volume of mine production incidental to continued exploration and development, and without the incentive occassioned by dire need to recover as great a part as possible of exploration and development cost already incurred by furnacing the so-called "ore" in the furnace for which we were already obliged to pay rental, there would have been no production from the mineralized area.

But if D. M. E. A. can successfully contend that the mercury mineralization discovered as a result of the contract is "ore", the quantity is insignificant and has been completely mined out so that no doubt may remain as to the tonnage or grade of "ore" discovered or developed as a result of the Contract.

Therefore, since there has been actually no production from ore discovered or developed as a result of the Contract or any amendment, we believe that by any fair and equitable interpretation of the Contract and the Guaranty, the Government is not entitled to any percentage royalty on production.

As further proof of the complete failure of the exploration partially financed by D.M.E.A., Terlingua Mercury Corporation has spent almost $300,000.00 in additional exploration and development, and now is without funds with which to operate.

Consequently, even if it should be proved that Terlingua Mercury Corporation did assume any liability which either R. N. Pulliam or L. M. Pulliam might have under the Guaranty, Terlingua Mercury Corporation presently has no resources with which to honor such obligation.

Thanking you for your careful consideration, we are

Sincerely,

TERLINGUA MERCURY CORPORATION

By R. N. Pulliam
R. N. Pulliam, President

RNP:akg
Enclosures

CC: Mr. C. C. Knox,
Executive Officer
D.M.E.A. Field Team,
Region IV
Box 431
Joplin, Missouri

02-7

P. S. : July 30, 1957

Mailing has been delayed due to difficulties encountered in having copies reproduced.

This is to certify that the original of each reproduced document enclosed is either in my files, or in the files of Terlingua Mercury Corporation or its attorneys, and copies of letters are either exact copies of duplicates or reproductions of originals in such files.

R. N. Pulliam

R. N. Pulliam

(1)

OFFICIAL FILE COPY
DMEA
RECEIVED AUG 5 1957

DATE	INITIALS	CODE

Big Bend National Park, Texas
December 31, 1953

Amerimex Mining Company
Box 626
Alpine, Texas

Gentlemen:

As per provision made in paragraph 9 of that certain Mining Lease dated 25th day of August 1953, made by and between E. G. Bledsoe and Elizabeth Bledsoe and Amerimex Mining Company, notice is hereby given said Amerimex Mining Company to comply with paragraph 3, sub-paragraph d, and paragraph 5, of said lease.

Yours very truly,

E. G. Bledsoe

Elizabeth Bledsoe

(2)

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Big Bend National Park
Texas
December 31, 1953

Amerimex Mining Company
Box 626
Alpine, Texas

Attention: Mr. R. N. Pulliam

Gentlemen:

Prior to your acquisition of furnacing equipment we did not press the compliance with paragraph No. 5 in the mining lease dated 25th day of August, 1951, between yourselves and us. However, now with these facilities at hand and with the present price of mercury being good, we are expecting you to produce.

Yours very truly,

E. G. Bledsoe

Elizabeth Bledsoe

(3)

January 2, 1954

Mr. & Mrs. E. G. Bledsoe
Big Bend National Park, Texas

Dear Mr. & Mrs. Bledsoe:

As provided in Paragraph 10 of that certain Mining Lease dated August 25, 1951, executed by you in favor of Amerimex Mining Company, notice is hereby given that the said Amerimex Mining Company desires to surrender and terminate the said Mining Lease effective 10 days from the date hereof; and, as agreed upon during our conversation of January 2, reserving the right and privilege of removing at any time within one year from the date hereof from the premises described in the said Mining Lease any and all equipment, materials and supplies placed thereon or purchased thereon by the said Amerimex Mining Company, its representatives, assigns or successors in interests and further reserving the right to utilize the said premises to such extent as may be necessary to maintain watchman service and otherwise to protect and safeguard the property of Amerimex Mining Company until the said equipment, materials and supplies can be removed from the said premises within a period of one year from the date hereof.

Very truly yours,

AMERIMEX MINING COMPANY

By
H. H. Fullman, President

RN:L

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Big Bend National Park, Texas
December 31, 1953

Amerimex Mining Company
Box 626
Alpine, Texas

Gentlemen:

As per provision made in that certain lease of undivided one-half interest of North one-half Sec. 106, Block 341, T.C.Ry. Co. in Presidio County, Texas, together with certain buildings, mining plant, machinery, equipment and supplies as inventoried, under date of March 20, 1953, made by and between E. G. Bledsoe and Elizabeth Bledsoe and the Amerimex Mining Company, notice is hereby given said Amerimex Mining Company is in default of rental due October 20th, November 20th and December 20th, 1953.

Yours very truly,

E. G. Bledsoe

E. G. Bledsoe

Elizabeth Bledsoe

Elizabeth Bledsoe

(4) Envelope

AFTER 5 DAYS RETURN TO
Box 235
Alpine, Texas

REG

RETURN RECEIPT REQUESTED

REGISTERED
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Amerimex Mining Company
Box 626
Alpine, Texas

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January 2, 1954

Mr. & Mrs. E. G. Bledsoe
Big Bend National Park, Texas

Dear Mr. & Mrs. Bledsoe:

This is to acknowledge receipt of your formal notice of cancellation dated December 31, 1953, of that certain Lease of an undivided one-half interest of North one-half Section 106, Block 341, T. C. Ry. Co. together with certain buildings, mining plant, machinery, equipment and supplies as inventoried and attached to said Lease executed by you in favor of Amerimex Mining Company on March 20, 1953.

If such notification is not intended to cancel and terminate the said Lease, kindly regard this as formal notice of surrender of said Lease by Lessee, who will undertake to inventory and return to your possession all of the property covered by said Lease at the earliest practicable time when it will be mutually convenient as agreed between us in our conversation on January 2, 1954.

It is understood by the writer in accordance with our agreement on January 2, 1954, that the Lessee, its successors or assigns have the right and privilege to remove from the premises described in said lease any and all equipment, materials and supplies placed thereon by the said Lessee, provided such removal is made within a period of time not to exceed one year from the date hereof.

This is also to advise that Amerimex Mining Company does not intend to exercise its option to purchase the property described in the Lease from Mrs. Ogarita Bailey Wilson.

Sincerely,

R. N. Pulliam, President
AMERIMEX MINING COMPANY

RNP:L

Mr. & Mrs. E. G. Bledsoe
Alpine, Texas

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Big Bend National Park, Texas
December 31, 1953

Amerimex Mining Company
Box 626
Alpine, Texas

Gentlemen:

As per pro[illegible] made in that certain lease of seven frame houses, dated March 20, 1953, made by and between E. G. Bledsoe and Elizabeth Bledsoe and the Amerimex Mining Company, notice is hereby given that said Amerimex Mining Company is in default of rentals due October 20th, November 20th and December 20th, 1953.

Yours very truly,

E. G. Bledsoe

E. G. Bledsoe

Elizabeth Bledsoe

Elizabeth Bledsoe

(7)

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DATE | CODE

January 2, 1954

Mr. & Mrs. E. G. Bledsoe
Big Bend National Park, Texas

Dear Mr. & Mrs. Bledsoe:

This is to acknowledge receipt of your formal notice of cancellation dated December 31, 1953, wherein it is pointed out that under the terms of that certain Lease on 7 frame houses situated on the Fresno Mine property executed by you in favor of Amerimex Mining Company, the said Company has failed to make advance monthly rental payments since October 20, 1953.

As stated by the writer to Mr. Bledsoe on or about November 10, the Lessee has not used this property since August beyond maintaining watchman service for the protection of the property of both Lessor and Lessee.

Since that date, the Lessee has been without funds with which to meet its obligations.

If your notification does not constitute formal cancellation of the said lease, kindly regard this as notice of surrender by Lessee, effective at the earliest possible time.

Sincerely,

R. N. Pullian, President
AMERIMEX MINING COMPANY

RNP:L

CC - Mr. & Mrs. E. G. Bledsoe
Alpine, Texas

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MINING LEASE

THE STATE OF TEXAS |
COUNTY OF ARBITER |

THIS INDENTURE, Made this 25th day of [illegible] A. D., 1954, by and between F. T. Bledsoe and Elizabeth Bledsoe, whose address is Big Bend National Park, Brewster County, Texas, referred to herein (whether one or more) as Lessor and R. A. Kagar, whose address is Victoria, Victoria County, Texas, referred to herein as Lessee.

WITNESSETH: That the Lessors, for and in consideration of One Hundred ($100.00) Dollars each in hand paid, receipt of which is hereby acknowledged, and of the royalties hereinafter set forth, and the covenants and agreements hereinafter set out, to be kept and performed by Lessee, Lessor does by these presents lease, demise, and rent unto the Lessee for prospecting, mining, and operating in the production and refining of minerals or metals, and of building dams, tanks, power stations, headframes, orebins, buildings and structures of any kind desirable for the search, production, processing and marketing of ores, minerals or metals under the laws of the State of Texas, Articles 5388 to 5409, inclusive, Revised Statutes of 1925, and subsequent amendments thereto, the following described mining claims, situated in the County of Presidio, State of Texas, to wit:

All those certain twelve (12) State of Texas Metallic Mineral Awards, each containing 20.66 acres, six (6) awards being numbers M 29843 - M 29848 inclusive, out of Survey 106, Block 341 T. C. Ry. Co., and six (6) awards being numbered M 29849 - M 29854 inclusive, out of Survey 108, Block G 5, H. K. & T. C. Ry. Co., said Surveys for the purpose hereof considered as one parcel.

TO HAVE AND TO HOLD said leased premises for the period of ten (10) years from the date hereof, and as long thereafter as the covenants and agreements hereinafter set forth are kept and performed, unless sooner forfeited or terminated through the violation of any covenant, agreement or condition hereinafter contained to be kept and performed by Lessee.

IN CONSIDERATION HEREOF Lessee does hereby covenant and agree with Lessor the following, to wit:

1. Lessee agrees to perform prior to the first day of November of each year, including the year 1954, the annual assessment work as required by State Law; to make the required reports and affidavits showing that the work was done by Lessee for Lessor and supply Lessor with an original and duplicate copy of each report and

affidavit. Lessee further agrees to pay the annual rental fee of Fifty Cents per acre due the State of Texas which amounts to the sum of One Hundred Twenty Three Dollars and Ninety-six Cents ($123.96) per year, which sum Lessee will pay to Lessor on or before the tenth day of January of each year so long as said rental is required during the life of this lease.

2. On or before January 1st, 1955, Lessee agrees to begin the working of said mining claims by prospecting or extracting minerals therefrom and to continue said work specifically and continuously during the term of this lease and to employ or cause to be employed, a minimum of three men, exclusive of any company or corporation officers, superintendents or office employees, to work no less than twenty days per month in the actual process of prospecting for minerals, or extracting minerals from the earth, or engaging in refining the same.

3. Lessee agrees that all development and mining operations on the property will be in accordance with accepted engineering and mining practices, and will comply with all State and Federal laws pertaining to mining. Lessee further agrees to keep a true and correct map of all underground workings, and a true and correct map of all surface operations showing the location of all shafts, vents, core drilled holes, and churn drilled holes and to make said map or maps available to Lessor or his authorized representative at any and all reasonable times for the purpose of information and for making copies of same if so desired. Lessee further agrees to keep a true and correct log of all core drilled holes and of all churn drilled holes and to supply a true and correct copy of said logs to Lessor upon the completion of each hole drilled.

4. Lessee agrees to allow Lessor or his duly authorized agent at any and all times, so as not to interfere with the order and workings of the operation, to enter all places of the leased premises and the workings thereon for the purpose of inspection, taking samples, making surveys, and obtaining information of the entire operation conducted under this lease, and to have access to all engineering and geological reports, log records, assay reports, and all production records.

5. Lessee agrees to keep a correct account of the tons of ore mined, by weight or measure, to whom sold and the price received therefor, which account shall be open for inspection of Lessor or his authorized agent at all reasonable times.

6. Lessee shall refine all mercury ores on said premises and keep a true and correct account, by weight or measure, of the tons of ore treated and the number of pounds of mercury recovered therefrom. In event Lessee shall have cause to treat mercury ores from property not herein described, the said ores and the product thereof

shall not be commingled with the ores extracted from the property herein leased.

7. Lessee agrees to pay all taxes assessed against the leased premises whether so assessed by National, State, County or other political sub-divisions and the taxes shall be paid within the first thirty day period after they become due and receivable by the tax collector of the taxing unit. In event Lessee shall fail to pay such taxes or other local obligations when due, Lessor may pay the same, and the amount thereof so paid shall immediately become a lien upon the interest of the Lessee in the property, but in case Lessor does not desire to make such payment he may declare a forfeiture of the entire lease as is herein provided.

8. It is understood and agreed that any time lost by reason of strikes, riots, acts of God, or the public enemy or inevitable delays shall not run against the time or times herein specified, although it is understood and agreed that in all other respects time is the essence of this agreement.

9. Lessee agrees to pay Lessor an overriding royalty of five (5) per cent of the gross production of all mercury produced from the ore mined on said premises, which royalty shall be put in flasks and delivered to Lessor at the most convenient railway station. Lessee shall notify Lessor in writing of each shipment of mercury made and state the date, the number of flasks shipped, and to whom the mercury is consigned, and make a statement showing how Lessor's royalty was determined. Except it is especially agreed, however, that it shall be the privilege of Lessor to direct Lessee in writing to make settlement by paying unto Lessor five (5) per cent of the gross value of all the production. Then in that event Lessee shall supply Lessor with copy of all sales transactions showing the date, to whom sold, the quantity, the quality, and price received.

10. As to all other minerals which may be taken from said property Lessee shall pay Lessor an overriding royalty of five (5) per cent of the gross value received for same. Lessee shall cause the ore to be delivered to the nearest smelter or market and sell same for the current market price, and settle with Lessor on the assayer's report and the smelter return, copies of which shall be furnished Lessor.

11. Lessee agrees to pay unto Lessor a cash rental of One Hundred Dollars ($100.00) per month, or that certain royalty herein above stipulated, whichever is greater, during each month of the life of this lease. Settlement for all royalties shall be made on or before the tenth day of each month following the month in which the sale was made. All rentals or royalties due Lessor shall be paid by check or money order to Lessor or their authorised agent and mailed to Lessor's address as shown herein or to such other address as may be supplied by Lessor in writing to Lessee.

12. Lessee agrees to pay all royalty due the State of Texas to the Commissioner of the General Land Office at the time required by law, and Lessee further agrees to supply at that time to Lessor a copy of all royalty settlements made with the said Commissioner and a copy of all receipts provided by the General Land Office. Lessee agrees that at any time should unsatisfactory condition arise between Lessee and the Commissioner of the General Land Office that Lessor be so notified.

13. Lessee shall have the right to transfer or assign his interest under this lease, and all the terms of this agreement shall be binding and enforceable against the heirs, executors, administrators and assigns of the parties hereto.

14. So long as this lease is in force, Lessee shall have an equal right, an equal right only, with all parties who now have, or with all parties who may have at some future date, a permit from Lessor to secure water for mining purposes only from Survey 107, Block 341, T. C. Ry. Co. and Survey 112, Block G-5 H. K. & T. C. Ry. Co., said surveys being in Presidio County, State of Texas.

15. In event of the termination, expiration, forfeiture or abandonment of this lease for any cause whatsoever, then in that event, Lessee shall and will peacefully surrender and yield up the said premises and every part and portion thereof, to Lessor, free and clear of all encumbrances; and Lessee shall and will declare his intention of the said termination by written notice delivered to the Lessor thirty (30) days prior to date of termination; and such notice shall be accompanied with the payment of all royalties and rentals due Lessor together with payment of Lessee's proportionate part of the taxes for the current year, whether due or not yet due, and statement from the Commissioner of the General Land Office showing that the State has no claim for unpaid royalties, thereupon Lessee shall be relieved from all obligations hereunder with like effect as if this lease had not been made.

16. Upon the termination of this lease Lessee shall have and is hereby given the right to move any machinery, tools, pumps, engines, motors, water tanks, pipe lines and all other equipment placed by Lessee on said property during the life of this lease, but such right of removal shall not include or apply to ladders and mining timbers placed beneath the surface or at shaft collars. It is especially understood and agreed that Lessee shall not and will not remove from the premises herein leased any part or portion of the said machinery, tools, pumps, engines, motors, water tanks, pipe lines and other equipment so long as the Lessee is in any to

wise indebted to the Lessor or owes any debts that might become a lien upon the property herein leased.

17. It is especially understood and agreed that Lessee shall in no wise use, appropriate, or permit or authorize Lessee's employees the use of any of the improvements or equipment on Mineral Claims M 29843 to M 29848, both numbers inclusive, without the written permit and authorization of the Lessors and the duly authorized agent or administrator of the H. H. Wilson Estate.

18. In case of failure of Lessee to keep and perform the terms of this lease, Lessor may give thirty days (30) written notice of the violation complained of and if such violation or default is not recovered within said period, said lease shall thereupon terminate at the option of the Lessor.

19. In consideration of the foregoing lease, and the well and faithful keeping of the covenants thereof, the Lessee shall have the right to purchase the said twelve (12) State of Texas Metallic Mineral Awards for the sum of One Hundred Thousand ($100,000.00) Dollars, and all royalty payments exceeding Two Hundred ($200.00) Dollars per month may be accredited toward said purchase, only upon the date of title transfer, which shall be within ten years from the date hereof.

IN WITNESS WHEREOF The parties hereto have duly executed this indenture, the day and year first above written.

E. O. Bledsoe

Elizabeth Bledsoe
LESSOR

J. A. Farmer
LESSEE

THE STATE OF TEXAS ||

COUNTY OF BROOKSTER ||

BEFORE ME, the undersigned authority, on this day personally appeared F. J. Bledsoe and his wife, Elizabeth Bledsoe, known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 25th day of August A. D., 1954

Notary Public, Brooster County, Texas

My Commission Expires
March 1st - 1955

THE STATE OF TEXAS ||

COUNTY OF VICTORIA ||

BEFORE ME, the undersigned authority, on this day personally appeared R. A. Wagner, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 17th day of August A. D., 1954.

L. H. WAIDA
Notary Public, Victoria County, Texas

My Commission Expires
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THE STATE OF TEXAS |
COUNTY OF PRESIDIO | KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, R. A. Wagner is now the owner of the lease-hold estate and the option to purchase and all other rights of the Lessee created by that certain Mining Lease dated August [illegible], by and between E. O. Bledsoe and Elizabeth Bledsoe, as Lessor, to R. A. Wagner, as Lessee, recorded in Volume [illegible] at page 493, Deed Records, Presidio County, Texas, which Mining Lease covers certain mining claims, situated in Presidio County, Texas, described as follows, to-wit:

> All those certain twelve (12) State of Texas Mineral Awards, each containing 20.66 acres, six (6) awards being numbers M29843-M29848 inclusive, out of Survey 106, Block 341, T. C. Ry. Co. original grantee, and six (6) awards being numbered M29849-M29854 inclusive out of Survey 108, Block O-5, M.K. & T.E. Ry. Co. original grantee;

and which Mining Lease also for the term thereof, grants certain rights to secure water for mining purposes from Survey 107, Block 341, T.C. Ry. Co. original grantee, and Survey 112, Block O-5, M.K. & T. E. Ry. Co. original grantee, both of said latter surveys being in Presidio County, Texas, to which Mining Lease and its record reference is made for all pertinent purposes.

Now, therefore, for and in consideration of Ten Dollars ($10.00) cash, and other good and valuable considerations, all in hand paid to R. A. Wagner by Terlingua Mining Corporation, a Texas corporation, hereinafter referred to as "Terlingua", receipt of all such considerations being hereby acknowledged by R. A. Wagner, R. A. Wagner does hereby bargain, sell, transfer, assign and convey to Terlingua, its successors and assigns, the aforesaid leasehold estate and option to purchase and right to secure water for mining purposes and all other rights of R. A. Wagner created by the above described Mining Lease, and all of his rights thereunder or incident thereto, and for the same consideration, R. A. Wagner does hereby bind himself, his heirs, executors, representatives and assigns, to warrant and forever defend the title to the said leasehold estate, option to purchase

ght to secure water for mining purposes and all other rights the Lessee created by said Mining Lease, unto Terlingua, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same, or any part thereof.

Executed this the 1st day of October, 1954.

R. A. Wagner
R. A. Wagner

THE STATE OF TEXAS]
COUNTY OF Victoria]

BEFORE ME, the undersigned authority, on this day personally appeared R. A. Wagner, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 18 day of December, A.D., 1954.

L. H. Weida
Notary Public in and for
County, Texas.

My Commission Expires
June 1, 1955

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MINING LEASE

THE STATE OF TEXAS |
COUNTY OF BREWSTER |

THIS INDENTURE, made this 16th day of August, A.D., 1954, by and between

J. Davies Collett, P.O. Box 1013, Fort Worth, Texas owner of a one half (½) undivided interest, Paul Williams, P.O. Box 267, Fullerton, California, owner of a one quarter (¼) undivided interest, and Mrs. Virginia S. Wheat, % Mrs. R.A. Rowland, 1006 Texas Blvd., Weslaco, Texas owner of a one quarter (¼) undivided interest. R.W.R.

(hereinafter sometimes called "Lessors"), and R. N. PULLIAM of Alpine, Brewster County, Texas (hereinafter sometimes called "Lessee"):

W I T N E S S E T H:

That the Lessors, for and in consideration of Ten Dollars ($10.00) cash in hand paid, receipt of which is hereby acknowledged, and of the royalties hereinafter reserved, and the covenants and agreements hereinafter expressed, and by the said Lessee to be kept and performed, have granted, demised and let, and by these presents do grant, demise and let, unto the said Lessee, for the purpose of prospecting, exploring for, developing, mining, and removing by any means, operating in the production of minerals or metals, and of building dams, tanks, power stations, headframes, ore bins, buildings and structures of any kind and of doing any and all things desirable for the search for, production, treatment, processing and marketing of ~~cinobar~~ cinnabar and other ~~metallic~~ ores and minerals (oil, gas, sulphur, coal and other ~~non-metallic~~ similar minerals being specifically excepted from this Lease) on the following described property, situated in the County of Brewster, State of Texas, to-wit:

R.N.P. JDC PH JDC PH R.N.P. JDC PH R.N.P.

All of that certain Survey No. 69, Block 341, T. C. Ry. Co., consisting of 640 acres, more or less (hereinafter sometimes called "Said Land").

To have and to hold unto the said Lessee for the term of two (2) years from the date hereof, and for so long thereafter as hereinafter provided unless sooner forfeited or determined through the violation by Lessee of any covenant herein provided.

And in consideration of the said demise the said Lessee does covenant and agree with said Lessors as follows, to-wit:

To enter upon said premises to conduct such prospecting, exploration, development, mining or production operations as in the opinion of Lessee may be justified to determine whether or not a commercial ore occurrence exists in or under the said property, with due regard to development of the premises as a workable mine and to the special covenants hereinafter reserved.

SPECIAL CONDITIONS AND AGREEMENTS

1. Lessee hereby agrees to pay to Lessors a royalty amounting to ten per cent (10%) of the ore mined and saved at the portal, mouth or other mine opening or of the net proceeds (as herein defined) from the sale or other disposition of any ore mined and sold from said premises for and during the existence of this Lease. "Net proceeds" as here used shall mean the net amount realized from the sale of any ore, concentrate or metal after deducting the cost for hauling, freight, milling, smelting, processing, treatment, insurance, sales commissions, mercury flasks and any other direct cost which may be incurred in the treatment, processing, handling or marketing of ore after said ore leaves the portal, mouth or other mine opening until converted into a marketable product and sold; provided, however, that Lessee's overhead expense will not be considered nor deducted in determining such "net proceeds".

2. It is agreed that Lessors shall have the right to receive said royalty in the form of ore at the portal, mouth or other mine opening by notifying the Lessee of such desire in

writing at least thirty (30) days in advance of the date on which the next royalty payment shall become due.

3. Royalty payments to Lessors shall be made on or before the 15th day of the month following the month during which the ore was produced or sold. The payment of royalty in money or minerals as stipulated herein shall be paid by checks mailed to Lessors at the address of each and in proportion to the ownership of each as shown herein unless Lessee is notified in writing to mail royalty payments to some other permanent address at least thirty (30) days in advance of the date on which royalty payment shall become due.

4. Royalty payments, whether in money or in minerals, shall be accompanied by the signed statement of the operator, manager or other authorized agent showing the gross amount of production, designating the amount of minerals produced since the previous report, itemizing the cost and expenses deducted to show the net proceeds from the sale of ore, concentrate or metal in whatever form sold and showing to whom sold and the price received for same.

5. Subject to the other provisions herein contained, this Lease shall remain in force for a term of five (5) years from this date (called "primary term"), and as long thereafter as (a) Any mineral covered by this Lease is produced from Said Land or (b) Lessee conducts prospecting, exploration, development, mining or other work relating thereto at a minimum monthly expenditure (during each calendar month in which there is no such production) of One Thousand Dollars ($1,000.00). If this Lease is extended for a period or periods of one month by Lessee's expenditure of One Thousand Dollars ($1,000.00) in operations on Said Land, as aforesaid, during the month immediately preceding the date on which it would otherwise be forfeited, an itemized list of such expendi-

tures must be furnished by Lessee to Lessors, or their duly authorized agent, not less than fifteen (15) days following the date on which said forfeiture would have otherwise occurred.

6. If prospecting, exploration, development or mining has not resulted in the production of minerals on Said Land on or before two (2) years from this date this Lease shall terminate as to all parties hereto unless (a) On or before two (2) years from this date, Lessee shall pay or tender to Lessors a rental of Fifty Dollars ($50.00) which shall prevent forfeiture of this Lease for a period of one month, or (b) Lessee has performed prospecting, exploration, development, mining or other work relating thereto involving expenditures of not less than One Thousand Dollars ($1,000.00) during the month immediately preceding two (2) years from this date. In like manner and upon said payment, monthly, or the performance of the aforesaid operations as provided in (b) above at a cost of not less than One Thousand Dollars ($1,000.00), monthly, the forfeiture of this Lease may be further deferred for successive periods of one month each during the primary term. Payment or tender of said Fifty Dollar ($50.00) rental may be made to any agent duly appointed by all Lessors, or to the Continental National Bank of Fort Worth, Texas, which bank, or any successor thereof shall continue to be the agent for Lessors and Lessors' heirs, devisees and assigns. If forfeiture of this Lease for a period of one month is prevented by Lessee's expenditure of One Thousand Dollars ($1,000.00) in operations on Said Land, as aforesaid, during the month immediately preceding said forfeiture date, an itemized list of such expenditures must be furnished by Lessee to Lessors, or their duly authorized agent, not less than fifteen (15) days following the date on which said forfeiture would have otherwise occurred.

J.D.C.
P.M.C.

7. The checks, accounts, records and contracts pertaining to expenditures for prospecting, exploration, development, mining, production, transportation, treatment and sale of all minerals in whatever form shall be subject to inspection and examination by Lessors or their duly authorized representatives at any time during regular business hours. Lessee shall keep appropriate records showing the expenditures on, and results from, prospecting, exploration, development, mining, production, transportation, treatment and sale of minerals, and will send reports of such expenditures and results during the preceding month by not later than the fifteenth day of the following month to such person as Lessors may appoint to receive same.

8. Lessee shall have the exclusive right to use free of cost any building, mill, furnace or other structure sites and such use of the surface of said property as may be necessary for or incidental to the purposes of this Lease; and Lessors agree that no part of said premises may be used or occupied in any manner detrimental to the interests of the Lessee. Any water discovered or developed as a result of the work of the Lessee can be used by Lessee without charge to the extent necessary or desirable in connection with operations on Said Land. All water so discovered and not used by Lessee will be disposed of by Lessee in such manner as not to interfere with operations upon nor cause damage to Said Land.

9. At any time during the period of this Lease and for a period of one year thereafter, the Lessee shall have the right to remove any machinery, equipment, materials and supplies placed by him upon the said premises, except such right of removal shall not apply to ladders and timbers placed upon surface of underground.

10. If the estate of any party hereto is assigned or transferred, and the privilege of assigning or transferring in whole or in part is expressly allowed, the covenants and agreements herein shall extend to their heirs, executors, administrators, successors or assigns.

11. The Lessors shall have the right to inspect the workings of the said premises described herein either personally or through a duly authorized representative provided such inspection shall be made at such time and under such circumstances as not to endanger the life or wellbeing of any employee of Lessee or other persons and provided such inspection shall not conflict with any legal requirement or insurance regulation.

12. Lessee agrees that any development and operations on the property will be in accordance with accepted mining and engineering practices; and Lessee further agrees that a true and correct map of all underground workings, together with engineering and geological reports, flow sheets, core tests and assay reports of samples taken will be kept for inspection by, and copies thereof will be furnished to Lessors or their duly authorized representatives, at such times as they may request.

13. Acts of God and the public enemy, fires, strikes, war emergency or mine disaster shall excuse the Lessee hereunder in performance of the terms and conditions of this Lease for such period as they may exist, but shall in no manner operate to cancel this Lease.

14. Lessors agree, if and when requested by Lessee, to provide a complete Abstract of Title brought up to date of Lessee's request and same shall be provided within thirty (30) days after date of Lessee's written request, which will be mailed to each Lessor; but if Lessors shall fail or refuse to provide said Abstract of Title when requested, Lessee may have the same prepared and deduct the cost thereof from any payments due or

which may become due Lessors hereunder.

15. No sale, transfer, conveyance or assignment by Lessors of any portion of their rights or royalties under this Lease shall be binding on Lessee for any purpose until Lessee shall be furnished with a properly executed and acknowledged instrument in writing evidencing such sale, transfer, conveyance, or assignment.

16. Lessors hereby warrant and agree to defend forever the title to Said Land against any person whomsoever lawfully claiming, or to claim the same, or any part thereof; and, subject to the terms hereof, Lessors agree that Lessee, at Lessee's own expense (but without any duty to do so) may pay and discharge any taxes, mortgages, liens, assignments or levies upon or against Said Land; and, in the event of such payment by Lessee, Lessee shall be subrogated to such liens, taxes or tax liens, mortgages, assessments or levy liens with full right and power to enforce the same; or in lieu of such enforcement, at Lessee's option, may retain for the satisfaction of such lien and all interest due thereon the necessary amount of royalties or rentals accruing under this Lease. Such power and right of subrogation to any such lien, together with the power and right of enforcement thereof, shall extend also to and against any subsequent owner or owners of any part of the surface or subsurface estates of Said Land where payment of any such taxes, mortgages, liens, assessments or levies is necessary to protect this Lease and Lessee's rights hereunder.

17. In the event that operations upon Said Land by Lessee result in increased valuation for ad valorem tax purposes, and thereby increase the taxes to be paid by Lessors, Lessee shall be liable for and will pay 90% and Lessors will pay 10% of such increase in taxes during the term of this Lease.

18. If Lessors own any interest in Said Land less than the clear, unencumbered fee simple title thereto, then the royalties to be paid to Lessors hereunder shall be reduced proportionately. Should the rights or interest of Lessee hereunder be disputed by Lessors or by any other person or persons, or should dispute arise as to the interpretation or application of this Lease or any part thereof or as to the payment of any royalties hereunder, or should dispute arise as to any matter in any manner connected with Said Land or with this Lease or with Lessee's or Lessors' rights hereunder, or as to the operation under this Lease, then the time covered by the pendency of such dispute shall not count against Lessee, either as affecting the term of this Lease or the time for payment of royalties or for any other purpose set forth in this Lease; and Lessee may suspend all payments until there has been a final adjudication or determination of such dispute.

19. If Lessee should fail or refuse to make the payment of any sum for royalty on production if and when it shall become due or of any sum due as rental for deferring prospecting, exploration, development, mining or production, or if Lessee should fail to commence and continue such work as specified herein, or if the Lessee or his authorized agent should knowingly make any false return or false report concerning development or mining expenses, production, royalty or mining, as required herein, or if Lessee or his agent should refuse the Lessors or their authorized agent access to the records pertaining to operations under this Lease, this Lease shall be subject to forfeiture, provided Lessee shall be notified of any such default and the nature thereof and if such default continues thereafter for thirty (30) days, this Lease shall then be declared forfeited, but such termination of lease will not have the effect of releasing the Lessee from any liability theretofore accrued in favor of Lessors.

20. Lessee may at any time surrender and terminate this Lease by notifying the Lessors in writing addressed to their last known addresses and thereupon Lessee shall be relieved of all obligations hereunder, but such termination will not have the effect of releasing the Lessee from any liability previously accrued in favor of Lessors nor will such termination have the effect of altering or diminishing the Lessee's right to remove any and all property placed on said premises by Lessee.

IN TESTIMONY WHEREOF the parties hereto have hereunto set their hands on this 16th day of August, A.D., 1954.

J. Daniss Collett

Mrs. Virginia S. Wheat

By Mrs Virginia S. Wheat
Attorney-in-fact

Tom Williams

LESSORS

R. N. Pullin

LESSEE

STATE OF Texas ‖

COUNTY OF Harris ‖

BEFORE ME, the undersigned authority, on this day personally appeared J. Daniss Collett, known to me to be the person whose name is subscribed to the foregoing instrument, acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 16th day of August, A.D., 1954.

A. Ruth Gill
Notary Public in and for
Harris, County, Texas

STATE OF TEXAS ‖

COUNTY OF HIDALGO ‖

BEFORE ME, the undersigned authority, on this day per-

Mrs. Nell Wheat Rowland, a feme sole, Attorney in fact for Mrs. Virginia

sonally appeared / S. Wheat - , known to me to be the person whose name is subscribed to the foregoing instrument, acknowledged to me that she executed the same for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 20th day of August, A.D., 1954.

Edna Watkins
Notary Public in and for
HIDALGO County, TEXAS

EDNA WATKINS
Notary Public
Hidalgo County, Texas

STATE OF CALIFORNIA §

COUNTY OF ORANGE §

BEFORE ME, the undersigned authority, on this day personally appeared PAUL WILLIAMS, known to me to be the person whose name is subscribed to the foregoing instrument, acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 23rd day of AUGUST, A.D., 1954.

Sam Etcheverry
Notary Public in and for
ORANGE County, CALIFORNIA

STATE OF _____ §

COUNTY OF _____ §

BEFORE ME, the undersigned authority, on this day personally appeared _____, known to me to be the person whose name is subscribed to the foregoing instrument, acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the _____ day of _____, A.D., 1954.

Notary Public in and for
_____ County, _____

STATE OF TEXAS §

COUNTY OF BREWSTER §

BEFORE ME, the undersigned authority, on this day personally appeared R. N. PULLIAM, known to me to be the person whose name is subscribed to the foregoing instrument, acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 25th day of August, A.D., 1954.

Maurine Grubbs
Notary Public in and for
Brewster County, Texas

OFFICIAL FILE COPY
DMEA
RECEIVED AUG 5 1957

DATE	INITIALS	CODE

10

State of Texas,

County of Hidalgo.

KNOW ALL MEN BY THESE PRESENTS that I, Virginia S. Wheat, sometimes signing my name as Mrs. J. Z. Wheat, ~~a feme sole~~, for myself individually, and as Independent Executrix, and as Trustee, of the estate of my late husband, J. Z. Wheat, do hereby nominate, constitute and make my daughter, Mrs. Nell Wheat Rowland, of Weslaco, Texas, my true and lawful attorney-in-fact, for me and in my name and on my behalf, in each of the capacities above mentioned, to demand, collect and receive, any and all moneys, debts, notes, interest on notes and other evidences of debt, owing, or to become owing, to me in any or all of the capacities aforesaid; and to execute for and on my behalf, in any of the capacities aforesaid, all proper receipts, releases and acquittances therefor; to deposit any and all of such collections in the respective bank accounts according to my present practice and custom; to withdraw by check any moneys from said accounts necessary to pay my living expenses, and my personal debts of any kind, and to pay all amounts necessary for the preservation of the estate of J. Z. Wheat, deceased, and incident to the performance of my duties in any of the capacities aforesaid relative to said estate, signing my name to such checks, in any of the aforesaid capacities; to demand and take possession and control of any and all personal property, of any character whatsoever, belonging to me, or said J. Z. Wheat estate; to declare due and payable any debt, or money, which I might declare due and payable; to institute, or defend, any suit, or suits, which might be necessary in the preservation of my estate, or that of J.Z. Wheat, deceased, or any property to me, or to said estate, belonging; and, generally, to do and perform for me, in any of the capacities aforesaid, any and all things necessary and appropriate to effectually carry out this power of attorney, and generally to do any and all things necessary and proper in the caring for and protecting any property belonging to me, or the J.Z.Wheat estate.

Unless expressly revoked by me by instrument in writing the powers hereby granted shall continue until, and expire upon, my death.

WITNESS MY SIGNATURE, this the 20th day of May, A.D., 1946.

(Signed:) MRS. VIRGINIA S. WHEAT

State of Texas,

County of Hidalgo.

THIS DAY, before me, the undersigned authority in and for the State and County aforesaid, personally appeared Mrs. Virginia S. Wheat, a feme sole, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged that she executed the same for the purposes and consideration therein expressed, and in the capacities therein stated.

GIVEN UNDER MY HAND and official seal, this the 20th day of May, A. D., 1946.

S. N. McWhorter

(S E A L)

S/ S. N. McWhorter
Notary Public, Hidalgo County, Texas.

STATE OF TEXAS
COUNTY OF HIDALGO

I, the undersigned, do hereby certify that the foregoing is a true and correct copy of the instrument which it purports to be, and that this copy was made from the original signed instrument.

Luther Hughes

SUBSCRIBED AND SWORN TO before me, a Notary Public this the 20th day of February, A. D. 1954.

Esther Garcia
Notary Public in and for Hidalgo County, Texas.

THE STATE OF TEXAS
COUNTY OF BREWSTER

I, J. W. FRAZER, Clerk of the County Court in and for said County, do hereby certify that the foregoing instrument of Writing dated the 20th day of February 19 54 with its certificate of authentication was filed for Record in my office, the 25th day of August 19 54 at 11:00 o'clock A. M., and duly recorded the 25th day of August 19 54 at 11:55 o'clock A. M., in Deed Records of said County, in Vol. 124, Page 102.

Witness my hand and the seal of the County Court of said County, at office in Alpine, Texas, the day and year last above written.

J. W. Frazer
Clerk Brewster County, Texas.

Box 850
B. M. Burrill
Cert 3671
Cpe

(11)

TEXAS
OF BREWSTER

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, R. N. Pulliam is now the owner of the leasehold and all other rights of the Lessee created by that certain Mining Lease dated August 16, 19[illegible], by and between J. [illegible] Jarlett, Paul Williams, and Mrs. Virginia S. Wheat, as [illegible], to R. N. Pulliam, as Lessee, recorded in Volume 125 at [illegible] Deed Records, Brewster County, Texas, which Mining Lease [illegible] certain land situated in Brewster County, Texas, described [illegible], to-wit:

All of Survey No. 69, Block 341, T. C. Ry. Co. [illegible] original grantee, consisting of 640 acres of land, more or less;

[illegible] Mining Lease and its record reference is made for all [illegible] purposes;

[illegible] therefore, for and in consideration of Ten Dollars [illegible] cash, and other good and valuable considerations, all [illegible] paid to R. N. Pulliam by Terlingua Mining Corporation, a [illegible] corporation, hereinafter referred to as "Terlingua", receipt [illegible] considerations being hereby acknowledged by R. N. [illegible] R. N. Pulliam does hereby bargain, sell, transfer, assign [illegible] over to Terlingua, its successors and assigns, the aforesaid [illegible] estate and all other rights of R. N. Pulliam created by aforesaid Mining Lease and all of his rights thereunder or [illegible] thereto, and for the same consideration, R. N. Pulliam [illegible] hereby bind himself, his heirs, personal representatives [illegible] assigns, to warrant and forever defend the title to the said [illegible] estate and all other rights of the Lessee created by [illegible] Mining Lease, unto Terlingua, its successors and assigns, against every person whomsoever lawfully claiming or to claim the [illegible] or any part thereof.

Executed this 14th day of October, 19[illegible].

R. N. Pulliam

R. N. Pulliam

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DATE | INITIALS | CODE

THE STATE OF TEXAS
[illegible] Harris

BEFORE ME, the undersigned authority, on this day personally

appeared R. N. Pulliam, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 1st day of March, A. D., 1955.

Helen Cone
Notary Public,
County, Texas.

Commission Expires
June 1, 1955

(12)

THE STATE OF TEXAS
COUNTY OF BREWSTER

KNOW ALL MEN BY THESE PRESENTS:

That R. N. PULLIAM, of Brewster County, Texas, for and in consideration of Ten Dollars ($10.00) and other considerations, the receipt and sufficiency of which is hereby acknowledged, has BARGAINED, SOLD and DELIVERED and does by these presents BARGAIN, SELL and DELIVER unto TERLINGUA MINING CORPORATION, a Texas corporation, the property described in Exhibit A attached hereto, and made a part hereof.

TO HAVE AND TO HOLD the same described property unto the said Terlingua Mining Corporation, its successors and assigns forever.

The said R. N. PULLIAM binds himself to forever warrant and defend the said property described in said Exhibit A unto the said Terlingua Mining Corporation, its successors and assigns, from and against the lawful claims of all persons whomsoever.

IN WITNESS WHEREOF, the said R. N. Pulliam has signed these presents this 30th day of August, 1954.

R. N. Pulliam
R. N. PULLIAM

THE STATE OF TEXAS
COUNTY OF HARRIS

BEFORE ME, the undersigned authority, on this day personally appeared R. N. PULLIAM, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 26th day of September, A.D. 1955.

Kathleen P. Crawford
Notary Public in and for
Harris County, Texas

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DATE | INITIALS | CODE

Item No.	Description of Property	Quantity No. of Units
1	Diesel Generating Unit Caterpillar Diesel D-13000, 6-cylinder with gasoline starting engine, direct-connected with Crocker-Wheeler Generator, 125 K.V.A., Alt. 3-Phase, 60-Cycle, 480 Volts, 150 Amps. Exciter 3 K.W., operating speed 900 R.P.M., skid-mounted. Complete with control panel	1
2	Gasoline or Gas Engine Generating Unit, Waukesha Engine, 6-cylinder 50-HP with electric starter, direct-connected with Westinghouse Generator, 30 K.V.A., Alt. 3-Phase, 60-Cycle, 440 Volts, operating speed 1200 R.P.M., skid-mounted. Complete with control panel	1
3	Electric Motor, Allis Chalmers, 50-HP, 3-Phase, 440 Volts, 60-Cycle, 6.5 Amps., Rotor-Wound, 696 R.P.M.	1
4	Starting Switch, Westinghouse, 40-50 H.P., 3-Phase, 60-Cycle, 440 Volts	1
5	Electric Motor, Allis Chalmers, 10-HP, 3-Phase, 60-Cycle, 440 Volts, 860 R.P.M. Ser. #96662	1
6	Starting Switch, Westinghouse, 20-HP, 60 Amps., 440 Volts, Cat. CF-362, Style 997554E	1
7	Electric Motor, General Elec. 5-HP, 3-Phase, 440 Volts, 7.47 Amps., 60-Cycle, 865 R.P.M. Type KT-952-3-5-800 #4453987	1
8	Electric Motor, Slaughter Elec. Co. 5-HP, 3-Phase, 220 Volts, 14 Amps., 60-Cycle, 1800 R.P.M. # 80652	1
9	Electric Motor, Allis Chalmers, 3-HP, 3-Phase, 440 Volts, 4.4 Amps., 60-Cycle, 1130 R.P.M. # 3KA20804	1
10	Electric Motor, Century, 1/4-HP, 1-Phase, 110-220 Volts 9-4.7 Amps., 60-Cycle, 1750 R.P.M., with Micro Switch, Model CSM-[illegible]-AAK4-4BE, # V-4	1
11	Electric Motor, Emerson Elec. Co., 1/3-HP, 1-Phase, 110 Volts 3.7 Amps., Compound Type D-742180[illegible], Ser. #P-53591, connected to old flexible shaft for 1/2" center hole buffer or emery	1

Item No.	Description of Property	Quantity No of Units
12	Electric Hoist, National Iron Co. No. 40, single-drum 6-ft diameter designed for cable to spool on one side while unspooling on the other for hoisting in balance in two-compartment shaft, with depth indicator, gear connected to 40-Hp Allis Chalmers Electric Motor, Rotor-Wound, 206 Volts 9.6 Amps., 3-Phase, 440 Volts 863 R.P.M. with Trumbull starting switch, Type C, 100 Amps., 3 Pole, 230 Volts	1
13	Mine Cages, standard type with safety dogs & chairs	2
14	Sheave wheels, 36" diameter, with shafts & journal boxes	2
15	Sheave Wheel, 24" diameter with shaft & journal boxes	1
16	Mine Hoist, prospector-type, shop made, skid-mounted, powered by 30-HP 4-cylinder International gasoline engine with electric starter & auxiliary lighting system, with operator's seat & with adequate speed & safety controls complete with approximately 200 ft of 5/8" cable on drum	1
17	Air Compressor, Chicago Pneumatic, 105 cu. ft. mounted on 4 steel wheels, 2-stage, powered by 6-cylinder Hercules gasoline engine	1
18	Air Compressor, Sullivan WJ-3, Angle Compound, 11 x 6¾ x 8, 2-stage stationary, with flat belt drive & with Buda gasoline or gas engine JH-4, 6"x 7-1/8" This unit has been overhauled recently but needs high pressure unloader valve & assembling of control tubing	1
19	Air Compressor, Gardner Denver 12" x 12", single-stage, stationary, flat belt drive (Old but serviceable)	1
20	Jaw Crusher, Gates Iron Works, 7" x 10" with multiple Vee-belt drive (old but serviceable)	1
21	Air Hoist, Sullivan, F-113, Turbinair, single-drum, 2000-lb. vertical lift at 124 ft. per min. 7½-HP	1

Item No.	Description of Property	Quantity No. of Units
22	Air Hoist, Sullivan, F-111, Turbinair, single-drum, 2000-lb. vertical lift at 125 ft. per min. 7½-HP	1
23	Sinker Drills, Sullivan L-57 wet type for 1" Hex steel	2
24	Sinker Drills, Chicago Penumatic 42W, wet type for 1" Hex steel	2
25	Sinker Drills, Cleveland H-10, wet type for 1" Hex steel	2
26	Sinker Drill, Cleveland H-66, wet type for 1" Hex steel	1
27	Sinker Drill, Ingersol Rand R-39, wet type for 7/8" Hex steel	1
28	Sinker Drill, Gardner-Denver, No. 278-AF, dry type (old, used for hitch cutting)	1
29	Stoper, Sullivan S-91, for 1" Quarter Octagon steel	1
30	Stoper, Cleveland 811 for 1" Quarter Octagon steel	1
31	Diamond Drill, Longyear Prospector, Ser. # 578, 4-cylinder Air Motor, 24" Screw Feed, 3-speed, single-column mounting, with EX safety chuck	1
32	EX Drill Rod	400 ft
33	EX Core Barrel, double tube 5'	1
34	EX Core Barrel, double tube 10'	1
35	AX Core Barrel, double tube 5'	1
36	EX Diamond Core Bit, bevel wall Truco # S2154, 5.46 cts. (new)	1
37	EX Diamond Core Bit, bevel wall Truco # S2155, 6.49 cts. (new)	1
38	EX Diamond Core Bit, bevel wall Truco # S2156, 6.63 cts. (new)	1
39	EX Diamond Core Bit, bevel wall Truco # S2153, 6.80 cts. (new)	1
40	Fan, Buffalo Cupola & Forge Co., 40" Fan, with roller bearings, mounted on skids, 18" outlet	1
41	Fan, S. K. F., 24" fan, with roller bearings, mounted on steel frame, 8" outlet	1

Item No.	Description of Property	Quantity No. of Units
42	Jack Leg, Ingersol Rand, Model JL-3 (Recently Rebuilt)	1
43	Cradle Shell U-176, Sullivan for L-57 Drill, 24" feed screw. Ser. # 5630	1
44	Column with Arm U-30 Sullivan for above cradle shell 6" single screw, # 6069	1
45	Water Pressure Vessel Sullivan 30-gal. cap. with strainer & steel handles	1
46	Air Line Lubricators	4
47	Pneumatic Drill, Chicago Pneumatic, Little Giant, Model 36, Ser #1160, No. 2 Morris Taper Chuck for boring wood or steel	1
48	KJ Lee Chuck for adapting 2" Morris mandrel to use standard round shank machinist bits with pneumatic drill above	1
49	Electric Drill, Van Dorn, 1/2" with chuck & key, Type A, Ser #267867 with bench stand Type A, Ser. #269311	1
50	Cle Forge Hi-Speed Twist Drills 1/8" to 1/2" by 64ths in steel box	1 Set
51	Air Receiver, 3'x 6' with steel base for upright mounting	1
52	Air Receiver, 2' x 5' horizontal type	1
53	Air Receiver, 2' x 6' horizontal type	1
54	Meco Combination Welding & Cutting Torch with tips & hoses, Type X	1 Set
55	Meco Oxygen Regulator, multiple seat type # 2000	1
56	Coffin Chain Hoist 3-Ton capacity # 1937331	1
57	Blasting Machine, Hercules Powder Co., 30-cap capacity	1
58	Mine Rescue Stretcher all steel Navy Type	1
59	King Timing Light	1
60	Gasoline Blow Torch, 1-qt cap.	1

Item No.	Description of Property	Quantity No. of Units
61	~~Willys Jeep, 1/2-Ton, 1946 Motor #J83920. Canvas top & side curtains. New all-weather 6-ply Goodyear tires~~	1
62	~~Steel Cargo Trailer, 2-wheel heavy-duty all steel construction. Ser #542, Tire size 6.50 x 20~~	1
63	~~International Pickup, 1/2-Ton 1941 Model. Motor # GRD214-42631. Mileage 47,500 (Good mechanical condition)~~	1
64	Ore Cars, End Dump Bed, Size 24" depth x 24" width x 44" length	2
65	Ore Cars, End Dump Bed, Size 24" depth x 30" width x 48" length	4
66	Ore Cars, End Dump Bed, Size 24" depth x 36" width x 48" length	1
67	Sample Jaw Crusher, Samson OO. for either hand or power drive	1
68	DeVilbiss Paint Spray Gun 1-qt. capacity	1
69	DeVilbiss Air Pressure Regulator & Moisture Trap for use with paint spray gun	1
70	Square Water Tank, heavy gauge galvanized steel 10'x 10'x 3' deep for cooling tower	1
71	Lot Consisting of:	

Ventilation Tube

100'	Lengths	18"	Jute Grade		5)
50'	"	"	"	"	4)
25'	"	"	"	"	1)
100'	"	"	DuPont HD		2)
50'	"	"	"	"	3)
25'	"	"	"	"	3)
	Ells	"	"	"	2)
	Ell	"	Jute Grade		1)
	Y	8"	"	"	1)
50'	Lengths	12"	"	"	1)

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
7/16	Fisher	800
7-16	Chambers	800
7/16	Martin	400
7/17	Martin	130
"	Johnson	110
"	Hutchinson	100
7/18	C	220
/		225

JUL 18 1957

Mr. Clinton C. Knox
Executive Officer
DMEA Field Team, Region IV
P. O. Box 431
Joplin, Missouri

Re: Docket No. DMEA-2202 (Mercury)
Amerimex Mining Company
Fresno Mine
Presidio County, Texas
Contract No. Idm-E468

Dear Mr. Knox:

This refers to your memorandum dated July 8, 1957, relative to information requested in the Administrator's letter dated June 20, 1957, to E. G. Bledsoe and Elizabeth Bledsoe.

The letter of June 20, 1957, as well as the letter to Mr. Pulliam of the same date, was written for the purpose of obtaining proof of certain statements made by Mr. Pulliam. This evidence is needed by the Associate Solicitor for purposes of legal interpretation. Briefly, what is desired is documentary evidence that an abandonment by Amerimex actually took place and the extent to which Terlingua assumed the obligation to pay the royalty. That is, was only Mr. Pulliam's personal liability assumed, or was such assumption of liability more extensive? For your information the Associate Solicitor has advised "if an abandonment has not occurred as provided in the contract; and Terlingua took possession with notice of the Government's rights, Terlingua's responsibility for royalty would be under the broader provisions of the contract, rather than under the guaranty provisions."

The letter notifying Amerimex to vacate the Fresno property area and the new lease subsequently executed with Raymond A. Wagner are certainly pertinent and possibly may constitute all of the pertinent documentation you can secure from Mr. Smith.

Reply has not been received from Mr. Pulliam to the letter to him dated June 20, 1957. Perhaps the desired information can be secured from him when the Field Team makes the inspections tentatively scheduled for the latter part of this month.

APPROVED:

P. F. Yopes (SLB)
Member, Bureau of Mines

Thor H. Kiilsgaard (SLB)
Member, Geological Survey

Sincerely yours,

W. S. Martin
ACTING Chairman, Operating Committee (SLB)

Copy to: Docket
Admr. Reading File
Operating Committee
J. W. Pennington, USBM
T. H. Kiilsgaard, USGS
W. S. Martin
Mr. Chambers

CEFisher/ama
July 16, 1957

8623

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D. C.~~
Box 431
Joplin, Missouri
July 8, 1957

DATE	INITIALS	CODE
7/11	C	220
7/12	C	~~225~~
7/12	C.E.F	800
		225

Memorandum

To: DMEA Operating Committee, Department of the Interior, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region IV

Subject: Lease relinquishment, Amerimex Mining Co., DMA-2202X(mercury), Fresno mine, Presidio County, Texas, Project Contract Idm-E468 (Certified 1-8-54)

Having received the June 20 letter "Certified" from Mr. Mittendorf to Mr. and Mrs. E. G. Bledsoe and a copy of Mrs. Bledsoe's reply of acknowledgment to DMEA, Mr. Harris Smith, her brother and representative, telephoned me from his ranch home near Joplin on July 2 regarding the DMEA request.

He recently suffered a serious heart attack and is confined to bed so, as agreed, I visited him there July 3 to discuss the documentation that might be furnished DMEA from the Fresno mine files here in his custody. Although Mr. Smith has not been able to review those files yet, he believed that Mr. Mittendorf's expressed understanding of the Amerimex lease relinquishment is substantially correct. He expressed willingness to cooperate in every reasonable way on furnishing the documentation DMEA wants, subject to advice he will seek from the Joplin attorney he, as well as many other mining concerns, retain because of being the leading mining lawyer of these Central States.

Mr. Smith seemed hesitant, however, about letting the Fresno documents out of his hands for any length of time, and expressed preferance that such as are needed be placed only in my keeping for the minimum time needed to make certified true copies or photostats.

We thought that a copy of the letter notifying Amerimex to vacate the Fresno property area in 1954 on the grounds of noncompliance under its lease, and a copy of the newlease executed with Raymond A. Wagner about nine months later, might suffice. Please advise.

According to information Mr. Smith has received from Mrs. Bledsoe, that lease, since assigned to the Terlingua Mercury Corporation, is believed still in good standing. Mr. Pulliam is said to be continuing the minimum

amount of work on the property and/or advance~~s~~ royalty payments to maintain that standing. Therefore, on Field Team inspections tentatively planned in Southwest Texas for the later part of July, the Field Team examiners will also contact Mr. Pulliam, and if justifiable, make the semi-annual production inspection and report on the Fresno mine as of July 1, 1957.

Clinton C. Knox

Clinton C. Knox

cc: DMEA Op. Com.
King,USGS,Denver
Chester,USBM,Joplin
2202X File

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DMEA
RECEIVED JUN 28 1957

DATE	INITIALS	CODE
6/28	C	220
6/28	EEF	800
		225

Big Bend National Park, Tex
June 26, 1957

U. S. Dept. of the Interior
Defense Minerals Exploration Administration
Washington 25, D. C

Mr. C. O. Mitlendorf:

In reply to your request of June 20, we are forwarding your letter to Harris S. Smith in Joplin, Mo. Mr. Smith is our advisor and our records are on file there.

Ameriner did forfeit their lease and Mr. Wagner was the next one to lease the property. We will be glad to cooperate with you and I am sure you may expect some of the records

that you need. I am requesting Mr. Smith to furnish you with the material you request.

Sincerely yours,

E. G. Bledsoe & Elizabeth Bledsoe

Re Docket No D.M A-2202X (mercury)
Amerimex Mining Co.
Fresno Mine
Presidio County Texas.

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
6/17	Fisher	800
6-17	Chambers	800
	Rybin	400
	Sawyer	400
	Chapman	
	Martin	
6/19	Selfridge	120
"	Schwab	110
20	Pettenday	100
20	[illegible]	220
		225

JUN 20 1957

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Robert N. Pulliam, President
Terlingua Mercury Corporation
P. O. Box 330
Alpine, Texas

Re: Docket No. DMA-2202X (Mercury)
Amerimex Mining Company
Fresno Mine
Presidio County, Texas
Contract No. Idm-E468

Dear Mr. Pulliam:

Reference is made to your letter dated November 14, 1956, and to our meeting in my office on October 11, 1956, relative to the production of mercury from Fresno Mine and the amount of royalty payable to the Government under terms of the subject contract.

At our meeting you indicated your acceptance of liability for the payment of royalty to the Government under your personal guarantee, but that such liability pertains only to royalty on ore discovered or developed as a result of the exploration contract. You further stated that Amerimex Mining Company abandoned the mining property and that it is therefore exempt from royalty on any production subsequent to such abandonment. Also, you stated that Terlingua Mercury Corporation is not liable for the royalty, except to the extent that it assumed your personal liability.

Before final determination can be made by this Administration with respect to the amount of royalty due to the Government, it will be necessary that our files contain documentation supporting your allegations. Therefore, will you please furnish copies of:

(1) Any agreement, transfer, or notice of termination of the lease dated August 25, 1951, between E. G. Bledsoe, and Elizabeth Bledsoe, Lessors, and Amerimex Mining Company, Lessee.

(2) Any agreement or agreements whereby Terlingua assumed the royalty obligations of yourself, L. M. Pulliam, and/or N. J. Crowley Tar Products Company.

8623

(3) Any other available agreements or correspondence indicating the manner in which Amerimex gave up possession of the land, and indicating the extent to which Terlingua assumed any obligations under the contract between Amerimex and the Government.

Sincerely yours,

C. O. Mittendorf

Administrator

CEFisher/wb
June 17, 1957

Copy to: Docket
Admr. Reading File
Fld. Tm. Reg. IV (2)
Mr. Martin
Mr. Chambers

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
6/17	Fisher	800
6-17	Chambers	800
6-19	Martin	400
"	Sleyster	400
	Chapman	
	Martin	
6/19	Selfridge	120
"	Johnson	110
20	Mittendorf	150
		220

JUN 20 1957

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

E. G. Bledsoe and Elizabeth Bledsoe
Big Bend National Park
Brewster County, Texas

Re: Docket No. DMA-2202X (Mercury)
Amerimex Mining Company
Fresno Mine
Presidio County, Texas
Contract No. Idm-E468

Dear Mr. and Mrs. Bledsoe:

On December 18, 1952, Defense Minerals Exploration Administration entered into a contract with Amerimex Mining Company for the performance of certain mining exploration work on property owned by you and leased to Amerimex under provisions of a mining lease made and entered into August 25, 1951. As you refused to subordinate the land to a lien in favor of the Government for royalty on production from the land, such subordination was waived. Instead personal guarantees for such royalty payments were accepted from N. J. Crowley Tar Products Company and R. N. and L. M. Pulliam.

It is my understanding that Amerimex lost its rights in such lands on or about January 2, 1954; that in August 1954 the lands were leased to Raymond A. Wagner who exchanged his leasehold for capital stock in Terlingua Mercury Corporation; and that subsequent mining operations were accomplished by Terlingua.

To assist this office in administering the royalty repayment provisions of the referenced exploration contract, would you please confirm or correct my understanding regarding the manner in which the lease held by Amerimex changed hands and was acquired by Terlingua. I would appreciate copies of correspondence or agreements pertaining to these transactions if you would be so kind as to furnish them. If you desire to do so, you may forward your original file copies which will be promptly returned to you when the necessary copies have been made in this office.

Sincerely yours,

C. O. Mittendorf (for)

Administrator

cc to: Docket
Admr. Reading File
Mr. Martin
Mr. Chambers
Reg. IV Fld. Tm. (2)

CEFisher/wb 6/17/57

8623

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SOLICITOR
WASHINGTON 25, D. C.

JUN 4 1957

TO: The Administrator, DMEA
~~Attention: Chief, Iron and Ferro-Alloys Div.~~

FROM: Associate Solicitor, Division of Mineral Resources

SUBJECT: Docket No. DMEA-[illegible] (Mercury), Amerimex Mining Company Fresno Mine, Presidio County, Texas, Contract Idm-E468

Your memorandum dated May 22, 1957, referred to a memorandum dated August 31, 1954, from this office to you, and to several letters to the Operator drafted in this office on the question of the extent to which royalty is due the Government under the subject contract.

The memorandum of August 31, 1954, contemplated an "abandonment" situation, which a letter dated July 21, 1954, from the Operator to the Executive Officer stated was about to occur. The memorandum explained that in the event of an abandonment there would be no liability by the Operator to pay royalty under the contract; but that there would be liability to pay royalty under the guaranties as provided therein, that is on "ore discovered or developed as a result of said Contract." The subsequent letters were addressed to the royalty provisions under the contract, which had been questioned by the Operator; the previously promised abandonment was not in question and evidence that the abandonment occurred, to our understanding, had not then been presented.

As indicated in our memorandum dated May 14, 1954, to the Administrator on the general subject of abandonment--abandonment is a question of fact. We still do not have before us in this matter all the facts concerning the manner in which the mining operation was returned by Amerimex to the lessor, as the Operator alleges did happen, and the manner in which Terlingua took over this operation. In prior correspondence, Mr. Pulliam has made statements concerning the transfer of certain of "his" assets to Terlingua as part of the arrangement for the latter assuming his personal guaranty responsibility for royalty. Those assets might have belonged to Amerimex. A copy of the agreement between Terlingua and Pulliam and/or Amerimex covering this royalty question, and copies of any correspondence or documents

which Amerimex may have relating to the transfer of the mining operation back to the lessors, would be helpful in resolving the royalty question.

For the purpose of answering the questions stated in your memorandum it will be assumed, as does your first question (apparently based upon the statements in the letter dated November 14, 1956, from R. N. Pulliam, President of Terlingua, to the Administrator), that a valid abandonment of the "land" by Amerimex exists.

Question 1. Does any liability for the payment of royalty on production subsequent to the date it gave up its lease of the property exist against Amerimex?

Answer 1. If a valid abandonment by Amerimex exists, there is no liability by it for royalty.

Question 2. Does the liability for royalty on production subsequent to Amerimex operation relate to production from the land described in Article 2 of the contract or is it limited to "Ore discovered or developed" as a result of the exploration work?

Answer 2. If a valid abandonment exists, the liabilities for royalty are as stated in our memorandum dated August 31, 1954. That is, the guarantors (Mr. and Mrs. R. N. Pulliam, and J. T. Crowley Tar Products Company) would be liable for royalty on "ore discovered or developed as a result of said contract" as provided in the guaranties.

Question 3. Should a demand for payment of royalty determined to be due be made upon Mr. Pulliam personally?

Answer 3. A demand for payment could be made upon R. N. Pulliam and L. M. Pulliam under their personal guaranties.

Question 4. Should a demand for payment of royalty due also be made against the Crowley Tar Products Company?

Answer 4. A demand for payment of royalty due could be made against J. T. Crowley Tar Products Company under its guaranty.

Question 5. Under the circumstances does Terlingua have any responsibility for royalty on production?

Answer 5. As discussed above, apparently Terlingua has assumed the obligation of Amerimex, or the obligations of R. N. and L. M. Pulliam under their guaranty. The latter possibility seems to be the one contended by Mr. Pulliam. As previously stated, a copy of any document or documents among these parties would be helpful in determing the exact status of Terlingua's undertaking. However, it does seem clear that Terlingua has agreed with one or the other party to pay royalty, and, in such event, the Government is in the position of a third party beneficiary and could demand royalty from that company, as promised by it.

Although the question has not been asked in your memorandum, it might be mentioned here that if an abandonment has not occurred as provided in the contract; and Terlingua took possession with notice of the Government's rights, Terlingua's responsibility for royalty would be under the broader provisions of the contract, rather than under the guaranty provisions.

Robert P. Dwyer

Copies to: Sol. Docket (2)
DMEA Docket
J. L. Chambers
G. C. Selfridge
W. S. Martin
R. P. Dwyer
H. C. Rubin
Chron.
Opinion File

HCRubin:md
6/4/57

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
5-20	Chambers	800
5-20	Hopkins	400
	Martin	400
	Selfridge	120
22	Mitchell	100
		220
		225

MAY 22 1957

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: Administrator

Subject: Docket No. DMEA-2202 (Mercury), Amerimex Mining Company
Fresno Mine, Presidio County, Texas, Contract Idm-E468

At a meeting in my office on October 11, 1956, Mr. R. N. Pulliam, who had signed a personal guaranty of royalty payments in consideration of waiver of Owner's Consent to Lien in connection with the subject exploration contract, emphatically insisted that Amerimex Mining Company was released from the royalty obligation by reason of abandonment of its lease of the property. He insisted that if any obligation for payment of royalty to the Government applicable to subsequent production in fact existed, the obligation was based on his guaranty and a similar guaranty by Crowley Tar Products Company and that such obligation related only to ore discovered or developed as a result of the contract. He further stated that it was this obligation which was assumed by Terlingua Mercury Corporation and that no obligation of Amerimex existed to be assumed by Terlingua with respect to royalty.

Subsequently, Mr. Pulliam submitted certain production and sales data relating to operations by Terlingua. These data have been reviewed in the field by the Executive Officer, DMEA Field Team, Region IV, and are deemed to be adequate for the purpose of determining the amount of royalty due to the Government when determination is made whether production from land described in Article 2 of the contract is subject to royalty or whether such obligation is limited to production from "ore discovered or developed" as a result of the exploration work under the contract.

When a termination agreement with Amerimex was under consideration, Acting Assistant Solicitor, Defense Minerals, in a memorandum dated August 31, 1954, advised as follows:

> "Perhaps it would help the Operator make up his mind about the certification provision in the agreement if it were explained that if he abandons for ten years there will be no liability <u>under the contract</u> to pay royalty; and the liabilities <u>under the Guaranties</u> executed by the Pulliams and J. J. Crowley Tar Products Co. for the payment of royalty cover only 'ore discovered or developed as a result of said Contract,' rather than covering any production from the land whatsoever."

8623

Mr. Pulliam was so advised in Mr. Knox' letter dated September 23, 1954. The proposed termination agreement, however, was never signed by Amerimex.

In a letter dated February 24, 1955, to Amerimex (drafted in the Solicitor's office) that company was advised the contract provides that "in the event of such certification any minerals mined or produced from the land . . . from the date of this contract . . . shall be subject to a percentage royalty . . ."

In a letter dated September 13, 1955, the Executive Officer advised Terlingua of his understanding that Terlingua intends to assume the obligations of Amerimex relating to the royalty from "production of any ore discovered at the Fresno mine as a result of the above-cited contract." The Operating Committee's letter to the Executive Officer dated September 29, 1955 (drafted in the Solicitor's office) advised that the implication that royalty is due the Government only upon ore discovered as a result of work done under the exploration contract is contrary to advice in the letter dated February 24, 1955, addressed to Mr. Pulliam as president of Amerimex.

Before proceeding further in any demand for the payment of royalty I would appreciate advice from you on the following points:

(1) Does any liability for the payment of royalty on production subsequent to the date it gave up its lease of the property exist against Amerimex?

(2) Does the liability for royalty on production subsequent to Amerimex operation relate to production from the land described in Article 2 of the contract or is it limited to "ore discovered or developed" as a result of the exploration work?

(3) Should a demand for payment of royalty determined to be due be made upon Mr. Pulliam personally?

(4) Should a demand for payment of royalty due also be made against the Crowley Tar Products Company?

(5) Under the circumstances does Terlingua have any responsibility for royalty on production?

C. D. Mitendorf
C. D. Mitendorf (for)

Administrator

Attachment

CEFisher/wb 5-20-56
Copy to: Docket
Admr. Reading File
Mr. Chambers
Mr. Martin

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
Box 431
Joplin, Missouri

OFFICIAL FILE COPY
DMEA
RECEIVED APR 26 1957

DATE	INITIALS	CODE
4/26	C	220
		225

AIRMAIL

April 25, 1957

DMEA Operating Committee
Department of the Interior
Washington 25, D. C.

Re: DMA-2202X(mercury)
Amerimex Mining Co.
Fresno mine
Presidio County, Texas
Project Contract
Idm-E468(certified)

Dear Sirs:

This is in response to your letters of November 23, 1956 and April 12, 1957, requesting my comments on the production which should be considered subject to royalty from the above-cited mine.

As of the time of my latest inspection of this mine on February 21, 1957, I believe that payment to the Government of $587.96 in royalty on this account would be equitable, in addition to the $179.80 previously collected. The basis for the above comment is given in my Production Inspection and Semi-Annual Report being transmitted to you under a separate covering letter of this date. All operations were discontinued at the Fresno mine on November 17, 1956, but might be resumed sometime in the future.

To complete your records, enclosed herewith are two copies of this Operator's Quarterly Production Report to the State of Texas for the quarter ending December 31, 1956. According to figures furnished me February 19, 1957, when in the Operator's(Terlingua Mercury Corporation) Alpine Office, the 633 tons of ore accounting for the 47 flasks of mercury production reported that quarter, came from workings to the west of shaft No. 1, designated as 60D, G and H, not considered subject to DMEA royalty.

Sincerely yours,

Clinton C. Knox

Clinton C. Knox
Executive Officer
DMEA Field Team, Region IV

encl. 2

cc: DMEA Op.Com.
King,USGS,Denver
2202 file

Furnished on 3rd Fin
Tex. on Ap 26
2-19-57

STATE OF TEXAS §

COUNTY OF BREWSTER §

Re: Mineral Awards 29049 to 29054
Sec. 109, Blk. G-5, H.K.&T.C.
Ry. Co., Sec. 106, Blk. 341,
T.C. Ry. Co., Presidio County

STATEMENT OF PRODUCTION AND SALES

Quarter Ended December 31, 1956

MERCURY SALES

47 Flasks (Schedule Attached)			$11,975.00
DEDUCTIONS			
Cost of Operations from Mouth of Mine			
Hauling	$ 965.62		
Furnacing	5,159.71		
Marketing	268.95		
Total		$6,394.28	
Add Purchases of Mercury			
L. C. Bradford	$ 54.00		
Gene Norman	125.00	179.00	
Total Deductions			6,573.28
Net Value			$ 5,401.72
Royalty Due State @ 6-1/4%			$ 337.61

The production made during the quarter ended December 31, 1956, was derived from the furnacing and processing of 632.05 tons of mercury ore.

Signed this the 31st day of January, 1957

TERLINGUA MERCURY CORPORATION

By

L. M. Pulliam, Assistant Treasurer

Subscribed and sworn to before me, this 31st day of January A.D. 1957

Notary Public in and for
Brewster County, Texas

OFFICIAL FILE COPY
D M E A
RECEIVED APR 26 1957

DATE	INITIALS	CODE

make required copies to DMEA Op. Com.
A. 4
C.C.R.

TERLINGUA MERCURY CORPORATION
Alpine, Texas
Quarter Ended December 31, 1956

Re: Mineral Awards 29843 to 29854
Sec. 106, Blk. G-8, H.&T.C.
Ry. Co., Sec. 106, Blk. 341,
T.C. Ry. Co., Presidio County

ANALYSIS OF DEDUCTIONS

Hauling			
Driver	$ 78.10		
Surface Tramer - Loading	146.00		
Total Wages		$ 224.10	
Truck Expense			
Depreciation	$ 161.01		
Maintenance & Repair	535.51		
Fuel	45.00		
Total Truck Expense		741.32	
Total Hauling Expense			$ 965.62
Furnacing			
Master Mechanic	$ 300.00		
Supervision	544.50		
Labor	1,254.30		
Total Furnace Wages		$2,099.88	
Payroll Taxes			
Social Security 2%	$ 42.43		
Unemployment .4%	8.49		
Insurance Workmen's Compensation	203.77		
Rent of Furnace & Accessories	150.00		
Repairs & Supplies	288.22		
Butane	1,800.28		
Depreciation Prorata	547.59	3,040.83	
Total Furnacing			5,139.71
Marketing Expense			
Market Reports		$ 5.00	
Telephone & Telegraph		23.55	
Flasks		64.50	
Freight		156.40	
Other		7.88	
Total Marketing			268.93
Purchases			179.00
Total Deductions			$6,573.28

OFFICIAL FILE COPY
DMEA
RECEIVED APR 26 1957

DATE	INITIALS	CODE

TELLINGER MERCURY CORPORATION
Alpine, Texas
Quarter Ended 12/31/56

Re: Mineral Awards 29843 to 29854
Sec. 100, Blk. G-5, H.&T.C.
Sy, Co. Presidio County

STATEMENT OF PRODUCTION & SALES

Sold To	Shipped By	Invoice No.	Date	No. of Flasks	Unit Price	Total Price
Harada & Page, Inc. Houston, Texas	Alamo Motor Lines	70	10- 3-56	3	$257.00	$ 771.00
Harada & Page, Inc. Corpus Christi, Texas	Southern Pacific Transport Co.	71	10-10-56	3	255.00	765.00
Mine & Smelter Supply Co. El Paso, Texas	Southern Pacific Transport Co.	72	10-12-56	2	257.00	514.00
Harada & Page, Inc. New Orleans, La.	Alamo Motor Lines	73	10-16-56	15	255.00	3,825.00
Harada & Page, Inc. Corpus Christi, Texas	Southern Pacific Transport Co.	74	10-26-56	7	255.00	1,785.00
Harada & Page, Inc. Tulsa, Oklahoma	Alamo Motor Lines	75	11- 1-56	2	255.00	510.00
Mallinckrodt Chemical Works St. Louis, Missouri	Alamo Motor Lines	76	11- 7-56	5	252.00	1,260.00
Harada & Page, Inc. Houston, Texas	Alamo Motor Lines	77	11-13-56	5	255.00	1,275.00
Mallinckrodt Chemical Works St. Louis, Missouri	Alamo Motor Lines	78	11-20-56	5	254.00	1,270.00
				47		$11,975.00

OFFICIAL FILE COPY
DMEA
RECEIVED APR 26 1957
DATE | INITIALS | CODE

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
4/11	Fisher	800
4-11	Chambers	800
4-12	Hopkins	400
4/12	Martin	400
4/12	Selfridge	130
"	Brown	110
"	Matthews	100
4/15	C	220
		225

APR 12 1957

Mr. Clinton C. Knox
Executive Officer
DMEA Field Team, Region IV
P. O. Box 431
Joplin, Missouri

Re: Docket No. DMEA-2202 (Mercury)
Amerimex Mining Company
Fresno Mine
Presidio County, Texas
Contract No. Idm-E468

Dear Mr. Knox:

Reference is made to your letter dated November 26, 1956, wherein you stated that if copies of quarterly statements to the State of Texas by the subject Operator, together with the composite Fresno mine map, were supplied you would furnish comments respecting production subject to royalty as requested in our letter dated November 23, 1956. Your letter also indicated that you planned to make a semi-annual production inspection and report on this mine within the following six weeks.

The map and the quarterly statements were furnished to you with our letter dated December 11, 1956; however, we have no record of receipt of your comments respecting the production subject to royalty nor of the semi-annual inspection report for the period ended December 31, 1956.

Will you please advise when the desired information will be furnished.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GCS)

APPROVED:

Frank D. Lamb (FDL)
Member, Bureau of Mines

Thor H. Kiilsgaard (THK)
Member, Geological Survey

Copy to: Docket
Admr. Reading File
Operating Committee
J. W. Pennington, USBM
T. H. Kiilsgaard, USGS
W. S. Martin
J. L. Chambers

CEFisher/wb
April 11, 1957

8623

400

DOCKET
SURNAME
McMahon
Martin
Selfridge
Fehlmann
McMahon

DEC 11 1956

Mr. Clinton C. Knox, Executive Officer
DMEA Field Team, Region IV
P. O. Box 431
Joplin, Missouri

Re: Docket No. DMEA 2202 - Mercury
Amerimex Mining Company
Fresno Mine
Presidio County, Texas
Contract No. Idm-2468

Dear Mr. Knox:

As requested in the second paragraph of your letter of November 26, 1956, enclosed are copies of the composite Fresno mine map and the quarterly statements made to the State of Texas.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GCS)

APPROVED:

Frank D. Lamb (GCS)

Member, Bureau of Mines

Thor H. Kiilsgaard (GCS)

Member, Geological Survey

Enclosures

ADMcMahon:am 12-6-56
cc to: Docket
Code 400
Admr. Read. File
Oper. Comm.
FT. REG. IV
Messrs. J. W. Pennington, USBM
T. H. Kiilsgaard, USGS

R.O.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
Box 431
Joplin, Missouri

RECEIVED
NOV 29 1956
D.M.E.A.

November 26, 1956

Mr. George C. Selfridge
Chairman, DMEA Operating Committee
Department of the Interior
Washington 25, D. C.

Re: DMA-2202X (mercury)
Amerimex Mining Company
Fresno Mine
Presidio County, Texas
Project Contract Idm-E468

Dear Mr. Selfridge:

This refers to your November 23 letter on the subject certified contract.

Only the production tabulation referred to in item 1 in your letter was received by me attached to the November 14 letter by Mr. R. N. Pulliam to Mr. Mittendorf. I did not receive a copy of the composite Fresno mine map as requested in my letter of March 27 to Mr. Pulliam. When in his office on May 4, 1956 I abstracted the quarterly statements made to the State of Texas covering the Fresno production and sales of mercury for the period from January 20, 1955 through December 20, 1956, as mentioned in my Production Inspection Report and Addendum to Semi-Annual Report dated May 28, 1956 and my Semi-Annual Report dated August 15, 1956.

Therefore, if a copy of those quarterly statements, and of the mine map can be furnished me, I believe I could make the review and comments requested in your letter.

No doubt I will have the opportunity to be in the Big Bend region of Texas on other DMEA Field Team work within the next six weeks, and at that time I plan also to make the next Semi-Annual Production Inspection and Report on the Fresno mercury mine as of January 1, 1957.

In view of information given during the October 11 discussions with Mr. Pulliam in Mr. Mittendorf's office, and in Mr. Pulliam's November 14 letter to Mr. Mittendorf, probably some revisions

of my comments on royalty due on production (pages 1 and 2 in both my May 28 and August 15 Production Inspection and Semi-Annual Reports) would be proper. I believe, however, that my comments in those reports respecting production subject to royalty were substantially correct.

Sincerely yours,

Clinton C. Knox

Clinton C. Knox
Executive Officer
DMEA Field Team, Region IV

cc: DMEA Op.Com.
King,USGS,Denver
2202 file

DOCKET
SURNAME
McMahon
Martin
Tallent
Selfridge
Johnson
Tory

400

NOV 22 1956

Mr. Clinton C. Hunt
Executive Officer
DMEA Field Team, Region IV
P. O. Box 431
Joplin, Missouri

Re: Docket No. DMEA 2302 - Mercury
American Mining Company
Fresno Mine
Presidio County, Texas
Contract No. Ita-2468

Dear Mr. Hunt:

Reference is made to Mr. R. H. Pullion's letter of November 14, 1956, to Mr. Mittendorf which indicated that a copy had been sent to you.

Enclosed with the original letter were the following reports and map:

1. Production Report By Projects For The Years 1954, 1955, 1956 As of End of Fiscal Period September 30, 1956.

2. Six quarterly statements made to the State of Texas covering production and sales for the period from January 1, 1955, through September 30, 1956.

3. Composite level and contour map of the Fresno Mine.

If copies of these enclosures were furnished you with the copy of Mr. Pullion's letter, we would appreciate your reviewing them together with other information you may have and giving us your comments respecting production subject to royalty.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (JVB)

APPROVED:

P. F. Yopes (JVB)
Member, Bureau of Mines

Thor H. Kiilsgaard (JVB)
Member, Geological Survey

ADMcMahon:foc 11/21/56
cc to: Docket
Code 400
Admr. Read. File
Oper. Comm.
FT. REG. IV
Messrs. J. W. Pennington, USBM
T. H. Kiilsgaard, USGS

10-1

TERLINGUA MERCURY CORPORATION
Producers of Prime Virgin Quicksilver
JONES BUILDING
BOX 330 - PHONE 2617
ALPINE, TEXAS

RECEIVED NOV 19 1956 D.M.E.A.

November 14, 1956

Mr. C. O. Mittendorf, Administrator
Defense Minerals Exploration Administration
U. S. Department of the Interior
Washington, D. C.

Re: DMA-2202X (Mercury)
Amerimex Mining Company
Fresno Mine, Presidio County, Texas
Project Contract Idm-E468

Dear Mr. Mittendorf:

When I visited you in your Washington office October 11, I assured you that we would prepare and submit the Report of Production requested in your letter dated October 5.

Enclosed herewith is Production Report by projects for the years 1954, 1955 and 1956 to the end of our fiscal year, September 30, 1956.

Also enclosed herewith is a map of the Fresno Mine showing all underground workings previously done by Amerimex Mining Company under the captioned Contract in green. All subsequent underground work done by Terlingua Mercury Corporation on the 40' Level is shown in purple, on the 60' Level in yellow and on the 100' Level in blue.

On the report at the head of each column designating one or more projects, the coordinates are shown to locate the point of beginning of each project or group of projects. These locations are taken from our Daily Project Reports which also show tons produced and other operating information as entered each day by the Mine Superintendent.

I wish to call your attention to the fact that the Operator, Amerimex Mining Company, a Texas Corporation, was obliged to forfeit its lease on January 2, 1954, when it was without funds with which to pay the monthly rental required to hold it.

As provided for under Article 10 of the Contract, the rights in the land were lost by the Operator without any consideration running to the Operator, coupled with complete abandonment of all interest in or operations on the land.

The property remained in the possession of the owners for almost a year after January 2, 1954. During that time it was advertised for lease in such publications as Engineering and Mining Journal.

10-2

In August, 1954, the property was leased to the late Raymond A. Wagner of Victoria, Texas, who subsequently exchanged his leasehold for capital stock in Terlingua Mercury Corporation and became President of the Company.

I exchanged a lease which I owned on Section 69 and all of the mining equipment which I owned for capital stock in Terlingua Mercury Corporation and was employed as Manager.

In January, 1956, I was elected President to succeed Mr. Wagner, who was elected Chairman of the Board of Directors.

I wish to mention also that the Guaranty agreements restrict the payment of royalties to ores discovered or developed as a result of the Contract. The Contract, by its wording in Article 10, provides relief for the harrassed Operator if and when he cannot hold the lease, as happened in the case of Amerimex.

14,807
740.10

It seems that the only possible Government claim might be on the 740.10 tons produced from or through Projects 3A and 3B workings. The 740.10 tons represent 6.76% of the total "ore" mined and sorted. Therefore, it appears that 6.76% of $77,166.00, the total proceeds from mercury sales, would be $5,216.42 of which 5% would be $260.82, the maximum royalty which the Government might claim.

The 740.10 tons of ore produced incidental to further exploration in the Projects 3A and 3B area might be described as discovered or developed as a result of the Contract, but each of the other projects required long and expensive exploration conducted solely at the expense of Terlingua Mercury Corporation. The ore saved was found as irregular occurrences along poorly defined structural trends which were followed through long barren areas.

Terlingua Mercury Corporation spent $245,864.68 in the production of mercury worth $77,166.00.

The average grade of so-called ore mined and sorted out underground was 2.2 pounds of mercury per ton.

The average grade sorted out at grizzly and crusher and finally furnaced produced a yield of about 4.5 pounds per ton.

The mercury which we have produced has cost thus far $827.00 per flask.

The only reason any mercury was produced by Terlingua Mercury Coporation was to reduce the cost of exploration by the recoverable value of mercury mined incidental to exploration.

10-3

We do not believe that the Government has claim to a royalty on production from the Fresno property described in Article 2 of the Contract since loss and abandonment by Amerimex.

We do not believe that the Government has claim to a royalty on production under the Guaranty because such production has not been from an ore discovery or development as a result of the Contract or any Amendment thereof.

Enclosed herewith are copies of each Quarterly Report of Production and Sales made to the State of Texas, which contain lists of all mercury purchasers, addresses, how shipped, number of flasks, invoice numbers, date of shipment, unit price, total price and various cost deductions allowed by the State of Texas.

We shall appreciate your careful consideration of the facts submitted and trust that you will understand our position in the matter.

Sincerely,

R. N. Pulliam

R. N. Pulliam, President
TERLINGUA MERCURY CORPORATION

RNP:L
Encls.

cc: Mr. Clinton C. Knox, Executive Officer
DMEA Field Team, Region IV
Box 431
Joplin, Missouri

STATE OF TEXAS }
COUNTY OF BREWSTER }

Re: Mineral Awards 29843 to 29854, Sec. 108, Blk. G-5, M.K.&T.R. Ry. Co., Presidio County

STATEMENT OF PRODUCTION AND SALES — Quarter Ended March 31, 1955

Date 1955	Buyer	No. of Flasks	Price Per Flask	Total Value
2- 1	Mine & Smelter Supply Co. El Paso, Texas	6	$ 322.00	$ 1,932.00
18	" " " "	12	322.00	3,864.00
23	" " " "	3	322.00	966.00
27	" " " "	2	322.00	644.00
3-13	" " " "	2	322.00	644.00
24	" " " "	1	322.00	322.00*
31	" " " "	6	322.00	1,932.00
		32		$10,304.00

DEDUCTIONS (Cost of Operations from Mouth of Mine)

Hauling		$1,083.24	
Smelting & Refining		5,660.88	
Marketing Expenses - 31 Flasks	$ 168.91		
* Sale of 1 Flask Mercury @ (purchased 3-23 for $290.00)	322.00	490.91	
Total Deductions			7,235.03
Net Value			$ 3,068.97
Net Royalty Due State @ 6¼ %			$ 191.81

The production made during the period ended March 31, 1955, was derived from the furnacing and processing of approximately 655.42 tons of low grade mercury ore.

Signed this the 30 day of April, 1955.

TERLINGUA MERCURY CORPORATION

By
R. N. Pulliam, Vice-President

Subscribed and sworn to before me, this 30 day of April, A. D. 1955.

Notary Public in and for
Brewster County, Texas

STATE OF TEXAS }
COUNTY OF BREWSTER }

Re: Mineral Awards 29843 to 29854
Sec. 108, Blk. 0-5, M.K.&T.E.
Ry. Co., Presidio County

AMENDMENT

Deductions (Cost of Operations from Mouth of Mine)

Hauling (@ $1.65 per ton)			$ 1,083.24
Smelting & Refining			
Rental of Furnace & Accessories		$ 225.00	
Butane		1,571.22	
Repairs to Plant		252.95	
Supplies		19.43	
Payroll Taxes		30.55	
Insurance			
Workmen's Compensation		240.43	
Salaries		3,321.30	5,660.88
Marketing Expense			
Supplies	$ 19.52		
Market Reports	5.00		
Telephone & Telegraph	20.00		
Flasks (32 @ $1.50)	48.00		
Freight	76.39	168.91	
Sale of 1 Flask Mercury @ (purchased 3-23 for $290.00)		322.00	490.91
Total Deductions			$ 7,235.03

Signed this the 7 day of June, 1955.

TERLINGUA MERCURY CORPORATION

By

Subscribed and sworn to before me, this 7 day of June, A. D. 1955.

Notary Public in and for

Brewster County, Texas

STATE OF TEXAS }

COUNTY OF BREWSTER }

Re: Mineral Awards 29843 to 29854, Sec. 108, Blk. G-5, M.K.&T.E. Ry. Co., Presidio County

STATEMENT OF PRODUCTION AND SALES

Quarter Ended June 30, 1955

Date 1955	Buyer	No. of Flasks	Price per Flask	Total Value
4-15	Mine & Smelter Supply Co. El Paso, Texas	11	$ 322.00	$ 3,542.00
5- 6	" " " "	20	316.00	6,320.00
6-24	" " " "	2	282.00	564.00
		33		$10,426.00

10,426.00

DEDUCTIONS (Cost of Operations from Mouth of Mine)

Hauling	$1,349.76	
Smelting & Refining	6,081.16	
Marketing Expense	131.95	
Total Deductions		$ 7,562.87
Net Value		2,863.13
Net Royalty Due State @ 6-1/4%		178.95

The production made during the period ended June 30, 1955, was derived from the furnacing and processing of approximately 1,082 tons of low grade mercury ore.

Signed this the 28th day of July, 1955.

TERLINGUA MERCURY CORPORATION

By
R. N. Pulliam, Vice-President

Subscribed and sworn to before me, this 28 day of July, A. D. 1955.

Notary Public in and for

Brewster County, Texas

TERLINGUA MERCURY CORPORATION
Alpine, Texas
Quarter Ended June 30, 1955

Re: Mineral Awards 29843 to 29854
Sec. 108, Blk. G-5, M.K.&T.E.
Ry. Co., Presidio County

ANALYSIS OF DEDUCTIONS

Hauling (@ $1.25 per ton)			
Truck Driver (1/2 Wages)	$ 307.75		
Surface Trammer - Leading Truck	635.50		
Total Wages		$ 943.25	
Truck Expense			
Depreciation	174.33		
Maintenance	130.69		
Operation	67.50		
License (Prorata)	23.34		
Insurance "	10.65		
Total Truck Expense		406.51	
Total Hauling			$1,349.76
Smelting and Refining			
Supervision	$1,262.70		
Labor	1,963.00		
Total Wages		$3,225.70	
Payroll Taxes		195.94	
Insurance - Workmen's Compensation		371.04	
Rental of Furnace & Accessories		225.00	
Repairs to Plant		30.69	
Butane		2,032.79	
Total Smelting & Refining			6,081.16
Marketing Expense			
Market Reports		$ 5.00	
Brokerage		10.00	
Telephone & Telegraph		8.40	
Flasks		49.50	
Freight		59.05	
Total Marketing			131.95
Total Deductions			$7,562.87

STATE OF TEXAS §

COUNTY OF BREWSTER §

Re: Mineral Awards 29843 to 29854, Sec. 108, Blk. G-5, M.K.&T.E. Ry. Co., Presidio County

STATEMENT OF PRODUCTION AND SALES

Quarter Ended September 30, 1955

MERCURY SALES		
85 Flasks (Schedule Attached)		$ 22,112.00
		21,958.00
DEDUCTIONS		
Cost of Operations from Mouth of Mine		
Hauling	$ 1,073.41	
Furnacing	7,382.14	
Marketing Expenses	415.21	
Total Deductions		8,870.76
Net Value		$13,241.24
ROYALTY DUE STATE @ 6-1/4%		827.58

The production made during the period ended September 30, 1955, was derived from the furnacing and processing of approximately 1,136.95 tons of mercury ore.

Signed this the 22nd day of October, 1955.

TERLINGUA MERCURY CORPORATION

By
R. N. Pulliam, Vice-President

Subscribed and sworn to before me, this 22nd day of October A. D. 1955.

Notary Public in and for

Brewster County, Texas

TERLINGUA MERCURY CORPORATION
Alpine, Texas
Quarter Ended September 30, 1955

Re: Mineral Awards 29843 to 29854
Sec. 108, Blk. G-5, M.K.&T.E.
Ry. Co., Presidio County

ANALYSIS OF DEDUCTIONS

Hauling			
Driver (1/2 Wages)	$ 295.75		
Surface Trammer Loading Truck	549.00		
Total Wages		$ 844.75	
Truck Expense			
Depreciation	125.16		
Maintenance	36.00		
Fuel	67.50		
License (Prorata)	-		
Insurance "	-		
Total Truck Expense		228.66	
Total Hauling Expense			$ 1,073.41
Smelting and Refining			
Supervision	1,387.50		
Labor	2,337.29		
Total Wages		3,724.79	
Payroll Taxes			
Social Security 2 %	91.39		
Unemployment 3%	137.09		
Insurance - Workmen's Compensation 8.9%	406.69		
Rental of Furnace & Accessories	225.00		
Furnace Repairs	196.27		
Butane	2,600.91	3,657.35	
Total Smelting & Refining			7,382.14
Marketing Expense			
Market Reports		5.00	
Brokerage		155.00	
Telephone & Telegraph		10.34	
Flasks (85 @ 1.50)		127.50	
Freight		65.55	
Mercury Purchase		51.82	
Total Marketing			415.21
Total Deductions			$ 8,870.76

STATEMENT OF PRODUCTION AND SALES

Sold To	Shipped By	Invoice Date	No. of Flasks	Unit Price	Total Price
Mine & Smelter Sup. Co. El Paso, Tex.	Company Vehicle	7- 7-55	10	$277.00	$ 2,770.00
Barada & Page, Inc. Tulsa, Oklahoma	Alamo Motor Lines	7-27-55	2	262.00	524.00
Barada & Page, Inc. Tulsa, Oklahoma	Alamo Motor Lines	8- 4-55	3	260.00	780.00
Industrial Instrument Co. Houston, Texas	Southern Pacific Motor Freight	8- 5-55	1	260.00	260.00
Houston Flow Measurement Co., Houston	Southern Pacific Motor Freight	8- 6-55	2	260.00	520.00
Barada & Page, Inc. Tulsa, Oklahoma	Alamo Motor Lines	8-10-55	6	258.00	1,548.00
Mine & Smelter Sup. Co. El Paso, Texas	Company Vehicle Big Bend Motor Fr.	8-10-55 8-10-55	4) 7)	258.00	2,838.00
Industrial Instrument Co., Houston	Southern Pacific Motor Freight	8-17-55	2	256.00	512.00
Barada & Page, Inc. Tulsa, Oklahoma	Alamo Motor Lines	8-19-55	5	253.00	1,265.00
Mine & Smelter Sup. Co. El Paso, Texas	Big Bend Motor Fr.	8-23-55	10	253.00	2,530.00
Houston Flow Measurement Co., Houston	Southern Pacific Motor Freight	8-26-55	2	253.00	506.00
Barada & Page, Inc. Houston, Texas	Alamo Motor Lines	8-31-55	2	254.00	508.00
Barada & Page, Inc. Corpus Christi	Southern Pacific Motor Freight	9- 1-55	1	253.00	253.00
Mine & Smelter Sup. Co. El Paso, Texas	Big Bend Motor Fr.	9-12-55	8	251.00	2,008.00
Barada & Page, Inc. Tulsa, Oklahoma	Alamo Motor Lines	9-15-55	5	256.00	1,280.00
Mine & Smelter Sup. Co. El Paso, Texas	Big Bend Motor Fr.	9-23-55	10	265.00	2,650.00
Barada & Page, Inc. Tulsa, Oklahoma	Alamo Motor Lines	9-29-55	5	272.00	1,360.00
			85		$22,112.00

STATE OF TEXAS §

COUNTY OF BREWSTER §

Re: Mineral Awards 29843 to 29854
Sec. 108, Blk. G-5, M.K.&T.C.
Ry. Co., Presidio County

STATEMENT OF PRODUCTION AND SALES

Quarter Ended December 31, 1955

MERCURY SALES

74 Flasks (Schedule Attached)			$ 20,610.00
DEDUCTIONS			
Cost of Operations from Mouth of Mine			
Hauling	$ 936.84		
Furnacing	5,982.05		
Marketing	184.67	$ 7,103.56	
Adjustment of Deductions for 9 months ended 9-30-55 (See Schedules Attached)		1,885.16	
Total Deductions			8,988.72
NET VALUE			11,621.28
ROYALTY DUE STATE @ 6-1/4%			$ 726.31

The production made during the quarter ended December 31, 1955, was derived from the furnacing and processing of approximately 856.57 tons of mercury ore.

Signed this the 30th day of January, 1956

TERLINGUA MERCURY CORPORATION

By
R. N. Pulliam, President

Subscribed and sworn to before me, this 30th day of January A. D. 1956

Notary Public in and for
Brewster County, Texas

TERLINGUA MERCURY CORPORATION
Alpine, Texas
Quarter Ended December 31, 1955

Re: Mineral Awards 29843 to 29854
Sec. 108, Blk. G05, M.K.&T.E.
Ry. Co., Presidio County

STATEMENT OF PRODUCTION AND SALES

Sold To	Shipped By	Invoice No.	Invoice Date	No. of Flasks	Unit Price	Total Price
Barada & Page, Inc. Tulsa, Oklahoma	Alamo Motor Lines	28	10-5-55	3	$275.00	$ 825.00
Barada & Page, Inc. Tulsa, Oklahoma	Alamo Motor Lines	29	10-14-55	5	280.00	1,400.00
Barada & Page, Inc. Tulsa, Oklahoma	Alamo Motor Lines	30	10-29-55	5	280.00	1,400.00
Mine & Smelter Supply Co. El Paso, Texas	Big Bend Motor Freight	31	10-31-55	5	277.00	1,385.00
Barada & Page, Inc. Corpus Christi, Texas	Southern Pacific Motor Freight	32	11-2-55	2	280.00	560.00
Mine & Smelter Supply Co. El Paso, Texas	Big Bend Motor Freight	33	11-3-55	10	275.00	2,750.00
Houston Flow Meas. Co. Houston, Texas	Southern Pacific Motor Freight	34	11-7-55	3	280.00	840.00
Barada & Page, Inc. Houston, Texas	Alamo Motor Lines	35	11-15-55	6	280.00	1,680.00
Barada & Page, Inc. Tulsa, Oklahoma	Alamo Motor Lines	36	11-19-55	5	280.00	1,400.00
Mine & Smelter Supply Co. El Paso, Texas	Big Bend Motor Freight	37	11-25-55	6	275.00	1,650.00
Barada & Page, Inc. New Orleans, Louisiana	Southern Pacific Motor Freight	38	12-3-55	5	280.00	1,400.00
Barada & Page, Inc. Tulsa, Oklahoma	Alamo Motor Lines	39	12-5-55	3	280.00	840.00
Barada& Page, Inc. Tulsa, Oklahoma	Alamo Motor Lines	40	12-15-55	2	280.00	560.00
Barada & Page, Inc. Corpus Christi, Texas	Southern Pacific Motor Freight	41	12-15-55	2	280.00	560.00
Barada & Page, Inc. Houston, Texas	Alamo Motor Lines	42	12-17-55	3	280.00	840.00
Mine & Smelter Supply Co. El Paso, Texas	Big Bend Motor Freight	43	12-27-55	9	280.00	2,520.00
				74		20,610.00

TERLINGUA MERCURY CORPORATION
Alpine, Texas
Quarter Ended December 31, 1955

Re: Mineral Awards 29843 to 29854
Sec. 108, Blk. G-8, H.K.&T.E.
Ry. Co., Presidio County

ANALYSIS OF DEDUCTIONS

Hauling			
Driver (1/2 Wages)	$ 285.25		
Surface Trammer - Loading	422.93		
Total Wages		$ 708.18	
Truck Expense			
Depreciation	125.16		
Maintenance	36.00		
Fuel	67.50		
License (Prorate)	-		
Insurance "	-		
Total Truck Expense		228.66	
Total Hauling Expense			$ 936.84
Furnacing			
Supervision	1,387.50		
Labor	1,873.59		
Total Wages		3,261.09	
Payroll Taxes (SS & Unemp.) 5%	198.46		
Insurance - Workmen's Compensation 8.9%	353.26		
Rental of Furnace & Accessories	225.00		
Repairs to Plant	110.22		
Butane	1,834.02	2,720.96	
Total Furnacing			5,982.05
Marketing Expense			
Market Reports		36.00	
Telephone & Telegraph		-	
Flasks		84.00	
Freight		63.04	
Other		1.63	
Total Marketing			184.67
Adjustment of Deductions for 9 months ended 9-30-55 (See Schedules Attached)			1,885.16
Total Deductions			$ 8,988.72

STATE OF TEXAS §

COUNTY OF BREWSTER §

Re: Mineral Awards 29843 to 29854
Sec. 108, Blk. G-5, M.K.&T.C.
Ry. Co., Presidio County

STATEMENT OF PRODUCTION AND SALES

Quarter Ended June 30, 1956

MERCURY SALES

10 Flasks (Schedule Attached)		$ 2,690.00
DEDUCTIONS		
Cost of Operations from Mouth of Mine		
Hauling	$ 276.56	
Furnacing	1,431.41	
Marketing	31.35	
Total Deductions		1,739.32
NET VALUE		$ 950.68
ROYALTY DUE STATE @ 6-1/4%		$ 59.42

The production made during the quarter ended June 30, 1956, was derived from the furnacing and processing of approximately 263.9 tons of mercury ore.

Signed this the_____day of June, 1956

TERLINGUA MERCURY CORPORATION

By
R. N. Pulliam, President

Subscribed and sworn to before me, this _____day of June A.D. 1956

_____

Notary Public in and for
Brewster County, Texas

TERLINGUA MERCURY CORPORATION
Alpine, Texas
Quarter Ended June 30, 1956

Re: Mineral Awards 29843 to 29854
Sec. 108, Blk. G-5, M.K.&T.E.
Ry. Co., Presidio County

STATEMENT OF PRODUCTION AND SALES

Sold To	Shipped By	Invoice No.	Invoice Date	No. of Flasks	Unit Price	Total Price
Barada & Page, Inc. Tulsa, Oklahoma	Alamo Motor Lines	50	5-1-56	2	$ 270.00	$ 540.00
Barada & Page, Inc. Tulsa, Oklahoma	Alamo Motor Lines	51	5-7-56	2	270.00	540.00
Barada & Page, Inc. Tulsa, Oklahoma	Alamo Motor Lines	52	5-14-56	2	270.00	540.00
Barada & Page, Inc. Corpus Christi, Texas	Southern Pacific Motor Freight	53	5-14-56	2	270.00	540.00
Barada & Page, Inc. Corpus Christi, Texas	Southern Pacific Motor Freight	56	5-25-56	2	265.00	530.00
				10		$ 2,690.00

TERLINGUA MERCURY CORPORATION
Alpine, Texas
Quarter Ended June 30, 1956

Re: Mineral Awards 29843 to 29854
Sec. 108, Blk. G-5, M.K.&T.E.
Ry. Co., Presidio County

ANALYSIS OF DEDUCTIONS

Hauling			
Driver	$ 42.50		
Surface Trammer - Loading	198.00		
Total Wages		$ 240.50	
Truck Expense			
Depreciation	$ 13.90		
Maintenance	-		
Fuel	52.16		
License	-		
Insurance	-		
Total Truck Expense		66.06	
Total Hauling Expense			$ 276.56
Furnacing			
Supervision	142.94		
Master Machinic	75.00		
Labor	464.94		
Total Wages		682.88	
Payroll Taxes (SS & Unemp.) 5%	46.16		
Insurance - Workmen's Compensation 8.87%	81.90		
Rental of Furnace & Accessories	50.00		
Repairs to Plant & Supplies	51.71		
Butane	518.76	748.53	
Total Furnacing			$1,431.41
Marketing Expense			
Market Reports		10.00	
Telephone & Telegraph		6.35	
Flasks		15.00	
Freight		-	
Other		-	
Total Marketing			31.35
Total Deductions			$1,739.32

STATE OF TEXAS §

COUNTY OF BREWSTER §

Re: Mineral Awards 29843 to 29854
Sec. 108, Blk. G-5, M.K.&T.C.
Ry. Co., Presidio County

STATEMENT OF PRODUCTION AND SALES — Quarter Ended September 30, 1956

MERCURY SALES

45 Flasks (Schedule Attached)			$11,511.00
DEDUCTIONS			
Cost of Operations from Mouth of Mine			
Hauling	$ 908.36		
Furnacing	5,841.94		
Marketing	185.43	$6,935.73	
Less Prorata for One Day spent Furnacing Sec. 58 Ore for testing purposes		103.51	
		6,832.22	
Add Purchase of Mercury 22-1/4 pounds		68.25	
Total Deductions			6,900.47
NET VALUE			4,610.53
ROYALTY DUE STATE @ 6-1/4%			$ 288.16

The production made during the quarter ended September 30, 1956, was derived from the furnacing and processing of approximately 846.11 tons of mercury ore.

Signed this the 26th day of October, 1956

TEKLINGUA MERCURY CORPORATION

By
R. N. Pulliam, President

Subscribed and sworn to before me, this 26th day of October A.D. 1956

Notary Public in and for
Brewster County, Texas

TERLINGUA MERCURY CORPORATION
Alpine, Texas
Quarter Ended 9/30/56

Re: Mineral Awards 29843 to 29854
Sec. 108, Blk. G-5, M.K.&T.R.
Ry. Co. Presidio County

STATEMENT OF PRODUCTION & SALES

Sold To	Shipped By	Invoice No	Invoice Date	No. of Flasks	Unit Price	Total Price
Barada & Page, Inc. Tulsa, Oklahoma	Alamo Motor Lines	60	8/2/56	2	$ 257.00	$ 514.00
Barada & Page, Inc. Tulsa, Oklahoma	Alamo Motor Lines	61	8/6/56	3	257.00	771.00
Barada & Page, Inc. Houston, Texas	Alamo Motor Lines	62	8/8/56	2	255.00	510.00
Barada & Page, Inc. New Orleans, La.	Alamo Motor Lines	63	8/20/56	10	257.00	2,570.00
Barada & Page, Inc. Corpus Christi, Tex.	Southern Pacific Transport Co.	64	8/22/56	2	255.00	510.00
Barada & Page, Inc. Corpus Christi, Tex.	Southern Pacific Transport Co.	65	8/31/56	3	255.00	765.00
Industrial Instrument Co. Houston, Texas	Southern Pacific Transport Co.	66	9/6/56	1	257.00	257.00
Mine & Smelter Supply Co. El Paso, Texas	Southern Pacific Transport Co.	67	9/12/56	2	257.00	514.00
Barada & Page, Inc. Corpus Christi, Tex.	Southern Pacific Transport Co.	68	9/17/56	5	255.00	1,275.00
Mallinckrodt Chem. Works St. Louis, Mo.	Southern Pacific Transport Co.	69	9/26/56	15	255.00	3,825.00
				45		$11,511.00

TEKLINGUA MERCURY CORPORATION
Alpine, Texas
Quarter Ended September 30, 1956

Re: Mineral Awards 29843 to 29854
Sec. 108, Blk. G-5, M.K.&T.R.
Ry. Co., Presidio County

ANALYSIS OF DEDUCTIONS

Hauling			
Driver	$ 351.90		
Surface Trammer - Loading	257.80		
Total Wages		$ 609.70	
Truck Expense			
Depreciation	125.16		
Maintenance & Repair	36.00		
Fuel	67.50		
License	70.00		
Insurance	-		
Total Truck Expense		298.66	
Total Hauling Expense			$ 908.36
Furnacing			
Supervision	913.00		
Master Mechanic	300.00		
Labor	1,854.40		
Total Wages		3,067.40	
Payroll Taxes 2.4%	87.06		
Workmen's Compensation Insurance 8.87%	320.36		
Rental of Furnace & Accessories	150.00		
Plant Repairs & Supplies	39.12		
Butane	2,178.00	2,774.54	
Total Furnacing			5,841.94
Marketing Expense			
Market Reports		10.00	
Telephone & Telegraph		13.55	
Flasks		67.50	
Freight		94.38	
Total Marketing			185.43
Total Deductions			$6,935.73

TERLINGUA MERCURY CORPORATION
Alpine, Texas

Re: Mineral Awards 29843 to 29854
Sec. 108, Blk. G-5, M.K.&T.E.
Ry. Co., Presidio County

FURNACE OPERATION JANUARY 1 THROUGH SEPTEMBER 30, 1955

	First Quarter	Second Quarter	Third Quarter	Totals
Hauling				
Driver (1/2 Wages)	$ 300.00	$ 307.75	$ 295.75	$ 903.50
Surface Trammer	412.60	635.50	549.00	1,597.10
Wages	712.60	943.25	844.75	2,500.60*
Truck				
Depreciation	174.33	174.33	125.16	473.82
Maintenance	94.82	180.69	36.00	261.51
Fuel	67.50	67.50	67.50	202.50
License (Prorata)	23.34	23.34	---	46.68
Insurance "	10.65	10.65	---	21.30
	370.64	406.51	228.66	1,005.81
Total Hauling	1,083.24	1,349.76	1,073.41	3,506.41
Furnacing				
Supervision	900.00	925.20	1,050.00	2,875.20
Master Mechanic	337.50	337.50	337.50	1,012.50
	1,237.50	1,262.70	1,387.50	3,887.70
Labor	2,083.80	1,963.00	2,337.29	6,384.09
Total Wages	3,321.30	3,225.70	3,724.79	10,271.79*
Add:				
Payroll Taxes				
Social Security 2%	30.55	83.38	91.39	205.32
Unemployment 3%	---	112.56	137.09	249.65
Insurance - Workmen's Compensation 8.9%	240.43	371.04	406.69	1,018.16
Rental of Furnace & Accessories	225.00	225.00	225.00	675.00
Furnace Repairs	252.95	30.69	196.27	479.91
Butane	1,571.22	2,032.79	2,600.91	6,204.92
Supplies	19.43	---	---	19.43
	2,339.58	2,855.46	3,657.35	8,852.39
Total Furnacing	5,660.88	6,081.16	7,382.14	19,124.18
Marketing Expense				
Market Reports	5.00	5.00	5.00	15.00
Brokerage	---	10.00	155.00	165.00
Telephone & Telegraph	20.00	8.40	10.34	38.74
Flasks	48.00	49.50	127.50	225.00
Freight	76.39	59.05	65.55	200.99
Supplies	19.52	---	---	19.52
Sales of Purchased Mercury	322.00	---	51.82	373.82
Total Marketing	490.91	131.95	415.21	1,038.07
Total Deductions	$7,235.03	$7,562.87	$8,870.76	$23,668.66

* Total Wages $10,271.79
2,500.60
$12,772.39

TERLINGUA MERCURY CORPORATION
Alpine, Texas
Period January 1, 1955, to September 30, 1955

Re: Mineral Awards 29843 to 29854
Sec. 108, Blk. G-5, M.K.&T.E.
Ry. Co., Presidio County

RECAPITULATION OF DEDUCTIONS	First Quarter	Second Quarter	Third Quarter	Totals
Cost of operations from mouth of mine				
Hauling	$1,083.24	$1,349.76	$1,073.41	$ 3,506.41
Furnacing	5,660.88	6,081.16	7,382.14	19,124.18
Marketing Expenses	490.91	131.95	415.21	1,038.07
Total Deductions	7,235.03	7,562.87	8,870.76	23,668.66
Less sales of purchased mercury				373.82
Total cost of furnace operations previously deducted on Statement of Production and Sales to General Land Office				23,294.84
Total cost of furnace operations according to the Report and Financial Statements of Price, Waterhouse & Company as at September 30, 1955, excerpt copy of which is attached hereto				25,180.00
Additional cost of furnace operations to be listed under "Deductions" for Fourth Quarter Statement of Production and Sales to adjust reporting for first three quarters of 1955				$ 1,885.16

9-1

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

Memorandum for the Files October 11, 1956

From: Administrator

Subject: Docket DMEA-2202 - Amerimex Mining Co.

Mr. R. N. Pulliam and Mr. Waters called at my office this afternoon to discuss the subject case. They had been in New York trying to raise money for further operations and stopped here on their return trip to Texas. Mr. Waters is president of the Loan Star Mining Company; however, his profession is that of a lawyer. He is not, however, counsel for Mr. Pulliam.

Mr. Waters understood very clearly the position which we have taken and feltthat we had no other alternative. Throughout our lengthy discussion Mr. Waters often contributed remarks and opinions that justified DMEA's position and were somewhat critical of the position Pulliam had taken.

Pulliam first reviewed the background of this enterprise and unfolded a story of grief and hardship from beginning to end. He said after DMEA terminated the contract he was obliged to personally pay $2200 worth of Social Security taxes which were the direct obligation of the Amerimex Company. He complained that the Government would not even allow him to take deduction for this $2200 on his income tax return.

He said that after he had abandoned the property and forfeited his lease the owner advertised for new lessees in local papers. Pulliam and his wife were mindful of their obligations under the guarantee which they had signed and were in constant fear that the property would be leased to some stranger and the obligations for the royalties on ore disclosed as a direct result of the DMEA work would be theirs.

He explained that he would have liked to have a renewal of his lease at this point, with sufficient time to take out the DMEA ore, so as to rid himself of the continuing obligation. The owner would not do business with him. He, therefore, made a trip to visit Mr. Crowley and persuaded him to obtain a lease on the property for sufficient period of time to mine out the DMEA ore. Crowley went to Joplin to see the owner and was successful in obtaining a lease. Crowley, however, was without equipment, and Pulliam says he agreed to throw all of his equipment into the new company. He also had leases on other mining claims with different ownerships and he agreed to throw this land into the newly formed Terlingua Mercury Corporation. For all of this he received 25 percent of the stock in the new corporation. (He formerly controlled 49 percent in the Amerimex Company.)

He said a firm of brokers underwrote the financing deal and raised about $300,000. $200,000 of this was turned over to the Terlingua Corporation and spent on further exploration, development, and mining. This latter corporation is now broke and on the verge of dissolution.

It is for this reason that he made the trip to New York. There was no indication that he had any success in interesting new capital.

He was not familiar with our last letter dated October 5, although his wife had read excerpts from it by telephone in the past few days. I read the letter to him in its entirety. This provoked a discussion as to his obligations under the contract. He said he had consulted a law firm in Houston and was advised that he is liable under his personal guarantee for royalty on ore which was produced as a direct result of the exploration project. They advised him that he was not liable for royalty on production from other areas in the land described in the contract because he in fact had abandoned the property. I did not have the contract docket at hand, but he assured me that this particular contract does contain the abandonment provision. He maintained, therefore, that he is obligated to pay royalty on only six flasks of mercury which were produced from areas where DMEA workings had actually disclosed ore.

From time to time I referred to citations in the docket which indicated that he had promised to give a full accounting of all the production made subsequent to 1953, together with proper documentation.

I also referred to my understanding that the Terlingua Corporation had assumed the royalty obligations of the Amerimex Mining Company. He said that statement must have been based on the language which appears in the personal agreement he had with Terlingua when he turned in his equipment and other leases. He said that agreement provided that Terlingua would assume his royalty obligations under the guarantee only. He pointed out repeatedly that this was his prime objective in interesting Terlingua, because he wanted to be relieved of his obligations under, again, that guarantee, and not under the contract, because he believed that he personally was already relieved of the obligations of the contract by reason of his abandonment.

At several points Mr. Waters wondered if there was not some way by which DMEA could compromise its claim. I again referred to the repeated demands for a statement of production made since 1953 and told him that before I could express any opinion it would be necessary for Pulliam to comply with the letters from Knox dated February 10 and July 13 and ours of October 5.

Pulliam repeatedly dodged the issue. Mr. Waters observed that perhaps Pulliam did not wish to report all of the production from all of the property because this might support a claim on the part of the Government that he owes royalty on considerably more production than the six flasks which he now claims. Mr. Waters persuaded Pulliam that it was absolutely necessary for him to comply with our request and report all of the production made by the Terlingua Corporation. He urged Pulliam to prepare such a report immediately.

9-3

Pulliam pleaded for additional time because he said his production record has been summarized in four large columnar sheets and has been done in a manner which prohibits duplication by photostatting. He said he hired a clerk some time ago to compile this information, and it consists of dozens of small lots of ore taken from various parts of the land described in the contract. The report also contains reconciliation between the ore mined and the flasks of mercury retorted. He said he can only look to his wife to undertake the preparation of the material for DMEA and he mentioned that she had undergone two major operations and almost lost her life. She is a public accountant and has a small office where she specializes in the preparation of income tax returns. He said she has been overworked and is so at this time by income tax problems, such as making requests for extensions of payment, etc. for her many clients.

I suggested that perhaps his voluminous tabulations could be grouped into one of several areas from where the ore was produced. These areas could then be shown on a map with total production indicated from each area and then submitted with any arguments he wished to submit regarding their exclusion. He pointed out the extreme difficulty in furnishing documentary proof of sales because he said so much of the total production was sold in three- to five-flask lots which he indicated were in the form of over-the-counter sales.

Mr. Waters again came to my side and made it clear to Pulliam that, regardless of the hardship of illness or the enormity and detail of the typing work, he must furnish us with the information we request and do it promptly. Pulliam agreed to do so.

I offered to bring in members of the staff from Legal, Accounting, and Commodity Divisions for further discussions. Mr. Waters felt that, although the offer was gracious, the main problem here is to get Pulliam to answer our letters, and that from there on it will probably be a matter for discussions between lawyers.

They had flight reservations from New York to Texas and had stopped enroute to make this visit to my office. They had, therefore, forfeited their reservations and were desirous of getting to the airport to be on standby.

COMittendorf

Administrator

COMittendorf/fw
cc: Docket
Admr. Reading File
Mr. Martin
Mr. Chambers
Field Team, Reg. IV (2)
Diary

Docket copy
Surname:
Fisher
Chambers
Martin
Pytnir
Dwyer
Selfridge

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

OCT - 5 1956

Mr. Robert N. Pulliam, President
Terlingua Mercury Corporation
Box 330
Alpine, Texas

Registered Mail
Return Receipt Requested

Re: Docket No. DMA-2202X (Mercury)
Amerimex Mining Co.
Fresno Mine
Presidio County, Texas
Contract No. Idm-E468

Dear Mr. Pulliam:

Reference is made to letter to you dated July 13, 1956, from Clinton C. Knox, Executive Officer, DMEA Field Team, Region IV, Joplin, Missouri, and to previous correspondence between you and Mr. Knox with respect to production statements and royalty due the Government under terms of the subject contract.

A review of our files discloses that the amount of royalty due the Government on 19 flasks of mercury produced from this project in 1953 was withheld from the final settlement made with Amerimex Mining Company in connection with the exploration costs. Our files also indicate that, subsequent to 1953, substantial production of mercury from the land described in the contract has been accomplished by Terlingua Mercury Corporation. Our files also indicate that this corporation has assumed the obligation of Amerimex Mining Company for the payment of royalty under terms of the exploration contract with the Government which contract was certified as a discovery or development by this Administration on January 8, 1954. The royalty on production for the period subsequent to 1953 has not been paid to the Government, nor has Mr. Knox been successful in securing statements of production and sales from which the amount due may be computed.

It is not within the authority of this Administration to postpone indefinitely such action as may be necessary to collect amounts properly due the Government. Accordingly, I must advise you that unless arrangements are made by November 15, 1956, to furnish such production data and to pay the delinquent royalty, it will be necessary to refer the matter to the Attorney General of the United States for appropriate action.

CEFisher/wb 10-1-56

Sincerely yours,

Copy to: Mails & Files
Admr. Reading File
Fld. Team, Region IV (2)
Mr. Chambers
Mr. Selfridge
Mr. Martin
Mr. Finch

Administrator

R.C.L.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
Box 431
Joplin, Missouri

July 13, 1956

Mr. Robert N. Pulliam, President
Terlingua Mercury Corporation
Box 330
Alpine, Texas

Re: DMA-2202X (mercury)
Amerimax Mining Co.
Fresno mine, Presidio County, Tex.
Project Contract Idm-E468

Dear Mr. Pulliam:

In accordance with my understanding from our discussions there last May, I expected shortly thereafter to receive from you the documentary production statements and royalty due the Government as previously requested in my February 10 letter to you, and in others since.

This is to advise that unless this matter is resolved satisfactorily within the next 30 days, it will be referred to the Washington Office for appropriate action.

In case you wish to discuss the matter further with me, this also is to advise that I plan to be in Alpine and Terlingua primarily on other D.M.E.A. business the last half of next week, but intend to contact your office then for information on any production from the Fresno mine since May 1, and for permission of the Terlingua Mercury Corporation to make the Field Team's periodic semi-annual production inspection at the mine.

With best personal regards to you and Mrs. Pulliam, I am,

Sincerely yours,

CCK/enn

Clinton C. Knox
Executive Officer
DMEA Field Team, Region IV

cc: DMEA Op.Com.(2)
2202 file

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
Box 431
Joplin, Missouri

Airmail

April 26, 1956

Mr. Robert N. Pulliam, President
Terlingua Mercury Corporation
Box 330
Alpine, Texas

Re: Docket DMA-2202X (mercury)
Amerimex Mining Co.
Fresno mine, Presidio County, Tex.
Project Contract Idm-E468

Dear Mr. Pulliam:

No response has been received from my letter to you on March 27 but this is to advise that I have just made plans to arrive in Alpine on May 2 for other DMEA work. Therefore, I also expect to contact your office on May 4 for the purpose of obtaining the previously mentioned necessary royalty accounting and permission for another underground production inspection of the Fresno mine.

With best personal regards to you and Mrs. Pulliam, I am,

Sincerely yours,

CCK/enn

Clinton C. Knox
Executive Officer
DMEA Field Team, Region IV

cc: DMEA Op.Com.(2)
2202X file

RECEIVED
APR 30 1956

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Box 431
Joplin, Missouri

RECEIVED
APR 27 1956

April 24, 1956

Memorandum

To: Fiscal Officer, Region IV, Bureau of Mines, Bartlesville, Okla.

From: Executive Officer, DMEA Field Team, Region IV

Subject: Documentary support of mercury sales
Amerimex Mining Co. (DMA-2202X), Fresno mine, Alpine, Tex.
Royalty collections - Project Contract Idm-E468

Thanks for your April 19 memo bringing my attention to the absence of any mercury sales documentation in your files on the subject docket, discovered by the G.A.O. Auditors.

As a matter of fact, despite repeated urging to date, the subject Operator never has furnished the Government any supporting mercury sales slips, as likewise repeatedly promised this Field Team by Mr. R. M. Pulliam, formerly President of the now defunct Amerimex Company. The ore is smelted at the Fresno mine and the production is disposed of generally in small lots in the form of flasks of mercury, which virtually has precluded our contacting the various buyers directly.

Evidently I should have furnished you one copy of the Operator's final engineering report on the project, dated June 23, 1954. Some schedules in it were the basis for the $179.80 royalty set-off recommended by Don Finch, DMEA Auditor, in his February 24, 1955, letter on the subject to Mr. Chambers (copy enclosed here). I concurred in that recommendation, under the impression that it might be considered illegal for me to authorize the final payment to this Operator for the project work knowing that it owed royalty to the Government.

At the time, the Amerimex Company virtually no longer existed, having been forced to relinquish its lease on the Fresno mine. I am reasonably certain no further production ensued from September 1953 until about March 1955. From then to about last December, I have reasons to believe that Fresno mine production was considerable. A letter on March 22, 1956, however, from Mr. Pulliam who also is one of the Guarantors under the subject contract, informed me that royalty is now due the Government on only six flasks of that 1955 mercury production. Therefore, on the trip I am tentatively planning to that Terlingua mercury mining district next week, primarily to inspect the project work by Big Bend Mining (Contract Idm-E893). I also intend to make every effort to obtain the

pertinent production records on the Fresno mine and inspect its underground workings.

Please rest assured that I will furnish you copies of all ore settlement sheets received in support of royalty payments.

CCK/enn

Clinton C. Knox

encl.

cc: DMEA Op.Com.(2)
2202X file
E468 royalty file

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
Box 431
Joplin, Missouri

RECEIVED
MAR 30 1956

March 27, 1956

Mr. Robert N. Pulliam, President
Terlingua Mercury Corporation
Box 330
Alpine, Texas

Re: Docket DMA-2202X (mercury)
Amerimex Mining Company
Fresno Mine, Presidio County, Tex.
Project Contract Idm-E468

Dear Mr. Pulliam:

In reply to your letter of March 22, I urge that you submit the production information and royalty payment as soon as possible without the kep map.

Filing of the map with this Field Team Office, is merely a suggestion on my part which I thought would be to our mutual advantage if and when D.M.E.A. ever requests an engineering opinion from here on the calculated amount of ore mined at the Fresno. I was under the impression that the Terlingua Mercury Corporation produced something over 200 flasks of mercury in 1955, but that some part of it came from ore mined in places and properties other than the Fresno mine area, so I reasoned that the suggested map would be the easiest way of supporting your Fresno production allocation tabulations from an engineering standpoint. Therefore, I still would be pleased to receive a print of the map whenever Roy Hammond has completed it. I am sure that will be plenty soon enough for any use I eventually might be required to make of it.

Just now, your letter has furnished some of the urgently needed information to complete my long overdue general report to Washington on what has been achieved throughout Region IV during 1955 as a result of the D.M.E.A. Program. Although you may not agree that it had much share in your "spark-plugging" of the recent revival of the Terlingua mercury mining district, from what I observed at your Fresno mining operations last August, I believe at least a bit of the credit can be claimed. Anyhow I was glad to see your prolonged efforts bearing some fruit, and I was pleased to read in your letter that your Campo de los Angeles mining operations are about to become productive.

Concerning your reference to obtaining D.M.E.A. participation in costs of extensive exploration the Terlingua Mercury Corporation expects to continue on its many holdings in the Terlingua district, it is mutually advantageous when applications can be prepared so that

project contracts can be let on a unit cost basis. As I see it, the policy of D.M.E.A. on the exploration program provided under the Defense Production Act of 1950 (amended) has been, and continues to be strictly realistic, and I assure you that the personnel of D.M.E.A., the Geological Survey, and the Bureau of Mines who are charged with carrying it out, make every honest effort to administer the program as set forth in DMEA Order-1, Amended, a copy of which is enclosed for your ready reference. Also a booklet further explaining the Defense Minerals Exploration Program and a set of the MF-103 Application Forms are enclosed for your information.

There is a possibility that I may get to make a trip to Texas next month. If and when a definite date can be set, I plan to contact you with the hopes of a visit in your office and the Fresno mine.

With best personal regards, I am,

Sincerely yours,

CCK/enn

Clinton C. Knox
Executive Officer
DMEA Field Team, Region IV

cc: DMEA Op.Com.(2)w/c
2202X file

C O P Y

Terlingua Mercury Corporation
Producers of Prime Virgin Quicksilver
Jones Building
Box 330 - Phone 2617
Alpine, Texas
March 22, 1956

C O P Y

AIR MAIL

Mr. Clinton C. Knox
Executive Officer
Defense Minerals Exploration Administration
P. O. Box 431
Joplin, Missouri

Re: Docket DMA-2202X (mercury)
Amerimex Mining Company
Fresno Mine, Presidio County, Texas
Project Contract Idm-E468

Dear Mr. Knox:

Thank you for your letter dated March 20 with reference to the captioned contract. We had certainly hoped to have the promised production information and royalty payment to you prior to this time, but as you suggested, we also expect to send with the production information a map of present mine workings clearly showing the source of all production reported. However, Mr. Hammond had to rush back to Butte, Montana, in order to complete some urgent work there and was unable to complete the map during his recent visit. Consequently, this information is not yet available. Mr. Hammond will return here on April 1 to do additional work for our Company and at that time will provide you with the map. Meanwhile, we have carefully tabulated the source and amount of ore, accounting for all production during 1955. This information will not be meaningful without the map, but if you prefer, we will be pleased to complete formal tabulation reports and submit them to you with our payment on that part of production resulting from the DMA projects.

As you doubtlessly noted on your last previous visit to the mine, very little ore was mined as a result of DMA work.

The furnace at Fresno Mine has not been in operation since December 21, 1955, and there has been no production from that property during the year 1956.

It is very probable that the Fresno furnace will be put into operation at an early date, treating ore which we are now mining from our Campo de los Angeles Property. We give you this notice in order that there may be no misunderstanding concerning the source of ore from which production will be derived, and we respectfully request any such investigation as may be deemed desirable to satisfy the Government in this respect.

It is certainly true that we have been extremely busy during the past few months. In addition to our mining operations at Campo de los Angeles, we are carrying on extensive exploration by underground mine opening and by both surface and underground drilling at the Fresno Mine. In addition, we are making many improvements intended to speed operation and to reduce labor cost for both production and exploration. I am happy to say that we have made some remarkable progress in that respect.

Our Company has extensive holdings in the Terlingua Quicksilver District on which we expect to carry on extensive exploration. Such exploration will doubtlessly begin with a well planned drilling program based upon the best geological reasoning and practical operating ideas which Mr. Hammond and I are able to develop. It would be wonderfully helpful if we could obtain D.M.E.A. participation on a unit cost basis. I cannot help but wonder if a more realistic policy has not yet developed on the part of that agency.

Please advise us of your desire with respect to our submitting the production information and royalty payment without the key map. I have felt that it would be unwise to submit this information without the map, but Mr. Hammond somehow misplaced his original tracings and did not have time to duplicate them on his recent visit. Just as soon as this can be done so that copies can be made, we shall be most happy to send them to you, and if you feel that we should submit the production information and royalty payment prior to that time, we shall be glad to do so. Only six flasks of mercury were produced as a result of the DMA Projects. Any and all other production resulted from ore saved incidental to extensive underground exploration carried on entirely at the expense of our Company, and I might add that this production was carried on simply to defray in part the cost of exploration. This may be confirmed from our annual audit report prepared by Price Waterhouse & Company of Houston, Texas.

Awaiting your reply and with kindest personal regards,
I remain

Sincerely,

R. N. Pulliam
President

RNP:bh

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D. C.~~
Box 431
Joplin, Missouri

March 20, 1956

Mr. Robert N. Pulliam, President
Terlingua Mercury Corporation
Box 330
Alpine, Texas

Re: Docket DMA-2202X (mercury)
Amerimex Mining Company
Fresno mine, Presidio County, Tex.
Project Contract Idm-E468

Dear Mr. Pulliam:

With reference to your last letter to me, dated February 12, I have been expecting the promised production information and royalty payments thereon due the Government under the cited contract.

According to a news item on page 96 of the current (March) issue of Mining World, I surmise that you are being kept very busy with all the work your present corporation is doing; also that the activities of the other concerns operating in the Terlingua district are being accelerated.

Sincerely yours,

CCK/enn

Clinton C. Knox
Executive Officer
DMEA Field Team, Region IV

cc: DMEA Op.Com.(2)
2202 file

RECEIVED
MAR 23 1956

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
Box 431
Joplin, Missouri

February 20, 1956

Mr. Robert M. Pulliam, President
Terlingua Mercury Corporation
Box 330
Alpine, Texas

Re: Docket DMA-2202X (mercury)
Amerimex Mining Company
Fresno mine, Presidio County, Tex.
Project Contract Idm-2468

Dear Mr. Pulliam:

This is to acknowledge your February 12 letter explaining that the 1955 production reports and royalty payments due the Government will be submitted to me shortly. I share your eagerness to get those matters cleared up to the satisfaction of all concerned.

I regret that a trip by me to that Big Bend region of Texas has not seemed to have been warranted yet this year. Perhaps sufficient other DMEA work will arise within the next two months to justify a trip down there at which time I shall advise you well in advance in hopes of visiting both your office and the Fresno underground operations.

It is unfortunate for me that I could not have arranged my trip there to coincide with that of Mr. Roy Hammond from Butte when he was there last week on the annual mine examination work for you. I understand that his wide mining experiences include some years on Terlingua mercury mining and explorations in the Terlingua district during World War II. I have not seen him, however, for nearly 20 years when I worked with him in Butte. Then I came to regard him highly as a fine young engineer and a very likable person.

Incidently I visited briefly with another aquaintance of yours, Mr. R. M. Calhoun, formerly in charge of the El Paso Office of the American Zinc, Lead & Smelting Company. He stopped recently at its Joplin Office enroute to a new assignment as Manager of Western Operations Office in Salt Lake City. He appeared to be enthusiastic about some of the recent potential mercury developments in the Terlingua district, particularly the reportedly phenomenal recent strike and production by the Lone Star Mercury Company near or on your Maggie mining property.

With thanks for your letter and best personel regards, I am,

Sincerely yours,

Clinton C. Knox
Executive Officer
DMEA Field Team, Region IV

cc: DMEA Oper. Com. (2)
2202X file

C
O
P
Y

TERLINGUA MERCURY CORPORATION
Producers of Prime Virgin Quicksilver
Jones Building
Box 330 - Phone 2617
Alpine, Texas

February 12, 1956

Mr. Clinton C. Knox, Executive Officer
DMEA Field Team, Region IV
Defense Minerals Exploration Administration
U. S. Department of the Interior
P. O. Box 431
Joplin, Missouri

Re: Docket DMA-2202X (mercury)
Amerimex Mining Company
Fresno Mine, Presidio County, Tex.
Project Contract Idm-E468

Dear Mr. Knox:

Thank you for your letter dated February 10 again calling our attention to the semi-annual reports on mercury production from the Fresno Mine for 1955.

We regret the unavoidable delay in submitting these reports and the payment of royalties due the Government under the subject Contract; however, we have been awaiting the arrival of Mr. Roy M. Hammond in order that his map of underground workings could be submitted with our reports.

Mr. Hammond is now at the Mine where he is completing his map of the Fresno underground workings, a copy of which will be submitted with our formal reports on production for 1955. Mr. Hammond was repeatedly delayed in arriving here, which accounts for our failure to complete and submit the reports prior to this time. We believe that it will be possible to submit this information within the next 10 days to two weeks, and we assure you of our desire to cooperate fully at all times.

Thanking you and with best personal regards, we are

Sincerely,

TERLINGUA MERCURY CORPORATION

By /s/ R. N. Pulliam
R. N. Pulliam, President

RNP:L

(Two copies of the above letter made and sent to DMEA Operating Committee by Knox 2/20/56, but it was received by DMEA Field Team, Joplin, 2/14/56). CCK.

DMEA Operating Committee

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

RECEIVED
FEB 13 1956

P. O. Box #431
Joplin, Missouri

February 10, 1956

Mr. Robert E. Pulliam
Vice-President, Terlingua Mercury Corp.
Box 330
Alpine, Texas

Re: Docket DMA-2202X (mercury)
Amerimex Mining Company
Fresno Mine, Presidio County, Tex.
Project Contract Idm-E468

Dear Mr. Pulliam:

Referring to your letter to me last October 20, I have long awaited the information on Fresno mine production required under the subject contract. My semi-annual reports on the Fresno mercury production for 1955 are long overdue in Washington.

I realize that you have been plagued by many more pressing matters in keeping the Fresno mine operations alive but it is my honest opinion that it might be well to the advantage of you and Mrs. Pulliam if the Terlingua Mercury Corp. will settle without undue delay the royalties now due the Government under the subject contract.

With best personal regards to you and Mrs. Pulliam, I am

Sincerely yours,

Clinton C. Knox
Executive Officer
DMEA Field Team, Region IV

CCK/vks

cc: DMEA Op. Com. (2) ✓
2202X file

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
P. O. BOX 431
JOPLIN, MISSOURI

RECEIVED
JAN 16 1956

FINAL PROJECT REPORT
for
the D.M.E.A. Field Team
by

Clinton C. Knox
Mining Engineer

on

Project Contract Idm-E468
Amerimex Mining Company
Box 626
Alpine, Texas

Docket DMA-2202X (Mercury)
Fresno Mine
Buena Suerte, Presidio County, Texas

Terlingua Mercury Mining District
Big Bend Region

January 13, 1956

Reviewed by
DMEA OPERATING COMMITTEE
1-20-56
(date)

Summary:

The exploratory project work by the Amerimex Mining Co. at the Fresno mine in 1953 amounted to 866 feet of underground drifts, crosscuts, raises and shafts, 476 feet of underground diamond drilling, and 9 hours of surface bulldozer trenching. The accepted total net project cost was $61,953.39 of which the Government paid the Operator 75 percent.

One 3,400-ton block of marginal reserves was indicated to contain an average of 3.6 pounds of mercury per ton. Due to the unauthorized shutdown of the project work by the Operator on August 19, 1953, the favorable-appearing geologic targets at all the other exploration sites specified in the project contract, remain virtually unexplored.

The contract was terminated January 5, 1954, the discovery certified January 8, 1954, the Operator submitted its Final Report June 23, 1954, the authorized sale of the jointly owned property was completed on August 22, 1954, the Final Audit was completed February 21, 1955, and the final settlement made to the Operator on March 18, 1955.

Recommendations:

(a) Additional exploration and development of the Fresno mercury mining property is warranted. Without prejudice to the property or the property owners, I do not believe Government financial assistance to the present lessee and operator, the Terlingua Mercury Corporation, would ~~not~~ be advisable; the Amerimex Mining Co., evidently no longer in existance, was forced to surrender its leases to the property owners early in 1954.

(b) The Government is entitled to royalties from Fresno mine production, resumed to a limited extent by the new operator in 1955; only a royalty of $179.80 has been collected by DMEA on production during the time of the exploration project in 1953. Although unsuccessful so far, the Field Team should continue vigorous demands for correct production records and proper royalty payments thereon and continue making the semi-annual production inspections of the Fresno mine. Although Mr. and Mrs. Robert N. Pulliam, signers of a Guaranty for the Government's royalty have repeatedly promised that settlements on the account will be forthcoming, the Crowley Tar Products Co., another Guaranty signer, has made no statement.

(c) It is doubtful that production is economically feasible but some production, nevertheless, probably will continue.

Description of the work completed:

The project work under contract Idm-E468, dated December 18, 1952, was started on January 10, 1953, and discontinued by the Operator without DMEA authorization on August 19, 1953. The Notice of Termination of the contract ("Before Completion of the Work") was issued by the DMEA Administrator on January 5, 1954; the Certification of Discovery, January 8, 1954.

The work completed on the six project sites specified in "Exhibit A" and indicated on the attached print of my sketch map, is summarized as follows:

Project #1 - a total of 217 feet of drifting and raising, averaging slightly under the 5x7-foot size limitation, exceeded the maximum linear footage set by the contract, 17 feet, estimated costs of which were disallowed by the Field Team as per the Final Audit report of February 21, 1955. The anticipated steep target fracture zone evidently veered off on a flat bedding plane above these workings, so apparently after passing beneath the target, the explorations wandered aimlessly on some "open" bedding planes with only insignificant traces of cinnabar until this work was abandoned in June 1953.

Project #3 - A total of 452½ feet of drifts, crosscuts, and raises were driven as authorized by the contract and its subsequent Amendment No. 2. The size of those exploratory openings was consistently slightly under the set 5x7-foot limitation. Mercury was produced from these workings during the exploration period and my recommendation for certifying a discovery was based on submarginal ore reserves which evidently were indicated there. Certain Field Team disallowances on the Operator's cost claims for this project, as set forth in the Final Audit Report of February 21, 1955, necessarily were based on the Executive Officer's arbitrary estimated apportionment of costs which should have been chargeable to production during some stoping done at the time of the exploration work.

Project #6 - A total of 197 feet of drifts were driven circumventing the favorable-appearing breccia "pipe" mapped at this site by the U. S. G. S. in 1942. Because of ground temperatures and poor ventilation in those workings and because of being about 60 feet above the significant cinnabar indications reportedly found in churn drill hole No. 6, drilled by the landowner in 1955, completion of the authorized project work there appeared ill-advised to the Operator and the Executive Officer.

Project #7 - A 150-foot horizontal hole was diamond drilled northward from the specified site in the breast of the old north crosscut, apparently without encountering the favorable-appearing structures shown on the U. S. G. S. surface map.

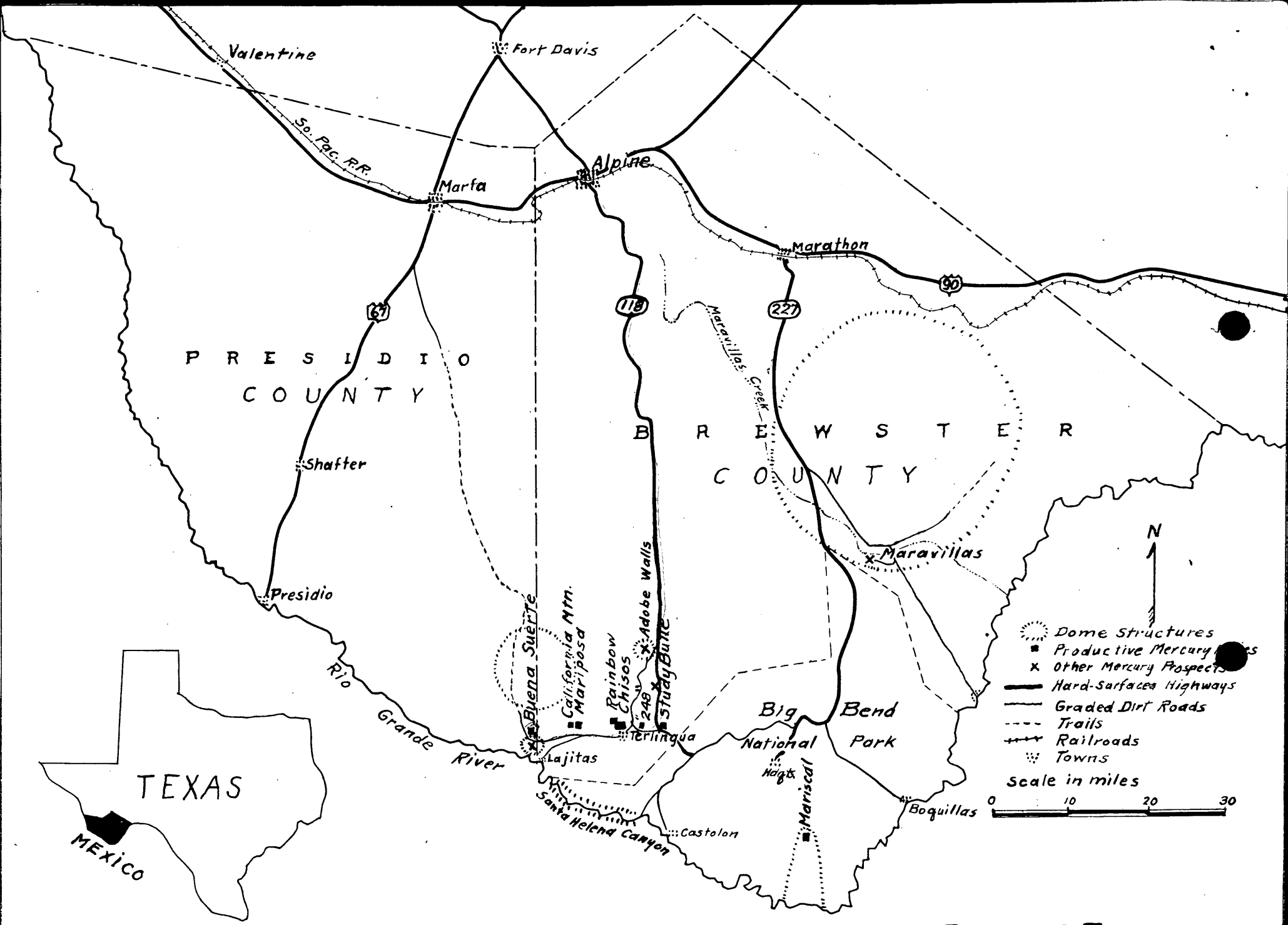
Project #8 - A fan of 6 holes, totaling 326 feet, were diamond drilled southward from the specified site in the breast of the old south crosscut, each reaching but failing to significantly penetrate the target, a downward projection of the clay-filled fault zone along the south bounding rim of the unevenly collapsed noselike structure featured in the Fresno area. The landowner's annual assessment work in 1947 had uncovered the outcrop of that favorable-appearing fault zone. According to the Operator's logs, a trace of cinnabar was recovered in core from limestone near the fault zone during the diamond drilling of one of the authorized project holes.

Project #12 - The Operator chose to do only 9 hours of the surface prospect bulldozing authorized by "Exhibit A", excavating only two trenches near, and southeasterly from old churn drill hole No. 7. Sinking of a shaft on that hole then was authorized to sample cinnabar reported to have been discovered during the drilling of that hole in 1945. After reaching a depth of 49 feet, an authorized total of only 14 feet of crosscut and drift was completed toward the favorable-appearing breccia "pipe" mapped to the east of this shaft by the U. S. G. S. in 1942. Field Team disallowances for the estimated costs of oversized in excess of the set 5x7-foot limitations for these workings, are fully explained in my review Memo on each of the Operator's MF-104 Cost Claims and in the Final Audit Report, February 21, 1955.

Geology and ore reserves:

In regional geologic setting, the Fresno mine is eight miles south of the great Solitario, a domical uplift about nine miles in diameter and truncated by erosion, the most prominent structural feature of the region. A phenomenal circular outcrop of an igneous sill in the most porous strata known in that structure may have blocked the migration of any mercury mineralization to that dome, thus apparently retaining the mercury ore depositions in the related structure of the Terlingua mercury district. Significant mercury mineral depositions have been found on many of the small domical structures of that vast Big Bend region of Texas as well as on the great Marathon dome 40 miles east of the Solitario.

The Solitario dome surmounts a very much broader regional anticlinal uplift, the axis of which gently pitches about 8 miles to the southeast from the base of the Solitario to the crest of Tres Cuevas mountain, about 5 miles due east of the Fresno mine. Breaking sharply on that due east line through the crest of Tres Cuevas mountain, the regional anticlinal uplift flexes abruptly downward to form the 20-mile west-to-east striking Terlingua monocline. The highly flexed zone along the brow and flank of that monocline appears practically synonymous with almost all the hitherto highly productive mining areas of the Terlingua district (see enclosed sketch), mostly



Location of Mercury Mines and Prospects in the Big Bend Region of Texas

lying in Brewster County. That district extends from the abandoned mines of the Study Butte ghost camp, 20 miles west, embracing the "248" mine, the phenomenally productive Chisos, the Rainbow, the network of mines in the California Mountain and Mariposa camps, and finally reaches its, and the monocline's apparent terminus in an unevenly collapsed noselike structure covered by the Fresno mining claims in Presidio County. Virtually all the mercury which has come from that County (reportedly some 4,000 flasks) was produced from the Fresno mine; deep Tertiary volcanics practically blanket all sedimentary strata west of the Fresno.

The rocks exposed on the surface and underground at the Fresno mine, are represented by the following stratigraphic section:

System	Formation	Thickness
Recent	Alluvium	shallow desert "wash" in deep dissecting ravines
Tertiary	Chisos volcanics	A few high hills of thick slumped blocks; also intrusions in sedimentaries
Upper Cretaceous	Tornillo clay	eroded except possibly in breccia "pipes"
	Aguja clay	" " " " "
	Terlingua clay	" " " " "
	Boquillas Flags	eroded except in breccia "pipes"
	Buda-limestone	50 to 85 feet; mostly eroded
	Del Rio clay	100 to 120 feet; partially eroded
Lower Cretaceous	Georgetown limestone	thickness unknown

As indicated in the attached print of my sketch map the principal ore deposit mined at the Fresno was essentially an irregular manto with the richest cinnabar in the flat bedding planes and steep fracture zones of the thin-bedded strata near the top of the porous Georgetown limestone and in some place up to the impervious Del Rio clay, especially around slumps.

The little exploration that was accomplished around some of the indicated breccia "pipes" was not at sufficient depths to encounter any favorable target strata. The few short holes diamond drilled to explore the favorable-appearing rim fault zone bounding the uneven collapse area of the noselike Fresno structure likewise was inconclusive. Numerous inferred favorable smaller "trap" structures, both near the stoped area and throughout the entire 400-acre area of the unevenly collapsed noselike structure, remain unexplored.

The Operator's maps and my above-mentioned map were largely adapted from, and based on the comprehensive mapping done by the U. S. G. S. geologists in 1942 soon after the Fresno mine first started

producing. Unfortunately, the detailed underground geologic mapping was never accomplished which David Gallagher, then the Executive Officer, suggested might be fruitful in connection with the proposed project work, when I accompanied him on the preliminary Field Team examination of the Fresno mine on December 16, 1951.

Based on a roughly weighted average of the assays of the check samples taken by the Field Team during its inspection of the project on August 9, 1953, as given in my report, dated August 27, 1953, I calculated one 3,400-ton block of marginal-appearing reserves had been indicated by crosscuts, raises, and sub-drifts on Project No. 3, having an average mercury content of 3.6 pounds per ton. No comprehensive sampling results were reported by the Operator, but according to check sampling results reported by W. P. Williams, who made the periodic Field Team inspections of the project while he was the Executive Officer, no actual discovery is believed to have been made other than the block above-mentioned.

Expenditures:

(a)	Total project cost claimed by Operator.....	$75,879.48
	Less sale of jointly owned property.....	4,006.65
	Net project cost claim.....	71,872.83
	Disallowances as detailed in Audit Report, 2/21/55..	9,919.44
(b)	Total acceptable project cost.....	61,953.39
	(Approved by Executive Officer 3/10/55)	
(c)	Government's share of that cost.....	46,465.04
(d)	Unexpended portion of authorized Government's share.	13,534.96
(e)	Value of production from project operations.....	3,596.00
	Government's royalty collected by D.M.E.A.....	179.80

A letter from the Operator, dated February 9, 1954, advised the Executive Officer that its lease on the Fresno mercury mine had been surrendered to the owner. After learning that the Terlingua Mercury Corp. had leased that mine and started some mercury production there in the first half of 1955, I made a production inspection in the underground workings on August 18, 1955, but the value of production by that new operating concern was not divulged to me then or since.

Efficiency of the operation:

When the project Operator was on the verge of financial collapse, after exploration expenditures claimed to amount to nearly $70,000 had been incurred, I finally was authorized to go on the Field Team inspection trip to the project on August 9, 1953. That necessarily hurried inspection was made in connection with assisting on the much-needed detailed interim audit being made then at the Operator's home office in Alpine, Texas. As the Operator's MF-104A

Unit Cost and Progress Reports had attested each month, and as previously anticipated in my preliminary field report recommending this project contract, the results of the inefficient labor available for employment there were apparent during that inspection. Much more startling, however, was the obvious lack of the necessary detailed attention that the exploratory work had received from the geological, engineering and supervisory personnel both in the employ of the Operator and the Government. Such as the Operator was able to employ for the project work, either were discharged for incompetence or were unwilling to stay long enough to attain any success on the project work due to the severe operating conditions and poor living facilities in that hot, remote, primitive locality. The single exception was the very able Master Mechanic who although inexperienced at mining, obviously had been obliged to carry on all the supervisory jobs there during numerous intervals from the beginning of the project work in January, 1953, until taken to a hospital with a serious illness in December of that year.

Mr. Robert N. Pulliam, President, Manager, and Superintendent of the Amerimex Mining Co. is a typical Texas mine operator with reportedly little actual successful mining experience there and in Mexico, although obviously prone to overexpand various necessary facilities and preparations, he, nevertheless, maintained safe and clean mine, plant, and camp operations in a business-like manner, possibly at the expense of deriving more aggressive exploration progress possibly attainable in some instances. He appeared to be adept at attracting and handling most effectively the better of the Mexican labor available for employment there but obviously was not able to furnish them the training and detailed supervisory attention they needed. No doubt he would have been capable of managing the operations satisfactorily with a competent project foreman to carry out the details. Both he and Mrs. Pulliam conscientiously believed they had devoted more than the time claimed in sincere efforts in the interest of success on the project. Obviously, however, too much of his time was required driving to and from the remote project site and away an undeterminable amount of the time required on his duties as the company's president, manager, engineer, employment agent, and purchasing office. No doubt much time was required searching for suitable men to hire, buying equipment in El Paso and elsewhere, writing reports and letters, negotiating corporation affairs with the New York and Houston interests of the company, and with the separate owners of the surface rights, camp, and plant facilities. Therefore the arbitrary Field Team disallowance of some of the Supervision claims were deemed justifiable although not supported adequately by the Operator's time distributions or by comprehensive monthly engineering inspections by the Field Team which should have been considered mandatory in the administration of this particular project contract. In that project inspection on

August 9, 1953, it was recognized that Mr. Pulliam had been unable to employ any one competent project foreman or engineer long enough to carry out the exploration plans even if proper direction had been given. Also it was apparent that the operating personnel had been under pressure when prematurely starting production operations on the property without adequately developed ore reserves and operating capital in excess of that provided for the Operator's share of the exploration project costs.

In retrospect, however, despite the apparent inefficiency as measured by similar work of better established mining concerns producing other mineral commodities in other states, the Amerimex Company's exploration work under most difficult conditions, is concluded to have been on a par with all such comparable previous Southwest Texas operations; none are known for comparison there now. Since that once thriving, but always notoriously inefficient, Terlingua mercury mining district, where Mr. Pulliam has spent most of his lifetime, was abandoned at the close of World War II, many such bad starts and failures probably will result yet before the 'know-how' can be regained and the ore reserves believed to remain there, can be brought into evidence sufficient to support rebirth of that industry.

Equipment purchased for project:

The project equipment in which the Government held an equity, as inventoried in detail by me when inspecting the project on August 9, 1953, is listed as follows:

1	Joy double-drum 5HP electric motor slusher-hoist, scraper, etc.
1	Steel alloy loading-ramp plate 6 x 20'
2	Joy JAL-48 Jack Legs with backhead attachments for L-57 drills
1	Duplex 3x2x4" water pump for diamond drilling
1	Gould centrifugal water supply pump with 1 HP gasoline motor, etc.
1	Silsaw
1	B & D Valve reseater set with attached electric motor
1	Lincoln arc-welder with attached Wisconsin gasoline motor
3	Aluminum 1,222 gal. rocket-fuel tanks rigged for water storage
1	Aluminum bomber wing-tank rigged for water storage
1	13 cu. ft. 2-door Servel refrigerator
1	11 cu. ft. 2-door Servel refrigerator
1	Butane gas kitchen range
1	Brunton compass and accessories
1	'52 Ford 1/2-ton pickup truck
1	'53 GMC, 2-ton truck

Upon the recommendations of this writer and Mr. D. T. Finch, DMEA Auditor, when preparing the final audit of the Operator's accounts in Alpine, Texas, the Washington Office authorized waving the Government's interest in the two trucks listed above because its participation in the respective balances of $798.80 and $1,293.09 in installment payments yet to be made as of August 31, 1953, were determined not to be justified in view of their accumulated depreciation.

Also considered subject to liquidation under the "Notice of Termination" issued to the Operator on January 5, 1954, were the materials, operating tools, supplies, kitchen equipment, etc., yet in stock or expected to be salvable, are listed by categories as follows:

1 lot of second-hand pipe which was to have been used as building structures
1 lot of drill steel, bits, air hoses and other drilling supplies.
1 lot of air and water pipe installed in underground workings
1 lot of electrical supplies and fixtures
1 lot kitchen equipment
1 lot small tools and miscellaneous supplies, etc.
1 lot diamond drilling supplies, bits, etc.

At that time the latter category erroneously was believed to have the greatest buyer appeal of any of the property.

In addition, the cement, oil and explosives remaining on hand when the project was shut-down on August 19, 1953, were returned to the original Alpine suppliers for full credit, except for a few items sold locally at full value, as the Operator accounted in its letter to the Executive Officer on February 11, 1954, in reply to which approval of those liquidation credits was given in the Executive Officer's letter to the Operator on February 25, 1954.

Then following delays granted at the request of the Crowley Tar Products Co. of New York City in its letter to the Administrator on July 31, 1954, and at the request of Mr. Robert N. Pulliam in his letter to the Executive Officer on April 5, 1954, all the remaining salvable equipment, operating supplies, tools, materials, etc., in which the Government claimed equity were offered for sale by the Operator's circulation of 'Invitations to Bid', copies of which were

furnished the Executive Officer on May 7, 1954. Finally on August 20, 1954, the bid of $2,000 from R. D. French of Houston, Texas, for the entire lot in which the Government then claimed equity was found acceptable by the Executive Officer upon receiving the concurrence of the Washington DMEA Administrator and the Operator.

Clinton C. Knox

Clinton C. Knox
Mining Engineer

CCK/vks

cc: DMEA Op. Com. (3)
2202 file
Knox

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

P. O. Box #431
Joplin, Missouri

RECEIVED
JAN 16 1956

January 13, 1956

Memorandum

To: DMEA Operating Committee, Interior Bldg., Wash. 25, D.C.

From: Executive Officer, DMEA Field Team, Region IV, Joplin, Mo.

Subject: Final Field Team Report, Project Contract Idm-E468, Amerimex Mining Co., Docket DMA-2202X (mercury)

With reference to your December 19 letter, the original and three copies of the subject report are transmitted herewith.

I regret that I was unable to prepare this report in a manner that would do full justice to this particular project. I will be very happy to make any changes therein which you or the Geological Survey men might wish.

I want to express my deep appreciation for the enduring patience you all have shown with me on this matter.

I hope to be able to visit in your offices briefly next week when I will be in Washington for a Bureau of Mines' conference.

Clinton C. Knox
Clinton C. Knox
Mining Engineer

CCK/vks

Enclosures (4)

cc: DMEA Op. Com. (3)

Reviewed by
DMEA OPERATING COMMITTEE
1-20-56
(date)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
JAN 3 1956

~~WASHINGTON 25, D.C.~~
Box 431
Joplin, Missouri

December 30, 1955

Mr. Thor H. Kiilsgaard
Geological Survey Member
DMEA Operating Committee
Interior Building
Washington 25, D.C.

Re: DMA-2202X (mercury)
Amerimex Mining Co.
Fresno mine, Presidio County, Tex.
Project Contract Idm-E468

Dear Mr. Kiilsgaard:

I appreciate your thoughtfulness in writing to me on December 27, and offering Survey assistance to prepare the final Field Team report on the cited project. Although now bolstered by the confidence you expressed in me, I have shared your opinion that I should be able personally to prepare an adequate report from the information available here in the docket file. In fact, I rough-drafted one a year ago but was uncertain about a few things until the final settlement was made last March. Then, Roy Hammond, Consulting Engineer from Butte, Montana, was mapping the Fresno mine for the present operator, the Terlingua Mercury Corp. The long promised copy of his comprehensive map of the underground workings, to be used primarily for checking the royalty payments due the Government on 1955 production, unfortunately has not been forthcoming so there appears to be little new information that I can add in a final Field Team report that was not presented in my preliminary application report and in my first and last interim ~~iterim~~ inspection report, and with the Auditor's final report.

Perhaps I should have realized that my long delay in presenting the available information altogether in the form of a final Field Team report, may have been keeping you and the others of DMEA there on the spot because the formality of closing the docket requires such a report. Therefore, I will dust off what I have by way of a report, doctor it up a bit, and have it typed for submittal to Washington as soon as the Bureau's only typist here returns from annual leave after the holidays. Then, if Bill Williams or others in your organization, has additional information in field notes or elsewhere, or can correct any erroneous impressions that my report might give, I welcome having a supplemental memorandum attached there as a part of my report.

From the last paragraph of your letter, I wondered if Bob Laurence's Office henceforth is to assist on the other DMEA Field Team assignments in the Terlingua district of Texas. I have been sending MacLaren of your Denver Office complete file copies of all Field Team material pertaining to Docket DMEA-3776 (Big Bend Mining) and others in Texas and Oklahoma.

I believe arrangements are being made for my attendance at a Bureau meeting in Paul Allsman's Office in Washington about January 18 and 19. Afterwards, I hope that I can stay over another day for talks with you and DMEA men on the few active dockets remaining in Region IV.

Until then, I am,

Sincerely yours,

Clinton Knox

cc: DMEA Op. Com. 2

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

400

DEC 27 1955

RECEIVED
DEC 28 1955

Mr. Clinton C. Knox, Executive Officer
DMEA Field Team, Region IV
P. O. Box 431
Joplin, Missouri

Re: Docket No. DMEA 2202 - Mercury
American Mining Company
Fresno Mine
Presidio County, Texas
Contract No. Idm-5468

WSM

Dear Mr. Knox:

The Operating Committee's letter of December 19 inquired about the status of the Field Team's final report on the cited contract.

After signing the Operating Committee's letter I could not help but wonder if you might not be withholding submittal of the report, waiting for Survey people to complete their section. As you know, we no longer have specific personnel assigned to DMEA work in Region IV, but assign men to work as need for their services arise. In the present instance, we would gladly assign a man to help prepare the report, if you thought a geologist was needed; however, as the report concerns a completed project and one about which there is considerable geologic information in the docket file, it might be more expedient if you could complete the report personally.

Please advise either Bob Lawrence or myself if you wish assistance in preparing this report and we will see that it is quickly furnished to you; otherwise we will be quite satisfied with a final report prepared by yourself.

Sincerely,

(sgd.) Thor Kiilsgaard

T. H. Kiilsgaard

Copy to: W. S. Martin, DMEA ✓

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

[redacted]

P. O. Box #431
Joplin, Missouri

December 23, 1955

Airmail

Mr. George C. Selfridge, Chairman
DMEA Operating Committee
Department of the Interior
Washington 25, D. C.

Dear Mr. Selfridge:

In response to your telegraphic request dated December 20, this is to advise that no royalty repayments were made in Region IV during this month. In fact none were received during the entire last half of 1955.

During the first half, as per my Semi-Annual report to you dated August 9, the only royalty collected in Region IV was that by a deduction of $179.80 from the final settlement last March under Project Contract Idm-E468, Amerimex Mining Co., Docket DMA-2202X (mercury). That amount ostensibly covered all 1953 productions; there was no production throughout 1954.

Under that contract, I tentatively plan making a production inspection at the Fresno mine, Presidio County, Texas, at the earliest opportunity, probably about February. Then I again will make every effort to obtain the complete 1955 production data from the present operator of that mine, the Terlingua Mercury Corporation, and try to collect the royalty payments due the Government in accordance with implied instructions in your September 29 letter to me.

With the addition of the following tabulation, however, this is intended also as my Semi-Annual Production Report on "Certified" projects in Region IV as of January 1, 1956:

Contract Number	Mineral Commodity	Operator	Date Certified	Production status	Tot. Royalty Paid to date
E-8	Mn	Westmoreland Corp.	2/27/52	None reported	None
E-48	Pb, etc.	National Lead	11/12/53	None	None
E-122	Zn	Shelton Mng. Co.	5/7/53	None	None

Contract Number	Mineral Commodity	Operator	Date Certified	Production status	Total royalty paid to date
E-139	Mn	Westmoreland Corp.	5-8-52	None reported	None
E-325	Pb-Zn	Dale Mng. Co.	(pending)	None in 1955	$886.49
E-468	Hg	Amerimex Mng. Co.	1-8-54	1955 output undetermined	$179.80

With the Season's Greetings, I am

Sincerely yours,

Clinton C. Knox

Clinton C. Knox
Executive Officer
DMEA Field Team, Region IV

CCK/vks

cc: DMEA Op. Com. (1)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
Box 431
Joplin, Missouri

December 23, 1955

Mr. George C. Selfridge, Chairman
DMEA Operating Committee
Department of the Interior
Washington 25, D.C.

Re: Docket DMA-2202X (mercury)
Amerimex Mining Co.
Fresno Mine
Presidio County, Tex.
Project Contract Idm-E468

Dear Mr. Selfridge:

With reference to your December 19 letter, the report and map I prepared last year as a Field Team final report on the subject project has remained in our files in rough-draft form for too long. Thanks for your reminder and some slackening of other work here now, I plan to complete its preparation for submittal to you about mid-January.

Sincerely yours,

Clinton C. Knox

Clinton C. Knox
Executive Officer
DMEA Field Team, Region IV

cc; DMEA OPer. Com.
2202X file

400

DOCKET
Surname:
McMahon
Martin
Fehrmann
Mittendorf

DEC 19 1955

Mr. Clinton C. Knox, Executive Officer
DMEA Field Team, Region IV
P. O. Box 431
Joplin, Missouri

Re: Docket No. DMEA 2202 - Mercury
Amerimex Mining Company
Fresno Mine
Presidio County, Texas
Contract No. Idm-E468

Dear Mr. Knox:

Reference is made to our May 9, 1955, letter to you inquiring when the Field Team's final report on the subject property may be expected.

To date we have not received the information requested and would appreciate your advising as to the status of said report at your earliest convenience.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee

Approved:

/s/ Robert W. Geehan
Member, Bureau of Mines

Thor H. Kiilsgaard
Member, Geological Survey

cc: Docket
Code 400
Operating Committee
Adm. Read. File
T. Kiilsgaard, USGS
Helena Meyer, USBM
FT, Region 4

ADMcMahon/ls
12/13/55

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

[redacted]

RECEIVED
OCT 26 1955

P. O. Box #431
Joplin, Missouri

October 24, 1955

Mr. Robert N. Pulliam, Vice-President
Terlingua Mercury Corporation
Box 330
Alpine, Texas

Re: Docket DMA-2202X (mercury)
Amerimex Mining Co.
Fresno Mine, Presidio County, Tex.
Project Contract Idm-E468

Dear Mr. Pulliam:

Thanks for your letter of October 20 advising me of the further delay in furnishing the requested production data.

I was sorry indeed to hear of the unfortunate accident at the Fresno mine. I realize it must have had a serious impact on the morale of the Bueno Suerte camp and on carrying out your work schedules. It does seem mysterious for the man to have fallen down the hoisting compartment of the No. 2 shaft. I recall descending the ladders in the manway compartment there on two or three occasions but the manway adjacent to No. 1 shaft generally seemed most convenient for anyone to use for access to the mine workings.

With best personal wishes for you and Mrs. Pulliam, and hoping to hear from you again at your earliest convenience, I remain

Sincerely yours,

Clinton C. Knox
Executive Officer
DMEA Field Team, Region IV

CCK/vks

cc: DMEA Op. Com. (2) w/c
2202X file

COPY - DMEA Operating Committee
Washington 25, D. C.

C
O
P
Y

TERLINGUA MERCURY CORPORATION
Box 330 - PHONE 2617
Alpine, Texas

RECEIVED
OCT 26 1955

October 20, 1955

Mr. Clinton C. Knox, Executive Officer
DMEA Field Team, Region IV
Defense Minerals Exploration Administration
U. S. Department of the Interior
P. O. Box 431
Joplin, Missouri

RE: Docket No. DMA-2202X (mercury)
Amerimex Mining Company
Fresno Mine, Presidio County, Tex.
Project Contract Idm-E468

Dear Mr. Knox:

Since we have been unable as yet to complete the compilation of data to submit to your office, we believe it desirable to write and let you know that we are preparing this information and willsubmit it at the earliest possible time.

We have been extremely busy during the past few weeks preparing for our Annual Audit which is to be started within the next few days. We have also had numerous unexpected developments which have required a great deal of our time and effort. Not the least of these was a mysterious fatality which occurred at the mine last week.

Our men had finished lunch at the camp and had walked back to the mine which they entered by the usual route through the man-way adjacent to Shaft No. 1. When the men had all taken their places, it was noted that one man was missing. One of the men remembered seeing him lagging behind the trail from the camp which leads past Shaft No. 2 but passes several feet from it to the north. A search was started when it was found that the man had not returned to camp. After about one hour of searching, the man's body was found at the bottom of Shaft No. 2, having fallen the 100 feet down the hoisting equipment.

The headframe over the shaft is so constructed as to virtually preclude the possibility of anyone having accidently fallen into the shaft. There was not visible any evidence to indicate what had happened. There was no sign of a struggle. The man had no enemies that anyone knows of. There was just nothing to indicate what had happened. The circumstances are such that it is difficult to see how the man fell into the shaft unless he deliberately placed himself in a position of jeopardy or unless he was thrown in. I suppose no one will ever know. It was the first fatality which has occurred in any camp under my management. It has had a serious affect on morale and has caused us a great deal of work and worry.

Please be assured it is my purpose and desire to provide you the required information at the earliest possible time, and I shall certainly do so.

Thanking you for your consideration, we are

Sincerely,

TERLINGUA MERCURY CORPORATION

/s/ R. N. Pulliam
R.N. Pulliam, Vice President

RNP/akg

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON, D.C.~~
P. O. Box #431
Joplin, Missouri

RECEIVED
OCT 10 1955

October 6, 1955

Airmail

Mr. George C. Selfridge, Chairman
DMEA Operating Committee
Department of the Interior
Washington 25, D. C.

Re: Docket DMA-2202X (mercury)
Amerimex Mining Co.
Fresno mine
Presidio County, Texas
Project contract Idm-E468

Dear Mr. Selfridge:

This refers to your September 29 letter to me concerning royalty due under the subject contract for the yet unreported production this year by the Terlingua Mercury Corporation.

I realize that the statement you cited from my September 13 letter to Mr. Robert N. Pulliam, Vice-President of that corporation, appeared contrary to what your office had told the Operator in letters on February 24, 1955, and on January 8, 1954; and the Crowley Tar Products Company on March 5, 1954. I believed, however, that it exactly reiterated my previous such statement made to him in accordance with instructions in your letter to me on September 21, 1954, based on the phrasing in the third party Guarantees attached as a part of the subject contract. The propriety of limiting my demands for royalty only to the production from "ore discovered or developed as a result of said contract" no doubt was somewhat presumptuous on my part but appeared further validated upon receiving your letter of March 7, 1955, with instructions to collect only the amount of royalty which on that basis Mr. Finch and I had determined to be due last February. It certainly would simplify the determinations if the Government's royalty can be collected on the basis of all production from the Fresno land.

Probably I have overlooked a legal point in that under the contract, I should have made a "vigorous demand" to the Amerimex Company for the delinquent royalty payments on all production from the Fresno land whatsoever, whereas the Guarantors

legally will be obligated to pay the royalty only on production from "ore discovered or developed as a result of said contract". I would greatly appreciate any advice you can give as to how I most effectively might continue making the demands for the payments due on the production by the Terlingua Mercury Corporation.

I also am not clear as to the significance of the last sentence of your letter. In the first part of my statement which you cited and questioned, I did not intend to imply that the third party guarantors still question the Government's right to certify in this case. I merely wanted to draw Mr. Pulliam's attention to the fact that he had given me the definite impression that the Terlingua Mercury Corporation, on behalf of him and the other guarantors, intends to pay the royalties as they become due the Government.

Sincerely yours,

Clinton C. Knox

Clinton C. Knox
Executive Officer
DMEA Field Team, Region IV

CCK/vks

cc: DMEA Oper. Com. (1)
2202X file

Rutin
Martin
Talbot
Selfridge
F. Duncan
Mitchell

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

SEP 29 1955

Mr. Clinton C. Knox, Executive Officer
DMEA Field Team, Region IV
P. O. Box 431
Joplin, Missouri

Re: Docket No. DMEA 2202-Mercury
Amerimex Mining Company
Fresno Mine
Presidio County, Texas
Contract No. Ida-E468

Dear Mr. Knox:

Reference is made to your letter of September 13, 1955, to Mr. Robert Pulliam, Vice President, Terlingua Mercury Corporation, concerning the subject contract.

The second paragraph of your letter states as follows:

> "As I understood, your present operating corporation there intends to assume the obligations of the Amerimex Mining Company, the Crowley Tar Products Company, Mrs. Pulliam and yourself with respect to the guaranties of royalty due the Government on production of any ore discovered at the Fresno as a result of the above-cited contract." (Emphasis supplied)

The underlined portion of your statement implies that royalties are due the Government only upon ore discovered as a result of work done under the exploration project. This was probably an oversight, because it is contrary to what we told the Operator in our letter of February 24, 1955, concerning the obligation to pay royalty (see point 6 discussed on page 5), and contrary also to what was said in our letter of January 8, 1954, transmitting the certification.

It would probably do more harm than good to attempt to correct this statement by a follow-up letter from you to the Operator, but we suggest that the royalty point be kept in mind in future correspondence with the Operator in view of our already voluminous correspondence with it. This comment is pertinent also to the question of the obligation of the parties involved to pay royalty under the contract. In this regard, we are not clear as to the meaning of the

R.C.S.

first part of the statement quoted above. As you know, over a year ago the third party guarantor questioned our right to certify in this case, (see our letter to Crowley Tar Products Company dated March 5, 1954.)

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (JB)

Approved:

P. F. Yopes (JB)

Director, Bureau of Mines

N. E. Nelson (JB)

Director, Geological Survey

Copy to: DMEA Docket
Adm. Reading File
Operating Committee
T. M. Kiilsgaard USGS
M. M. Meyer USBM
W. S. Martin Rm. 3538
J. L. Moffland
H. C. Rubin
Chron.
Pending

HCRubin/fvh
9/22/55

P. S. The comments in this letter apply as well to your memorandum dated September 12, 1955, to Chief, Mineral Statistics, Region IV.

DOCKET
Surname:
ADM
Martin

Acting Assistant Solicitor,
Defense Minerals

Sept. 20, 1955

W. S. Martin, Chief
Iron and Ferro-Alloys Division, DMEA

Draft of letter for review
Docket No. DMEA 2202-Mercury
Amerimex Mining Company
Fresno Mine, Presidio County, Texas
Contract No. Idm-E468

Transmitted herewith for your review and suggestions is a rough draft of a proposed letter to the Field Team, Region IV, commenting upon the Field Team's letter of September 13, 1955, to Mr. Robert N. Pulliam, Vice-President, Terlingua Mercury Corporation, Box 330, Alpine, Texas.

W. S. Martin

W. S. Martin, Chief
Iron and Ferro-Alloys Division

Attachment

cc: Docket
Code 400

ADMcMahon/ls
9/20/55

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

P. O. Box #431
Joplin, Missouri

September 19, 1955

Mr. Robert N. Pulliam, Vice-President
Terlingua Mercury Corporation
Box 330
Alpine, Texas

Re: Docket DMA-2202X (mercury)
Amerimex Mining Company
Fresno Mine, Presidio County, Tex.
Project Contract Idm-E468

Dear Mr. Pulliam:

This is to acknowledge receiving your September 16 letter advising of the necessary further delay in the requested submittals.

Insomuch as you will state that your certified true copies of the invoices to the buyers of all the mercury production properly represents completely itemized accounting for the mercury sales on which royalty payments are due the Government, I believe they would be considered adequate documentary support when viewed with the other data I suggested that you might furnish.

With reference to the letter of January 8, 1954, to you from Mr. C. O. Mittendorf, DMEA Administrator, of course, payments now should be submitted through me as the Executive Officer and the checks should be made payable to the Defense Minerals Exploration Administration, as previously mentioned in my letter to you on September 16, 1954. Also I would appreciate receiving written notifications of any changes in ownership or production rights that might have any effect on the Government's right to its percentage royalty, and if production ceases at any time for an extended period, notifications at 6-month intervals that no production has been made, when that is the case.

With my sincere personal wishes that the long hours and hard work by you and your men at the Fresno mine will be most fruitful, I am

Sincerely yours,

Clinton C. Knox
Executive Officer
DMEA Field Team, Region IV

CCK/vks

cc: DMEA Op. Com (2) w/1 c
2202 X file

TERLINGUA MERCURY CORPORATION
Producers of Prime Virgin Quicksilver
JONES BUILDING
BOX 330 - PHONE 2617
ALPINE, TEXAS

R. A. WAGNER
President
PERCY D. WILLIAMS
Secretary

R. N. PULLIAM
Vice-President
Treasurer
General Manager

2202

September 16, 1955

Mr. Clinton C. Knox, Executive Officer
DMEA Field Team, Region IV
Defense Minerals Exploration Administration
U. S. Department of the Interior
P. O. Box 431
Joplin, Missouri

Copy made + retained MOO

Dear Mr. Knox:

Thank you for your letter dated September 13 with reference to our previous conversation and your underground inspection at the Fresno Mine on August 18.

I am very sorry that it was impossible for me to be present during your visit, and I further regret that urgent business has kept me occupied days, nights and Sundays since my return, thus precluding my earlier attention to the matters mentioned in your letter.

Your letter has been received as I am leaving town for the Mine to be gone for several days on a matter of great importance; consequently, I shall not have the time to compile the information which you have requested. While our records are complete, considerable time will be required to prepare and submit the desired information.

There is one requirement mentioned in your letter which puzzles me, that is your reference to "mercury sales settlement sheets." In my entire experience selling mercury, I have never received a "settlement sheet" of any kind from a buyer. Our sales are settled on the basis of our invoices, copies of which are carefully retained in our files and may be confirmed by our accounting records. Would copies of our invoices be satisfactory evidence of sales?

At the earliest possible moment I shall prepare and submit the information which you have requested.

With best regards, I remain

Sincerely,

RNP:L

R. N. Pulliam, Vice-Pres.

COPY - DMEA Op. Com.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
SEP 13 1955

~~WASHINGTON 25, D.C.~~
P. O. Box #431
Joplin, Missouri

September 13, 1955

Mr. Robert N. Pulliam, Vice-President
Terlingua Mercury Corporation
Box 330
Alpine, Texas

Re: Docket DMA-2202X (mercury)
Amerimex Mining Co.
Fresno Mine, Presidio County, Tex.
Project Contract Idm-E468

Dear Mr. Pulliam:

This refers to our telephone conversation on August 11, your letter to me that day, and my underground inspection at the Fresno Mine on August 18, accompanied by your Foreman, Mr. Joe Rector. The time and assistance he gave to my visit was greatly appreciated. I indeed regretted that I had not been able to delay my trip until the next week when you had returned to Alpine and the Fresno mine production operations and office records could have been discussed completely to our mutual advantage.

As I understood, your present operating corporation there intends to assume the obligations of the Amerimex Mining Company, the Crowley Tar Products Company, Mrs. Pulliam and yourself with respect to the guaranties of royalty due the Government on production of any ore discovered at the Fresno as a result of the above-cited project contract. However, I would appreciate receiving from you at your earliest convenience, appropriate written statements of the ore mined and furnaced, the amounts of mercury recovered, sold, and royalty due the Government at least for the first half of this year, and the current ownership and production status with regard to any effect it might have on the Government's right to its percentage royalty hereafter under the terms of that contract. From my observations at your production operations, I gathered that such detailed statements by you would be necessary to assure that the royalty payments properly would be understood by this office and would be subject to finite audit. I suggest that probably with your office records, those statements can be prepared adequately, briefly, and rather easily if supported by a print of your mine working map, and accordingly documented by the tonnages of ore furnaced from each of the mine working places (which you probably already have computed accuraaely from your Foreman's daily tally sheets), the proper allocation of mercury produced from any comingled ores, and the applicable mercury sales settlement sheets, or certified copies thereof.

With best personal wishes to you and Mrs. Pulliam, and hopes that I will be able to again schedule a trip to the Fresno and meet with you after the close of this year, I am

Sincerely yours,

Clinton C. Knox
Executive Officer
DMEA Field Team, Region IV

CCK/vks

cc: DMEA Op. Com. (2)
2202X file

COPY: DMEA Operating Committee

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

[redacted]

P. O. Box #431
Joplin, Missouri

400

Amer 2202

September 12, 1955

Memorandum

To: Fred Netzeband, Chief, Mineral Statistics, Region IV, Bartlesville, Okla.

WSM

From: Executive Officer, Region IV, DMEA Field Team, Joplin, Mo.

Subject: 1955 mercury production, Terlingua district, Texas

With reference to the inquiry in your September 8 Memo, I yet have been unable to obtain the desired Terlingua mercury production figures.

Following an assignment near El Paso, I was able to return via Terlingua on August 18 for a brief inspection of the production operations of the Terlingua Mercury Corporation in a portion of the Fresno mine. My inspection covered only that portion considered subject to the Government's percentage royalty under the DMEA project contract Idm-E468. That contract was with the now defunct Amerimex Mining Co. which held the lease on the Fresno mine and operated the project there during 1953. Unfortunately, Mr. Robert N. Pulliam, Vice-President of the present operating corporation and former President of the Amerimex, had to be on a business trip in the east at the time I could make the inspection, so his office records of production and sales were not available. He assured me by telephone beforehand, however, that his company intended to make the requested production report and royalty payments due for the first half of 1955 as soon as he had the time available after he returned to Alpine. He still has not responded so I must send a reminder. Although I mapped the 1955 underground workings from which some ore was being sorted which I considered subject to the Government's royalty under the above-mentioned contract, the tonnage furnaced and mercury content and recovery since these operations started in March, cannot be estimated on that basis. Also much of the production has been obtained from a more extensive stope in the west part of the mine which obviously was not discovered as a result of that project contract, and therefore might not be reported to me. When and if Mr. Pulliam makes partial or complete production figures available to me, with permission to divulge them, I will be happy immediately to furnish them to you.

2202

I was told in Terlingua that the Rainbow Mining Co., you also mentioned, nearly had completed rehabilitation of the old 30-ton capacity Nichols-Herreshaff furnace plant at the Rainbow mine. From what I have leared about Mr. Paulsel of that Fort Worth company, and the condition that mine is in, I believe you can rest assured that any production from it this year will be negligible.

I am sorry that I cannot furnish you any reliable Texas mercury production figures at this time.

Sincerely

CCK/vks

Clinton C. Knox

cc: DMEA Op. Com. (2)
Netseband
2202 x file
944 x file

Sent X-tra copy to DMEA, Op. Com. 8-15-55 CCK

TERLINGUA MERCURY CORPORATION
Producers of Prime Virgin Quicksilver
BOX 330 - PHONE 2617
ALPINE, TEXAS

RECEIVED

August 11, 1955

Mr. Clinton C. Knox, Executive Officer
Defense Minerals Exploration Administration
Field Team, Region Iv
U. S. Department of the Interior
P. O. Box 431
Joplin, Missouri

Re: Docket DMA-2202X (Mercury)
Amerimex Mining Co.
Fresno Mine
Presidio County, Texas
Project Contract Idm-E468

Dear Mr. Knox:

This is to acknowledge your letter dated August 9.

I note that you are required to make periodic examinations of the Fresno Mine production operations and underground workings in order to ascertain the amount of production which may be subject to the Government's percentage royalty under the subject Contract.

You have stated that you would like to make such an examination on August 18 since you expect to be in this area on other business at that time and that you are specifically interested in examining the crosscuts, raises and sub-drifts known as 3A and 3B.

You or any other authorized representatives of DMEA are welcome to conduct any desired examination at any time during regular business hours or otherwise when mine supervisory personnel may be available to accompany you or such other person. The Mine Foreman, Mr. Joe Rector, has been instructed accordingly.

As stated to you during our long distance telephone conversation today, it will not be possible for me to be here August 18 since I have previous commitments in San Antonio and Houston at that time; however, it is my intention to return to Alpine August 21. I would particularly like to be here at the time of your visit; but since it is not possible to change my appointments without unduly inconveniencing a number of people, I shall not be able to see you on this trip unless you should be delayed.

Sincerely,

R. N. Pulliam, Vice President
TERLINGUA MERCURY CORPORATION

RMP:L

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

[redacted]

P. O. Box #431
Joplin, Missouri

August 9, 1955

Airmail

Mr. Robert N. Pulliam
Box 626
Alpine, Texas

Re: Docket DMA-2202X(mercury)
Amerimex Mining Co.
Fresno Mine
Presidio County, Texas
Project Contract Idm-E468

Dear Mr. Pulliam:

Under the cited project contract and resulting "Certificate of Discovery" issued to you as President of the Amerimex Mining Co. on January 8, 1954, I am required semi-annually to ascertain the amount of the Fresno mine production, if any, which is subject to the Government's percentage royalty. Since no report thereon has been made covering the first half of 1955, this means is taken to obtain permission to enter and inspect production operations and underground workings of the Fresno mine, specifically those cross-cuts, raises, and sub-drifts known as 3A and 3B.

I will be near El Paso on other work the first part of next week and plan to return via Alpine to make this requested inspection at the Fresno Mine on August 18, if that date would not create any undue inconvenience to you, assuming that you still are in charge there for the new operating concern. Otherwise, please advise.

Sincerely yours,

Clinton C. Knox
Executive Officer
DMEA Field Team, Region IV

CCK/vks

cc: DMEA Op. Com. (2)
2202 file

RECEIVED
AUG 12 1955

DOCKET
SURNAME

400

Rutledge
Martin
F E Johnson

MAY - 9 1955

Mr. Clinton C. Knox, Executive Officer
DMEA Field Team, Region IV
P. O. Box 431
Joplin, Missouri

Re: Docket No. DMEA 2302 - Mercury
Amerdenx Mining Company
Fresno mine
Presidio County, Texas
Contract No. [illegible]

Dear Mr. Knox:

Reference is made to the subject contract which was terminated January 5, 1954, and certified January 8, 1954. An acceptable final report dated June 23, 1954, by the operator was received by the Government on June 28, 1954, and an audit certificate covering the expenditures under the contract was submitted February 21, 1955.

Therefore it would be appreciated if we could be informed when the final report by the Field Team may be expected.

Sincerely yours,

W. S. Martin
ACTING Chairman, Operating Committee (JHB)

APPROVED:

/s/ John E. Crawford (JHB)
Member, Bureau of Mines

/s/ R. D. Grace (JHB)
Member, Geological Survey

FARutledge/fec
5-5-55
cc to: Docket
Code 400
Adm. Read. File
Operating Comm.
FT. REG. IV
H. M. Meyerx, USBM
T. H. Kiilsgaard, USGS

R.S.J.

Docket file
Surname:
Chandler
F. L. Krause
Ellis
Selfridge
Fitzsimons

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

APR 1 8 1955

Mr. S. C. Jenkins
Collection Section
Texas Employment Commission
Austin, Texas

Re: Amerimex Mining Company
Docket No. DMEA-2202 (Mercury)
Contract No. Idm-R468
Fresno Mine
Presidio County, Texas

Dear Mr. Jenkins:

Reference is made to your letter of April 6, 1955, in regard to the nonpayment of unemployment compensation taxes to the State of Texas by the operator of the above-cited contract.

Reference is also made to my letter of March 22, 1954, to the Texas Employers' Insurance Association, attention Mr. Tom Roberts, District Manager, which advised that we were releasing some $2,500.00 to the Amerimex Mining Company under their contract. It was our understanding that a part of this amount would be applied toward the Company's taxes to the State of Texas and to the U. S. Government.

On September 13, 1954, this office received a copy of a letter written by R. N. Pulliam, President of Amerimex Mining Company, to the Texas Employers' Insurance Association, attention Mr. J. Kirby Smith, Assistant General Counsel, which appeared to be an acceptance of a settlement offer made to the Amerimex Mining Company by Mr. Smith. Two paragraphs of this letter are quoted as follows:

> "This is to acknowledge receipt of your letter dated August 31, 1954, which we understand to be an offer whereby you agree to accept $75.00 in addition to dividends due us as payment in full of the account, interest, court costs, attorney fees and any and all other obligations owed or claimed to be owed by Amerimex Mining Company to Texas Employers' Insurance Association.

R.C.S.

"Therefore, as payment in full of any and all obligations owed Texas Employers' Insurance Association, enclosed herewith is our check No. 655 in the amount of $75.00 and we respectfully request that a proper receipt, the receipted note and a suitable dismissal order be provided us at your earliest convenience."

I am assuming that the Texas Employers' Insurance Association and the Texas Employment Commission are related agencies.

For your information final settlement of the Amerimex Mining Company account was made by the Government on March 18, 1955. The final amount due Amerimex as determined by the Contract Administration and Audit Division of this Administration was $1[illegible].[illegible]. Therefore, it appears you will have to look solely to the Amerimex Mining Company for any monies due the Commission.

Sincerely yours,

C. O. Mittendorf

Administrator

JLChambers/wb/ama
April 15, 1955

Copy to: Docket
Admr. Reading File
Administrator
Mr. Selfridge
Mr. Ellis
Mr. Chambers

DEAN W. MAXWELL
Commissioner

WELDON HART
Chairman

DWIGHT HORTON
Commissioner

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 11 1955

TEXAS EMPLOYMENT COMMISSION

AUSTIN, TEXAS

90107

EMPLOYMENT SERVICE
EMPLOYMENT INSURANCE
FARM LABOR SERVICE

WILLIAM H. FARMER
Administrator

April 6, 1955

Registered Letter
Return Receipt Requested

Mr. C. O. Mittendorf, Administrator
Defense Minerals Exploration Administration
United States Department of the Interior
Washington 25, D. C.

Dear Mr. Mittendorf:

Re: Docket No. DMEA-2202 (Mercury)
Contract No. Idm-E468
Fresno Mine
Presidio County, Texas

Amerimex Mining Company of Alpine, Texas, which appears to be identified in your records as shown in the subject of this letter, became a liable employer under the Texas Unemployment Compensation Act on May 30, 1953. The employer is delinquent in the payment of taxes and penalties on wages paid for employment in this State as shown on the attached schedule and supporting affidavit. The obligation is evidenced by quarterly contribution and wage reports filed by the employer for the periods shown, Verifax copies of which are attached.

Attached also for your convenience is the letter dated January 30, 1955 from the Amerimex Mining Company to this agency, a copy of which appears to have been sent to you. You will note the suggestion that your agency make payment to this agency of the amount due, such amount to be deducted from whatever amount is due the employer by your agency. This method of settlement is, of course, highly satisfactory to this agency.

In connection with the employer's remarks in the fifth paragraph of his letter, we can only say that there is no basis in the Texas Unemployment Compensation Act for waiving or penalties under any circumstances.

If payment can be made as suggested, we will appreciate a remittance on or before April 30, 1955. If payment cannot be made as suggested, we will be grateful for your prompt reply in order that we may explore the possibilities of securing payment by other means.

Very truly yours,

S. C. Jenkins
Collection Section

SCJ:gs
Attachments
cc: Amerimex Mining Company
P. O. Box 626
Alpine, Texas

C-25 (154)

TEXAS EMPLOYMENT COMMISSION
AUSTIN, TEXAS

Texas Employment Commission
RECEIVED
APR 11 1955

STATEMENT OF CONTRIBUTION AND PENALTY DUE BY EMPLOYER
NAMED BELOW FOR PERIOD SHOWN

90107
Amerimex Mining Company
P. O. Box 626
Alpine, Texas

PERIOD	TOTAL TAXABLE WAGES	TAX RATE	CONTRIBUTION DUE	DELINQUENCY DATE	CURRENT PENALTY RATE	CURRENT PENALTY DUE	DATE PENALTY REACHES MAXIMUM
1953							
1st Q.	$13,228.04	2.7%	$357.16	7-1-53	22%	$ 78.57	7-1-55
2nd Q.	18,384.28	2.7	496.38	8-1-53	21	104.24	8-1-55
3rd Q.	11,294.03	2.7	304.94	11-1-53	18	54.89	11-1-55
			$ 1,158.48			$ 237.70	X X X X X X

TOTAL AMOUNT DUE AS OF April 30, 1955 FOR PERIODS SHOWN ABOVE : $ 1,396.18

NOTE: PENALTY ON DELINQUENT CONTRIBUTION FOR EACH PERIOD INCREASES 1% ON THE FIRST DAY OF EACH MONTH UNTIL A MAXIMUM OF 25% IS REACHED. THE LAST COLUMN ABOVE SHOWS THE DATE ON WHICH PENALTY FOR EACH PERIOD REACHES MAXIMUM.

THE STATE OF TEXAS
COUNTY OF TRAVIS

I CERTIFY THAT I MADE THE ABOVE STATEMENT FROM THE RECORDS OF THE EMPLOYER NAMED ABOVE AND THAT IT IS TRUE, FULL AND CORRECT.

S. C. Jenkins

Auditor, Texas Employment Commission
(TITLE)

SWORN TO AND SUBSCRIBED BEFORE ME THIS 6th DAY OF April 1955.

Naomi Lindah NOTARY PUBLIC IN AND FOR TRAVIS COUNTY, TEXAS.

Naomi Lindah

OF TEXAS

OF TRAVIS

I, H. E. McKinney, Chief Accountant of the Texas Employment Commission, do hereby certify that the foregoing is a true and correct copy of a report or audit of the employer named below on file in the offices of said Commission and a part of the permanent records of such Commission, which reflects, with reference to

Amerimex Mining Company,

an employer subject to the terms of the Texas Unemployment Compensation Act, the true and correct amount of wages payable by said employer to all employees in the employment of said employer during each separate reporting period noted therein and which further shows the amount of contributions and penalties and/or interest due by said employer to the Texas Employment Commission and the State of Texas for each separate reporting period and the date on which such contributions first became due.

I further certify that the contributions, penalties and/or interest shown to be due by said report or audit are past due and unpaid, that such cause of action is, within the knowledge of affiant, just and true, that it is due, and that all just and lawful offsets, payments and credits have been allowed.

IN TESTIMONY WHEREOF I have hereunto signed my name officially and caused to be impressed hereon the seal of the Texas Employment Commission in the City of Austin, Travis County, Texas, this 6th day of April, A. D. 19 55.

H. E. McKinney

H. E. McKinney
Chief Accountant
Texas Employment Commission

SWORN TO AND SUBSCRIBED before me this 6th day of April A. D. 19 55, to certify which witness my hand and seal of office.

Naomi Lindahl

Notary Public in and for Travis County, Texas
Naomi Lindahl

099-022-04

Form C-3 (1-53) 09 4 3

TEXAS EMPLOYMENT COMMISSION

AUSTIN 10, TEXAS

EMPLOYERS QUARTERLY CONTRIBUTION AND WAGE REPORT

1. Employer's Rate: 2.7%

Account Number: 90107 19(f)(1) 5-25-53

Name and Address: Amerimex Mining Company, P. O. Box 626, Alpine, Texas

2. REPORT FOR THE QUARTER ENDING: 3-31, 19 53

RATE SHOWN IS FOR: YEAR 1953

Return this report to the Texas Employment Commission, Austin, Texas, not later than the last day of the month next following the close of the calendar quarter. If you did not pay any wages during the quarter, write "None" across the face of both sections of the report, sign and return. Be sure that the totals shown at Item 6 and Item 30 are in the same amount. *Typewrite or print in ink.*

See detailed instructions on reverse side of Employer's copy.

3. NUMBER OF EMPLOYEES IN TEXAS (As of the middle of each month): 1ST MONTH 18; 2ND MONTH 26; 3RD MONTH 21

In which county in Texas did you have the most employees? Brewster

PLEASE DON'T WRITE IN THIS BLOCK — AUDITED BY / BATCH NUMBER

4. TOTAL WAGES PAID (DURING THIS QUARTER) FOR EMPLOYMENT $ 13,228.04
Including Bonuses, Tips, and Money Value of Meals, Lodging, Etc. (See Instructions)

5. LESS AMOUNTS in EXCESS OF $3,000. Paid to Individual Employees for Service in a Single Calendar Year $

6. TOTAL TAXABLE WAGES (MUST BE SAME AS ITEM 30, BELOW) $ 13,228.04

7. CONTRIBUTIONS: 2.7% % OF TOTAL TAXABLE WAGES $ 357.16
(Item 6 multiplied by Employer's Rate shown in Item 1 above)

8. PENALTY, IF PAST DUE, ____ % (of the amount of contribution) $

9. TOTAL AMOUNT DUE FOR THIS QUARTER $ 357.16

10. ADJUSTMENTS FOR PRIOR PERIODS: Add ( ) Debit Memorandum No. ____ Subtract ( ) Credit Memorandum No. ____ $
Authorization from the Commission for the adjustment must be attached.

11. TOTAL AMOUNT DUE $ 357.16

12. IS PAYMENT ATTACHED? (YES OR NO) Yes (Make Remittance Payable to Texas Employment Commission)

13. If mailing address of office from which reports are made has been changed during this quarter, enter new address:

Payment Received: Yes | No

DATE (POSTMARK)

CAUTION! If there has been ANY change of ownership in your business (death of an individual owner; death, withdrawal, or addition of a partner; incorporation; reorganization, etc.), give ALL the information requested in Items 14 through 19. Failure can result in loss of all experience rating credit. If experience rating credit is to be transferred from one owner to another, a joint application MUST be filed within 180 days after the date of acquisition.

DUE

RECD.

DIFF.

DEBIT-CREDIT MEMO. ISSUED

No.

BY:

14. Have business operations in Texas been suspended or discontinued, or has ownership of business changed during this quarter? (Yes or No) No. If "Yes" enter date ____ 19____, and check nature of change:
( ) temporarily suspended; ( ) discontinued; ( ) change in ownership.

15. Did you employ any individuals or pay wages after such a date? (Yes or No) ____
If "Yes," date employment ceased ____ 19____ and date final wages paid ____ 19____.

16. Name and address of new owner of business, if any ____

17. Did new owner acquire all of your business or business assets in Texas? (Yes or No) ____

18. Change in ownership involved: (Check applicable statement)
(a) Death, withdrawal, or addition of a partner ( )
(b) Corporation Dissolved ( )
(c) Business Incorporated ( )
(d) Business Sold ( )
(e) Death of Owner ( )
(f) Operation by Estate ( )
(g) Bankruptcy, Receivership, or Assignment ( )
(h) Other Change? ____

OFFICE

PP 9/21/53

19. Is new owner continuing operation of business? (Yes or No) ____

20. I certify that all the information contained in the report above, and in "Payroll Detail" following, including "Continuation Sheets," if any, numbered from "2" through ____, is true and correct to the best of my knowledge and belief.

SIGNED: [signature] TITLE: President DATE: 7-28-53

NOTE: [illegible]

1099-022-04

Form C-3 (1-52)

09 4 3

TEXAS EMPLOYMENT COMMISSION

AUSTIN 19, TEXAS

EMPLOYERS QUARTERLY CONTRIBUTION AND WAGE REPORT

1. Employer's Rate: 2.7% ✓

Account Number: 90107 ok

Name and Address: Amerimex Mining Company
P. O. Box 626
Alpine, Texas

2. REPORT FOR THE QUARTER ENDING: 6-30, 19 53

RATE SHOWN IS FOR: YEAR 1953

Return this report to the Texas Employment Commission, Austin, Texas, not later than the last day of the month next following the close of the calendar quarter. If you did not pay any wages during the quarter, write "None" across the face of both sections of the report, sign and return. Be sure that the totals shown at Item 6 and Item 30 are in the same amount. *Typewrite or print in ink.*

See detailed instructions on reverse side of Employer's copy.

3. NUMBER OF EMPLOYEES IN TEXAS (As of the middle of each month)

1ST MONTH	2ND MONTH	3RD MONTH
27	21	43 ✓

In which county in Texas did you have the most employees? Brewster

4. TOTAL WAGES PAID (DURING THIS QUARTER) FOR EMPLOYMENT $ 18,784.28 ✓
Including Bonuses, Tips, and Money Value of Meals, Lodging, Etc. (See Instructions)

5. LESS AMOUNTS in EXCESS OF $3,000. Paid to Individual Employees for Services in a Single Calendar Year $ 400.00 ✓

6. TOTAL TAXABLE WAGES (MUST BE SAME AS ITEM 30, BELOW) $ 18,384.28

7. CONTRIBUTIONS: 2.7 % of TOTAL TAXABLE WAGES $ 496.38 ✓
(Item 6 multiplied by Employer's Rate shown in Item 1 above)

8. PENALTY, IF PAST DUE, ____ % (of the amount of contribution) $

9. TOTAL AMOUNT DUE FOR THIS QUARTER $ 496.38

10. ADJUSTMENTS FOR PRIOR PERIODS: Add ( ) Debit Memorandum No. ____ Subtract ( ) Credit Memorandum No. ____ $
Authorization from the Commission for the adjustment must be attached.

11. TOTAL AMOUNT DUE $ 496.38

12. IS PAYMENT ATTACHED? (YES OR NO) Yes (Make Remittance Payable to Texas Employment Commission)

13. If mailing address of office from which reports are made has been changed during this quarter, enter new address: ____

WARNING! If there has been ANY change of ownership in your business (death of an individual owner; death, withdrawal, or addition of a partner; incorporation; reorganization, etc.), give ALL the information requested in Items 14 through 19. Failure can result in loss of all experience rating credit. If experience rating credit is to be transferred from one owner to another, a joint application MUST be filed within 180 days after the date of acquisition.

14. Have business operations in Texas been suspended or discontinued, or has ownership of business changed during this quarter? (Yes or No) No. If "Yes" enter date ____ 19____, and check nature of change:
( ) temporarily suspended; ( ) discontinued; ( ) change in ownership.

15. Did you employ any individuals or pay wages after such a date? (Yes or No) ____
If "Yes," date employment ceased ____ 19____ and date final wages paid ____ 19____.

16. Name and address of new owner of business, if any ____

17. Did new owner acquire all of your business or business assets in Texas? (Yes or No) ____

18. Change in ownership involved: (Check applicable statement)
(a) Death, withdrawal, or addition of a partner ( )
(b) Corporation Dissolved ( )
(c) Business Incorporated ( )
(d) Business Sold ( )
(e) Death of Owner ( )
(f) Operation by Estate ( )
(g) Bankruptcy, Receivership, or Assignment ( )
(h) Other Change? ____

19. Is new owner continuing operation of business? (Yes or No) ____

20. I certify that all the information contained in the report above, and in "Payroll Detail" following, including "Continuation Sheets," if any, numbered from "2" through ____, is true and correct to the best of my knowledge and belief.

SIGNED: R. N. Pulliam TITLE: President DATE: 7-29-53

NOTE: The two halves of this report must be submitted together. If mailed at the Perforation, please tear together before mailing.

PLEASE DON'T WRITE IN THIS BLOCK

AUDITED BY

BATCH NUMBER

Payment Received: Yes | No

DATE (POSTMARK)

DUE

RECD.

DIFF.

DEBIT-CREDIT MEMO. ISSUED

No.

BY:

OFFICE

PPC 1/21/53

Form C-3 (653)

12 2 3

TEXAS EMPLOYMENT COMMISSION
AUSTIN 19, TEXAS

EMPLOYERS QUARTERLY CONTRIBUTION AND WAGE REPORT

1. Employer's Rate: 2.7%

Account Number: 90107

Name and Address:
AMERINEX MINING COMPANY
P. O. BOX 626
ALPINE, TEXAS

REPORT FOR THE QUARTER ENDING 8-30, 1953

RECEIVED NOV 3 1953

RATE SHOWN IS FOR YEAR 1953

Return this report to the Texas Employment Commission, Austin, Texas, not later than the last day of the month next following the close of the calendar quarter. If you did not pay any wages during the quarter, write "None" across the face of both sections of the report, sign and return. Be sure that the totals shown at Item 6 and Item 30 are in the same amount. *Typewrite or print in ink.*

See detailed instructions on reverse side of Employer's copy.

3. NUMBER OF EMPLOYEES IN TEXAS (As of the middle of each month)

1ST MONTH	2ND MONTH	3RD MONTH
50	38	None

In which county in Texas did you have the most employees? Brewster

PLEASE DON'T WRITE IN THIS BLOCK
AUDITED BY
BATCH NUMBER

4. TOTAL WAGES PAID (DURING THIS QUARTER) FOR EMPLOYMENT $ 12,887.78
Including Bonuses, Tips, and Money Value of Meals, Lodging, Etc. (See Instructions)

5. LESS AMOUNTS *in* EXCESS OF $3,000. Paid to Individual Employees for Services in a Single Calendar Year $ 1,593.75

6. TOTAL TAXABLE WAGES (MUST BE SAME AS ITEM 30, BELOW) $ 11,294.03

7. CONTRIBUTIONS: 2.7% % OF TOTAL TAXABLE WAGES $ 304.94
(Item 6 multiplied by Employer's Rate shown in Item 1 above)

8. PENALTY, IF PAST DUE, ____% (of the amount of contribution) $

9. TOTAL AMOUNT DUE FOR THIS QUARTER $ 304.94

10. ADJUSTMENTS FOR PRIOR PERIODS: Add ( ) Debit Memorandum No. ____ Subtract ( ) Credit Memorandum No. ____ $
Authorization from the Commission for the adjustment must be attached.

11. TOTAL AMOUNT DUE $ 304.94

12. IS PAYMENT ATTACHED? (YES OR NO) No (Make Remittance Payable to Texas Employment Commission)

13. If mailing address of office from which reports are made has been changed during this quarter, enter new address: ____

Payment Received: Yes | No

DATE (POSTMARK)

DUE

RECD.

DIFF.

DEBIT-CREDIT MEMO. ISSUED

No.

BY:

OFFICE

IMPORTANT! If there has been ANY change of ownership in your business (death of an individual owner; death, withdrawal, or addition of a partner; incorporation, reorganization, etc.), give ALL the information requested in Items 14 through 19. If you and the successor wish to apply for transfer of compensation experience for the experience tax purposes, please notify us immediately so that we may supply appropriate forms.

14. Have business operations in Texas been suspended or discontinued, or has ownership of business changed during this quarter? (Yes or No) Yes If "Yes" enter date 7-31 1953, and check nature of change:
(?) temporarily suspended; ( ) discontinued; ( ) change in ownership.

15. Did you employ any individuals or pay wages after such a date? (Yes or No) No
If "Yes," date employment ceased ____ 19____ and date final wages paid ____ 19____.

16. Name and address of new owner of business, if any ____

17. Did new owner acquire all of your business or business assets in Texas? (Yes or No) ____

18. Change in ownership involved: (Check applicable statement)
(a) Death, withdrawal, or addition of a partner ( )
(b) Corporation Dissolved ( )
(c) Business Incorporated ( )
(d) Business Sold ( )
(e) Death of Owner ( )
(f) Operation by Estate ( )
(g) Bankruptcy, Receivership, or Assignment ( )
(h) Other Change? ____

19. Is new owner continuing operation of business? (Yes or No) ____

20. I certify that all the information contained in the report above, and in "Payroll Detail" following, including "Continuation Sheets," if any, numbered from "2" through 3, is true and correct to the best of my knowledge and belief.

SIGNED: [signature] TITLE: President DATE: 10-31-53

NOTE: The Two Parts of the Report Must Be Submitted Together. If separated at the Perforation, Please Paste Together Before Submitting.

3/29/55 ga

COPY: DMEA Operating Committee
Washington, 25, D. C.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Office Of
Regional Director

Region IV

Room 206 Federal Building
Bartlesville, Oklahoma

March 22, 1955

Memorandum

To: Clinton C. Knox, Executive Officer, DMEA Field Team, Region IV, Joplin, Missouri

From: L. A. Hill, Acting Chief, Division of Administration, Region IV, Bartlesville, Oklahoma

Subject: Final Payment, Contract Idm-E468 DMEA-2202

Final payment was made on Contract IDM-E-468 as per Audit Report. A copy of the 1034 effecting payment is attached for your information.

DMEA Voucher 4.-83 in the amount of $153.59 was paid March 18, 1955, by R. E. Waters, symbol 411.

L. A. Hill

Enclosure

CO[illegible] - DMEA Operating Committee
Washington 25, D. C.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

[redacted]

P. O. Box #431
Joplin, Missouri

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 17 1955

March 15, 1955

Mr. Donald T. Finch, DMEA Auditor
224 New Customhouse
Denver 2, Colorado

Re: Docket DMA-2202A (Mg)
Contract IdM-E468
Amerimex Mining Company
Alpine, Texas

Dear Don:

This is to acknowledge receiving from you on March 11 by registered mail the files pertaining to the above-cited project contract as listed in your March 7 letter to me. Along with copies of that letter and this, I am returning all that file material today in a separate package by registered mail to the Region IV Finance Officer, U. S. Bureau of Mines, 206 Federal Building, Bartlesville, Okla.

As I indicated by sending you a copy of my letter to that office on March 10, the final settlement of the subject Operator's account has been authorized.

I trust that this will close the case for you, and again I want to express our sincere appreciation for the dispatch, thoroughness, and equity with which you handled it for us. We will certainly call long and loud for you if we are ever so unfortunate as to need such special assistance on any of the other cases in this region.

With best personal regards, I remain

Very sincerely yours,

Clinton C. Knox
Executive Officer
DMEA Field Team, Region IV

CCK/vks

cc: DMEA Op Com (2)
Region IV Finance Officer
2202X file

COPY - DMEA Operating Committee

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 14 1955

P. O. Box #431
Joplin, Missouri

March 10, 1955

Mr. H. H. Smith, Regional Director
U. S. Bureau of Mines, Region IV
206 Federal Building
Bartlesville, Oklahoma

Attention: Regional Finance Officer
Re: Docket DMA-2202X (Mercury)
Amerimex Mining Co.
Fresno Mine, Presidio County, Texas
Project Contract Idm-E468

Dear Sir:

Forwarded herewith are the original and an extra copy each of the Audit Report and of the Certificate by the DMEA Auditor on which basis you hereby are authorized to make the final settlement due under the above-cited project contract. Thus this transmittal expresses my concurrence with that report as Executive Officer, DMEA Field Team, Region IV, and acceptance of the project work to the extent reflected in that report, as otherwise having met the terms of the contract.

I believe that the above-mentioned extra copies were intended for the Operator's information if and when the Washington Office of the DMEA Contract Administration and Audit Division authorizes you to furnish such as the Operator may request.

Based on the available data on production and sales of mercury resulting from the project work, I also believe that the Disbursing Officer's attention should be directed to the royalties amounting to $179.80 which we consider that the Operator owes the Government. In that connection, therefore, I also am enclosing here a letter just received from Mr. Selfridge, dated March 7, suggesting ways for you to have that amount set off against the apparent $333.39 net balance of Government participation yet due the Operator. In addition copies of Mr. Finch's two March 7 transmittal letters are enclosed for your information. Upon receiving the shipment of file data he listed, I will acknowledge and forward to you by C/B/L-Railway Express shipment so that your files on this case will be complete and may be closed (I hope). Please advise me then if any pertinent data on the disbursing aspects of this case appear to be lacking and if there is any steps I can take to make your file complete.

I might add here that the Operator's Final "Engineering and Geologic" report, which I considered acceptable under the circumstances, was received here and all except the Field Team's copy transmitted to Washington on June 28, 1954; my preparation of the Final Report for the Field Team is in process as time permits.

Sincerely yours,

Clinton C. Knox
Executive Officer
DMEA Field Team, Region IV

CCK/vks

Encl. (9)

Copy to: DMEA Oper. Com. (2)
Mr. Finch
C. C. Knox
2202X file

Docket
Surname:
Chambers
Ellis
Newcomb
Selfridge
Schuman
Mattendorf

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

MAR 7 - 1955

Mr. Clinton C. Knox
Executive Officer
DMEA Field Team, Region IV
P. O. Box 431
Joplin, Missouri

Re: Docket No. DMA-2202X (Mercury)
Amerimex Mining Company
Fresno Mine
Presidio County, Texas
Contract No. Idm-E468

Dear Mr. Knox:

You probably have received a copy of Mr. Finch's audit of the above-cited project which allows a total payment to the Operator of $46,465.04, of which $46,131.65 has already been paid, leaving a balance of $333.39 due the Operator. You probably also have a copy of a letter from Mr. Finch stipulating that the royalty due the Government on the sale of mercury by the Operator amounts to $179.80. This royalty amount should be deducted from the balance due the Operator.

Such deduction may be made in the following manner: The Disbursing Officer may draw two checks, one in the amount of $153.59 payable to the Operator and the second in the amount of $179.80 payable to the Defense Minerals Exploration Administration for deposit as a royalty payment.

Another method of settlement may be as follows: Draw a check for $153.59 net amount due the Operator, and process a journal voucher in the amount of $179.80 charging same to the project cost and crediting it to royalty payment.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (JLC)

APPROVED:

J. E. Hedges (JLC)
Member, Bureau of Mines

E. L. Newcomb (JLC)
Member, Geological Survey

JLChambers/wb
March 4, 1955

Copy to: Docket
Admr. Reading File
Operating Committee
H. M. Meyer
T. H. Kiilsgaard
E. W. Ellis - D. T. Finch
J. L. Chambers Cora A. Piper

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

MAR 3 - 1955

Mr. Donald T. Finch
DMEA Auditor
224 New Customhouse Building
Denver 2, Colorado

Re: Idm-F468, DMA-2202X
Amerimax Mining Company

Dear Mr. Finch:

Receipt is acknowledged of your letter of March 1, 1955, in regard to the above-cited contract.

My questions regarding the audit report have been answered satisfactorily. Therefore, the report is accepted and normal distribution may be effected.

The Washington office thinks you did a very fine job on this audit and I again wish to thank you.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

JLChambers/wb
March 2, 1955

Copy to: Docket
Admr. Reading File
Mr. Chambers

R.C.B.

3/4/55 - gla

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

224 New Customhouse
Denver, Colorado

March 1, 1955

Airmail

Mr. J. L. Chambers, Chief
Contract Administration and Audit
Division
Defense Minerals Exploration Administration
Department of Interior
Washington 25, D. C.

Re: Exploration Contract Idm E-468
Docket No. DMA-2202X
Amerimex Mining Company

Dear Mr. Chambers:

Please refer to your teletype, dated February 25, 1955, relative to the final audit report on the Amerimex Contract.

Question No. 1:

"What is the basis for percentage used under Note (2) page 12?"

Answer:

Operator began full-scale production operations on or about June 1, 1953. It made no adjustments for allocation of rentals on certain equipment between production and exploration in the MF-104 report for June 1953. Its July and August report, however, showed the following allocations of rentals to production.

	July	August
Joy Compressor	10%	10%
Air Tugger	10%	10%
Jeep	34.7 %	27.5 %
Gasoline Hoist	10%	10%

Based on the operator's own adjustment of the foregoing rentals for July and August, the Executive Officer determined a similar adjustment should be made for June 1953 rentals. You will note that all June percentages are the same as the operator's were for July and August with the exception of the adjustment of 33-1/3% for the jeep. This percentage was based on the Executive Officer's estimate of the jeep use in June 1953.

Question No. 2:

"Were any telephone bills disallowed applicable to property disposal or project management?"

Answer:

So far as could be determined from available data, the telephone calls reclaimed by the operator and redisallowed, totaling $122.03, were either not applicable to or, in the opinion of the Executive Officer and the Auditor, were not essential to project management. It has been definitely established this group of disallowed telephone charges were not applicable to property liquidation.

Telephone calls claimed by the operator for August thru December 1953, totaling $70.71, which were disallowed were either not applicable to or in the opinion of the Executive Officer and Auditor were not essential to project management. There was no indication that any of these telephone calls were applicable to property disposal.

The following telephone and telegraph charges were listed by the operator as project costs on its final MF-104 report, with no other information than indicated below:

1-20	Joplin Telegram	$1.45
1-21	Washington Telegram	2.48
2-24	Washington Telegram	2.36
4-1	Washington	8.60
6-29	Houston	5.40
8-20	Joplin Re French Bid	2.50
8-21	Houston Telegram	2.69
8-21	Joplin Telegram	1.25
	Total	$26.73

The Executive Officer determined all of the foregoing items totaling $26.73 should be disallowed as not essential to either project management or property liquidation. The Auditor's concurrence in this disallowance is based on his observation of the operator's previous methods of telephone and telegraph usage. The Auditor is also of the opinion the items in the case at hand were properly a charge to overhead and further that documentary support for the charges was very "sketchy".

Question No. 3:

"On page 19, first line of last paragraph, under item (F) should not the word following be changed to foregoing?"

Answer:

Yes, the word should be "foregoing." Please correct your copies of the audit report. Changes have been made on the remaining copies.

Sincerely,

Donald T. Finch

Donald T. Finch

cc: Clinton C. Knox

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

224 New Customhouse
Denver 2, Colorado

February 24, 1955

Re: Exploration Contract
Idm-E468
Docket DMA 2202X
Amerimex Mining Co.
Alpine, Texas

Mr. Jay L. Chambers, Chief
Contract Administration and Audit Division
Defense Minerals Exploration Administration
Department of the Interior
Washington 24, D. C.

Dear Mr. Chambers:

Enclosed are three copies of the Audit Certificate and two copies of the Final Audit Report for Amerimex Mining Co., submitted for your consideration.

These are being forwarded from Joplin, Mo., and an unofficial copy (not for distribution) has been left with the Executive Officer.

Reference is made to letter addressed to Mr. Knox from Mr. Selfridge dated January 31, 1955. In this connection a tabulation is submitted below summarizing the settlement which would have been allowable had the operator accepted the Termination Agreement.

Total cost as billed by operator				$75,879.48
Less: Proceeds from Liquidation				4,006.65
Net amount billed				$71,872.83
Total disallowances per Audit report			$9,919.44	
Deduct disallowances which would not have been necessary if Termination Agreement had been accepted				
Underground rehabilitation				
Labor	$658.32			
Supervision	713.17	$1,371.49		
Initial rehabilitation and repairs				
Labor	263.69			
Supervision	155.98	419.67		
Payroll taxes (4½% of $1,791.16)		80.60		
Workmen's Compensation Insurance (6.92% of $1,791.16)		123.95	1,995.71	
Net disallowances				$ 7,923.73

Allowable Cost if Termination Agreement had been accepted	$63,949.10
Allowable Cost per Audit report	61,953.39
Difference	$ 1,995.71
Difference in Government Participation (75% of $1,995.71)	$ 1,496.78

A direct confirmation of Government participation payments to date was made during this audit with the Finance Officer at Bartlesville, Okla. The status of the Government participation is tabulated below:

Total Governmental participation (See Audit Certificate)	$46,465.04
Total Disbursements to date	46,131.65
Balance due on Exploration Contract	$ 333.39

In connection with the balance due the operator, attention is directed to Memorandum report on Royalties dated today and which shows an indicated royalties due the Government of $179.80.

It will be appreciated if you will advise me if I should furnish Mr. Pulliam with a copy of the Final Audit Report when it is approved by your office.

Sincerely,

Donald T. Finch

Donald T. Finch
Auditor

DTF/vks

Copy to:
Mr. Knox, Executive Officer
D.M.E.A. Field Team
Region IV

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

224 New Customhouse
Denver 2, Colorado

February 24, 1955

Re: Royalties
Exploration Contract Idm-2468
Docket DMA 2202X
Amerimex Mining Company
Alpine, Texas

Mr. Jay L. Chambers, Chief,
Contract Administration and Audit Division
Defense Minerals Exploration Administration
Department of the Interior
Washington 25, D. C.

Dear Mr. Chambers:

At the conclusion of the preparation of the Final Cost Audit Report on Amerimex a review was made of the available data on the production and sale of mercury resulting from the exploration activities.

To date the operator has never made any supporting sales data available for examination.

You will recall that this operator was doing its own smelting of ores, therefore the company was disposing of its production in the form of flasks of mercury.

The only production data available to date is a group of schedules the operator attached to his final Exploration report.

These schedules indicate a total production of 47 flasks of mercury during the period June 1, to August 31, 1953.

On February 3, 1954, the Executive Officer of the D.M.E.A. Field Team and the Auditor, interviewed Mrs. M. C. Bledsoe one of the co-lessors of the Fresno Mine.

During this interview Mrs. Bledsoe stated that Amerimex Mining Company was purchasing all of its mercury flasks from the lessors and had used at the time of the interview a total of 47 flasks.

She also stated that at the time the Amerimex Mining Company secured the lease on the Fresno Mine there was a quantity of mercury bearing material in both the furnace bin and the shaft bin.

The D.M.E.A. Field Team had previously observed the existence of the foregoing material.

Analysis of the operator's schedules indicates that only 19 flasks of mercury have been produced and sold which were the results of the Exploration Contract operations.

Based on personal observations the Executive Officer of the D.M.E.A. Field Team is of the opinion the operator's statements concerning the production source of the mercury sold are substantially correct.

It also appears from a Memorandum August 31, 1954, to the Administrator, D.M.E.A. from Acting Assistant Solicitor, D.M.E.A., that the liability for royalties under the Exploration Contract attaches only the ore discovered or developed as a result of such contract rather than covering any production from the land whatsoever.

The following tabulation sets forth the status of D.M.E.A. Royalties due from Amerimex Mining Co. for the period June 1, to August 31, 1953 as determined by the joint analysis of the Executive Officer D.M.E.A. Field Team Region IV and the Auditor. This analysis has been prepared from the information available and is submitted for consideration of the Administrator D.M.E.A. under the last sentence of the guaranties signed by both Mr. and Mrs. Pulliam and the Crowley Tar Products Co.

14 flasks at $189.00	$2,646.00
5 flasks at $190.00	950.00
Total sales value subject to D.M.E.A. Royalties	$3,596.00
D.M.E.A. Royalty due at 5% of sales	$ 179.80

All costs for furnacing, hauling ore and sales and delivery expenses have been eliminated in the foregoing tabulation.

This letter has been coordinated with the Executive Officer of the D.M.E.A. Field Team Region IV.

Sincerely,

Donald T. Finch

Donald T. Finch
Auditor

DTF/vks

[illegible]

[illegible]

I have examined the records and transactions of the:

Overbrook Mining Company
P. O. Box 525
Alpine, Texas

pertaining to exploration Contract I[illegible]-1463, Audit No. [illegible]-2202A, Including Amendments No. 1 and 2, covering a project of exploration for mercury ore deposits, located approximately 105 miles from Alpine in Presidio County, Texas, and generally known as Chuco Puerto or Fresno Mine, for the period January 1[illegible], 1953, to November 4, 1954.

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

The audit discloses the following facts in regard to the amount to be paid the contractor:

Total cost as billed by the contractor		375,672.[illegible]
Less: Proceeds from disposition of property		[illegible]
Net claimed cost		371,672.83
Exceptions (see Audit Report for details):		
Prior to this audit	-0-	
During this audit	[illegible]	[illegible]
Total accepted cost		[illegible]

The contract calls for a 75 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Forty-Six Thousand Four Hundred Sixty-five and 9/100 Dollars,

46,465.09

is valid and proper.

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

Donald T. French

Donald T. French, Auditor

February 21, 1957

AUDIT REPORT

I. INTRODUCTION

On February 19 to 21, 1955, a final audit (covering operations for the period of January 10, 1953 to November 4, 1954) was made of the records and transactions pertaining to Exploration Project Contract No. Idm-1468, Docket No. [illegible]A-2202X, dated December 18, 1952, including Amendments Nos. 1 and 2, with the:

Americex Mining Company
P. O. Box 626
Alpine, Texas

covering a project for the exploration of mercury ore deposits on property located approximately 105 miles south of Alpine in Presidio County, Texas and commonly known as Buena Suerte or Fresno Mine.

The original records under this contract were maintained by and were in the custody of Mrs. A. H. (L. M.) Pulliam and were located in an office maintained by Mrs. Pulliam at Alpine, Texas.

Mr. Clinton C. Knox, Executive Officer, [illegible] Field Team Region IV collaborated in the audit. His cooperation and assistance greatly facilitated the audit.

II. [illegible] INFORMATION

The company's accounting records consist of a double entry set of books, with subsidiary ledgers for Accounts Payable and for payroll data required in connection with withholding and payroll taxes, purchase invoices and other accounting support were filed in order by months. Corporation costs which the operator considered as not being applicable to exploration were segregated to a "General Fund". A monthly summary sheet covering exploration cost is prepared from source data. Distribution to the elements of exploration cost was indicated by a numerical and alphabetical code. Payments for labor and supervision were supported by signed payroll slips for each individual. These payroll slips were summarized by categories of labor on a monthly payroll summary sheet. This audit, therefore, involved in general, a check of source documents against monthly summary sheets for purchases and payrolls with a reconciliation of these sheets with the corresponding [illegible] reports. Costs were recorded on a combination of cash and accrual basis.

An interim audit covering the period January 10, to [illegible] 31, 1954, was made on August 9, to 12, 1954, by this auditor and reflected in audit report dated August 23, 1954.

[illegible] covering the period [illegible] 2, to December 31, 1953 [illegible] by this auditor on [illegible] 20, to February 5, 1954. The Executive Officer of the Field Team, Region IV, assisted in both of these interim audits. A formal audit report of this second interim audit was not prepared at the completion of the audit for the following reasons:

The operator had ceased exploration operations on August 20, 1953 without prior approval of the U.S.A.E.C. Preparation of the audit report was deferred pending the clarification of the status of the exploration contract and the receipt of liquidation data. A preliminary summary of the audit findings was transmitted in a letter to the Chief, Contract Administration and Audit Division, dated February 17, 1954.

The present audit involved an examination of a "Final" Form 104 report and supporting documents submitted by the operator under date of November 4, 1954, and a joint analysis with the Executive Officer of the U.S.A.E.C. Field Team, Region IV of the operations for the entire period of operations, and liquidation, viz: January 20, 1953 to November 4, 1954.

III. SCOPE OF AUDIT AND FINDINGS

The audit was limited to ascertaining the accuracy, propriety and validity of the costs shown in the "Details to Date" column of the Form 104, Operator's Monthly Report and Voucher dated November 4, 1954 which the operator has designated as "Schedule 3, Final Report" and the liquidation of the Government's equity in certain property approved by the Executive Officer, U.S.A.E.C. Field Team, Region IV on August 20, 1954.

In view of the previous audit and report covering the period January 20, to May 31, 1953, by this auditor, except as otherwise indicated, this audit report is restricted to the costs claimed by the operator since that later date.

The audit disclosed a considerable amount of improper distribution of charges to the "Items of Cost" shown on the Form 104. Therefore, the audit findings presented below are those resulting after correction of the Cost Distribution. In the interest of completeness a complete reconciliation with the operator's claimed Cost is shown in the discussion of each element of Cost.

(1) Independent Contracts:

[illegible] is item of Cost is not applicable to this contract.

(c) Labor and Supervision:

(1) Labor

In some instances labor is paid by check and in others, payment is made in cash. Each employee's time was summarized by shifts on an individual pay slip from a daily record kept by the shift boss or foreman. Evidence of receipt of payment was indicated by the employee's signature or witnessed mark. Illiterates' marks were witnessed by fellow laborers.

All charges for labor during the period June 1, 1953 to November 4, 1954, were supported by pay slips described above. All of these pay slips were examined for evidence of receipt of payment by the employees, rates of pay and extension of amounts. Rates of pay were equal or below those rates authorized by the contract.

Analysis of this account follows:

Balance May 31, 1953 per previous Audit report		$1,313.30
Reclaim by operator for audit disallowances		
Vincente Molinar	[illegible]	
Wages of compressor tender, Jan. 1953, see note No. 1 below	$132.00	133.20
June 1, 1953 to November 4, 1954		12,282.33 ?
Sub-total		$ 27,114.32
Less operator's adjustment for prior disallowances		
Overcharge for cook's wages June, 1953	$ 120.30	
Labor on oversize drift	527.17	647.47
Total claimed by operator on Final [illegible]		$ 26,683.51
Add: Corrections in Accounting Distribution		
Timekeeper's wages from supervision		
Period Jan. 20 to May 31, 1953, disallowed prior audit, reclaimed by operator	$2,129.[illegible]	
Period June 1, to July 31, 1953, disallowed by Finance Officer, reclaimed by operator, see Note No.2	128.7[illegible]	$ 2,[illegible]

Labor applicable to underground rehabilitation, disallowed by prior audit, reclaimed by operator and [illegible] to initial rehabilitation and repairs [illegible]

Total labor (distribution corrected) before disallowances [illegible]

Disallowances:

Labor of [illegible], Vincent J. Collier (1 hrs overtime rate @ $4.40) disallowed prior audit, reclaimed and disallowed. See note No. 3 below [illegible]

Labor applicable to underground rehabilitation disallowed prior audit reclaimed and redisallowed. See note No. 4 below [illegible]

Excessive labor claimed subsequent to August 19, 1953, See note No. 5 below [illegible]

Total disallowances labor [illegible]

Acceptable cost of labor [illegible]

Note: No. 1

The present executive officer of the [illegible] Gold Corporation IV advised the Auditor in a letter dated February 1, 1954, that a review of the facts indicated the operator's reclaim for wages of the compressor tender, January, 1953, in the amount of $132.00 should be allowed because such services were essential to the exploration project in the early stages. The item is, therefore allowed in this report.

Note: No. 2

The present executive officer also advised in the letter referred to above that the wages of the "Timekeeper Stock Clerk" previously disallowed in the total amount of $1,452.66 and reclaimed by the operator should be allowed as a labor charge because re-investigation disclosed the man in question actually performed the duties of general utility labor and that such services were necessary to the rehabilitation project. The item is, therefore, allowed in this report.

Note: No. 3

The previous audit report disallowed a labor overpayment of $0.88 and showed the item as applicable to wages paid to Vincent Collier, foreman. The operator reclaimed this item on the grounds that [illegible]

paid to Vicente J. Molinar were correct in amount. During the present audit a re-examination of the payroll records showed that the previous audit report should have shown the overpayment as being applicable to wages paid to Vicente J. Molinar who was a laborer on the project. This laborer was paid for two overtime days and should have been paid for only one overtime day. Overpayment consisted of 8 hours at $0.40, or $3.20. The reclaim of $3.20 is, therefore, disallowed in this report with the concurrence of the Executive Officer of the D.M.E.A. Field Team Region IV.

Note: No. 4

The previous audit disallowed labor applicable to underground rehabilitation in the amount of $658.32 because this was the labor portion in excess of allowable maximum as established by the contract. The operator reclaimed this amount which is again disallowed with the concurrence of the Executive Officer and the Auditor.

Note: No. 5

During the period August 20, 1953 to November, 1954, the operator claimed labor costs for watchman services and dismantling crew totalling $1,677.50. The Executive Officer and the Auditor made a joint analysis of these charges. This analysis indicated that these charges should be prorated between the D.M.E.A. project and the company. In order to arrive at an equitable method of proration the following formula was used:

*Replacement value company owned equipment as shown by operator's original application	$[illegible]
Value of materials, supplies, and equipment in which D.M.E.A. retained an equity	[illegible]
Total	$[illegible]

Value of company equipment equals 85.38% of total value.

A disallowance of 85.38% of $1,677.50 (labor claimed for period subsequent to August 19, 1953) or $1,432.25 is made in this report, as being an excessive charge for safe guarding and dismantling equipment subject to D.M.E.A. equity. The Executive Officer and the Auditor concur in this disallowance.

*This amount for company equipment was used for formula purposes only. It was recognized that some pieces of equipment included in this amount may not have been on the project site. There were, however, many additional items of company equipment not listed but which were on the project site. In addition there was a larger amount of equipment and facilities which the company had leased and was responsible for its safe-keeping during the period subsequent to August 19, 1953.

(b) Supervision

All charges to supervision for the period June 1, 1953 to November 4, 1954, were supported by the same type of individual pay slips described under labor. These were all examined for rates, amounts and evidence of receipt of payment or accrual. Rates of pay for superintendent, General Foreman and Master Mechanic did not exceed those authorized by the Exploration Contract. Analysis of the amount is as follows:

Balance May 31, 1953 per previous audit			$4,639.26
Reclaim of prior disallowances			
Wages of Timekeeper, disallowed previous audit. See Note No. 1		$1,119.92	
Portion of salaries applicable to preparation for production disallowed previous audit		313.00	
Supervision for June, 1953, disallowed by Finance Officer. See Note No. 2		375.40	$1,810.32
June, 1953, original claim		$1,253.94	
Less: Operator's adjustment for disallowances			
Original disallowance by Finance Officer	$490.94		
Excess charge applicable to oversize drifts	121.97	$ 612.01	
Adjusted claim for June		643.93	
July		1,116.02	
August		1,192.85	
September 1953 to November 4, 1954		1,513.40	$4,466.20
Total claim by operator Final No. 104			$ 10,553.73
Transfers to correct distribution			
Wages of Timekeeper transferred to labor; Plant Maintenance, Utility, Roustabout-credit			($ 3,450.66)
Supervision applicable to underground Rehabilitation, disallowed previous Audit, reclaimed by operator and charged to Initial Rehabilitation and Repairs			715.17

Total (distribution corrected) before disallowances $10,102.27

Disallowances

Reclaim of supervision applicable to preparation for production disallowed previous Audit and reclaimed by operator, see Note No. 3	$ 315.00
Portion of supervision applicable to underground rehabilitation disallowed by previous audit and reclaimed by operator. See note No. 4	713.17
Excessive supervision subsequent to August 31, 1953, see Note No. 5	1,173.38
Total disallowances supervision	2,201.55
Acceptable cost of supervision	$ 7,906.74

Note: No. 1

The reclaimed wages of Timekeeper were allowed and are transferred to Labor. See Note No. 2 under Labor.

Note: No. 2

The reclaimed portion of Supervision for June, 1953, previously disallowed by Finance Officer are allowed by the Executive Officer. In his letter to the Auditor dated Feb. 1, 1954, it was shown the previous disallowance was based on operator's erroneous allocation between Production and Exploration. The net June allowance approved is based on a proper proration of Supervision allocated on the ratio of direct labor man hours applicable to exploration and to production.

Note: No. 3

The previous audit disclosed part of the salaries of Supervision for the months of April and May 1953, as being applicable to preparation for production. The operator, reclaimed a portion of this disallowance in the amount of $315.00. After a joint re-analysis by the Executive Officer and the auditor the item is again disallowed with their joint concurrence.

Note: No. 4

The previous audit disallowed supervision applicable to underground rehabilitation in the amount of $713.17 because this was the supervision portion in excess of allowable maximum as established by the

contract. The operator realized this amount which is therefore disallowed with the concurrence of the Executive Officer and the Auditor.

Note No. 2

During the period September 1, 1953, to November 4, 1954, the operator claimed supervision costs of $1,513.00. Data submitted with the operator's Final AF 144 indicates that D.L.S.A. was charged by the operator for only 50% of the indicated cost of supervision during the period January 1, to November 4, 1954. Total indicated accrued cost of supervision for the period September 1, 1953, to November 4, 1954, has been represented by the operator as amounting to $2,323.00. The Executive Officer and the Auditor made a joint analysis of the total charges for supervision. This analysis indicated there should be a more equitable proration of supervision charges for this period, between D.L.S.A. project and the Company. It was decided to use the same formula of proration as shown by Note 3 under Labor above, viz, 85.38% of total indicated cost of supervision for the period between September 1, 1953 to November 4, 1954, or $1,983.38 has been considered as not applicable to D.L.S.A. project.

A disallowance of $1,173.38 for excessive claimed cost of supervision is made in this report with the joint concurrence of the Executive Officer and the Auditor. The amount of this disallowance was determined as follows:

Total indicated cost of supervision, September 1, 1953 to November 4, 1954	$2,323.00
Less: portion operator did not show as applicable to D.L.S.A.	340.00
Amount claimed by operator on Final AF 144	$1,983.00
Amount considered by Executive Officer and Auditor as being reasonable cost for D.L.S.A. project during period of liquidation (100%-85.38%) or 14.62% of $2,323	339.62
Amount of excessive supervision disallowed	$1,173.38

(e) Technical services

All charges for Technical services for the period June, 1953 to November 4, 1954, were supported by invoices or receipts which were examined. The analysis of the account follows:

Balance May 31, 1953 per previous audit			$326.72
September 1953			
Geological consultation 1-1/2 days, C. R. Fletcher		$150.00	
Expenses:			
Meals	10.50		
Rail transportation	11.57	22.07	172.07
Total claimed by operator on Final MF 104			498.80
Disallowance (see Note No. 1)			172.07
Acceptable cost for Technical services			$ 326.72

Note: No. 1

According to the operator's narrative report for September, 1953, Mr. Fletcher was engaged to make a report on the property for use in making application for approval of more exploration work. Operator had ceased operations under Exploration Contract in August, 1953, without authorization from the D.M.E.A. In view of the foregoing a disallowance of all of Mr. Fletcher's fees and expenses claimed for September 1953 is made because the charges were not applicable to the Exploration project. The Executive Officer of the D.M.E.A. Field Team Region IV and the Auditor concur in the disallowance.

3. Materials and Supplies

All charges for materials and supplies during the period June 1, 1953 to November 4, 1954, were supported by invoices or receipts which were examined. No formal storeroom issue system was maintained and costs were charged when invoices were paid. Analysis of these charges, reflecting corrected Accounting distribution follows:

	Balance 5-31-53	Period 6-1-53 to 11-4-54	Disallowed	Proceeds Rec. Liquidation	Accepted Totals
Timber	342.63	137.57			480.20
Explosives	2,052.83	548.44	(5)	(329.80)	2,271.47
(1) Pipe	1,118.11				1,118.11
Track	120.00	4.60			124.60
Sub-total	3,633.57	1,090.61		(329.80)	4,394.38

	Balance 5-31-53	Period 6-1-53 to 11-4-54	Disallowed	Prevents Prop. Liqui-dation	Accepted Totals
Other Supplies:					
Hose & Fittgs.	$ 374.25	$ 5.88	$	$	$ 380.13
Drill steel & bits	662.69	2.75			665.44
(2)Diamond bits & shells	689.76				689.76
(1)Elec. Wire & Fittgs	312.80	66.32			379.12
Kitchen utensils	242.43	11.04			253.47
(3)Small tools & supplies	1,408.92	394.76	(4) 2.96	(5) 34.00	1,765.72
(6)Liquidation sales Expense		31.79			31.79
(7)Truck License		107.80	36.34		71.46
Core boxes	133.78				133.78
Engineering supplies	52.01	23.55	12.10		63.46
(8)Fuel, gas & oil	1,385.43	1,009.45	104.75	(5) 292.90	1,997.23
(9)Freight & hauling		461.16			461.16
Total Other Supplies	$5,162.07	$2,141.41	$156.13	$326.90	$6,820.45
Total Material & Supplies	$9,925.64	$3,232.02	$156.13	$656.76	$11,658.29

Note: No. 1

During the period June 1, 1953 to November 4, 1954, the operator charged $45.20 to pipe which should have been charged to Electric Supplies and Fittings under the general classification of Other Supplies. The distribution has been corrected in this report.

Note: No. 2

Diamond bits and shells were included in the liquidation general bid for Equipment which was approved by the Executive Officer, U.N.R.A. Field Team Action IV on August 20, 1954.

Note: No. 3

Small tools and supplies consist of small tools, welding supplies, nails, bolts, screws, nuts, handles, carbide, paint, rope, lamps, hats, etc. All items were reviewed with the Executive Officer and were considered necessary and proper charges to the project.

Note: No. 4

A charge in August 1953 of $2.96 for silver foils is disallowed as not applicable to the exploration project. This disallowance was made on the recommendation of the Executive Officer and the Auditor concurs with it.

Note: No. 5

The credit under Proceeds from Liquidation to Small Tools and Supplies represents supplies returned to Durham Steel and Supply Co. for credit. Likewise, credits to Explosives and Fuel represent sales or merchandise returned for credits. These miscellaneous returns were approved by the Executive Officer S.M.E.A. Field Team, Region IV.

Note: No. 6

Liquidation Sales Expenses consisted of advertising and distribution of bid forms, in connection with the liquidation of the project equipment. Accounting distribution of this item has been corrected in this report.

Note: No. 7

A charge of $107.80 for truck licenses was disallowed in the previous audit. The operator reclaimed this item and charged it to Equipment Purchases. Distribution is corrected in this report. Based on advice from the Operating Committee, the Executive Officer has ruled that a prorata portion of this reclaim may be allowed. A disallowance of 33.71% of $107.80 or $36.34, is therefore made with the joint concurrence of the Executive Officer and the Auditor.

Note: No. 8

The operator has claimed sundry charges for gas, oil, and truck repairs subsequent to August 19, 1953 in the amount of $122.66. The Executive Officer and the Auditor are of the opinion that these charges should be prorated between the S.M.E.A. project and the Company on the same basis as were the Labor and Supervision charges that were claimed subsequent to August 19, 1953. The proration formula is at Note No. 3 under Labor. A disallowance of 85.38% of $122.66 or $104.75 is therefore made in this report.

Note: No. 9

The accounting distribution of Freight & Handling has been changed in this report to show the item under the classification of Other Supplies.

4. Operating Equipment

(a) Rental

All charges for equipment rental for the period June 1, 1953 to November 4, 1954 were supported by invoices which were examined. All rental equipment was rented from W. H. Sullivan. Analysis of the rental charges follows:

	Balance 6-1-53	Period 6-1-53 to 11-4-54		Disallowed	Acceptable
Joy Compressor	1,733.33	(1) 2,297.66	(2)	747.00	1,298.33
Sullivan Air Tugger	128.33	168.00	(2)	85.00	210.33
Jeep	140.00	101.34	(2)	18.42	122.92
Jackhammers	283.33	400.00	(2)	142.67	538.33
Drifter	125.00	–			125.00
Gasoline Point	583.33	600.00	(2)	306.00	877.33
Bulldozer	137.50	–			137.50
Diamond Core Drill	20.00	166.33			186.33
Totals	3,475.32	$3,705.32		[illegible]	[illegible]

Deducts: Operator's adjustment for oversize drifts 11.27

Acceptable Total Cost of Rental [illegible]

Note: No. 1

Charges for Compressor during period June 1, 1953 to November 4, 1954, include operator's reclaim of $465.00 Compressor rental disallowed in the previous audit report. This disallowance was originally made on the recommendation of the Area Executive Officer. The present Executive Officer of the U.S.A.E.C. Field Team Region 1 has determined the operator's reclaim should be allowed and the auditor concurs with this determination.

Note: No. 2

The Executive Officer of U.S.A.E.C. Field Team Region 1 has ruled the following adjustments should be made in the rentals claimed during the period June 1, 1953 to November 4, 1954:

Portion of Rentals applicable to production

Joy Compressor	– 10% of claimed amount	17.00	
Airtugger	10% of claimed amount	3.50	
Jeep	33-1/3% of claimed amt.	10.00	
Gasoline Point	10% of claimed amount	13.50	43.00

Rentals claimed subsequent to unauthorized cessation of exploration are not considered an admissable cost to the D.M.L.A. project $1,345.23

Total disallowances of rentals $1,418.23

The auditor concurs with the foregoing disallowances.

(b) Purchases

There were no additional purchases of equipment during the period June 1, 1953 to November 4, 1954. Charges made to the account during the period were for monthly instalment payments on two trucks and a welding machine. The Accounting distribution of Truck Licenses reclaimed and charged to the Equipment account has been corrected in this report. Analysis of the Equipment account follows:

1	Air tank	12.50
1	Lincoln welder	481.85
1	G-E 1118 Servel Refrigerator	425.00
1	Black and Decker Valve Reseater	120.00
1	Gould pump with hose	170.95
1	Skil saw	138.75
1	Butane Stove (4) Range	30.00
(1)1	Two Ton GMC 1953 truck	2,293.16
(1)1	Pickup 1952 Ford	1,451.97
1	Joy Double Drum Hoist	1,325.30
1	3 x 2 x 4 Duplex pump	175.00
2	Jack legs	350.00
3	Aluminum tacks	312.51
1	Steel ramp for Slusher	113.69
1	2-door 11 cu. ft. Refrigerator	225.00
1	Drunter Case and Magnifier	55.65
	Truck Licenses (reclaim)	107.81

Total per Operator's Final AF 10A $7,892.80

Deduct transfer of Licenses to Other Materials and Supplies 107.81

$7,784.99

Disallow:

Payments on GMC and Ford trucks subsequent to August 31, 1953. Operating Committee and Executive Officer, D.M.L.A. Region IV waived D.M.L.A. equity in these trucks because balance

Due Sellers on September 1, 1953 was greater than appraised value. Operator showed the amount of this disallowance as part of the Proceeds of liquidation | 1,766.64

	37,033.38
Deduct: Proceeds from Liquidation ("blanket" offer) approved August 20, 1953 by Executive Officer	2,000.00
Net Accepted Cost to Project	35,033.35

Included in the Net accepted cost of equipment was $2,784.49 Cost of Equity in Trucks which was waived as stated above.

(c) Depreciation

Not applicable to this contract

(2) Initial Rehabilitation and Repairs

There were no new charges to this account during the period June 1, 1953 to November 4, 1954. The operator filed a reclaim for items of Labor and Supervision applicable to underground rehabilitation which had been disallowed in the previous audit report. He charged this reclaim to this account in error and the distribution has been corrected in this report.

Analysis of the account follows:

	Materials and Supplies	Labor	Supervision	Total
Balance 5-31-53	$26.23	$267.46	$155.98	$449.67
Reclaim		658.32	713.17	1,371.49
Totals per Operator's Final MF 104	$26.23	$925.78	$869.15	$1,821.16
Transfer to correct Distribution		658.32	713.17	1,371.49
Total before Disallowance	$26.23	$267.46	$155.98	$449.67

	Materials and Supplies	Labor	Supervision	Totals
Allowable cost as established by Amendment No. 2 to the contract which had effective date of 6-16-53	$ 26.22	$ 3.77	———	$ 30.00
Disallowance for items over allowable cost to	———	263.62	152.22	$412.87

The Executive Officer and the Auditor concur in this disallowance.

(6) New Buildings, Improvements and Installations

There were no additional charges to this account during the period June 1, 1953 to November 4, 1954.

Details of the account follows:

Materials and Supplies	$ 753.15	
(1) Less: Cement sold or returned to seller for credit with approval of Executive Officer	164.22	$ 588.93
Freight and hauling		111.33
Acceptable travel expense		44.45
Bulldozer rental		75.00
Labor		321.47
Supervision		152.22
Acceptable Cost to Project		$1,293.24

Note: No. 1

The operator erroneously credited other supplies for cement sold or returned for credit. This accounting distribution has been corrected above.

(7) Miscellaneous

(a) Repairs to Equipment

(a) All charges for repairs to equipment during the period June 1, 1953 to November 4, 1954 were supported by invoices which were examined. The operator filed a reclaim for repairs to equipment in the amount of $132.32 which had been disallowed by the previous audit upon the recommendation of the then Executive Officer. The present Executive Officer has determined the operator's reclaim should be allowed. The Auditor concurs in this determination.

Analysis of the account follows:

	Balance 5-31-53	Period 6-1-53 to 11-4-54	Total
Truck	$ 22.17	$ 35.52	$ 57.67
Light Plant	9.84		9.84
Drills and Engine (Reclaim)		188.32	188.32
Acceptable Cost to Project	$ 32.01	$ 223.84	$ 255.85

(b) Sampling and Analysis

There were no additional charges to this account during the period June 1, 1953 to November 4, 1954.

Acceptable costs consist of:

Mercury ore assays	$ 27.00	
Mercury analysis	16.37	
Acceptable total		$ 43.37

(c) Payroll Taxes

Payroll Taxes consisted of 1-1/2% F.I.C.A., 3/10% F.U.C.A., and Texas Unemployment of 2.7%. Payroll taxes for the entire period Jan. 10, 1953 to November 4, 1954 were determined by the following computation:

F.I.C.A.		
Total salaries and wages allowed	$35,075.05	
Less: 1953 payments to individuals in excess of $3,600.00	510.41	
Net amount subject to tax	$34,564.64	
F.I.C.A. tax at 1-1/2%		$518.47
F.U.C.A. and Texas Unemployment Tax		
Total salaries and wages allowed	$35,075.05	
Less: 1953 payments to individuals in excess of $3,000.00	1,071.71	
Net amount subject to tax	$34,003.34	
Unemployment Tax at 3%		$1,020.10
Total Acceptable Payroll Taxes		$1,538.57

The operator's Final AF 104 report claims Payroll Taxes in the amount of $1,624.10. The excess of Payroll taxes claimed over the acceptable amount of $1,538.57 or $85.53 is disallowed with the joint concurrence of the Executive Officer and the Auditor.

(d) Truck Insurance

There were no additional charges to this account during the period June 1, 1953 to November 4, 1954. The coverage is authorized by Exhibit A attached to the Exploration Contract. The amount claimed by the operator in the Final AF 104 represents an annual premium from January 15, 1953. On August 19, 1953 the operator ceased exploration operations without authorization from D.M.E.A. and Government equity was waived in the trucks covered by this insurance.

The Executive Officer of the D.M.E.A. Field Team Region IV and the Auditor are of the opinion that only seven months' premium is an acceptable cost to the project. A disallowance of 5/12 of $175.96 or $73.32 is therefore made leaving an acceptable cost of $102.64 for this item.

(e) Workmen's Compensation Insurance

Workmen's Compensation Insurance was evidenced by Policy No. A 38908, Texas Employer's Insurance Association. This policy was written for a term of one year beginning January 1, 1953. Coverage reporting ceased as of August 31, 1953. Subsequent to a payroll audit by the Insurance Association, premium settlement of $3,105.56 was made which covered both the Exploration project and the other activities of the operator. Computation of the Acceptable Cost to the D.M.E.A. Project follows:

Total Wages and Salaries reported by Ameriex Mining Company under Policy to August 31, 1953	$44,200.10	100%
Acceptable Cost to D.M.E.A. as of August 31, 1953 of salaries and wages	34,506.17	76.85%

76.85% of $3,105.56 (Final Insurance Settlement) equals $2,386.64 which is considered the acceptable cost to the project for Workmen's Compensation Insurance.

The operator shows a total cost for Workmen's Compensation Insurance in the Final AF-104 of	$2,533.86
Acceptable Cost as above	2,386.64
Excess of Workmen's Compensation Insurance claimed over Acceptable amount, disallowed with the joint concurrence of the Executive Officer and the Auditor	$ 147.22

(2) Travel and communications

All charges to this account for the period June 1, 1953 to November 4, 1954 were supported by documentation which was examined. Analysis of the account follows:

Balance May 31, 1953 per previous audit report		$257.04
Reclaims by operator:		
Part of telephone calls disallowed by previous audit	$ 83.97	
Part of telephone calls disallowed by Finance Officer	38.06	
Air transportation, disallowed by Finance Officer	10.50	132.53
June 1953		
Pulliam's car to El Paso, 450 miles at 6 cents	27.00	
3 meals (Diamond drill emergency)	5.00	32.00
July		
Pulliam's car to El Paso and meals		32.00
August		
Pulliam's car, 2 trips to El Paso	49.25	
Telephone calls	10.65	
Telephone calls to Collector Internal Revenue	1.44	61.34
September		
Telephone calls		11.75
October		
Telephone calls		4.15
November		
Trip to El Paso and meals for rig supplies		32.50
December		
Telephone calls		10.25
February, 1954 (Liquidation efforts by Pulliam)		
Trip to El Paso, car, meals, hotel		38.50
April (Liquidation efforts by Pulliam)		
Trip to El Paso, lodging and meals		35.25
July (Liquidation efforts by Pulliam)		
Trip to Houston (1200 miles at 6 cents) 50%	36.00	
Meals - 2 days	2.00	19.00

Jan. 1, to Dec. 31, 1954			
Telephone calls			$ 26.73
Total			$677.26
Less: Operator's adjustment for oversized drifts			15.99
Total claimed by Operator's Final of 104			$681.27
Disallowances:			
Reclaims by Operator (shown above)		$132.53	
Expenses August through Dec. 1953		119.96	
Telephone calls, January 1, to August 31, 1954		26.73	$279.22
Accepted Cost			$402.05

The following disallowances are based on the determination by the Executive Officer of the D.M.E.A. Field Team Region IV that the disallowed items were not acceptable costs to the Exploration Contract. The Auditor concurs with the Executive Officer in this determination and with the disallowances.

(c) Accounting

All charges to this account during the period June 1, 1953 to November 4, 1954 were supported by documentation which was examined. Analysis of the account follows:

Balance May 31, 1953 per previous audit			$456.00
June, 1953, 31 hours at $3.00		$ 93.00	
July - 65.3% of $129.00		84.24	
Aug - 72.5% of $120.00		87.00	
Sept. thru Dec. 1953		170.00	
Jan. 1 to Nov. 4, 1954			
161½ hrs at $3.00	$ 484.50		
Typist time	10.31		
50% charged D.M.E.A.	$ 494.81	247.40	631.64
Sub-total			$1,087.64
Less: Operator's adjustment for oversized drifts			9.74
Total claimed by Operator's Final of 104			$1,077.90

Less: Disallowance of Excessive Charge (see below) $ 257.35

Accepted Cost of Accounting $ 820.55

The foregoing disallowance is based on a joint analysis by the Executive Officer of the D.M.E.A. Field team Region IV and the Auditor. This analysis revealed that Accounting Costs claimed by the operator during the period January 10, 1953 through August 31, 1953 averaged $90.00 per month. In other words Accounting Cost during the period the operator conducted exploration operations was $ 720.24

Accepted cost of accounting was determined to be as follows:

Cost of accounting Jan. 10 to August 31, 1953	$ 720.24
Reasonable additional cost to liquidate the project (average cost for one month services)	90.00
Typist Hire (100%)	10.31
Total accepted Cost to Project	$ 820.55

The Executive Officer and the Auditor concur in the disallowance of the excess Cost of Accounting in the amount of $257.35.

(c) Disallowance for Excessive Excavation

Upon the recommendation of the then Supervising Engineer, the Finance Officer disallowed a total of $1,410.35 for shaft excavation in excess of Exploration Contract specifications from the operator's June and July 1953 MF 104 reports.

The operator submitted a reclaim for the foregoing disallowances.

The then Supervising Engineer has recommended a disallowance of $3,34[illegible].05 for crosscut excavations in excess of Exploration Contract specifications from the operator's MF 104 report for August, 1953 which has not been processed by the Finance Officer.

The Executive Officer of the D.M.E.A. Field Team (formerly the Supervising Engineer) has advised the Auditor that a reexamination of the project on February 4, 1954, confirmed his previous findings of excessive excavation.

A total disallowance for excessive excavation of shaft and cross cut of $1804.44 is made in this report at the direction of the Executive Officer D.M.E.A. Field Team Region IV and is concurred with by the auditor.

The amount of this disallowance was determined by applying the percentage of excavation in excess of contract specifications to the amount the operator reported on the applicable DF 104-A Report as being the cost of the type of excavation involved.

Detail itemization follows:

Shaft	
June, 1953, 41.2% of $1,273.73	$ 524.78
July, 1953, 53.3% of $1,661.55	885.61
Total excessive shaft excavation	$1,410.39
Crosscut	
August 1953, 37.78% $1,043.97	394.05
Total disallowance for excessive excavation	$1,804.44

Other Observations

The Executive Officer of the D.M.E.A. Field Team Region IV and the Auditor made an onsite inspection of the project on February 4, 1954 to confirm the operator's inventory of materials, supplies and equipment. This inspection disclosed that all of the purchased equipment listed under (4) Operating Equipment of this section of the Report was on hand and in good condition. It was determined however that the balances due sellers on the two trucks exceeded the appraised resale value of those items. The sundry Materials, Supplies and Small Tools listed by the operator in his "Invitation to Bid" were sighted during the inspection.

The operator extensively circulated the "Invitations to Bid" but was able to secure only one bid for the entire lot. The operator was authorized to accept this lot bid on August 20, 1954, by the Executive Officer of the D.M.E.A. Field Team Region IV.

During this audit the Executive Officer and the Auditor made a joint analysis of Amendment No. 2 to the Exploration Contract as it related to "project No. 3". The Executive Officer determined that the operator had substantially complied with the intent of this part of the Amendment and that there were no equitable grounds for exceptions to be taken to the work as performed. The Auditor concurs with this determination.

IV. CONCLUSION

The audit disclosed that all costs charged to this project, with the exception aggregating $9,919.44, as itemized in the preceding section of this report, are reasonable and proper under the terms of the contract.

The adjustments between "Items of Cost" as shown on the Operator's Final [illegible] 10, dated November 4, 1954 (Schedule 3), the disallowances, proceeds from liquidation and the Accepted Cost as disclosed by this audit are summarized in Exhibit "A" attached hereto.

This contract contained sundry items of Cost expressly designated as "Allowable Maximum". The status of these allowable maximums, after deduction of the disallowances discussed in Section III of this report, is summarized as follows:

	Allowable Maximum	Allowed Costs	Balance
Supervision	$14,755.00	$7,906.74	$ 6,828.26
Technical Services	1,200.00	326.75	873.25
Initial Rehabilitation and Repairs	30.00	30.00	-
New Buildings and Improvements	1,350.00	1,328.34	1.66
Total Contract Costs	380,000.00	361,953.39	$18,046.61

At the conclusion of the on site audit on February 5, 1954, the Executive Officer of the D.P.A. Field Team Region IV and the Auditor reviewed the audit findings at that time with Mr. [illegible] Pullin, President and Mrs. M. H. (L. H.) Pullin, Secretary of the Company.

February [illegible], 1955

Donald T. Finch

Donald T. Finch
Auditor

Exhibit A

[illegible] COMPANY

Contract Ide-[illegible]68

	Total to date Operator's Schedule No. F 104 Nov. 4, 1954	Distribution Corrected	Disallowed by Audit	Proceeds From Liquidation	Accepted Totals
Independent Contracts					
None					
Labor and Supervision					
Labor	$ 26,663.91	$ 28,760.89	$ 2,09[illegible].77	$	$26,687.12
Supervision	10,853.76	10,108.2[illegible]	2,201.55		7,906.74
Technical Services	498.82	498.82	172.07		326.75
Operating Materials & Supplies					
Timber	480.20	480.20			480.20
Explosives	3,001.27	3,001.27		329.80	2,671.47
Pipe	1,163.31	1,118.11			1,118.11
Track	124.60	124.60			124.60
Other supplies	6,657.62	7,303.48	156.15	326.50	6,820.43
Operating Equipment					
Rental	7,102.57	7,102.57	1,418.53		5,684.04
Purchase	7,898.60	7,791.00	760.64	2,000.00	5,030.36
Depreciation					
Initial Rehab. & Repairs	1,821.16	849.67	419.67		[illegible]
New Bldgs. & Improvements	1,492.89	1,492.89		102.55	1,[illegible]
Miscellaneous					
Repairs to Equipment	255.85	255.85			255.85
Sampling & Analysis	43.37	43.37			43.37
Payroll Taxes	1,624.10	1,624.10	85.53		1,538.57
Truck Insurance	175.96	175.96	73.32		102.64
Workmen's Comp. Insurance	3,769.24	3,769.24	177.20	1,185.40	2,386.64
Freight	461.16				
Travel & Communications	681.27	681.27	279.22		402.05
Accounting	1,077.90	1,077.90	257.35		820.55
Expense of sale	31.70				
Oversize short & crosscut			1,[illegible].44		(-1,[illegible].44)
TOTALS	$75,879.48	$75,879.48	$7,919.44	$4,006.65	$61,[illegible].39

Contra[redacted] Admin. & Audit Division
Defense Minerals Exploration Admin.
L.X.L.01(01) Revolving Fund,
Defense Production Act, Interior (Allocated
Working Fund to the Office of Secretary)

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

FEB 25 1955

TELETYPE

Mr. Donald T. Finch
DMEA Auditor
224 New Customhouse Building
Denver 2, Colorado

Refer Amerimex audit. What is basis for percentage used under note (2) on page 12? Were any telephone bills disallowed applicable to property disposal or project management? On page 19, first line of last paragraph, under item (f), should not the word following be changed to foregoing? Reply by letter.

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

JLChambers/wb
February 25, 1955

Copy to: Docket - DMEA 2202
Admr. Reading File
Mr. Chambers
Confirmation

R.C.

140

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

FEB 24 1955

Mr. R. N. Pulliam, President
Amerimex Mining Company
Box 626
Alpine, Texas

Re: Docket No. DMEA-2202 (Mercury)
Fresno Mine
Presidio County, Texas
Contract No. Idm-E468

Dear Mr. Pulliam:

In your letters dated November 10, 1954, and January 11, 1955, to Mr. Clinton C. Knox, who furnished us with copies, you raised certain questions regarding the Government's second draft of a proposed termination agreement and the status of the financial account under the subject contract. At least some of these matters were discussed with you in prior correspondence. We shall, however, set forth below all the problems raised in each letter and attempt to answer them.

A. Your letter dated January 11, 1955:

(1) Your letter refers to the statement in Mr. Knox's letter of November 19, 1953, to you expressing doubt that the items in the Operator's "Final Cost and Liquidation Voucher" could be approved except by mutual agreement. Your letter questions whether the contract requires such an agreement.

The statement meant that, in the judgment of that writer based upon an initial review of the costs submitted by the Operator, it was doubtful whether "a good many" of those costs could be approved under the contract. Therefore, the reference to a termination agreement was intended to indicate a possible means of approving certain of the disputed items of cost that could not be approved under the contract. Under the provisions of your contract the Government did not undertake to contribute to all the costs you incurred, but undertook to contribute to those limited costs set forth in the contract. Of course, you

DMEA Docket

are not required to sign any additional agreements before the accounts can be settled under the terms of the contract. In fact, an audit of the contract is now in process and, when completed, the accounts under the contract will be settled on the basis of the audit.

(2) In regard to the comment in Mr. Knox's letter concerning the high costs connected with safeguarding and disposing of property, your letter contends that if the costs were large the fault lies with the Government because of the methods prescribed by it.

In addition to the limited costs of the project to which the Government is required to contribute under Article 6 of the contract, Articles 11 and 12 of the contract provide that upon termination of the contract, property belonging both to the operator and the Government shall be disposed of promptly by the operator, either by return to the vendor, by sale to others or purchase by the operator, and that costs of dismantling and removing property from the land are proper costs of disposition for the joint account of the parties in proportion to their respective interests. The responsibility for promptly disposing of the property, therefore, rests with the operator, in the first instance; the procedure set forth in the contract for disposing of property is not an elaborate one; and we are not aware of any instructions given to the operator by the Government that impeded the operator's efforts to dispose of the property. The Government will, accordingly, contribute to the necessary and reasonable costs of disposing of the property, as determined after final audit.

(3) Your letter states that you have repeatedly asked for but have not been informed as to whether the operator may appeal from decisions of this agency.

We did not understand any prior correspondence from you as requesting such information. The operator may appeal to the Secretary of the Interior from any findings of facts or decision of this agency by specifying in a letter to him, the facts, circumstances, and contractual provisions involved. Moreover, the Comptroller General of the United States may entertain your claim for money under the contract, and the Court of Claims is available for a legal action against the United States for money claimed due you under the contract.

(4) Your letter asks when you can expect final settlement of the contract to be made.

As we were attempting to make an agreement with you concerning disposition of all questions under the contract a final audit was not made previously. However, a final audit is in process now, and your account will be settled under the contract provisions.

B. Your letter dated November 10, 1954:

(1) In connection with paragraph 4 of the second proposed termination agreement, you ask why the period "prior to August 20, 1953," was designated as the time limit for the Government's contribution to the costs of the exploration work, when Amendment No. 2 extended the time for completion of the contract work to "12 months," or to December 18, 1953.

The period of 12 months was fixed in the amendment to allow additional time for completion of the work, which was revised by the amendment. If work had continued the Government would have contributed to costs up to December 18, 1953, the end of the period specified for completion, and possibly beyond that date if the Government considered it in its best interest to do so. However, the operator stopped the work, without Government approval, and the contract does not require the Government to pay costs of exploration when no work is performed. The Government, therefore, proposed to limit its contribution to the costs of exploration performed up to the last day such work was conducted, that is August 19, 1953.

(2) Your letter states that the operator was not able to resume operations after August 19, 1953, because the Government withheld funds due the operator.

The contract permits the Government to withhold funds due the operator, in order to protect the Government's interest in property and to cover audit exceptions. When Amerimex ceased work on August 19, 1953, the auditor withheld sufficient funds to protect the Government's interests. Moreover, there is dispute as to whether certain funds which the operator claims as due it are in fact due under

the provisions of the contract. We do not perceive how, in these circumstances, the operator's failure to continue and finish the work can be attributed to the actions of the Government.

(3) Your letter states that the operator "hoped and believed that operations would be resumed" until a letter dated December 24, 1953, from the Acting Administrator denied its request for additional work, estimated to cost $96,900 more.

In this regard, our records indicate that although the exploration work was stopped before completion on August 19, 1953, the operator's application for additional work was dated November 11, 1953, approximately three months later, and was denied in the letter of December 24, 1953. The operator was required to complete the work set forth in the contract apart from any hopes entertained for increasing the scope of the project and we are unable to understand the significance of these comments.

(4) Your letter states that the contract terminated on December 18, 1953, "by its own terms" even though the Government terminated the contract by a notice dated January 5, 1954.

The contract does not provide for automatic termination on December 18, 1953. Rather, the contract, as amended, provided that the operator shall perform the work in a manner to complete it by December 18, 1953. Failure to complete the work by that date amounted to a breach of contract by the operator. The Government, therefore, determined that the contract should be terminated by notice, as the contract authorized it to do.

(5) Your letter contends that the Government should contribute to "stand-by expenses" incurred between August 19, 1953, and December 18, 1953. Apparently your contention is based upon the concept that the operator was privileged to cease the work when it wished, and that the date for completing the work, December 18, 1953, would thereafter terminate the operator's obligation to complete the work under the contract.

We indicated in the previous comment in this letter that the stoppage of work without any specific plans for completing it within the time fixed by the contract, and the failure to complete the work within the time fixed by the contract, December 18, 1953, were both occurrences which breached the contract and, as we view it, granted the Government certain rights. We do not view these incidents as burdening the Government with additional obligations for which no provision is made in the contract. The filing of an application for additional work in no way excuses the obligation the operator already had concerning completion of the work set forth in the contract.

(6) Your letter states:

> "Re. Paragraph 5: Why must Certification of this project be retained? If Certification is actually to be limited to 'ore discovered or developed as a result of said contract,' which is certainly the way the Contract reads, why does your Administrator state in his letter transmitting formal Notice of Certification dated January 8, 1954, 'all production from the aforesaid lands, from December 18, 1952, the date of the Contract, is subject to the Government's percentage royalty as set forth in the contract . . .'?"

This statement contains a misquotation of the contract provision concerning the Government's rights in the event of certification. The contract provides that "in the event of such certification any minerals mined or produced from the land . . . from the date of this contract . . . shall be subject to a percentage royalty. . ." Therefore, the statement in the letter from the Administrator dated January 8, 1954, explaining the obligations concerning royalty are accurate.

In a letter dated March 5, 1954, to Mr. W. J. Jennings, Secretary of Crowley Tar Products Company, the Administrator explained the basis for certification of the subject property. A copy of this letter was furnished to you. In brief summary, if the Government considers

that a discovery or development from which production may be made has resulted from the exploration work the Government may so certify in writing to the operator. The Government considered and still does consider that such a discovery was made. But even apart from the Government's consideration in this case, information furnished us by the operator alone evidences a sufficient basis for certification, for example:

> In the Geological Report of Mr. D. R. Fletcher dated September 12, 1953, it is stated that: "The project 12 Shaft, which had as an object finding a basis for exploring this same collapsed area, has been sunk to a depth of 50 feet. In the range between 20 and 40 feet, indications of ore were discovered."
>
> In the operator's "Proposed Amendment No. 3" it is stated: "It is proposed that the Operator be authorized to drive 265 feet of underground mine openings from the face of Project No. 3 main drift in order to further explore significant trends of mercury mineralization exposed by previous work done in Project No. 3, main drift, Project No. 3A Crosscut, Raise and Drift; and in Project No. 3B Crosscut, Raise, and Drifts."
>
> In your letter dated August 4, 1953, to the Administrator, it is stated that:
>
> "The subject contract which has been in effect since December 18, 1952, . . . has resulted in discovery of cinnabar ore from which production on a commercial scale will be possible if mercury prices are maintained at about the present level.
>
> "We believe that the exploration thus far completed has resulted in a discovery and has provided material information which as a basis for further well-planned exploration will result in a discovery of major importance."

It would seem, therefore, that you are as aware of the extent of the discovery or development made as is the Government and that this subject need not be discussed in any greater length.

As you have rejected the second proposed termination agreement and have offered no reasonable counter proposal for winding-up the contract by mutual agreement, the Government, as mentioned above, is making a final audit of the contract and proposes to settle the operator's account on that basis. If you are in disagreement with any of the findings and decisions made in such report, a copy of which will be furnished to you, you may pursue any of the avenues of appeal that we have outlined above.

Sincerely yours,

C. O. Mittendorf by ESF
Administrator

HCRubin:emd
2/18/55

Copy to: DMEA Docket
Solicitor's Docket
Adm. R. File
Field Team, Reg. IV (2)
Operating Committee
H. M. Meyer, B. M.
T. H. Kiilsgaard, G. S.
E. W. Ellis
J. L. Hofflund
H. C. Rubin
chron.
pending

Rubin

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SOLICITOR
WASHINGTON 25, D. C.

FEB 16 1955

Memorandum

To: The Administrator, DMEA
Attention: Mr. F. L. Knouse

From: Acting Assistant Solicitor, Defense Minerals

Subject: Docket No. DMEA-2202 (Mercury), Amerimex Mining Company, Contract Idm-E468

We are returning the attached memorandum dated February 14, with attachments, from Mr. Knouse raising questions concerning the allowability of rental costs for equipment. We believe these are questions to be considered by the Audit Division in the first instance and should be submitted to us from that office.

We understand that a final audit is in process now and we shall be glad to consider questions raised in Mr. Knouse's memorandum and any other questions that the Audit Division may wish us to consider.

J. L. Hofflund

J. L. Hofflund
Acting Assistant Solicitor
Defense Minerals

Attachment

~~JLHofflund/emd~~ HCRubin/emd
Copy to: DMEA Docket
Solicitor's Docket
E. W. Ellis
J. L. Hofflund
H. C. Rubin
chron.

Surname copy Ellis

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

February 14, 1955

Memorandum

To: Acting Assistant Solicitor, DMEA

From: F. L. Knouse, Mining Engineer
Rare and Miscellaneous Metals Division

Subject: Docket No. DMEA-2202 (Mercury)
Contract No. Idm-E468
Amerimex Mining Company
Fresno Mine
Presidio County, Texas

The attached copy of memorandum to the Operating Committee from Mr. Knox, dated February 8, 1955, together with MF-104 Reports for September, October, November and December, 1953, complete the record in the above-entitled case. These copies should be returned to the Division to be placed in our contract file.

Kindly advise me if the Government is liable for the rental of the equipment owned by the Operator and also on the equipment rented under the rental purchase agreement for the period from August 20, 1953 (when the Operator stopped work) until the contract was terminated on January 8, 1954.

/s/ F. L. Knouse

F. L. Knouse

Attachments

FLKnouse/gla
cc to: Docket
Code 700 contract file
Mr. Knouse

COPY: DMEA Operating Committee
Washington 25, D. C.

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

P. O. Box #431
Joplin, Missouri

Lease Mineral Section
FEB 14 1955

February 10, 1955

Mr. Jay L. Chambers, Chief
Contract Administration and Audit Division
Defense Minerals Exploration Administration
Department of the Interior
Washington 25, D. C.

Re: Docket DMA-2202X (mercury)
Amerimex Mining Co.
Alpine, Texas
Project Contract Idm-E468

Dear Mr. Chambers:

Thanks for your telegram today offering your copies of certain of the subject Operator's MF-104 Reports. I believe they will not be needed, however, since I am confident that I have all the necessary copies complete here in the Field Team file. Since it is becoming voluminous, an index-abstract was prepared last week in an effort to expedite the audit when it starts next Tuesday, and my approval proposals under the suggested settlements (a) and (b) have been rough-drafted.

In my Memos to Bartlesville, I was merely trying to make certain that none of the originals of the documents Mr. Finch might want to scrutinize, had become misplaced when the Region IV Office was moved from Amarillo.

I realize that it is irregular to forward unapproved copies of MF-104's to Washington, but in this case I believe it would be preferable to you and will be simple for me to send you the data to post thereon later when available.

Very sincerely yours,

Clinton C. Knox
Executive Officer
DMEA Field Team, Region IV

CCK/vks

cc: DMEA Op. Com. (2)
2202X file

Department of the Interior
Defense Minerals Exploration Admin.
14X4401(01) Revolving Fund
Defense Production Act, Interior (Allocated
Working Fund to Office of the Secretary)

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

TELEGRAM

FEB 10 1955

MR. CLINTON C. KNOX
EXECUTIVE OFFICER
DMEA FIELD TEAM, REGION IV
P. O. BOX 431
JOPLIN, MISSOURI

REFER TO YOUR MEMORANDUM FEBRUAY 7, 1955 TO L. A. HILL, REGION IV, RE AMERIDM X MINING COMPANY, IDM-E468, DMA-2202X. YOU SENT THIS OFFICE COPY OF FINAL REPORT AND MF-104 IN YOUR MEMORANDUM NOVEMBER 19, 1954. WIRE IF YOU NEED IT AND WE WILL SEND BY AIR MAIL.

(Signed) J. L. Chambers

JAY L. CHAMBERS, CHIEF
CONTRACT ADMINISTRATION
AND AUDIT DIVISION

JLChambers/wb
February 10, 1955

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

R.C.G.

700

Surname copy

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

FL Knouse
Ellis
Chandler
Selfridge
Johnson
Matthews

JAN 31 1955 AIR MAIL

Mr. Clinton C. Knox
Executive Officer
DMEA Field Team, Region IV
P. O. Box 431
Joplin, Missouri

Re: Docket No. DMEA-2202 (Mercury)
Contract No. Idm-2468
Amerimex Mining Company
Fresno Mine
Presidio County, Texas

Dear Mr. Knox:

This is with reference to your pending meeting with Mr. Donald T. Finch which is for the purpose of reconciling the account of the subject Company and submitting a report on your findings.

Your report should detail (a) the allowable settlement under existing contract terms as amended and terminated, and (b) the allowable settlement under "Termination Agreement" that Operator refused to sign.

It is realized that a number of questions will arise in the course of preparing your report on such a complicated case. Therefore, in order to assist you in your investigation, use telegrams and the telephone to reconcile this problem, if necessary, and we will endeavor to give you prompt replies from this end.

A copy of this proposed unsigned "Termination Agreement" is enclosed.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (SIG)

Enclosure

APPROVED:

J. H. Hedges
Member, Bureau of Mines (SIG)

Thor H. Kiilsgaard
Member, Geological Survey (SIG)

FLKnouse/gla
1-26-55
cc to: Admr.'s Reading File
Operating Committee
Docket
Contract Adm. & Audit Div.
Code 700
Mr. Knouse

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

Chambers
F. L. Kunze
Ellis
H. Johnson

JAN 25 1955

AIR MAIL

Mr. Donald T. Finch
DMEA Auditor
224 New Customhouse Building
Denver 2, Colorado

Re: Docket DMA-2202X (Mercury)
Contract No. Idm-E468
Amerimex Mining Company
Alpine, Texas

Dear Mr. Finch:

Reference is made to your letter of January 3, 1955, in response to my letter of December 27, 1954, regarding the above-cited contract.

You probably know that Amerimex has refused to sign proposed Amendment No. 3 which was offered to clarify the contract in certain respects. The problem now is to settle the contract in its present status. We wired Mr. Knox in regard to a time and place for a meeting between you two. This morning we received a reply which reads as follows:

> "Will arrange to work with Finch any time he can be here or anywhere convenient to him."

I am suggesting that you meet with Knox in Joplin at your very earliest convenience (or inconvenience). To accomplish this arrangement without coming through my office suppose you determine a time and write to Knox directly, furnishing me a copy of your letter.

I understand the office here will give Mr. Knox some general instructions in a letter which is being prepared. When this letter is released I shall send you a copy of it; however, do not wait on this letter to make your arrangements for the meeting.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

JLChambers/wb
January 25, 1955

Copy to: Docket
Admr. Reading File
Mr. Knox
Mr. Ellis
Mr. Chambers

R.C.L.

Department of the Interior
Defense Minerals Exploration Admin.
14X4401(01) Revolving Fund, Defense Production Act, Interior (Allocate Working Fund to Office of the Secretary)

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

Docket file
Surname:
Chambers
Zlugner
Ellis
Hedges
Kilgoore
Selfridge
Johnson
Wednesday

TELEGRAM

JAN 24 1955

MR. CLINTON C. KNOX
EXECUTIVE OFFICER
DMEA FIELD TEAM, REGION IV
P. O. BOX 431
JOPLIN, MISSOURI

PROPOSE TO SETTLE AMERIMEX PROJECT, IDM-E468, DMEA-2202X, ON PRESENT CONTRACT WITHOUT AMENDMENT REJECTED BY PULLIAM. WHAT TIME WOULD BE CONVENIENT FOR FINCH TO COME TO JOPLIN TO WORK WITH YOU?

George C. Selfridge
CHAIRMAN, OPERATING COMMITTEE

cor 1-24

JLChambers/wb
January 24, 1955

Copy to: Docket
Admr. Reading File
Operating Committee
Mr. Ellis
Mr. Chambers
Confirmation

COPY - DMEA Oper. Comm. Washington

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

P. O. Box #431
Joplin, Missouri

January 20, 1955

Airmail

Mr. Robert N. Pulliam, President
Amerimax Mining Company
Box 626
Alpine, Texas

Re: Docket DMA-2202X (mercury)
Amerimax Mining Company
Fresno Mine
Presidio County, Texas
Project Contract Idm-E468

Dear Bob:

This is to acknowledge receiving your letter of January 11. As with your previous letters, a copy was furnished Don Finch, DMEA Auditor in Denver, and two were made and sent to Washington DMEA Offices.

I regret that it is not possible for me to write an authoritative reply to this or your previous letter of November 10, but agree that you should have been informed about the tentative settlement actions that are in process.

As I understood the September 20 "Termination Agreement" which you declined to sign, I was convinced that an equitable settlement could have been affected thereunder. Frankly, I so indicated when returning it to Washington where it had been drafted in lieu of the proposed "Amendment III" that Don Finch and I recommended after discussing it with you and Mrs. Pulliam in Alpine last February.

Then last month I was required to submit my detailed recommendations as to what extent the Government should recognize the various items claimed in your Final MF-104 Cost Voucher. In making those recommendations, I obviously was bound by the provisions that I could construe from the audit results as related in a detailed letter received from the DMEA Operating Committee last March, those in the "Notice of Termination" issued to you January 5, 1954, and of course, those of the contract, DMEA Field Team regulations, etc. Admittedly therefore, I only could recommend recognizing as "reasonable" the amount indicated to have been expended necessarily on the salvaging, preparation for, and selling of the jointly owned property (near $1,000 according to my total, including the labor, supervision, truck expenses, printing, and preparing your Final Reports, considered to be tentatively acceptable on your Final MF-104).

In addition, I concurred with the belief expressed by the Chairman of the Operating Committee, that his explicit instructions to the Field Team in October, 1953, formally be relaxed enough to permit the Auditor and I to consider Government participation in "reasonable amounts" (half, by my expressed opinion) of the Watchman's wages from August 19, 1953, to January 5, 1954.

Since it had become so obvious to me that decisions I could make in the field would not stand, and any tumble likely would be to your detriment as well as mine and possibly the Auditor's, I further urged that along with detailed "kindergarten" instructions to be issued to me for disposition of all the troublesome settlement problems, the questions on royalty collections and an equitable "Amendment" and/or "Termination Agreement" be relegated in a mutually satisfactory manner. Until I am thus explicitly advised in detail on every point, any further settlement action attempts by me would appear foolhardy.

To my knowledge, however, no decisions yet have been reached to question, reject, or support any of the recommendations and suggestions I offered. I am sorry that they could not be as pleasant for you as I would wish, but I assure you that they are based on my best engineering judgement despite any sympathies I might have with the position you have taken.

I am not sufficiently informed to properly answer the numerous other questions you addressed to me, or qualified to interpret the terms of the contract for you, and I must profess absolute ignorance with respect to all your questions on Washington procedures, Congressional Investigating Committees, Courts, etc., since I have never been east of Missouri. Therefore those questions should be addressed to your lawyer or someone in Washington D. C., who might be so informed.

In the matter of royalty collections under the existing terms of the contract and the "Certification of Discovery", admittedly I recommended that the explicit instructions to the Field Team in a letter from the Operating Committee January 8, 1954, be tempered so that I would be required only to demand from the Amerimax Company, the royalties due and copies of the settlement sheets for some 19 flasks of the mercury reported produced prior to that August 19 shut-down, and which I considered was obtained as a result of the project work.

From an item on page 30 of the January 1955 issue of "Mining World", however, I assume that before now you probably have again started producing from that Fresno mine. As you know, I am

required to ascertain semi-annually for some 8 years to come, what amount of production, if any, is subject to Government royalty payments under the terms of the subject contract and the "Certification" issued to you on January 8, 1954, as President of the Amerimax Mining Co. then. Also by virtue of the "Guaranty" signed by you and Mrs. Pulliam, and that signed by N. J. Crowley Tar Products Co., I advise keeping me currently informed of any changes in ownership or production rights that might have any effect on the Government's right to its percentage royalty.

With best personal regards to you and Mrs. Pulliam, I remain

Very sincerely yours,

Clinton C. Knox
Executive Officer
DMEA Field Team, Region IV

CCK/vks

cc: Mr. Pulliam
DMEA Oper. Com. (2) w/2 c Pulliam's letter
Finch, DMEA Auditor, Denver, w/c Pulliam's letter
Finance Off., Region IV, Bartlesville
Knox
220XX file

C
O
P
Y

January 11, 1955

Mr. Clinton C. Knox, Executive Officer
Defense Minerals Exploration Administration
U. S. Department of the Interior
P. O. Box 431
Joplin, Missouri

Re: Docket DMA-2202X (mercury)
Project Contract Idm-E468
Fresno Mine
Presidio County, Texas

Dear Clint:

In your letter dated November 19, 1954, acknowledging Final Cost and Liquidation Reports and our letter of transmittal dated November 10, 1954, you suggested that when you had opportunity to assimilate the data submitted and when the Washington Office and Mr. Finch, the DMEA Auditor in Denver, had offered their counsel and suggestions, we would hear further from you regarding disposition of our claims under the subject contract.

To date, nothing further has been heard from you or other DMEA officials.

In paragraph 3 of your letter, you state that you believe virtually no item in the Final Cost and Liquidation Voucher can be approved until some document on the order of the Termination Agreement is put into effect. Is there anything to that effect stated in the Contract? If so, we cannot find it.

You state further that from a practical standpoint, it does not appear logical to you "that the Government would participate to the extent of a very large sum in safeguarding and disposing of equipment from which it can realize only a fraction of that sum in return.

If the cost for safeguarding and disposing of jointly owned equipment amounted to a very large sum, it was occasioned by the methods prescribed by the Government and by the time required as a result. Furthermore, if the Government did not intend to participate in the cost and expenses for safeguarding and disposing of the jointly-owned equipment, why was the Operator never released from that provision of the Contract obligating him to do so, or why did the Government not accept one of my urgent invitations to send someone here to do the job?

It seems logical to me that the Government should be bound by the terms of its contractual agreements as fully and completely as it proposed to bind the Operator by the same Contract.

Practically all of the money claimed for cost and expenses incurred by the Operator pursuant to the subject Contract is owed to legitimate creditors who need and want their money. I shall be glad to cooperate to any reasonable extent in order to bring this unhappy affair to final conclusion, but I do not believe that the Government has a right to demand the signing of a Termination Agreement so worded as to constitute a waiver by the Operator of rights provided under the Contract.

We have asked repeatedly if your agency has some established procedure for appeal in such cases, but do date no one has advised whether there is or not.

You may recall that Mr. Finch, the DMEA Auditor from Denver once told us that he would officially inform us of the results of our Reclaim on Interim Audit Disallowances. We have not heard from him after almost a year. We cannot help being curious about our money which the Government is withholding.

What does DMEA propose to do about our claim? Would your Operating Committee care to take my testimony under oath and to examine our records? Is there some Congressional Committee interested in such matters? Is there a Court of Claims where such differences may be adjudicated?

Amerimex Mining Company was financially destroyed by unjust Interim Audit disallowances.

It appears that I shall have to undertake to accomplish along anything which is done in behalf of the creditors of Amerimex. I feel obligated to try as hard as I know how to see that all obligations are paid. This can be done only if the Government will pay its share of the cost and expenses incurred by the Operator under the Contract. If these obligations are not paid, it will reflect great discredit upon both the DMEA program and the Operator.

With best wishes to you and your family throughout the coming year, I remain

Sincerely,

R. N. Pulliam, President
Amerimex Mining Company

RNP:L

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

DEPARTMENT OF THE INTERIOR
Defense Minerals
RECE
JAN 6 1955

224 New Customhouse
Denver 2, Colorado

January 3, 1955

Mr. Jay L. Chambers
Chief, Contract Admin. & Audits Div.
Defense Minerals Exploration Administration
Department of the Interior
Interior Building
Washington 25, D. C.

Re: DocketDMA-2202X (Mercury)
Project Contract Idm-E463
Amerimex Mining Co.
Alpine, Texas

Dear Mr. Chambers:

Reference is made to the third paragraph of your letter dated December 27, 1954 concerning any comments I might care to make concerning the letter Mr. Knox sent to the Operating Committee on December 17, 1954.

There have been numerous developments since the last audit examination and I am of the opinion that any statements I might make at this time would be premature.

It is also my opinion that before any satisfactory conclusions are developed, Mr. Knox and myself should make a joint analysis of these developments and review all financial data submitted by the operator since our last examination.

Sincerely yours,

Donald T. Finch

Donald T. Finch
Auditor

Copy to: Clinton C. Knox
Executive Officer
DMEA Field Team, Reg. IV
P. O. Box 431
Joplin, Missouri

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 21 1954

P. O. Box #431
Joplin, Missouri

December 17, 1954

Airmail

Mr. George C. Selfridge, Chairman
Operating Committee
Defense Minerals Exploration Adm.
Department of the Interior
Washington 25, D. C.

Re: Docket DMA-2202X (mercury)
Project Contract Idm-E468
Amerimex Mining Co.
Alpine, Texas

Dear Mr. Selfridge:

This is in response to your December 14 telegram requesting recommendations as to the extent that the Government should recognize the cost items in the final MF-104 claim of the above cited Operator.

On the basis of the Termination Notice issued January 5, 1954, and those findings of your committee mentioned under items 1 and 6 on page 3, of your March 4 letter to me, I am of the opinion that the Government should limit its recognition of those cost items to include only the following:

Labor:	Watchman's wages Jan. 1 to 5, (approx.).....	$ 18.00
	Salvaging equipment and materials in March...	294.40
Supervision:	Salvage work, preparing final reports, liquidation sale, etc., during Mar. Apr. May and June - 20 days at $20.00.....	400.00
Supplies:	For truck transportation.....	76.10
Payroll Taxes:	(approx. proration).....	55.00
Accounting:	Jan. 1 through the liquidation, 60 hours at $3.00.....	180.00
Sale Expense:	Mimeograph invitations to bid.....	24.00
	Total.....	$1,047.50

Of course, the total to be recognized is subject to some arithmetic prorations which will be ironed out along with other pertinent matters during the final auditing conference planned for me eventually to have with Mr. Finch. Admittedly those cost items I have recommended for recognition on the final MF-104 may appear high with respect to the sum of only $2,000 which was realized from liquidation but under the circumstances is considered an equitable recommendation.

oncur with the belief expressed in your March 4 letter the Operator should also be reimbursed for a reasonable ibly half, of the Watchman's salary incurred from August uary 1. The equipment there wholly owned by the Operator, nted more value to be safeguarded and preserved than that ly owned. I understood that we were definitely instructed in letter to Williams on October 27, 1953, that the Government uld not participate in any costs incurred during that recessed period, so no cost items since last August 19 have been approved on the monthly MF-104 claims which have been received. Such previously disallowed cost items as I did consider proper to recommend for reinstatement under the existing contract provisions, were discussed in detail in my February 1 Memo to Mr. Finch. If the Operator had found the Termination Agreement of September 20 acceptable, I believe the Government's obligations on all the questioned cost claims would have been discharged equitably before this date. I saw nothing wrong with the provisions in that agreement, particularly when viewed in the light of Mr. Rubin's August 31 Memo to the Administrator.

Some may believe that under the circumstances the Government is morally obligated to participate in certain of the other claims so far not recognized by this office. I believe, however, that the Operator also has as many moral liabilities in this case, and that the Government and Operator now are about even on that score. In fact just yesterday a person I considered was reliably informed, told me that Mr. Pulliam had been instrumental in forming a new larger corporation, headed by his brother-in-law, a Mr. Waggoner, which secured a new lease on that Fresno mercury mine and is carrying on the development of it and other properties acquired in the Terlingua district. Of course at such a distance, I yet have not been able definitely to verify that hearsay or any of the implications that came to my mind, but I would guess that Mr. Pulliam has managed to keep clear of any legal liabilities in all his transactions. Apparently our bargaining position no longer can be as effective as when Mr. Finch and I were in Alpine last February during the Operator's financial crisis.

In recommending the extent to which the Government should recognize the various unsettled cost claims and reclaims of the Operator, however, I have not intended to imply that I would approve making any further settlement payments unless and until the Operator makes a satisfactory arrangement for settlement of royalties due, and furthermore, until assured that the Government's legal position will remain secure henceforth in the absence of the Operator's signature to an adequate Termination Agreement. I hasten to add that I also have not intended to imply here or elsewhere that all further settlement actions should not be guided by the Contract Administration and Audit Division and subject to its final audit report.

I believe you have been made aware of the difference of opinion existing with regard to the amount of mercury production prior to August 19, 1953, which should be subject to Government royalty payments: Your January 8 letter to Williams advised that royalty should be collected on the total (some 47 flasks as stated in the Operator's final report); I was convinced that royalty payments on 19 flasks would be equitable and proper; the Operator has not recognized any to be due.

In summary, I see no reason to rush into an insecure settlement at this late date. However, I certainly need, and will welcome all suggestions, advice, and assistance that the Washington office and Mr. Finch can offer.

With the hope that you will find some of the opinions expressed here to be of some constructive assistance, and with the Season's Greetings, I remain

Sincerely yours,

Clinton C. Knox

Clinton C. Knox
Executive Officer
DMEA Field Team, Region VI

CCK/vks

cc: DMEA Op. Comm.
Mr. Finch - Denver
2202X file

Surname copy

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

DEC 14 1954

T E L E T Y P E

FLKnouse/gla

DMEA, Department of the Interior

14/X4401(01) Revolving Fund, Defense Production Act., Interior (Allocated Working Fund to the Office of the Secy.)

CLINTON C. KNOX, EXECUTIVE OFFICER
DMEA FIELD TEAM, REGION VI
P. O. BOX 431
JOPLIN, MISSOURI

RE DMEA 2202 ATERDMEX MINING COMPANY FINAL MF-104 PLEASE FURNISH BY LETTER DETAILED RECOMMENDATIONS AS TO WHAT EXTENT THE GOVERNMENT SHOULD RECOGNIZE THESE COST ITEMS.

George C. Selfridge
GEORGE C. SELFRIDGE, CHAIRMAN
OPERATING COMMITTEE

12-14

FLKnouse/gla
12-13-54
cc to: Admr. Reading File
Operating Committee
Docket
Messrs. H. M. Meyer, Rm. 2623
T. H. Kiilsgaard, Rm. 5224
Code 700
Mr. Knouse
Confirmation to Region VI
Mr. Chambers, Rm. 4448

Rubin

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SOLICITOR
WASHINGTON 25, D. C.

December 7, 1954

Memorandum

To: The Administrator, DMEA
Attention: Mr. E. W. Ellis

From: Acting Assistant Solicitor, Defense Minerals

Subject: Docket No. DMEA-2202 (Mercury), Amerimex Mining Company, Contract No. Idm-2468

A memorandum dated November 29 from Mr. Ellis requested our advice as to what further legal procedure might be used in "terminating" the subject contract, in view of the letter dated November 10, 1954, from the Operator to Mr. Knox, rejecting the Government's second proffered Termination Agreement.

The Operator's letter raises questions in connection with paragraphs 4, 5, 6, and 7 of the proposed agreement, two of which questions were raised in the Operator's letter of July 21, 1954. Mr. Ellis' memorandum states that the questions asked in Mr. Pulliam's latest letter have been answered before either by direct correspondence from Washington or by Mr. Knox.

We suggest that, in order to complete the record in this case, the Administrator respond to Mr. Pulliam's letter and squarely answer each question raised therein. We shall be glad to collaborate in the preparation of such a letter. The letter should conclude with the proposition that if Mr. Pulliam still finds our proposed Termination Agreement unacceptable, we will submit the matter to the Comptroller General for settlement.

J. L. Hofflund

J. L. Hofflund
Acting Assistant Solicitor
Defense Minerals

HCRubin/emd
Copy to: DMEA Docket
Solicitor's Docket
E. W. Ellis
J. L. Hofflund
H. C. Rubin
chron.

Murphy
Ellis

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

INTERIOR DEPT.
NOV 29 1954
SOLICITOR

November 29, 1954

Memorandum

To: Acting Assistant Solicitor, DMEA

From: Ernest Wm. Ellis, Chief
Rare and Miscellaneous Metals Division

Subject: Docket No. DMEA-2202 (Mercury)
Contract No. Idm-E468
Amerimex Mining Company
Fresno Mine
Presidio County, Texas

We refer to the attached memorandum dated November 19, 1954 from Clinton C. Knox, Executive Officer, Region VI, also, to R. N. Pulliam's two letters, dated November 4 and 10, returning unsigned the "Termination Agreement," dated September 20, 1954, that had been prepared by your office and signed by Frank A. Johnson, Acting Administrator.

The questions Mr. Pulliam asks in the subject letter have all been answered before either by direct correspondence from Washington or by Mr. Knox in his capacity of Executive Officer of Region VI. Therefore, we are at loss as to the proper procedure to terminate this contract in a legal manner without the cooperation of the Ex-Operator.

Referring to Mr. Pulliam's letter dated November 10, paragraph 3:

The Operator ceased exploration work on August 19, 1953 without receiving authorization to do so from DMEA. The official completion date, as a result of Amendment No. 2, had been extended 6 months or to December 18, 1953.

Article 4 was inserted in the "Termination Agreement" to protect the Government from any further expense after the unauthorized shut-down, except for the incidental cost of winding up the contract.

On January 21, 1954 Mr. Pulliam wrote Mr. Mittendorf a 7 page letter, part of which contains his reason for closing the mine before completion.

Paragraph 6. After the unauthorized shut-down, an amendment No. 3 adding additional completion time and describing new work was prepared by the Field Team and reviewed by the Rare and Miscellaneous Division and Commodity Members. However, after a careful study of the proposal the reviewers did not believe that Mr. Pulliam could complete the work in a satisfactory manner. Therefore, the proposal was denied, and a recommendation was made that the contract be terminated, even though the work described under the contract and Amendment No. 2 had not been completed.

Paragraph 8, re: Certification. Please refer to letter dated March 5, 1954 to Mr. W. J. Jennings from the Administrator.

For your information on ore reserves discovered during the contract, please refer to Mr. Knox's letter dated February 26, 1954 addressed to the Operating Committee, in which he states that 3400 tons of ore containing 3.6 pounds of mercury per ton had been discovered. As of November 1954, mercury is valued at $325.00 per 76 pound flask, therefore, the ore discovered just in this one place has a present value of $52,342.23.

Your memorandum dated August 31, 1954 to the Administrator covers the question of land to which the "Certificate of Discovery" might apply.

When the subject "Termination Agreement" was transmitted to the Executive Officer, Region VI by the Operating Committee on September 21, 1954, his attention was called to your above-mentioned memorandum and he was asked to also draw the Operator's attention to the limited amount of land on which the DMEA were willing to base royalty payments.

Reviews of all the correspondence concerning this contract indicate that the Operator will not sign any agreement until the Government agrees to annul the issued "Certificate of Discovery" and also allows the payment of various operating costs which were disallowed by the Field Team and the Audit Division. A review of the questioned disallowance indicates that both the Field Team and Audit Division have made proper deductions in the costs submitted by the Operator.

This Division would appreciate your viewpoint on the legal procedure we might use in terminating this contract.

Ernest Wm. Ellis

Attachment

FMurphy:am
11-29-54
cc to: Docket - Code 700 Div. File - Mr. Murphy - Blue Chrom

File copy:
Surname

Chambers
Hedges
Ellis
Selfridge
Johnson
Mitchell

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

OCT 11 1954

Mr. Clinton C. Knox
Executive Officer
DMEA Field Team, Region VI
P. O. Box 431
Joplin, Missouri

Re: Docket No. DMEA-2202 (Mercury)
Amerimex Mining Company
Fresno Mine
Presidio County, Texas
Contract No. Idm-E468

Dear Mr. Knox:

Reference is made to our letter of July 1, 1954, in which you were requested to withhold certain amounts o f monies from the above-cited project to guarantee the payment of taxes due the State of Texas and the United States Internal Revenue Service.

It appears now that the Amerimex Mining Company has satisfied these claims and in the final settlement of this project, when made, you need not make any deductions therefor.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GCS)

APPROVED:

J. H. Hedges

Member, Bureau of Mines (GCS)

Thor H. Kiilsgaard

Member, Geological Survey (GCS)

JIChambers/wb
October 7, 1954

cc to: Docket
Admr. Reading File
Operating Committee
Mr. T. H. Kiilsgaard, Rm. 5227
Mr. H. M. Meyer, Rm. 2623
Mr. Ellis
Mr. Finch
Mr. Chambers

R.C.J.

DMEA OPERATING COMMITTEE

COPY

TEXAS EMPLOYERS' INSURANCE ASSOCIATION
"Created by Employers' Liability Act To Insure Employers At Cost"

Walton O. Head
Vice President & General Counsel
J. Kirby Smith
Assistant General Counsel

P. O. Box 2759
Dallas, Texas

September 23, 1954

Amerimex Mining Company
P. O. Box 626
Alpine, Texas

DMEA-2202

Attention: Mr. R. N. Pulliam

Gentlemen :

This will acknowledge receipt of your letter of September 13 and your check in the amount of $75. As per our agreement under date of August 31, we have cleared your account.

By copy of this letter, we are acknowledging that the account is paid in full and advising theUnited States Department of the Interior, P. O. Box 431, Joplin, Missouri, that it is no longer necessary for them to withhold any settlement due Amerimex Mining Company from the Federal Government on account of this company.

As we advised you in our letter of August 31, it is not possible for us to dismiss the suit and furnish you with the usual copy of an order of dismissal. The courts in this county dismiss inactive law suits summarily and speedily. It perhaps will not remain on the docket over three months.

Even though this account was taken on by this company under protest you, personally, are certainly to be congratulated on the safety program and loss record. It is only by reason of this loss record that we are able to consider that a dividend would offset the balance of the account. I regret the action which you have termed drastic, but in this connection my duties and obligations are as much a concern to me as the affairs of Amerimex are to you.

I tried to be fair but unfortunately we do not all view the term fairness in the same perspective. As Lincoln so appropriately said: "We all cry out for freedom (fairness) but by the word we mean different things".

With best wishes to you personally, I am

Sincerely,

/s/ J. Kirby Smith
J. Kirby Smith

JKS/jls

Enclosures: Statement and note

cc: United States Department of the Interior
Defense Minerals Administration
P. O. Box 431
Joplin, Missouri

Mr. Tom Roberts
District Manager
El Paso Office

Mr. R. M. Chatham
Field Vice President
San Antonio

Helen Wysong
Home Office Collections

COPY: DMEA OPERATING COMM

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

P. O. Box #431
Joplin, Missouri

September 23, 1954

Airmail

Mr. R. N. Pulliam, President
Amerimex Mining Co.
Box 626
Alpine, Texas

Re: Docket DMA-2202X (mercury)
Project Contract Idm-E468
Amerimex Mining Co.
Alpine, Texas

Dear Bob:

Enclosed are the original and five copies of a revised "Termination Agreement" for your company's approval, as just received from Washington, signed by the Administrator for the Government. Similar to that previously submitted to you on last July 6, you will see that this revised agreement also cancels Amendments No. 1 and 2 and the "Notice of Termination" issued last January 5, but substantially includes the Amendment No. 3 provisions which Finch and I proposed, together with reaffirmation of the "Certification" made last January 8, and some other mandatory changes.

With reference to your July 21 letter rejecting the previous "Termination Agreement", I believe you will find this revised agreement much more nearly drafted to your satisfaction. Regarding your objection to clause 5, which must be retained in the agreement, however, I wish to draw the attention to the fact that the liabilities of the parties under the Guaranties executed by you, Mrs. Pulliam, and the N. J. Crowley Tar Products Co., are limited to royalty on "ore discovered or developed as a result of said contract" rather than extending to all production from the land. In that light, perhaps you may agree also that the guarantors are in an equitable position in the matter of royalty liability. For further explanation of the necessity for clause 5, I refer you to the Administrator's February 11 letter to W. J. Jennings, Secretary, N. J. Crowley Tar Products Co., a copy of which I understood was sent to you.

Upon approval by you and your company, please execute the original and all copies properly, returning all but the second copy, marked "Operator's", for me to distribute. Otherwise let me know if there is anything I can clarify.

With best personal regards to you and Mrs. Pulliam, I remain

Very sincerely yours,

Clinton C. Knox
Executive Officer
DMEA Field Team, Region VI

CCK/vks

Enclosures (6)

cc: Mr. Pulliam
Mr. Finch
DMEA Operating Comm (2)
2202 file

700

SURNAME
Ellis

Rewritten by Hoffmund
Ellis
Chamberlin
Johnson
Selfridge

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

Mr Clinton E Knox
Executive Officer
DMEA Field Team, Region VI
Post Office Box 431
Joplin, Missouri

SEP 21 1954

Re: Docket No DMEA-2202 (Mercury)
Contract Idm-8468
Ameximex Mining Company
Fresno Mine
Presidio County, Texas

Dear Mr Knox:

Enclosed are the original and five copies of a revised Termination Agreement for the subject project, signed by the Administrator for the Government This agreement cancels Amendments Nos 1 and 2 and the Notice of Termination dated January 5, 1954, and also includes the provisions of the proposed Amendment No 3 and subsequent recommended changes

With respect to clause 5 in the termination agreement, you will note that it is still retained in this revised termination agreement Mr Fullism objected to that clause However, the legal memorandum under date of August 31, 1954, copies of which are enclosed, presents a different light on the subject It is suggested that, if you approve of the termination agreement as now drawn up and forward it to the Operator, you draw the Operator's attention to the fact that the liabilities of the parties under the Guaranties executed by the Fullisms and the H J Crowley Ter Products Co are limited to royalty on ore discovered or developed as a result of said contract, rather than extending to all production from the land

Upon obtaining the proper signatures, kindly make the usual distribution of the executed agreement

We would like to get this case closed, and trust that the above explanation as to just what production may be subject to royalty will expedite matters

Sincerely yours
George C. Selfridge (by ESF)
Chairman, Operating Committee

Enclosures 5

Approved:

J. H. Hedges

Member, Bureau of Mines

Thor H. Kiilsgaard

Member Geological Survey

R.C.S.

Copy to: Solicitor's Docket
DMEA Docket
Admr's Reading File
Mr Ellis (2)
Mr Hoffmund
Operating Comm
Mr Kiilsgaard
Mr H.N.Meyer Room 2623

E:Ellis:ep
JL:Hoffmund:bbh 9-14-54

700

File Copy
Surname

Ellis

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

Rewritten
J.H. Lee
9-14-54

Mr. Clinton C. Knox
Executive Officer
DMEA Field Team, Region VI
Post Office Box 431
Joplin, Missouri

INTERIOR DEPT.
SEP 3 - 1954
SOLICITOR

Re: Docket No. DMEA 2202 (Mercury)
Contract Idm-E468
Amerimex Mining Company
Fresno Mine
Presidio County, Texas

Dear Mr. Knox:

Enclosed are the original and five copies of a revised "Termination Agreement" for the subject project, signed by the Administrator for the Government. This agreement cancels Amendments Nos. 1 and 2 and the "Notice of Termination" dated January 5, 1954, and also includes the provisions of the proposed Amendment No. 3 and subsequent recommended changes.

With respect to clause 5 in the termination agreement, you will note that it is still retained in this revised termination agreement. Mr. Pulliam objected to that clause. However, the legal memorandum under date of August 31, 1954, copies of which are enclosed, presents a different light on the subject. It is suggested that, if you approve of the termination agreement as now drawn up and forward it to the Operator, you draw the Operator's attention to the fact that the Guaranties executed by the Pulliams and the N. J. Crowley Tar Products Co. restrict the certification to only that ore discovered under the project, and do not include all the land described under Article 2 of the contract.

Upon obtaining the proper signatures, kindly make the usual distribution of the executed agreement.

We are most anxious to get this case closed and trust that the above explanation as to on just what production royalty payments may be due, if mercury is produced within the ten-year period, will expedite matters.

Sincerely yours,

Chairman, Operating Committee

Enclosures 8

Approved:

Member, Bureau of Mines

Member, Geological Survey

Mr. H. M. Meyer, B/M, Rm. 2623
Mr. E. L. Newcomb, USGS, ~~Rm. 5227~~
Code 700
Mr. Ellis

Copy to: Docket
Admr's Reading File
Operating Committee

Ellis:ep 9-3-54

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS ADMINISTRATION
[redacted]
WASHINGTON 25, D. C.

P. O. Box #431
Joplin, Missouri

September 16, 1954

Mr. R. N. Pulliam, President
Amerimex Mining Company
Box 626
Alpine, Texas

Re: Docket DMA-2202X (mercury)
Contract Idm-E468
Amerimex Mining Company
Alpine, Texas

Dear Bob:

This will acknowledge receiving your letter dated September 14, concerning payment made by Mr. French for the jointly owned equipment and materials. Copies were made and sent for the files of Mr. Finch, DMEA Auditor in Denver, and DMEA in Washington, D. C.

I also take this opportunity to give you the following information which I have been asked to give all DMEA Project Operators:

Henceforth checks or other remittances are to be inscribed payable to the Defense Minerals Exploration Administration when they are repayments, royalties, refunds, or other settlements to the Government in connection with its minerals program.

Very sincerely yours,

Clinton C. Knox
Executive Officer
DMEA Field Team, Region VI

CCK/vks

cc: DMEA (2)
Mr. Finch
2202X file

copy for DAEA, Wash.

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AMERIMEX MINING COMPANY
INCORPORATED

Box 626
ALPINE, TEXAS

September 13, 1954

Texas Employers' Insurance Association
P O Box 2759
Dallas 21, Texas

Attention: Mr. J. Kirby Smith, Assistant General Counsel

Re: Workmen's Compensation
Policy No. 38908

Gentlemen:

This is to acknowledge receipt of your letter dated August 31, 1954, which we understand to be an offer whereby you agree to accept $75.00 in addition to dividends due us as payment in full of the account, interest, court costs, attorney fees and any and all other obligations owed or claimed to be owed by Amerimex Mining Company to Texas Employers' Insurance Association.

Therefore, as payment in full of any and all obligations owed Texas Employers' Insurance Assocation, enclosed herewith is our check No. 655 in the amount of $75.00 and we respectfully request that a proper receipt, the receipted note and a suitable dismissal order be provided us at your earliest convenience.

I deeply regret the unfortunate chain of peculiar circumstances which resulted in my inability to handle the affairs of Amerimex Mining Company in more satisfactory manner, but I must point out that of all our creditors your Company is the only private concern to resort to drastic action to effect collection.

Kindly notify the Government that this account has been settled in full and that no funds should be withheld from final settlement of our Contract.

Sincerely,

R. N. Pulliam, President
AMERIMEX MINING COMPANY

RNP:L

cc: United States Department of the Interior
Defense Minerals Exploration Administration
P. O. Box 431
Joplin, Missouri

Mr. Thomas I. Roberts, District Manger, El Paso Office

Mr. R. M. Chatham, Field Vice Pres. San Antonio Office

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AMERIMEX MINING COMPANY
INCORPORATED

Box 626
ALPINE, TEXAS

September 14, 1954

Mr. Clinton C. Knox, Executive Officer
Defense Minerals Exploration Administration
P. O. Box 431
Joplin, Missouri

Re: Docket DMEA-2202 (mercury)
Contract Idm-E468
Presidio County, Texas

Dear Clint:

Mr. French paid for the jointly owned machinery, equipment, materials and supplies; and checks have been issued to the U. S. Department of Internal Revenue and to Texas Employers' Insurance Association in settlement of obligations owed.

You have already received or will soon receive formal notice from the Internal Revenue Service that their account has been paid.

The copy of our letter to Texas Employers' Insurance Association is enclosed for your files, which will show also their proposal for settlement dated August 31, 1954.

We are preparing and will submit as soon as possible the Final Report, and we hope that early settlement will be possible.

We were called away from the City on urgent personal business about two weeks ago and have just returned, which accounts for the delay in completion of the Final Report.

With every good wish, I remain

Sincerely,

/s/ R. N. Pulliam
R. N. Pulliam, President
Amerimex Mining Company

COPY: Mr. Wittendorf (1)
Mr. Chambers (1)
DMEA Operating Commitee (2)
Mr. D. Finch (1)

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U. S. TREASURY DEPARTMENT

OFFICE OF THE DIRECTOR OF INTERNAL REVENUE
Box 1327, Pecos, Texas
September 14, 1954

Mr. Clinton C. Knox
Executive Officer
Defense Minerals Exploration Adm.
U.S. Department of the Interior
P. O. Box 431
Joplin, Mo.

In Re: AmerimexMining Company
DMEA Contract No. Idm-E468
Alpine, Texas

Dear Mr. Knox:

Notice of Levy,
Dated June 25, 1954
Unpaid Taxes $1,170.35

Please be advised that the Amerimex Mining Co., of Alpine, Texas, have discharged the above Federal Tax liability by paying the account in full.

This letter will be your authority to release our levy and such funds as would be effected.

Very truly yours,

/s/ Martin G. Walberg
Martin G. Walberg,
Collection Officer
Internal Revenue Service

cc: Colon H. Bobbitt, Chief
Delinquent Accounts & Returns Branch
Collection Division, Austin, Texas

Vaughan Clarke, Group Supervisor
El Paso, Texas

Amerimex Mining Co
Alpine, Texas

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
[redacted]

P. O. Box #431
Joplin, Missouri

September 3, 1954

Mr. C. O. Mittendorf, DMEA Administrator
Department of the Interior
Washington 25, D. C.

Re: Docket DMA-~~2002~~2202X (mercury)
Amerimex Mining Company
Alpine, Texas
Project Contract Idm-E468

Dear Sirs:

For your information, two copies of an August 31 letter from the Texas Employers' Insurance Association to the Amerimex Company are transmitted herewith which are self-explanatory.

A copy also is being sent to Don Finch, DMEA Auditor in Denver.

Sincerely yours,

Clinton C. Knox

Clinton C. Knox
Executive Officer
DMEA Field Team, Region VI

CCK/vks

Enclosures

cc: DMEA Operating Committee
Mr. Finch
Mr. J. Kirby Smith
Docket file

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TEXAS EMPLOYERS' INSURANCE ASSOCIATION

Walter O. Head
Vice-President & General Counsel
J. Kirby Smith
Assistant General Counsel

P. O. Box #2759
Dallas 31, Texas

August 31, 1954

Amerimex Mining Company
P. O. Box 626
Alpine, Texas

Attention: Mr. R. N. Pulliam

Gentlemen:

Workmen's Compensation Policy
No. 38908

We are most sympathetic to your position with regard to the additional amounts due under your Government contract. It is something similar to the reaction involved in one department of the government promising to withhold the amount due us while another department is in the act of filing a Distraint Warrant. The request that we withhold action came fromWashington and we acted upon it in good faith.

We were also assured by Mr. Mittendorf's wire to the Joplin Office that your settlement was contemplated within 30 days from June 26. To date, we have not been advised of the amount of said settlement nor when it will be accomplished.

Perhaps you have suffered many more such inconsistencies and delays.

In order to settle this account, it appears that we are going to have to make some concessions. If you can provide us with $75, we will compute dividends, and by offsetting dividends against the account, interest and court costs, we will call the account settled. We will not be able to take any further action, such as dismissing the pending suit, unless additional funds to cover costs are provided.

We do not by this offer intend to release the Government from its promise to withhold the amount due us from your settlement providing we take no further action in court. We are carrying out our end of

agreement, but, of course, if we can and do settle on the basis outlined above, the Government will be advised that the account is settled and that no funds should be withheld from your settlement on account of the amount due us.

May we hear from you at the very earliest opportunity.

Yours very truly,

JKS/jls

J. Kirby Smith

cc: United States Department of Interior
Defense Minerals Exploration Administration
P. O. Box 431
Joplin, Missouri

Mr. Thomas I. Roberts
District Manager
El Paso Office

Mr. R. M. Chatham
Field Vice President
San Antonio Office

DMEA
File Copy

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SOLICITOR
WASHINGTON 25, D. C.

August 30, 1954

Memorandum

To: The Administrator, DMEA
Through: Mr. E. W. Ellis

From: Acting Assistant Solicitor, Defense Minerals

Subject: Amerimex Mining Company, Docket No. DMEA-2202 (Mercury), Contract Idm-E468, Termination Agreement

Attached is a termination agreement for the above-described contract in satisfactory legal form for execution.

The Operator's letter dated July 21 to Mr. Knox again questions the certification of discovery or development, which certification was twice explained by the Administrator in letters dated February 11 and March 5. The Operator's letter also stated that it had lost the lease and was preparing to abandon the property, and the Operator appears to be concerned, mainly, that it is responsible for any production whatsoever from any of the land for ten years from the date of the contract.

The memorandum dated August 19 from the Rare and Miscellaneous Metals Division requesting the preparation of a new Termination Agreement asks whether Article 5 of the Agreement is necessary. Since the purpose of the Agreement is to wind up all matters in connection with this contract, we feel that the provision is necessary, otherwise, once the money and property matters are settled DMEA shall be involved in a dispute concerning certification.

Perhaps it would help the Operator make up his mind about the certification provision in the agreement if it were explained that if he abandons for ten years there will be no liability <u>under the contract</u> to pay royalty; and the liabilities <u>under the Guaranties</u> executed by the Pulliams and J. J. Crowley Tar Products Co. for the payment of royalty covers only "ore discovered or developed as a result of said Contract" rather than covering any production from the land whatsoever.

HCRubin/emd
Copy to: Solicitor's Docket
DMEA Dokket
E. W. Ellis (2)
J. L. Hofflund

/s/ Henry C. Rubin
For J. L. Hofflund
Acting Assistant Solicitor
Defense Minerals

Attachments 9

H. C. Rubin
chron

Docket
surname copy

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

F.L. Knouse
F.E. Johnson
Chambers

T E L E T Y P E

FLKnouse

xxxxxxxxxxxxxxxxxxxxxxxxxxxx
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DMEA - Department of the Interior
14X4401(01) Revolving Fund, Defense Production Act, Interior
(Allocated Working Fund to the Office of the Secy.)

(Mercury)

CLINTON C. KNOX, EXECUTIVE OFFICER
DMEA FIELD TEAM, REGION VI
P. O. BOX 431
JOPLIN, MISSOURI

REURMEMO AUGUST 16 DMEA-2202 AMERIMEX MINING COMPANY IF YOU RECOMMEND SELLING REMAINS EQUIPMENT, MATERIAL AND SUPPLIES FOR TOTAL OF TWO THOUSAND DOLLARS YOU ARE AUTHORIZED TO APPROVE SALE.

C. O. Mittendorf

C. O. MITTENDORF, ADMINISTRATOR

FLKnouse/gla
8-19-54
cc to: Admr. Reading File
Docket
Messrs. Miss Helena M. Meyer, Rm. 2623
Mr. E. L. Newcomb, Rm. 5227
Mr. Chambers, Rm. 4542
Code 700
Mr. Knouse
Confirmation to Region VI

STANDARD FORM No. 14
APPROVED BY THE PRESIDENT
MARCH 10, 1926

TELEGRAM

OFFICIAL BUSINESS—GOVERNMENT RATES

FROM

BUREAU

CHG. APPROPRIATION

10—1723 U. S. GOVERNMENT PRINTING OFFICE

2202

August 20, 1954

STRAIGHT TELEGRAM
Robert N. Pulliam, President
Amerimex Mining Company
Alpine, Texas

REURTEL BID OF 2,000 BY FRENCH IS ACCEPTABLE TO DMEA

Clinton C. Knox,
Executive Officer, DMEA

Confirmation:

cc: DMEA Operating Committee (2)
Don Finch (Denver)
Project File - Docket DMA-2202X

Surname copy 700

F L Knouse

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

August 19, 1954

Memorandum

To: Acting Assistant Solicitor, DMEA

From: F. L. Knouse, Mining Engineer
Rare & Miscellaneous Metals Division

Subject: Docket No. DMEA-2202 (Mercury)
Contract No. Idm-E468
Amerimex Mining Company
Fresno Mine
Presidio County, Texas
Termination Agreement, dated June 30, 1954

We are returning the subject "Termination Agreement" for revision. Please make the following changes in the agreement, provided there are no legal objections:

Under "(b) Subcategory (4)(c) 'Equipment to be purchased'," add:

1 Skil Saw, electric, portable, 8" blade #107	$138.75
1 Valve reseating tool, Black & Decker Vibro Centric with accessories, Type B #1678013	$120.00

Under "(c) Under Category (2) 'Labor, supervision, and technical services,' under Subcategory 'Supervision,'":

add:

Wages of timekeeper-stock clerk is classified as an allowable labor cost item.

Item 5.: Is this item required in this agreement, as a certification has been issued and the Government's position has been restated in correspondence to the officials of the Company? If this item is not necessary, we recommend that it be deleted.

A copy of the proposed "Termination Agreement" is attached and we refer you to the letter of the Executive Officer, Region VI, dated July 23, 1954, and the Operator's letter, dated July 21, 1954, concerning this agreement.

FLKnouse/gla
c to: Docket
Code 700 contract file
Mr. Knouse

/s/ F. L. Knouse

F. L. Knouse

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
[redacted]

P.O. Box #431
Joplin, Missouri

AIR MAIL

August 16, 1954

Memorandum

To: DMEA Operating Committee, Washington 25, D. C.
Attention: E. W. Ellis and Mr. Knouse

From: Executive Officer, DMEA Field Team, Region VI, Joplin, Mo.

Subject: Disposal of jointly owned property -
Project Contract Idm-E468
Amerimex Mining Co.
Alpine, Texas
Docket DMA-2002X (mercury)

In response to the request by Messrs. Knouse and Ellis in their telephone conversation with me on last Monday, August 9, I approached Mr. Pulliam again with regard to the possibility that the subject Operator might make a bid for the jointly owned project property, as per my August 11 letter to Mr. Pulliam, copies of which were sent to Washington. My letter was revised necessitating delay in mailing until August 11, due to receipt on August 10 of a letter from Mr. Pulliam requesting advice "as to the Government's disposition regarding" a $2,000 bid for the entire lot of jointly owned project equipment, materials, and supplies from a Mr. R. D. French, Houston, Texas. I indicated in my letter provisional approval of the Government for the sale to that bidder, if the Operator could not offer an amount whereby the Government would more nearly realize enough to settle all that the Amerimex will claim.

Copies of Mr. Pulliam's reply, received this morning are enclosed herewith which you will find self-explanatory. Since New York officials evidently did some negotiating regarding this disposal matter directly with your office about 2 months ago, I suggest that a letter or telegram from you to them perhaps might be in order, and might expedite a more authorative settlement procedure.

As suggested by Mr. Knouse, I have prepared the following approximate valuation of the salvable jointly owned project property for disposal, so you can give me your opinion as to whether I should give the Government's approval to the proposed $2,000 sale.

You will recall that the Government's equity in the two trucks, the principal equipment items, were waived to the Operator last March; the welder was not waived.

Please refer to the copy of the Operator's Invitations to Bid, furnished you with my letter of last May 28, for descriptions of the complete inventory of jointly owned property referenced to the Item numbers shown on that Invitation.

Approximate original cost of items to be sold

Equipment:

Item No.	Description	Quantity	Approx. total cost
1	Electric slusher-scraper	1	$ 1,325
2	Joy jack legs	2	390
3	Duplex diamond drill pump	1	190
4 & 5	Gould water supply pump	1	170
6	Skil saw	1	138
7	Valve reseater	1	120
8	Lincoln Arc Welder	1	482
9	Aluminum water tanks	3	313
10	" wing tank	1	12
11	Steel ramp plate	1	114
14	13 cu. ft. Servel refrigerator	1	425
15	11 " " " "	1	225
17	Kitchen range	1	80
50, 59 & 60	Brunton, and accessories	1	60

Total equipment.....$4,044

Building materials:

12 & 13 Total pipe, etc., to use as structural steel.....500

Operating Materials and Supplies:

93-116	Steel, bits, hoses, etc	700
117-130	Pipe	850
61-67	Electrical supplies and fixtures	270
16 & 154	Kitchen utensils	240
18, 49, 51-58, 68-92, & 131-136	Small tools, etc.	830
137-153	Diamond drill supplies	710

Total operating materials & supplies.....$3,600

Total original cost of salvable jointly owned property.....$8,144

Therefore the $2,000 bid of Mr. R. D. French appears to represent only about 25 percent of the original cost of the lot but probably the best offer that can be expected under the circumstances.

On the audit last February, Mr. Finch estimated that the balance due through the December MF-104 Claim, subject to the liquidation adjustment, might be roughly $5,000. On the basis of your letter last March 4, I authorized the Finance Officer to advance a $2,500 payment to Mr. Pulliam. Therefore, subject to the final audit, I expect the 75 percent of the $2,000 which would be received if approval is to be given for the sale to Mr. French, will fall $1,000 short of paying the claims likely to be approved up until the notice of termination was issued to Mr. Pulliam last January 5. And in the attached copy of Mr. Pulliam's latest letter, he states that an estimated additional $3,000 will be claimed for carrying out the project liquidation under that termination notice.

Please advise.

Clinton C. Knox

CCK/vks

Clinton C. Knox

cc DMEA Operating Committee
Mr. Finch
Docket File

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August 14, 1954

Mr. Clinton C. Knox, Executive Officer
Defense Minerals Exploration Administration
U.S. Department of the Interior
P. O. Box 431
Joplin, Missouri

Re: Docket DMEA-2202 (mercury)
Contract Idm-E468
Presidio County, Texas

Dear Clint:

Thank you for your letter dated August 11, 1954.

Of course, I have no way of knowing whether or not a higher bid might be obtained than the $2,000.00 offered by Mr. French, and I do not feel at all qualified to speculate on such a possibility.

The fact is that Mr. French has made the best and only bid for the entire lot of jointly owned equipment, materials, and supplies.

It is definitely my opinion that Amerimex should not and would not bid any part of the reimbursement due from the Government for the Government's interest in jointly owned equipment, materials and supplies for which the Company has no use.

As you know, Amerimex has as its only assets its equity in jointly owned equipment, materials, and supplies, its equity in trucks on which a past due obligation of $1,036.76 is owed the local bank, and reimbursements due from the Government.

As you know, Amerimex owes some pressing obligations which were incurred more than a year ago. It also owes for other costs and expenses subsequently incurred in compliance with the DMEA contract.

When these obligations became due in July and August of 1953, I told our creditors in good faith that they would be paid as soon as our reimbursements were received from the Government. Then came the Interim Audit based on needlessly harsh interpretation of the Contract which resulted in retroactive disallowances being withheld from reimbursements for current expenses.

You have heard from only those disgruntled creditors who have demanded their money, but there are others who have courteously tried to go along with us in an effort to permit pleasant and peaceful settlement of the affairs of the Amerimex. These good people, many of whom extended credit only because of my personal contact with them, are entitled to their money just as certainly as the disgruntled few who have sought unfair advantage over other creditors.

For a full year, I have given the affairs of Amerimex primary consideration in my effort to conclude the business in an orderly and honorable manner.

Back during the time when the project could have been saved and might have resulted in a discovery with no utlimate loss to either the Operator or the Government, I did everything I could possibly do to obtain the cooperation of the Government and my associate. My efforts were in vain.

I cannot continue to stall creditors, to look after the affairs of this Company and to protect and preserve the jointly owned equipment, materials and supplies with the hope that some day I shall receive compensation for my efforts and reimbursement for my out-of-pocket expenses.

The longer final settlement is delayed the less there will be with which to pay the obligations.

It is my personal desire to conclude the DMEA contract and effect final settlement as soon as possible.

I do not know whether or not the proposed sale of equipment, materials and supplies meets with the approval of my associate, but copies of all correspondence pertaining thereto have been sent to him; he will doubtlessly make known his objection or submit a better offer unless the bids are acceptable.

Our claims against theGovernment due through the month of December, 1953, less all credits for returned merchandise and payment received now totals $7,085.41 (75%), in addition to which 75% of approximately $3,000.00 will be added for costs and expenses incurred since January 1, 1954, for watchman's salary of $108.00 per month, traveling expense to and from the mine to check on and supply watchman, to show the equipment and to contact pptential buyers, for freight for returning rented equipment, printing and handling bid forms, labor cost for removing from the mine, collecting together, storing and inventorying jointly owned equipment, materials and supplies, and compensation for time devoted to such work by the bookkeeper and myself.

We will appreciate knowing the Government's final decision with respect to sale of the jointly owned equipment, materials and supplies at the earliest possible time.

With all good wishes, I remain

Sincerely,

/s/ R.N. Pulliam, President
Amerimex Mining Company

RNP/L

For a full year, I have given the office for American primary rehabilitation in my effort to conclude the business in an orderly and honorable manner.

Back during the time when the project could have been saved and might have resulted in a discovery which no doubt would have saved operator or the Government, I did everything I could reasonably do to obtain the cooperation of the Government and my associates. My efforts were in vain.

I cannot continue to avoid creditors, to look after the affairs of this Company and to protect and preserve the jointly owned equipment, materials and supplies with the hope that some day I should receive compensation for my efforts and reimbursement for my out-of-pocket expenses.

The longer final settlement is delayed the less there will be with which to pay the obligations.

It is my personal desire to conclude this work contract and effect final settlement as soon as possible.

I do not know whether or not the proposed sale of equipment, materials and supplies meets with the approval of my associates, but copies of all correspondence pertaining thereto have been sent to him; he will doubtless make known his objection or submit a better offer unless this is acceptable.

Our claims against the Government due through the month of December, 1953, less all credits for returned merchandise and payment received now totals $7,085.41 (75%), in addition to which 75% of approximately $3,000.00 will be added for costs and expenses incurred since January 1, 1954, for watchman's salary of $100.00 per month, travelling expenses to and from the mine to check on and supply watchman, to show the equipment and to contact potential buyers, for freight for returning rented equipment, printing and handling bid forms, labor cost for removing from the mine, collecting together, storing and inventorying jointly owned equipment, materials and supplies, and compensation for time devoted to such work by the bookkeeper and myself.

We will appreciate hearing the Government's final decision with respect to sale of the jointly owned equipment, materials and supplies at the earliest possible time.

With all good wishes, I remain

Sincerely,

/s/ R.L. Pullam, President
American Mining Company

mn/b

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

P. O. Box #431
Joplin, Missouri

August 11, 1954

AIR MAIL

Mr. Robert N. Fulliam, President
Amerimex Mining Company
Box 626
Alpine, Texas

Re: Docket B-2202X (mercury)
Contract Idm-E46
Amerimex Mining Co.
Alpine, Texas

Dear Bob:

This is to acknowledge your letter of August 9, just received, requesting the Government's disposition regarding the $2,000.00 bid by Mr. R. D. French, 1640 Commerce Bldg., Houston, Texas, for the entire lot of jointly owned property for liquidation under the subject project contract.

Apparently that is the best offer you feel that you are going to get, so I am inclined to approve such a sale being made. So far, I have not obtained a single bid.

In a conversation with the Washington Office yesterday, however, I learned that nothing had been heard from the New York officials of your company regarding the bids they agreed to try to negotiate in El Paso by July 31. Mr. Ellis and Mr. Knouse requested that I contact you to obtain your opinion as to whether your company could not see its way clear to make a reasonable bid for the lot of jointly owned equipment, materials, and supplies. If it did not foresee further use for those items, perhaps it might be to the advantage of Amerimex to hold them until a more advantageous time to sell.

I do not know what additional claims the Amerimex Company may contemplate making for winding up of the subject project contract but the thought had occurred to those in the Washington Office that Amerimex might bid enough for the Government's equity in the jointly owned property, to settle all claimed due from the Government.

The Washington Office and I would appreciate receiving your estimate of the total amount which will be claimed yet due from the Government, and your company's reaction to the sort of settlement I have suggested above.

If you determine that there is no possibility to obtain a higher bid from your company, or any other concern, then I will approve selling to Mr. French, if his $2,000 bid as shown on the copy you sent me, is satisfactory to your company.

With best regards, I remain

Sincerely yours,

Clinton C. Knox
Executive Officer
DMEA Field Team, Region VI

CCK/vks

cc DMEA Operating Committee (2)
Mr. Finch
Mr. Pulliam
Docket File

RECEIVED
MINERALS TECHNOLOGY
DIVISION

AUG 11 1954

BUREAU OF MINES
JOPLIN, MO.

AIR MAIL August 9, 1954

Mr. Clinton C. Knox, Executive Officer
Defense Minerals Exploration Administration
U. S. Department of the Interior
P. O. Box #431
Joplin, Missouri

Re: Docket No. 2202 (Mercury)
Contract No. Idm-E468
Presidio County, Texas

Dear Clint:

Inclosed herewith is a Bid by Mr. R. D. French, 1640 Commerce Building, Houston, Texas, in the amount of $2,000.00 for the entire lot of equipment, materials and supplies owned jointly by the Government and Amerimex Mining Company.

Mr. French has also bid $1,000.00 on the few items in which the Government owns no interest including the equity owned by Amerimex in the trucks on which a balance of $1,036.75 is owed.

Please advise as to the Government's disposition regarding this offer at your earliest convenience.

Nothing has been heard from any of the prospects contacted by Mr. B. B. Patterson on his recent visit in El Paso, Texas, and Albuquerque, New Mexico. Mr. R. G. Ponsford of El Paso, who assured Mr. Patterson that he would look at the property, gave me the same assurance back in April or May when I visited him in his office in El Paso and left him bid proposal forms.

I tried to go to the mine yesterday, but the roads are impassable because of heavy rainfall during the past few weeks, and high water almost prevented my return to town.

With best regards, I am

Sincerely,

R. M. Pulliam, President
AMERIMEX MINING COMPANY

RMP:L
Incl.

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

DOCKET COPY

August 9, 1954

Memorandum

To: File

From: F. L. Knouse, Mining Engineer
Rare and Miscellaneous Metals Division

Subject: Docket No. DMEA-2202 (Mercury)
Contract No. Idm-E468
Amerimex Mining Company
Fresno Mine
Presidio County, Texas

Telephone conversation with Mr. Clinton C. Knox, Executive Officer, Region VI, covering the following:

Mr.Knox was advised we have his letter returning the proposed "Termination Agreement", unsigned, with Mr. Pulliam's comments, but there are some points to be cleared up before we can proceed with any modification of the Agreement.

Q. What progress has been made in regard to the disposal of the supplies and equipment purchased under the terms of the contract?

A. None known.

Q. Were all the equipment and supplies as is listed in the "Notice of Sale of Mining Equipment, Materials and Supplies" transmitted with Pulliam's letter dated May18, 1954, purchased under the terms of the contract, and are these the items to be sold?

A. Yes.

Q. Did the Operator's attorney make the trip to El Paso to try and sell these items, and were they successful?

A. Don't know — I thought they would contact the Washington Office.

Q. Has Pulliam had a caretaker to watch and maintain the equipment and supplies sinceAugust 20, 1953, when work was stopped?

A. Yes, continuously. American Zinc are making an examination probably this week and they may be a buyer of this equipment.

Q. Ask Pulliam what he would offer for all the equipment and supplies, provided he pays for all the winding up cost of watching, maintenance, etc. and equipment payments after August 20, 1953, except for cost incurred to prepare the final report of the Operator.

A. Don't think they would make an offer, but I will try them. I don't think Pulliam has any money to pay for equipment. He may be willing to call it square if the Government will waive its interest.

Q. Please furnish us a detailed list of all the equipment and supplies remaining to be disposed of, including original cost, payments you will approve on these items after August 20, 1953 (for equipment and supplies) and the winding up cost that you will approve for a caretaker until December 18, 1953, end of the contract, and from December 18, 1953, to date. However, do not indicate to Mr. Pulliam that the Government will participate in these costs, and also your appraisal of the fair value of these items.

A. Yes, I will get you this information at an early date.

Q. The items 1-Skil Saw @ $138.75 and valve reseating tool @ $120.00, we would include in the amendment.

A. Yes, that would be O.K.

Q. After you have compiled these figures, please furnish your recommendations of a solution for disposing of these equipment items and supplies.

A. Fine; I will get it foryou soon.

F. L. Knouse

F. L. Knouse

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
[redacted]

P. O. Box #431
Joplin, Missouri

July 27, 1954

Mr. Robert N. Pulliam, President
Amerimex Mining Company
Box 626
Alpine, Texas

Re: Docket DMA-2202X (mercury)
Contract Idm-E468
Amerimex Mining Company
Alpine, Texas

Dear Bob:

This is to acknowledge receiving your letters of July 17, 21 and 22. As you no doubt expected, I do not have the answers to your various questions. Therefore I have taken the liberty of sending the copies of those three letters to Washington for authoritative comments and guidance.

I gather that you will agree that the slusher-hoist assembly should not be sold to Morse Brothers, even upon their revised offer of $350. Electing to accept only 20 percent of the value on that one item certainly would not alleviate the situation with regard to all the jointly owned equipment which must be disposed of.

Your New York associates requested through the Washington Office, the delay until July 31 in taking possession of that equipment. I trust something definite will be heard from them or the Washington Office on that date when you will have returned to Alpine.

I am confident that you may rest assured no one in DMEA will take offense or see anything personal in your presentation of your viewpoint on the proposed termination agreement, and your suggested changes will be given every consideration.

Sincerely yours,

Clinton C. Knox
Executive Officer
DMEA Field Team, Region VI

CCK/vks

cc - DMEA (2)
Finch (1)
Docket File (1)

C
O
P
Y

July 22, 1954

Mr. Clinton C. Knox, Executive Officer
Defense Minerals Exploration Administration
U. S. Department of the Interior
P. O. Box 431
Joplin, Missouri

Re: Docket DMEA-2202
Contract Idm-E468
Presidio County, Texas

Dear Clint:

This is to advise that I expect to be away from Alpine during the period July 25 through July 31.

I have heard nothing from my associates relative to any bids which they or their representative may have been able to obtain on the jointly-owned equipment.

We had a letter from Morse Brothers extending the duration of their bid until July 30 and raising their offer to $350.00 on the slusher-hoist assembly.

I am very hopeful of getting some other bids but as yet have not been able to induce anyone to act.

Sincerely,

R. N. Pulliam, President
AMERIMEX MINING COMPANY

RNP:L

C
O
P
Y

AMERIMEX MINING COMPANY
INCORPORATED
BOX 626
ALPINE, TEXAS

JULY 17, 1954

Mr. Clinton C. Knox, Executive Officer
Defense Minerals Exploration Administration
U. S. Department of the Interior
P. O. Box 431
Joplin, Missouri

Dear Clint:

Thank you for the copy of the letter dated July 1, 1954, from Mr. George C. Selfridge, Chairman of the Operating Committee, wherein it is stated it was hoped that I would use part of the February payment for paying past due premiums in the amount of $621.20 to Texas Employers Insurance Assocation and $1,080.43 taxes due to the U. S. Department of Internal Revenue.

We presume that the February payment referred to is the $2,519.45, which reached us on or about March 5, 1954.

On August 19, 1953, we had been forced to suspend operations because DMEA withheld our funds which we had anticipated as reimbursements.

We had hoped for release of these funds and amendment of our DMEA Contract to permit continuance of exploration work until January, 1954, when the Proposed Amendment was denied and the Contract was terminated.

Until that time, the Operator had hoped and believed that the Proposed Amendment or a substantial part thereof would be approved by DMEA and the project would continue work.

The Operator was required to continue to meet or arrange for deferment of monthly installment payments on trucks and equipment jointly owned by the Government and the Operator.

The Operator was obligated to protect and preserve the property by removing it from underground and other exposed places and by maintaining watchmen on the premises.

The Operator was required to prepare and offer the jointly owned equipment for sale according to DMEA requirements.

Despite the fact that the Government waived its interest in the trucks on March 1, 1954, effective September 1, 1953, the Operator had not been relieved of his obligation to the Government to protect its equity in these vehicles and had promised the local bank to meet the past due mo nthly installments if and when funds were released by DMEA. A similar promise had been made to the employees who had not been paid for August and who had stayed with the Operator to watch the property when they knew that no funds were available with which to pay them.

In view of the fact that these commitments existed and several other local obligations of equal importance had to be paid, the $2,519.45 released was simply not enough.

The Operator owes Texas Employers' Insurance Assocation $621.20 past due premiums; however, this insurance company is supposed to owe the Operator somewhere between $368.78 and $482.44 as rebate for a perfect safety record.

Had I paid both of the accounts which have elected to cause trouble, then Texas Employment Commission, Magnolia Petroleum Company, Mine and Smelter Supply Company, Brewster County Motors, or one of several others whom we owe could have sued; and the question could have been asked why I had failed to give them the money.

I have operated mines for some 12 years and never before have I failed to pay every obligation promptly. Had I understood or believed that DMEA could or would have made retroactive disallowances and thereby withheld funds which I sincerely believed to be as certainly forthcoming as the existence of the honor and integrity of my beloved Country, I would haver have incurred one cent of indebtedness in connection with this Contract.

I have remained here for almost a year without an income and without material assistance or encouragement in my efforts to conclude the affairs of this Company in a fair and honorable manner.

With the purpose of explaining the complex situation which DMEA has created, I have written essentially long, tedious letters to Mr. Mittendorf, Administrator. If he has bothered to read them, he has not answered. I had hoped to show that the Operator can act and does act within the limited sphere of knowledge which he has been able to glean from the meager information available to him.

Trusting that this will answer the implied questions of the Operating Committee, I am

Sincerely,

/s/ R. N. Pulliam
R. N. Pulliam, President
AMERIMEX MINING COMPANY

RNP:L

P.S.: In the event that the total amount eventually released by DMEA is not sufficient to pay all legitimate accounts in full, would DMEA be justified in paying Texas Employers' Insurance Association in full at the expense of others?

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D.C.~~
Joplin, Mo.

AIR MAIL

July 23, 1954

Mr. George C. Selfridge, Chairman
Operating Committee
Defense Minerals Exploration Adm.
Washington 25, D. C.

Re: Docket DMA-2202X (mercury)
Project Contract Idm-E468
Amerimex Mining Co.
Alpine, Tex.

Dear Mr. Selfridge:

Referring to the instructions in your letter to me on July 1, the proposed "Termination Agreement" is returned herewith, unsigned by the subject Operator. Also enclosed for your information and comments are copies of the Operators letter received with the return of the unsigned documents this afternoon, with proposed changes to be considered which I believe are self-explanatory.

Although the background of the proposed "Termination Agreement" was possibly not too clear to the Operator when reading the wording of that document, I believe the items under (3) which Mr. Pulliam took exception to have all been allowed, or are allowable, exactly as he wishes. For example the purchases of the Skill Saw and Valve Reseater were allowed in writing by the Field Team, not requiring a contract amendment. The Timekeeper-Stock Clerk's wages have been approved for reinstatement as a labor item by the present Executive Officer. An amendment or agreement to that effect therefore should not be necessary.

Regarding his objection under (4), I am not sure of the legal signifigance which might be placed upon the phrase "prior to August 20, 1953", inserted in place of the originally proposed "12 months", but the phrase under (6) "except for the reasonable and necessary costs of final winding-up and settlement actions" surely can be stretched to adequately cover making an equitable settlement.

Under (5), I remain consistent with the stand I have taken previously, based on my understanding of the position the Government is to take on "Certification" and in the light of the explanation given in the Administrator's letter to a New York official of the subject company, Mr. Jennings, Last Feb. 11. As you know, the small reserves of mercury-bearing material which I estimated to have been indicated by this project work, and that which conceivably might be produced within 10 years, were limited to a very small block along the No. 3 drift east.

Sincerely yours,

Clinton C. Knox

Clinton C. Knox
Executive Officer
DMEA Field Team, Reg. VI

Encl.
cc: Operat. Committee
Mr. Finch
Mr. Pulliam
Docket file

RECEIVED
MINERALS TECHNOLOGY
DIVISION

JUL 23 1954

BUREAU OF MINES
JOPLIN, MO.

July 21, 1954

Mr. Clinton C. Knox, Executive Officer
Defense Minerals Exploration Administration
U. S. Department of the Interior
P. O. Box 431
Joplin, Missouri

Re: Docket DMEA-2202 (Mercury)
Contract Idm-E468
Presidio County, Texas

Dear Clint:

Thank you for your letter dated July 6, 1954, transmitting six copies of a proposed "Termination Agreement" received upon my return from a business trip.

Since I could not approve certain parts of the proposed Agreement in behalf of my Company, and since I would not approve any such agreement without concurrence by my associates in the Company, I am returning herewith all copies of the proposed Agreement with suggested changes and the justification therefor set forth under each paragraph number where changes are indicated, as follows:

3. In Exhibit "A" under "Estimated Costs":

(a) Under Subcategory 4 (b) "Equipment to be rented"

It is believed that this should read as follows:

Add:

1 Used drifter, Sullivan L57, clamp, shell, column and arm, Type U30-6069 @ $75.00 per month for 1-2/3 months

1 Used jackhammer, CP-42W, No. 3039 mounted on jackleg, Ingersol Rand JL-3, @ $50.00 per month for 1-2/3 months

2 Jackhammers @ $40.00 each per month beginning March 1, 1953

1 Air Compressor, Portable Joy WK 80, cap. 315 c.f.m. with Caterpillar diesel D318 engine @ $470.00 per month

(b) Under Subcategory 4 (c) "Equipment to be purchased"

There should be included the following items in addition to those listed because purchases were approved:

Add:

1	Skil Saw, electric, portable, 8" blade, # 107	$138.75
1	Valve Reseating Tool, Black & Decker Vibro Centric with accessories, Type B, # 1678013	120.00

(c) Under Category 2 "Labor, supervision and technical service" under Subcategory "Supervision":

The statements made in this paragraph appear to delete from "Supervision" the salary of the Timekeeper and Stock-clerk without stating that his salary is to be paid under "Labor".

This man's employment was of invaluable benefit to the exploration. The extent and nature of his work was always under observation by the Field Team on its frequent visits to the project; and if there was any opinion on the part of the Field Team that his salary was not an essential and reasonable part of the expense of the project, there was ample opportunity to have brought it to the attention of the Operator early in the operation.

4. This proposed paragraph is entirely unrealistic in the light of what has happened.

It seems that Article 3 of the Contract should be amended to delete "within a period of 6 months" and substitute "within a period of 12 months."

At the beginning, it was not the intention of the Operator to terminate the project until the work had been completed, the time had expired or the Contract total had been expended.

It was not the intention of the Operator to terminate the project when forced to suspend operations by the Government's unfair and unjust withholding of reimbursements following the Interim Audit.

Disallowances made during the Interim Audit were of sums for items previously reported by the Operator, approved by the Regional DMEA Office, certified by the Regional Finance Office and paid to the Operator on the basis of documentation proved satisfactory on the Audit. Such disallowances were obviously made on interpretations of the Contract not previously understood or applied by the DMEA Field Team or Finance Officer to whom the Operator had every right and was in fact obligated to look for interpretation

and application of the Law. Therefore, if the disallowances made were the result of failure on the part of either party to the Contract, the Operator believes that responsibility lies entirely with the Government, who should justly be looked to for correction and proper adjustment.

Consequently, not believing it to be in the interest of either the Government or the Operator to terminate the project by the Government's withholding of funds on the basis of technicalities, the Operator believed that funds would be released and that the operation would be resumed. The Operator also believed that his proposed Amendment to expand and extend the DMEA project would be approved in whole or in part.

It was not until formal denial of the proposed Amendment dated December 24, 1953, was received that the Operator realized that expiration of the original Contract as amended on Dencember 18, 1953, had terminated the project.

5. When the Operator signed the original Contract, he understood that contract and the terms and conditions stipulated therein as defined and explained in the informational bulletins provided by the Government. By any standard of ore measurement or evaluation defined in the Government's own informational bulletins, Certification of Discovery or Development should never have been made of this project.

Mr. A. R. Fletcher, Consulting Geologist, Compania Metalurgica Penoles, S. A., whose residence address is 4211 Dover Street, El Paso, Texas, examined and reported on the Fresno Mine on May 14, 1953, and on September 12, 1953. Both of these reports have been submitted previously to DMEA. There has been no operational work since the report dated September 12, 1953. In a letter dated July 6, 1954, a copy of which is attached hereto, Mr. Fletcher states in part:

> "There was certainly no ore in the Fresno Mine when I saw it."

Mr. Fletcher is a Mining Engineer and Geologist of outstanding ability whose honor and integrity are above question and can be confirmed upon investigation in the city of his residence, through Mr. Alan Bulles, President or General Manager of Penoles, or elsewhere that Mr. Fletcher and his work are known.

If Mr. Fletcher's statement and the Operator's Final Report dated June 23, 1954, as well as previous letters from the Operator to the Administrator setting forth the facts are not sufficient to

warrant reexamination of the mine by a thoroughly competent disinterested expert, what recourse does the Operator have from such a grave injustice? Does the Operator have the right of appeal? If so, to whom should such appeal be directed? How many different engineers or geologists are required to refute the contention that a discovery or a development has resulted from the exploration?

It might be stated that gold can be produced from sea water or diamonds made synthetically - but at what cost?

Despite the fact that no discovery or development has resulted at the Fresno Mine from which production may be made, as proved by the production tests made at great expense by the Operator, why does the Government choose to certify the project as having resulted in a development or a discovery?

The Government may contend that if there is no ore, the Operator should not be concerned about the Government's certification and claim of a percentage royalty. The Government has failed to describe or define any discovery or development except to describe the long known principal ore horizon of the Terlingua District and to allege that "mercury mineralization" occurs at that horizon "on land described in Article 2 of the Contract," an area of more than 240 acres.

The Operator was obliged to guarantee the Government's percentage royalty if the exploration resulted in a discovery or development from which commercial production were possible, but the Operator and Guarantors justly believed that certification could and would be made only if and when a genuine, bonafide discovery or development of commercial grade ore resulted from the exploration. It was never believed that "mercury mineralization" would be used to describe an alleged discovery or development. Since BMEA would surely not approve a project for exploration unless some mineralization were evident, how can such a vague, general term justify certification? Such "mercury mineralization" was evident in various parts of the old stope before any BMEA work was undertaken and in no sense represents a discovery or a development and in no instance is there such an occurrence of commercial grade and quantity, as proved by tests conducted.

The Operator has lost his leasehold as a further result of the Government's withholding of reimbursements. The Operator now has no claim to the property or to any production which might be the result of some future exploration on the property. As soon as liquidation can be completed, the Operator will abandon the property without further right or interest therein.

Is it the purpose of the Government to maintain certification of this property whether justified or not so as to impose upon the Operator an obligation to pay to the Government a percentage royalty on any production from any place within the property boundary which may occur within 10 years from date of the Contract?

It is difficult to understand why the Government would elect to maintain an unwarranted certification of this property in an effort to force upon the Operator and Guarantors the burden of an unjustified liability during the next eight years for any production which may result from possible future exploration of the property over which the Operator and Guarantors have no control or interest, having lost the leasehold and any right or interest therein without consideration due to having been deprived of necessary funds by the Government's failure and refusal to release reimbursements.

The Operator is not fearful of production being possible from any alleged discovery or development resulting from the exploration. It is possible and obviously believed by the DMEA Field Team, who must have recommended the certification, that some of the areas designated for proposed further exploration in the Amendment submitted by the Operator and denied by DMEA December 24, 1953, may disclose commercial ore occurrences if and when further explored.

Therefore, it appears that the Government wants to add to the Operator's serious loss already sustained as a result of unfair action by the Government by trying to force the Operator and the Guarantors to repay the sum which the Government has advanced or such a part thereof as the percentage royalty may cover on any production by any subsequent operator during 10 years from the date of the Contract even though it is known that any such production will have to be the result of further exploration and not from any discovery or development resulting from the DMEA exploration just completed.

Is this within the right and authority of the Government? Is it fair and just? Can you place yourself in the position of the Operator?

6. The intention of this paragraph seems to be to reduce the term of the Contract so that it expires on the same day that the Operator was forced to suspend operations and to impose all expenses after that date upon the Operator.

The Operator had no means of knowing on August 19, 1953, that it would never be possible to resume operations. The Operator knew that he had no money with which to meet the payroll which became due August 14, 1953. He knew that he had accurately reported expenditures for reasonable, necessary costs of the operation for which he had not been reimbursed. He could not believe that the

Government could and would refuse to release the reimbursements due him.

Had the Operator assumed that the project would never be resumed because the Government would continue unjustly to withhold his reimbursements and the stockholders could not or would not put up additional capital and on the basis of such an assumption had removed from the property and returned to the owners the rented equipment, as required by rental agreements, no one with experience can believe that this could have been accomplished without considerable time and expense. If the Operator had proceeded on such an assumption and the funds had been released with which to carry on the operation, would the Government have participated in the expense of removal and reinstallation? The answer cannot be in doubt.

Therefore, the Operator had no alternative but to leave all equipment in place until the question had been resolved as to whether or not the operation could be resumed. This question was finally answered by the Government's continued failure to release the badly needed funds until the Contract had expired on December 18, 1953, by its own terms and by the Government's formal denial on December 24, 1953, of the Operator's proposed Amendment whereby a sufficient amount of additional work might have been done under the Exploration Contract to merit the interest of outside capital.

It is believed that the Operator's claim for costs and expenses incurred subsequent to August 19, 1953, as previously reported and claimed by the Operator are reasonable and necessary in complying with the terms and conditions stipulated in the Contract; and if the proposed termination date of August 19, 1953, would result in disallowance of any such costs and expenses, the Operator respectfully suggests that such date be changed to December 18, 1953, as has been previously provided for by Amendment to the Contract.

It is noted that the last sentence provides for the prompt performance of all winding up and settlement action. The Operator is eager and anxious to accomplish this as promptly as possible, but it is evident that he has not been able to find a market for the jointly-owned equipment. Furthermore, until the road has been graded, the Operator does not believe it will be possible to get a heavy truck over the road to the mine as a result of recent torrential rains in that area.

7. The Operator does not wish to sign an agreement containing such a statement as that in Paragraph 7 unless and until all facts pertaining to settlement of claims for all Monthly Reimbursements, Reclaim of Disallowances on Interim Audit, and cancellation of certification have been understood and agreed upon.

It is believed that the Government's disallowances made retroactively on Interim Audit, unless properly and fairly adjusted on Reclaim, may have the effect of disallowing bonafide expenses for July and August operations and for subsequent months through December, 1953, necessary for Operator's compliance with the DMEA Contract; obligations are still owed for some of these expenses. Under such circumstances, it seems that the Government is jointly liable with the Operator for the settlement of such obligations.

It is hoped that you and other DMEA officials who hold our fate in your decisions will not be offended or see anything personal because this Operator is trying to see that no legitimate creditor who trusted the Operator and his Government loses on this project. I have sacrificed one full year of my life trying to accomplish this, and I believe that the Operator is entitled to the helpful consideration of the Government in this purpose.

Sincerely,

R. N. Pulliam

R. N. Pulliam, President
AMERIMEX MINING COMPANY

RNP:L
Incl.

COMPANIA METALURGICA PENOLES, S. A.

Apartado Postal 251 Matamoros Qte. 416

Monterrey N. L. Mexico

July 6, 1954

Dear Pulliam:

I received a while ago your letter enclosing inventory. While there is considerable activity near Opalo, south of here, in quicksilver, the red tape involved in securing entry permits would make it doubtful whether there would be any customers for what you have to offer.

Your letter of the 28th reached me last night upon my return here and I read it with interest. There was certainly no ore in the Fresno Mine when I saw it.

It seemed to me that the program outlined previous to my arrival was inadequate. If any important discovery is made, it will be in the adjacent sinks.

Personally, I think you did a good job considering the conditions that were imposed on you.

Sincerely

A. R. Fletcher

C O P Y
(Handwritten Letter)

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

Mr. Donald T. Finch
DMEA Auditor
224, New Customhouse Building
Denver 2, Colorado

JUL 12 1954

AIR MAIL

Re: Docket No. DMEA-2202 (Mercury)
Amerinex Mining Company
Fresno Mine
Presidio County, Texas
Contract No. Im-148

Dear Mr. Finch:

Reference is made to your letter of July 8, 1954, in regard to the above-cited contract.

It is evident that I did not make the point of the audit clear in the letter which I prepared for the Operating Committee. The letter intended to convey the idea that all the work on the audit could be done immediately after the amendment was signed with the exception, of course, of finalizing the equipment account and finding the acceptable project costs. Then upon receipt of information from Mr. Knox in regard to equipment settlement you could readily prepare your audit report without further contact with the Amerinex office.

One reason for performing the audit in this manner is to come to some conclusion as to whether or not there will be sufficient monies left in the project account to pay the Federal Government Internal Revenue bill and the State of Texas for certain employer's liability accounts.

Sincerely yours,

SIGNED

Jay H. Chambers, Chief
Contract Administration
and Audit Division

JHChambers/wb
July 12, 1954

Copy to: Docket
Admr. Reading File
Mr. Chambers

R.C.B.

C
O
P
Y

July 8, 1954

Mr. ClintonC. Knox, Executive Officer
DMEA Field Team, Region VI
Defense Minerals Administration
U.S. Department of the Interior
PO Box #431
Joplin, Missouri

Re: Docket DMA-2202X (mercury)
Contract Idm-E468
Presidio County, Texas

Dear Mr. Knox:

Receipt is acknowledged of your letter of July 6 inclosing five copies of the proposed "Termination Agreement."

Since Mr. Pulliam is away on a business trip, I am forwarding this material to him for his examination and reply upon his return here probably sometime next week.

By long distance telephone yesterday, he told me that it was not his intention to agree to the unwarranted Certification reaffirmed in the proposed agreement. He will study the other provisions of the proposed agreement.

Sincerely,

Mrs. R. N. Pulliam

COPIES TO:
Operating Committee (2)
D.T. Finch (1)

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

P. O. Box #431
Joplin, Missouri

Defense Minerals Administration
RECEIVED
JUL 13 - 1954

July 6, 1954

AIRMAIL

Mr. R. N. Pulliam, President
Amerimex Mining Co.
Box 626
Alpine, Texas

Re: Docket DMA-2202X (mercury)
Contract Idm-E468
Amerimex Mining Co.
Presidio County, Texas

Dear Bob:

Enclosed herewith are the original and five copies of a "Termination Agreement" for the subject project contract, received from Washington this morning as signed by the DMEA Administrator for the Government.

You will note that this agreement in effect is substantially the same as the proposed Amendment No. 3 which Finch and I discussed with you, but in addition, cancels the "Notice of Termination", issued last January 5, and reaffirms the "Certification" made January 8.

If the terms and conditions of this proposed agreement meet with the approval of your company, please have the original and all copies signed by the Company Official authorized to sign such documents. Then keep the second copy marked "Operator's" and return the original and four executed copies for me to distribute.

If any part of this proposed agreement does not meet with your company's approval, however, return all copies with the proposed changes, and I will immediately transmit them back to Washington for consideration.

Very sincerely yours,

Clinton C. Knox
Executive Officer
DMEA Field Team, Region VI

CCK/vks
Enclosures - 6
cc: Operating Committee (2)
Mr. Finch (1)
Docket file (1)

Surname 700

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

FLKnouse
Chamberlin
Guild
Selfridge
Johnson

Mr. Clinton C. Knox
Executive Officer
DMEA Field Team, Region VI
P. O. Box 431
Joplin, Missouri

JUL 1 - 1954

Re: Docket No. DMEA-2202 (Mercury)
Contract No. Idm-Eh68
Amerimax Mining Company
Fresno Mine
Presidio County, Texas

Dear Mr. Knox:

There are enclosed the original and five copies of a "Termination Agreement" for the subject project signed by the Administrator for the Government.

This agreement cancels Amendments Nos. 1 and 2, the "Notice of Termination", dated January 5, 1954, and also includes the provisions of the proposed Amendment No. 3, recommended by both you and Mr. Finch.

If the terms and conditions of this proposed agreement meet with your approval and the Operator's, please have the original and all copies signed by the Company Official authorized to sign this document, and make the usual distribution of the executed agreement.

If any part of the proposed agreement does not have either your approval or that of the Operator, the original and all copies of this proposed document are to be returned with the proposed changes for consideration.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (246)

Enclosures (6)

APPROVED:

J. H. Hedges
Member, Bureau of Mines (246)

Philip W. Guild
Member, Geological Survey (246)

FLKnouse/am
6-29-54
cc to: Admr. R. File
Operating Committee
Docket
Messrs. B. Gildersleeve, Rm. 5221
H.M. Meyers, Rm. 2623
Code 700
Mr. Knouse

R.C.G.

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

Chambers
Ellis
Selfridge
Rutzel
Mr. Johnson
Mittendorf

Mr. Clinton C. Knox
Executive Officer
DMEA Field Team, Region VI
P. O. Box 431
Joplin, Missouri

JUL 1 - 1954

Re: Docket No. DMEA-2202 (Mercury)
Amerimex Mining Company
Fresno Mine
Presidio County, Texas
Contract No. Idm-E468

Dear Mr. Knox:

Reference is made to your letter of June 17, 1954, in regard to the above-cited project in which you suggest that we immediately allow payment for taxes to the Texas Employers' Insurance Association in the amount of $621.20 and to the Director of Internal Revenue of the United States, in the amount of $1,080.43.

It is the opinion of the Audit Division that these taxes should be held until the final audit and settlement is made on this project. It was hoped that Mr. Pulliam would use part of the February payment for this purpose.

The Termination Agreement to the contract which also amends certain provisions of the contract will be sent to your office within the next few days and if approved by you and the Amerimex Mining Company, the auditor should receive a copy directly from you and finish his audit report immediately after receipt of the amendment. The Audit Division is notifying the auditor to give this matter priority.

You will have received a telegram from Mr. Mittendorf prior to the receipt of this letter in regard to certain action to be taken on the Texas Employers' Insurance Association.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GCS)

APPROVED:

J. H. Hedges

Member, Bureau of Mines (GCS)

Philip W. Guild

Member, Geological Survey (GCS)

JLChambers/wb/ama 6-30-54
cc to: Docket
Admr. Reading File
Operating Committee
Benj. Gildersleeve, Rm. 5221
H. M. Meyer, Rm. 2623
Mr. Ellis
Mr. Chambers
Mr. Finch
Region VI (2)

R.C.H.

Production Report By Properties For The Years 1954, 1955, 1956 As of End of Fiscal Period September 30, 1956 -

	N1844 E2272	N1871 E2191	N1875 E2045	N1868 E2260	N1931 E2152	N1804 E2209	N1872 E2172	N1316 E2132	N1255 E2225	N2073 E1741	N1912 E2192	N1225 E2159	N1917 E2132										
	Project TS 3A+3B	Project TS 100 N.P. 100-1 100-2	Project TS 61, 66, Pit, Big Dixie, Pit	Project TS 40, 41.	Project T 75 Raise	Project T 0-4 Pit	Project T 101 Winze	Project T 69	Project T 60B	Project T 110	Project TS 60D Stope	Project T 60E	Project T 60'N	Total Tons Ore Mined + Sorted	Total Tons Ore + Waste Mined	Total Tons Ore Sorted + Furnaced	Pounds of Mercury Produced	Flask Hg Prod.	Flasks Sold	Mercury Sales Value Per Flask	Total Value Mercury Sold	Monthly Expense
1954																							
Nov	176 00													17600									
Dec	249 60	1 1 00												26060									
														43660									
1955																							
Jan.	151 00		4 8 00											19900	8424	12213	456 00	6.00					27234.75
Feb.		8 3 32	1 5 5 88											23720	25228	37008	1315 00	17.92	23	322 00	7406 00		1097759
Mar.	10 50		1 0 6 01											11651	39263	16370	619 00	8.15	9	322 00	2576 00		793039
														35371	72313	68371	2330 00	32.07	32		7732 00		4614273
Apr.	10 00	1 8 00	2 4 0 85											26885	49073	39130	1960 00	25.74	11	322 00	3542 00		1339069
May		1 9 70	1 2 7 90											14760	54175	41245	1578 50	20.77	20	316 00	6320 00		1403091
June		1 5 7 00	1 3 9 00											27600	42780	27825	1195 00	15.20	21	282 00	5922 00		1285323
														71245	146030	107900	4673 50	61.76	53		19241 00		4027483
July		3 7 00	6 8 50	6350										16900	23710	31425	1598 50		12	262 00			
Aug.	3 00		3 9 00	35400											27700					277 00	3244 00		1248239
														39600	60200	42840	2605 00		44	253 00	11162 00		1074332
Sept.	14 00		1 3 8 00	5200	2900	400								23700	47600	33350	1378 50		29	257 00	7551 00		1110164
														80200	133510	107125	6082 00	79.46	85		21757 00		3432755
Oct		1 3 00		27850		1200								250576	352455	281306	13165 50	173.23	150	275 00	42335 00		11731173
Nov	8 00	5 0 00		24400										30850	46700	33310	1534 00	20.18	18	288 00	5010 00		1015905
																				279 00			
Dec.	9 1 00	8 2 00					1400		1200	3500				30200	60800	29750	917 00	12.07	32	280 00	8880 00		1086388
														23400	64900	21750	1352 00	17.77	24	280 00	6720 00		1026660
														144150	172400	81010	3803 00	50.04	74		20610 00		3123753
1956																							
Jan.	27 00		1 4 5											2700	66775	-	-	-	-				1263793
Feb.			1 4 50				5400							7050	24100	-	-	-	-				1337762
Mar.							3500							3500	21540	-	-	-	-				663657
														13250	172175	-	-	-	-				3272212
														13250									
Apr.														-	43500	6600	174 00	3.29					
May							5100			24800				29900	32300	23707	605 91	7.77	10	265 00	2650 00		1082306
June														-	-	-	-	-	-	270 00			1838490
														-	-	-	-	-	-				696657
														29900	3150	30307	779 91	10.06	10		2650 00		5619739
July			2 6 00	3100							18200	4900		28800	22750	16549	783 50	10.10					618415
Aug.											50600			50601	51950	34080	1602 00	21.07	22	265 00	5640 00		851167
Sept.											36100		6300	42401	46700	33982	1681 66	22.18	23	257 00	5871 00		1355889
														13181	13700	3961	484 07	5.32	4.5		1151 00		1232121
														24941	26595	20122	860 07	12.05	12.9		3481 00		1234825
Totals-	740 10	4 1 6 02	110 3 64	102300	2900	1600	15600		1200	3500	24800	104900	4900	6300	499976	833970	43324	21815 51	297.18	279		77166 00	24586468
																			2/3 113.79				
																			1/3 287.00				

E468

Computation of royalty due based on Pulliam's letter dated November 14, 1956

Month	Tons of Ore Mined and Sorted: Proj. 3A+3B	Proj. 40+41	Others	Total	Pounds of Mercury Produced	Mercury Sales: Flasks	Per Flask	Proceeds
Nov. 1954	176			176				
Dec. "	249.60		11	260.60				
Jan. 1955	151		48	199	456			
Feb. "			239.20	239.20	1315	23	$ 32200	$ 740600
March "	10.50		106.01	116.51	619	8	32200	257600
April "	10		258.85	268.85	1960	11	32200	354200
May "			147.60	147.60	1578.50	20	31600	632000
June "			296	296	1155	2	28200	56400
July "		63.50	105.50	169	1598.50	10	27700	277000
" "						2	26200	52400
August "	3	354	39	396	2605	6	26000	156000
" "						17	25800	438600
" "						2	25600	51200
" "						17	25300	430100
" "						2	25400	50800
Sept. "	14	52	171	237	1878.50	1	25300	25300
" "						8	25100	200800
" "						5	25600	128000
" "						10	26500	265000
" "						5	27200	136000
Oct. "		278.50	30	308.50	1534	3	27500	82500
" "						10	28000	280000
" "						5	27700	138500
Nov. "	8	244	50	302	917	16	28000	448000
" "						16	27500	440000
Dec. "	91		143	234	1352	24	28000	672000
	21.28% 713.10	29.61% 992	49.11% 1645.16	100% 3350.26	16968.50	223	average $ 28309	$ 6313000
				Pounds	506 lbs			
Jan. 1956	27			27				
Feb. "			70.50	70.50				
Mar. "			35	35				
Apr. "					174			
May "			299	299	605.91	8	$ 27000	$ 216000
" "						2	26500	53000
June "								
July "		31	257	288	783.50			
Aug. "			506	506	1602	15	25700	385500
" "						7	25500	178500
Sept. "			424	424	1681.66	3	25700	77100
" "						20	25500	510000
	1.64% 27	1.88% 31	96.48% 1591.50	100% 1649.50	4847.07	55	average $ 25870	$ 1420100
				Pounds	2.94 lbs			
Oct-Dec 1956						47	average $ 25479	$ 1197500
								$ 8930600

Computation of Royalty

	Proj. 3A+3B	Proj. 40+41	Others	Totals
Nov. 1954 - Dec. 1956				
% Ore	21.28	29.61	49.11	100.00
Proceeds	$ 1343406	$ 1869279	$ 3100315	$ 6313000
Rate	5%	5%		
Royalty	$ 67170	$ 93464		
Jan - Sept 1956				
% Ore	1.64	1.88	96.48	100.00
Proceeds	$ 23290	$ 26698	$ 1370112	$ 1420100
Rate	5%	5%		
Royalty	$ 1165	$ 1335		
Last 1/4 1956				1197500
Totals				
Proceeds	$ 1366696	$ 1895977	$ 5667927	$ 8930600
Rate	5%	5%		
Royalty	$ 68335	$ 94799		

$ 1366696	$ 68335
1895977	94799
$ 3262673	$ 163134