MME Form 9
Rev. Mar. 59

UNITED STATES
DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration

OFFICIAL DOCKET FILE

Contract No. 14-23- 468 Docket No. MME-2202

Application
- [ ] Denied
- [ ] Withdrawn

Contract
- [ ] Terminated - Not Certified
- [x] Terminated - Certified

- [ ] Cancelled
- [ ] Royalty Agreement

The records contained in this file are marked (x) and arranged in this order:

Folder No. 1:

Left Side

- [x] Royalty Audits
- [x] Certification of Discovery
- [ ] Closing Letter
- [x] Cost Audits
- [x] Termination Notice or Agreement
- [ ] Recision Notice
- [ ] Assignment of Contract
- [x] Contract Amendments
- [x] Contract with all exhibits and annexes
- [ ] Owner's Consent to Lien and Subordination Agreement
- [x] Application and Attachments

Right Side

- [x] Project Summary (final)
- [x] Work Completed Analysis (final)
- All other material filed in chronological order including the following reports if checked:
- [x] Field Team Semiannual Report for Certified Project
- [x] Final Field Team Report (Tab)
- [x] Operator's Final Report (Tab)
- [x] Interim Field Team Reports
- [x] Operator's monthly reports and all attachments
- [x] On-site Exam. Report (Tab)
- [ ] Settlement Sheets
- [ ] Drill Logs

Additional Folders:

Left Side

Folders No._____: Reports
- [ ] Analysis of Semiannual Inspection Reports
- [ ] Project Summary (Interim) by MME Engineers

Right Side

- [ ] Field Team Semiannual Report for Certified Project
- [ ] Field Team Interim Reports
- [ ] Operator's Monthly Reports with Transmittal, Narrative and Maps

Folders No._____: Maps (Use pocket folder or envelope)

Folders No._____: Settlement Sheets

Folders No._____: Drill Logs

Folders No._____: Royalty Material

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AUDIT REPORT

I. INTRODUCTION

On August 3 to 12, 1953, an interim audit (covering the period January 10, to May 31, 1953) was made of the records and accounts of operations pertaining to Contract No. Idm-E468, Docket No. DMA 2202X, including Amendment No. 1 with the

Amerimex Mining Company
P. O. Box 626
Alpine, Texas

covering a project of exploration for Mercury ore deposits.

The accounting records under the contract are located at the residence in Alpine Texas, of Mr. R. N. Pulliam, President of the corporation. The project is located approximately 105 miles from Alpine in Presidio County, Texas. The site is about twenty miles south of Terglingua, Texas. The location is sometimes referred to as Bueno Suerte or the Fresno mine.

Mr. William P. Williams, Executive Officer, and Mr. Clinton C. Knox, Supervising Engineer, of the D.M.E.A. Field Team, Region VI, were present and assisted part of the time in the making of the audit.

During the audit, Mr. R. N. Pulliam, President, and Mrs. R. N. (L. M.) Pulliam, Secretary of the company, were consulted as necessary.

Also during the audit, the Auditor visited the project site to observe the degree of Material and Equipment control exercised by the Operator and to determine the feasibility of methods of allocation of costs common to both Exploration and Production activities.

The cooperation of the officers of the company and the assistance of the representatives of the Field Team greatly facilitated the audit.

II. GENERAL INFORMATION ON RECORDS

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 are filed in order by months. Corporation costs not applicable to Exploration are segregated to a "General Fund." A Monthly Summary sheet covering exploration cost is prepared from the source data. Distribution to the elements of exploration costs is indicated by a numerical and alphabetical code. Payments for Labor and Supervision are supported by signed payroll slips for each individual. These payroll slips are summarized by categories of labor on a Monthly Payroll Summary Sheet. This audit, therefore, involved in general, a check of source documents against the Monthly Summary sheets for Purchases and Payrolls, with a reconciliation of these sheets with the corresponding MF-104 reports. The recording of costs is a combination of cash and accrual basis.

III. SCOPE OF AUDIT AND FINDINGS

The audit was limited to ascertaining the accuracy, propriety and validity of the costs as shown in the "Totals to Date" column of Form MF-104, Operator's Monthly Report and Voucher, for the month of May, 1953.

Because of a misunderstanding, the Operator had made a number of errors in accounting distribution of exploration costs. Due to this situation, it was necessary, during the audit, to reconstruct totals from available source data for all elements of cost shown on the MF-104 in order to reflect the correct accounting distribution in this report.

The extent of the audit and the findings under each of the Items of Cost follow:

1. Independent Contracts
   Not applicable to this project.
2. Labor and Supervision
   (a) Labor

In some instances labor is paid by check and in others, payment is made in cash. Each employee's time is summarized by shifts on an individual pay slip from a daily record presently kept by the shift boss or foreman. Evidence of receipt of payment is indicated by the employee's signature or witnessed mark. Illiterates' marks were witnessed by fellow laborers.

All charges for labor during the period January 10, to May 31, 1953, were supported by pay slips described above. These slips were examined for evidence of receipt of payment by the employees, rates of pay and extension of amounts.

An analysis of labor charges revealed the following:

1. Rates of pay were equal or below those rates authorized by the contract.
2. The number of miners, muckers and helpers used was considerably in excess of the estimated number set forth at Item 2, page 4 of Exhibit A attached to the Exploration Contract as shown by the following tabulation:

	Contract Estimate Six Months Operation		Used During Period January 10 to May 31, 1953	
	Man Shifts	Amount	Man Shifts	Amount
Miners	480	$5760.00	488 1/8	$4356.37
Muckers, Helpers, etc.	1080	10800.00	1035 5/8	$7408.68

A careful review of this situation was made during the audit by the Executive Officer and the Supervising Engineer, and it is their opinion that there was a reasonably efficient use of available labor in view of the quality of such labor and the difficult ground encountered in the operation.

3. A complete tabulation of Labor Cost is presented below:

Miners		$4356.37
Muckers and Helpers		7408.68
Compressor Tender		132.00
Cook		1180.00
Hoistman		1542.30
Truck Drivers		1183.90
Diamond Driller		237.00
Diamond Drill Helper		125.50
Total to Date, per MF-104 May 31, 1953		$16165.75
Deduct: Corrections in Accounting Distribution Applicable to Initial Rehabilitation & Repairs (Surface facilities only)	$267.46	
Applicable to New Buildings, Improvements, etc.	291.47	558.93
Corrected Total to Date May 31, 1953		$15606.82
Deduct: Disallowances During Audit		
Overpayment to Vincente Molinar, hoistman 4/15/53	3.20	
Compressor Tender, Jan. 1953. In the opinion of the Executive Officer, not necessary to the project work.	132.00	
Portion of Labor applicable to that partof Underground Rehabilitation in excess of allowable maximum for this item. (see special note at end of this sub section).	658.32	
Total Labor Disallowed by Audit		793.52
Acceptable Labor Cost May 31, 1953		$14813.30

(b) Supervision

All charges to supervision for the period January 10, to May 31, 1953 were supported by the same type of individual pay slip described under labor. These were examined for rates, amounts and

evidence of receipt of payment. Rates of pay for Superintendent, General Foreman, and Master Mechanic did not exceed those authorized by the Exploration Contract. A tabulated analysis of charges for Supervision follows:

R. N. Pulliam, Superintendent		$2800.00
General Foreman (Various)		1375.65
Carl E. Thain, Master Mechanic		2043.75
Bernard J. Socha, Timekeeper-Stock Clerk		1119.92
Total to Date MF-104, May 31, 1953		$7339.32
Deduct: Corrections in Accounting Distribution		
Applicable to Initial Rehabilitation and Repairs (Surface Facilities only)	$155.98	
Applicable to New Buildings, Improvements, etc.	185.99	341.97
Corrected Total May 31, 1953		$6997.35
Deduct: Disallowances during Audit		
(1) 25% of Salaries of Superintendent and of Master Mechanic for months of April and May, 1953, considered applicable to preparation for Production	$525.00	
(2) Salary of "Timekeeper-Stock Clerk"-Total to Date May 31, 1953	1119.92	
(3) Portion of Supervision applicable to that part of Underground Rehabilitation in Excess of allowable maximum (See Special note below)	713.17	2358.09
Acceptable total Supervision, May 31, 1953		$4639.26

Note (1): Production of Mercury did not begin prior to June 1, 1953. Preparation for production, however, started about April 1, 1953. This preparation consisted of the arrangement for the use and the rehabilitation of the rotary furnace and other production facilities. The percentage of disallowance applied to the Superintendent's and the Master Mechanic's salaries for April and May, 1953 was based on a survey of the amount of work involved by the Executive Officer, the Supervising Engineer and the Auditor. Labor used in this activity was charged to the General Fund.

Note (2): The field examination and the audit disclosed that the services of the "Timekeeper-Stock Clerk" were largely used as a surface roustabout. Stock records reported maintained by this person were extremely sketchy and were not subject to finite audit. In the opinion of the Executive Officer, the Supervising Engineer and the Auditor,

the volume of clerical work of this nature required or performed, does not justify any participation by the Government in the salary paid for "Timekeeper-Stock Clerk" during the period January 10, to May 31, 1953.

Note (3): Special Note: Underground Rehabilitation
Item 6, page 6 of Exhibit A, attached to the Exploration Contract provides among other things for "Rehabilitation of mine headframe, shaft and underground workings.....$545.00." This item is an allowable maximum under the contract.

Based on "memorandum Side Records" maintained by the Superintendent, and which were reviewed in conference with the Superintendent, the Executive Officer, the Supervising Engineer, and the Auditor, the costs applicable to this category during the period January 10, to May 31, 1953 consisted of the following elements:

Timber	$172.93	
Miscellaneous Materials & Supplies	34.57	
Labor	813.17	
Supervision (Includes Master Mechanic (and Foreman)	895.82	
Total Cost Underground Rehabilitation	$1916.49	
Allowable Maximum	545.00	
Excess cost over Allowable Maximum Proportioned between Labor & Supervision		$1371.49
48% Labor	$658.32	
52% Supervision	713.17	
Total as above: Disallowed		$1371.49

The disallowance of the excess Underground Rehabilitation was the subject of further consideration in a conference with the Executive Officer, and the Supervising Engineer. The Supervising Engineer advised that he had prepared the rough draft of Exhibit A to the Exploration Contract which was submitted to the Washington office for approval. He further stated when this rough draft was prepared, that it was contemplated the amount of $545.00 would be limited as to Materials and Supplies only, and that the cost of labor for this operation would be an additional element of cost.

The Exploration Contract is not specific in this respect, and the disallowance of the excess is made on a suspense basis pending a possible amendment to the contract and a reclaim of the item by the Operator.

(c) Technical Services
All charges for Technical Services for the period January 10, to May 31, 1953 were supported by invoices or receipts which were examined.

The accepted total to date May 31, 1953 consisted of the following:

3 days Geological work by	
A. R. Fletcher, Geologist at $100.00 per day	$300.00
Room Rent for Geologist	14.50
Meals for Geologist	12.25
Accepted Total Technical Services May 31, 1953	$326.75

(3) Materials & Supplies

All charges for Materials and Supplies during the period January 10, 1953 to May 31, 1953 were supported by invoices or receipts which were examined. No formal Storeroom issue system was maintained and costs were charged out when invoices were paid. An analysis of these charges, reflecting corrected accounting distribution follows:

*Timber		$342.63
Explosives		2052.83
*Pipe and Fittings		1118.11
*Track and Fittings		120.00
Other Supplies		
Hoses & Fittings	$274.25	
Drill Steel and Bits	662.69	
**Diamond Bits & Shells	689.76	
Fuel, gasoline & oil	1385.43	
Electrical Wire & Fittings	312.80	
Kitchen Utensils	242.43	
*Small Tools, Carbide and Miscellaneous Mine supplies	1408.92	
Core Boxes	133.78	
Engineering Supplies, Maps, etc.	52.01	5162.07
Total Accepted Cost of Materials and Supplies, May 31, 1953		$8795.64

* Timber, Pipe and Fittings, Track and Fittings, and Small Tools costing $624.70 were purchased from Mr. R. N. Pulliam. The invoices supporting these purchases were reviewed with the Supervising Engineer and it was determined the items were necessary to the project and that prices were extremely reasonable.

** Diamond Bits and Shells as listed below were purchased from the Joy Manufacturing Company:

1 - 255339 Serial No. 2705H 9.92 cts. Bortz	$89.28	
Blank and Setting Charge	7.50	$96.78
1 - 255561 Serial No. RD 3.94 cts. Bortz	35.46	
Blank and Setting Charge	17.45	52.91
1 - 255565 AX Ream Shell Serial No. RD7821, 5.20 cts. Bortz	46.80	
Blank and Setting Charge	19.30	66.10
1 - 255375 AX Core Bit Serial No. RV2116, 11 cts. Bortz	99.00	
Blank and Setting Charge	9.00	108.00

1 - 255542 EX Cog. Shoe Serial RB 6215		
7.37 cts.	$66.33	
Blank and Setting Charge	10.50	$76.83
Barrel and Parts		169.50
1 - 255338 Serial RD 7814, 8.21		
cts. Borts	73.89	
Blank and Setting Charge	7.50	81.39
Fish Tail and Cross Chop Bits		38.25
Total included in Other Supplies above		$689.76

Prior disallowances by the Certifying Officer applicable to the April MF-104 which had not been adjusted by the Operator as of May 31, 1953, and are concurred in by this auditor.

Cash Discount - Purchase of Electrical Fittings	$ 2.59	
Purchase Small Tools-Not Documented	5.54	
Total Prior Disallowances-Other-Materials and Supplies		$ 8.13

(4) Operating Equipment

(a) Rental

All charges for Equipment Rental for the period of January 10, to May 31, 1953, were supported by invoices which were examined, compared with the rates set forth in Exhibit A attached to the Exploration Contract or in Amendment No. 1. An analysis of the Rental charges follows:

Joy Compressor		
4 2/3 Months at $470 per month	$2193.33	
Less Prior Disallowance adjusted by Operator	195.83	
	$1997.50	
Note (1) Add: Reinstatement of Prior Disallowance	195.83	
	$2193.33	
Note (3) Deduct Disallowance during Audit ($135.00 per month for March, April & May, 1953)	405.00	
Accepted Compressor Rental May 31, 1953		$1788.33
Sullivan Air Tugger		
3 2/3 months at $35.00	128.33	
Less Prior Disallowance adjusted by Operator	23.33	
	$105.00	
Note (1) Add: Reinstatement of Prior Disallowance	23.33	
Accepted Air Tugger Rental May 31, 1953		128.33
Jeep		
4 2/3 months at $30.00		140.00

Jackhammers		
1 Jackhammer 1-2/3 months at $50.00	$83.33	
2 Jackhammers 2 months at $40.00 ea.	160.00	
3 Jackhammers, 1 month at $40.00 ea.	120.00	
Total	$363.33	
Deduct Prior Disallowance adjusted by Operator	20.83	
	$342.50	
Note (1) Add: Reinstatement Prior Disallowance	20.83	
	$363.33	
Note (2) Deduct Prior Disallowance for 1 month's rent on excess Jackhammer not authorized at $40.00	40.00	
Accepted Jackhammer rent May 31, 1953		$323.33
Drifter		
1-2/3 months at $75.00	$125.00	
Deduct Prior Disallowance adjusted by Operator	31.25	
	$ 93.75	
Note (1) Add: Reinstatement of Prior Disallowance	31.25	
Accepted Drifter Rental May 31, 1953		125.00
Gasoline Hoist		
4-2/3 months at $125.00 per month		583.33
Bulldozer		
33 hrs. at $12.50 per hour	$412.50	
Less: 6 hrs. at 12.50 per hour applicable to New Building	75.00	
Accepted Bulldozer rental May 31, 1953		337.50
Diamond Core Drill		
1/2 month at $100.00		50.00
Total Accepted Equipment Rental May 31, 1953		$3475.82

Note (1) Reinstatement of Prior Disallowance

A prior Disallowance of the Equipment Rental claimed on the January 1953 MF-104 was made on the theory that the footage advance during January did not justify the cost of the equipment rental. Amendment No. 1 authorizing the rental of part of the equipment has a stated effective date of January 11, 1953. The Supervising Engineer who was present during the audit advised that the equipment involved was on the project site, and that it was used or available for use from January 10 to January 31, 1953. The Operator had adjusted its records for this prior disallowance.

During a conference with the Executive Officer and the Supervising Engineer, it was determined the January disallowance of Equipment Rental amounting to $271.24 was erroneous. The item is reinstated in this report with the concurrence of the Executive Officer and the Supervising Engineer.

Note (2) Prior Disallowance Jackhammer Rent

On the April MF-104, the Operator claimed rental for three Jackhammers whereas the rental for only two Jackhammers has been approved. The Certifying Officer, therefore, disallowed the rental claimed for the excess equipment.

Note (3) Disallowance Compressor Rental during the Audit

Item 4(b), Page 5 of Exhibit A provides for the rental of 1 315CFM Compressor at $335.00 per month for six months. Amendment No. 1 effective January 11, 1953, authorizes a temporary rental of a portable Joy WK-80 compressor with Caterpillar Engine at $470.00 per month pending receipt of the Compressor authorized in Exhibit A of the Exploration Contract.

During the audit, it was determined the compressor described in Exhibit A of the contract is at the project site, but has not been used. The Executive Officer and the Supervising Engineer decided the Operator had not used due diligence in placing the originally authorized compressor in use at the lower rental figure. Disallowance of the difference in compressor rentals of $135.00 per month for the months of March, April and May, 1953, or $405.00, is made in this audit report with the concurrence of the Executive Officer and the Supervising Engineer.

This amendment one also authorized the rental of a used Jackhammer and a used Drifter on a temporary basis.

Subsequent to the date of this amendment, the Operator was advised of Field Team approval in a letter dated February 19, 1953, signed by Clinton C. Knox for the substitution of another rental Jackhammer in lieu of the Drifter. In this letter, the Operator was also authorized to purchase 2-Jal-48 Jack Legs equipped with attachments for L57 Drills in lieu of the purchase of 1 Jackhammer and 1 Drifter and other accessories. As the matter has been handled, there appears that a substantial saving has been effected. No exceptions to the items of Drill rentals or purchase of Jack Legs are taken in this interim audit report. Based on discussions of the matter with the Executive Officer, it is assumed the matter will be clarified in a contemplated amendment to the Exploration Contract.

The foregoing rentals have been paid to Mr. R. N. Pulliam, President and Superintendent of the Amerimex Mining Company. During the audit investigation was made concerning the title to the Equipment rented to the corporation for use on the exploration project. Mr. Pulliam did not produce any bills of sale showing that title to the equipment vested in him. There is, however, attached to this report, a copy of a letter addressed to the Auditor, dated August 8, 1953, signed by Mr. Pulliam, President, and by Mr. George W. Rice, Director of the company, which states among other things, that title to the equipment has never vested in the Amerimex Mining Company. It is understood that Mr. Rice is an attorney at law with offices in

Houston, Texas. A superficial scanning of the corporate records tended to confirm that the company does not own the equipment. Inquiry indicated that Mr. Pulliam holds the equity title to the equipment which was acquired by him during a prior mining operation of a property called the "Maggie" Mine, which has no connection with the exploration site or properties.

(b) Purchases

All purchases of equipment during the period January 10 to May 31, 1953, were supported by invoices which were examined. No purchases of equipment from Mr. R. H. Pulliam were noted. Comparison was made of Equipment Purchases with the Exploration Contract and with Amendment No. 1 thereto. Equipment Purchased is listed below:

1 - Wing Tank No. 935		$12.50
1 - S-7072 Lincoln Amp. Welder Serial A277866 (authorized Amend No. 1) Purchased by down payment & 10 monthly installments. Total Purchase Price	$481.95	
Balance Due May 31, 1953	192.81	
Payments net of Carrying Charges & Interest-February to May 31, 1953		289.14
1 - B.R. 1118 Servel Refrigerator		425.00
1 - Black & Decker H.D. Valve Reseater & Attachments, Serial No. 1678013, Purchase approved in letter to Operator from Knox, February 19, 1953, confirming oral authorization prior to purchase.		120.00
1 - Figure 3670 Gould Pump	117.00	
1 - 2"x15' Condor Suction Hose & Nipple	50.51	
Freight	3.44	170.95
1 - Used Skil Saw #107, Purchase authorization letter to Operator from Knox dated February 19, 1953		138.75
1 - Butane Kitchen Range, Norge 4 burner with oven NC2-T # 240, Used		80.00
1 - 2 Ton GMC 1953 Model Truck Engine #A248176097. Purchased by down payment and 18 monthly installments. Total Purchase Price	3116.00	
Balance Due May 31, 1953	1645.76	
Payments net of Carrying Charges and Interest, to May 31, 1953		1470.24
1 - 1952 New Ford Pickup Truck Motor No. FIR2DL21327. Purchased by Down payment and 18 monthly installments. Total Purchase Price	1960.37	
Balance Due May 31, 1953	1016.60	
Payments Net of Carrying Charges and Interest to May 31, 1953		943.77

1 - Joy Model S-211 Double Drum Hoist 220/440 Volts Serial No. 25015		$1325.80
1 - 3x2x4 Duplex Pump, FBM Shop No. 768602		190.00
2 - JAL-48 Jack Legs Equipped with attachments for L-57 Pumps (X-1419-DG) Shop. No. 30892 and 30893 (Purchased authorized letter to Operator February 19, 1953 from Knox)(See comments under Equipment rental).		390.00
3 - Aluminum Tanks	$300.00	
Pipe Fittings	12.51	312.51
1 - Special Alloy Steel Ramp for Slusher Hoist		113.65
1 - 2 Door 11 cu. Foot Servel Refrigerator Serial No. 101623		225.00
1 - Brunton Compass, carrying case and Magnifier (Transferred from Technical Services) Approval for the purchase of this item specifically approved by the Executive Officer during the audit.		59.85
Accepted Total Equipment Purchases May 31, 1953		$6267.16

The Operator had included in this account, charges for auto licenses, GMC Truck $91.00 and Ford Pick-Up Truck $16.80--Total $107.80. In view of the provisions of Article 6(c) of the Exploration Contract, these charges are disallowed.

(5) Initial Rehabilitation and Repairs

Because of a misunderstanding, the Operator's accounting distribution to this account as shown on the MF-104 was erroneous. Distribution of Labor and Supervision costs to this category were obtained from "Side Records" which the Superintendent had kept for his own information. All charges for the period January 10, to May 31, 1953 were properly supported either by invoices or Payroll records which were examined. The following analysis reflects the corrections in accounting distribution:

Materials & Supplies		
Hardware	$ 4.63	
1 Sack Cement	1.85	
Welding Carbide and Oxygen	19.75	$26.23
Labor		267.46
Supervision		155.98
Accepted Total Initial Rehabilitation and Repairs May 31, 1953		$449.67

(6) New Buildings, Improvements, Etc.

The misunderstanding applicable to Initial Rehabilitation and Repairs also applied to this category as reported on the MF-104. All charges as shown in the following analysis were supported by invoices or payroll records which were examined. This analysis reflects the corrections of accounting distribution.

Materials and Supplies			
Welding Rod	$56.00		
Construction Pipe	434.69		
Construction Steel	40.51		
Cement and Lime	252.95	$784.15	
Freight and Haulage		111.83	$895.98
Acceptable Travel Expense			44.45
Bulldozer Rental			75.00
Labor			291.47
Supervision			185.99
Accepted Total New Buildings and Improvements May 31, 1953			$1492.89

A considerable portion of the Materials and Supplies listed above are still on inventory. At the time these items were acquired, the construction of a building or buildings to house the power compressor and hoisting plants, as authorized at item 6, page 6 of Exhibit A, attached to the Exploration Contract, was contemplated.

As of March 20, 1953, the Operator was able to secure a lease, at no cost to the project, on existing surface buildings, with the result the construction of the contemplated building or buildings was no longer necessary.

The Executive Officer and the Supervising Engineer advise that some of the unused materials will be required for exploration purposes during the extended life of the project. At the completion of the project, the unused portion should be accounted for.

The Executive Officer and the Supervising Engineer also advise that the other elements of cost, as shown in the foregoing analysis, represent necessary surface costs such as the installation of authorized equipment.

(7) Miscellaneous

(a) Repairs to Equipment

All charges for repairs to equipment during the period January 10, to May 31, 1953, were supported by invoices which were examined. The following analysis reflects corrections in distribution:

Truck Repair	$22.17	
Repairs to Light Plant (Furnished by Operator at no cost to Project)	9.84	
Accepted Total Repairs to Equipment May 31, 1953		$32.01

Sundry repairs to Rental equipment totalling $188.32, originally charged to Other Materials and Supplies are disallowed with the approval of the Executive Officer, and the concurrence of the Supervising Engineer. The basis for such disallowance is that the authorized rental allowance for this equipment is considered adequate for ordinary operating repairs of such equipment.

(b) Sampling and Analysis

All charges to this item for the period January 10, to May 31, 1953, were supported by invoices which were examined. Charges consisted of:

9 Analyses of Ore at $3.00	$27.00
Analysis of Mercury	16.37
Total Accepted May 31, 1953	$43.37

Consideration was given to the charge for analysis of mercury being an allowable charge. Since it was incurred prior to production, it has been considered a necessary expense.

(c) Payroll Taxes

Payroll Taxes claimed by the Operator for the period January 10, to May 31, 1953 consisted of Old Age Benefits at 1-1/2% of Labor and Supervision. Amount claimed were verified by recomputation.

Disallowance of Payroll taxes in this report amount to $47.27 and equal 1-1/2% of total salaries and wages disallowed of

Labor	$793.52
Supervision	2358.09
	$3151.61

(d) Liability Insurance

This charge of $500.25 is for a Public Liability Insurance Policy No. J.L. 3975, Lloyd's-London. In view of the provisions of Article 6(c) of the Exploration Contract, this item is disallowed. The Executive Officer of the D.M.E.A. Field Team, Region VI, concurs in this disallowance.

(e) Truck Insurance

Charges to this item were supported by invoices and insurance policies which were examined. This coverage is authorized by Exhibit A attached to the Exploration Contract. The policies are:

#K-5214468 American Employers, dated January 16, 1953, term 1 year, coverage Public Liability and Property Damage Ford Pick-Up and GMC Truck $128.96

#A140681) Resolute Insurance Co.
#A140682) January 15, 1953, 1 year coverage allowed. Comprehensive, Fire, Lightning, Theft, Windstorm, Hail, Explosion, Water & Combined. 47.00
Accepted Total May 31, 1953 $175.96

At termination of the project consideration should be given to any short rate value of these policies.

(f) Workmen's Compensation Insurance (Texas Employer's Insurance Assn.)

The charges to this account were supported by an invoice, an insurance policy and monthly statements, all of which were examined.

Coverage is carried under Policy No. A38908 dated January 1, 1953, expiring January 1, 1954. The minimum premium is $156.00 per month, and an advance deposit subject to refund upon expiration of $445.00 is required. The policy requires a monthly premium at the flat rate of $9.09 per one hundred dollars of all salaries and wages paid. This rate is subject to revision downward at the end of the policy life based on accident record of the insured.

At the termination of the project, the Operator should account for the advance deposit of $445.00 and for any adjustment of premiums which may exist. Monthly statements were confirmed by recomputation. Analysis of the account follows:

Advance Deposit		$445.00
Monthly Payments at rate of $9.09 per hundred	$2065.00	
Less: Disallowance during this audit for premium applicable to Wages & Salaries Disallowed ($3151.61x9.09 per cwt.)	286.48	1778.52
Acceptable total May 31, 1953		$2223.52

(g) Freight

Charges for Freight and Hauling during the period January 10, to May 31, 1953 were supported by invoices which were examined. Hauling and Freight applicable to Materials for New Buildings and Improvements in the amount of $111.73 was transferred to that account during the audit.

The acceptable Total Freight May 31, 1953 is $461.16.

(h) Travel and Communication

This item is authorized by Exhibit A attached to the Exploration Contract. All charges to the account for the period January 10, to May 31, 1953 were supported by invoices and receipts which were examined.

Travel Expenses R. N. Pulliam in connection with the purchase of Project Equipment and Materials and Supplies. Supported by receipts and mileage statements. Mileage claimed at 6 cents per mile	$301.59	
Less: Amount transferred to New Buildings and Improvements	44.55	$257.04

The individual items included in the above amounts were reviewed with the Executive Officer and are considered reasonable and necessary to the Exploration Project.

The following items claimed by the Operator have been disallowed as not being direct costs of exploration.

Prior Disallowances Not Adjusted by Operator as of May 31, 1953:	
Mileage and meals of man hired as Diamond Driller but who never reported for work.	$ 32.62
Disallowances During Audit:	
Long-distance telephone calls and cable fees	91.63
Travel Expense from Joplin, Mo. for Jess Cornelison, one-time General Foreman on Project.	48.00
Money order fee in connection with Diamond Driller's expenses disallowed by Certifying Officer	3.51
Office Supplies (Envelopes & Dater)	1.68
Total Disallowances during Audit	$144.82

(i) Accounting

All charges to this account during the period January 10, to May 31, 1953 were supported by invoices which were examined. These charges consisted of 152 hours of accounting services at $3.00 per hour. The total charge to May 31, 1953, of $456.00 is considered to be reasonable by the Executive Officer and the Auditor.

Charges to this account for Stationery, Rubber Stamps, and Miscellaneous Office Supplies totalling $44.77 are disallowed by this audit as not being direct costs of exploration.

IV. CONCLUSIONS AND RECOMMENDATIONS

This audit has disclosed that all costs, as charged to this project with the exception of the disallowances itemized under subsections:

2(a) Labor
2(b) Supervision
3. Materials and Supplies
4(a) Operating Equipment Rental
4(b) Operating Equipment Purchase
7(a) Repairs to Equipment
7(c) Payroll Taxes
7(f) Workmen's Compensation Insurance
7(h) Travel and Communication
7(i) Accounting

of the preceding section of this report, are reasonable and proper under the terms of the contract, including Exhibit A, and Amendment No. 1.

The adjustments between Items of Cost, as shown on the May, 1953 MF-104, the recommended disallowances, and approved amounts are summarized as follows:

	Total May 31,1953	Distribution Corrected	Prior Disallowances	Disallowed by Audit	Reinstated	Accepted by Audit
Independent Contracts						
None						
Labor & Supervision						
Labor	$16165.75	$15606.82		$ 793.52		$14813.30
Supervision	7339.32	6997.35		2358.09		4639.26
Technical Services	438.61	326.75				326.75
Operating Materials & Supplies						
Hoses & Bits	1094.74					
Timber	342.63	342.63				342.63
Explosives	2052.83	2052.83				2052.83
Pipe		1118.11				1118.11
Electrical Fixtures	312.80					
Track	1213.61	120.00				120.00
Kitchen Utensils	274.93					
Fuel	1419.43					
Small Tools & Miscel. Supplies	1417.64					
Diamond Drill Supplies	823.54					
Other Supplies		5170.20	$ 8.13			5162.07
Operating Equipment						
Rental	3724.58	3649.58	40.00	405.00	$271.24	3475.82
Purchase	6315.11	6374.96		107.80		6267.16
Initial Rehab. & Repairs	28.79	449.67				449.67
New Buildings, Improve.	784.15	1492.89				1492.89

	Total May 31, 1953	Distri-bution Corrected	Prior Disal-lowances	Disallowed by Audit	Rein-stated	Accepted by Audit
Miscellaneous						
Repairs to Equip.	$ 17.38	$ 220.33		$ 188.32		$ 32.01
Sampling & Anal.	43.37	43.37				43.37
Payroll Taxes	354.08	354.08		47.27		306.81
Liability Insur.	500.25	500.25		500.25		--
Truck Insurance	175.96	175.96				175.96
Workmen's Comp.	2510.00	2510.00		286.48		2223.52
Freight	572.89	461.16				461.16
Travel & Comunication	479.03	434.48	$32.62	144.82		257.04
Accounting & Supplies	500.77	500.77		44.77		456.00
	$48902.19	$48902.19	$80.75	$4876.32	$271.24	$44216.36

The Operator has adjusted its records for Prior Disallowances totalling $1416.06 which are, therefore, omitted from this report.

The audit also disclosed that the status as of May 31, 1953 of the "Allowable Maximums" under this contract was as follows:

Item	Allowable Maximum	Total Allowed Costs	Balance
Supervision (Six Months)	$9,900.00	$4,639.26	$5,260.74
Technical Services	1,200.00	326.75	875.25
Initial Rehabilitation and Repairs	550.0	449.67	100.33
New Buildings and Improvements	2,600.00	(Materials) (only) 1,015.43	1,584.57
Rehabilitation of Mine Headframe, shaft and Underground Workings	545.00	545.00	-----*

* See Note (3), page 5 of this audit report for discussion of Disallowance of costs of $1371.49 in excess of allowable maximum.

An examination of the May 1953 MF-104A disclosed the grand total reported, agreed with the May 1953 MF-104. It is suggested the various elements of cost shown on the MF-104A be adjusted to reflect the corrections in accounting distribution, and the disallowances set forth in this audit report.

At the conclusion of the audit, Mr. Clinton C. Knox, Supervising Engineer, and the Auditor discussed the findings with Mr. R. N. Pulliam, President, Superintendent, and Mrs. R. N. (L. M.) Pulliam, Secretary, Accountant. The findings had previously been reviewed with the Executive Officer.

It was agreed that the Operator would adjust the "Totals to Date" on the MF-104 reports filed after receipt of official notice of disallowance.

It was suggested to the representatives of the Operator that beginning with June, 1953, it would be necessary for the Operator to submit an equitable method of allocation of costs common to Exploration and Production which would be satisfactory to the Field Committee and which would be subject to Final Audit.

It was also pointed out that it would be necessary for the Operator to establish a method which would clearly show the utilization of Materials and Supplies, as between Exploration and Production.

Donald T. Finch

Donald T. Finch, Auditor

August 20, 1953

AMERIMEX MINING COMPANY INC.
BOX 626
ALPINE, TEXAS

August 8, 1953

Mr. Donald T. Finch
D. M. E. A. Auditor
214 New Custom House
Denver, Colorado

Dear Mr. Finch:

In view of the fact that question has been raised about our reply to Questions No. 8 and 23 (e) of Form MF-103 dated October 29, 1951, in which reference is made to certain mining machinery and equipment valued at $54,850.00, we respectfully submit the following explanation.

It was believed that the contingent nature of the proposed purchase of the machinery and equipment was explained in the narrative section of Item 23 (e), a copy of which is attached hereto.

At the time, it was believed that it might be possible to obtain advance approval by the Administrator and payment by D. M. E. A. of the $12,000.00 owed by R. N. Pulliam, which would have permitted him to sell the equipment to the Company for its note in the amount of $42,850.00, thereby permitting the Company to utilize the equipment value as its share of the proposed D. M. E. A. Contract. However, the proposal was never accepted; no money was ever paid, and no transfer of ownership or title to any of the equipment was ever made to Amerimex Mining Company.

Amerimex Mining Company was originally incorporated August 24, 1951, with authorized capitalization of $1,000.00, consisting of 1,000 shares of the par value of $100.00 per share. The capital was paid-in-cash, and the charter was amended as of March 12, 1953, increasing capital stock from $1,000.00 to $1,500.00, which was paid-in-cash; and no part of the stock was issued in payment for machinery, equipment or leasehold interest.

At the time capital was increased, stock was issued to D. L. Crowley, B. B. Patterson, George W. Rice, L. M. Pulliam and R. N. Pulliam with George W. Rice, L. M. Pulliam and R. N. Pulliam retaining approximately fifty per cent of the outstanding capital stock.

For their share of the capital stock, D. L. Crowley and B. B. Patterson made available to the corporation capital in the amount of $30,000.00, which included the $500.00 increase in capitalization and provided the Company's share of exploration costs in the amount of $20,000.00 under the B. M. E. A. Contract and $10,000.00 for operating capital, none of which has been spent for the purchase of any of the equipment being rented to Amerimex Mining Company by R. N. Pulliam.

Sincerely,

AMERIMEX MINING COMPANY

(Signed) R. N. Pulliam
President

(signed) George W. Rice
Director

Amerimex Mining Company
P. O. Box 626
Alpine, Texas Phone 541

Form MF-103

23. (e) Cost of items of equipment not now owned by Applicant which must be purchased for operations at a cost of $50.00 or more each is estimated as follows:

Contingent upon written approval in advance by the Administrator whereby the following listed equipment may be purchased and otherwise furnished by the Operator, the equipment listed will be available for the operation subject to the cash payment of $12,000.00 to liquidate outstanding notes in the amount of $4,000.00 owed to George A. Butler, Houston, Texas, and $8,000.00 owed to Wiley Blair, Jr., Colorado Springs, Colorado, which notes are owed by R. N. Pulliam as unpaid balances on said equipment and are assumed for immediate payment by the Operator.

In addition to the cash payment of $12,000.00, the Operator has executed a note in the amount of $42,850.00 dated August 25, 1951, with interest at four per cent per annum payable to R. N. Pulliam, Alpine, Texas, in five equal installments out of net mine production, with the first payment due on August 25, 1952, and successively each year thereafter until paid in full; and the said R. N. Pulliam does expressly agree to subordinate his aforesaid claim and interest in and to said equipment to the interest of the Government under the contract, provided that the Operator's equity may thus be accepted in the amount of $42,850.00 to apply as advance payment in part in lieu of cash on Applicant's prorata of the cost of the project.

The said equipment has been appraised as having a present replacement value of $54,850.00, and the statement of the independent appraiser is attached with Form MF-100, No. 9, which is included herewith.

9/18/53

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

INTERIM AUDIT CERTIFICATE

I have examined the records and transactions of:

Amerimex Mining Company
P. O. Box 626
Alpine, Texas

pertaining to Exploration Contract Idm-E468, Docket No. DMA 2202X, includin Amendment No. 1, covering a project of exploration for Mercury Ore Deposits, for the period January 10, 1953 to May 31, 1953.

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

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

Total Cost per MF-104			$48,902.19
Less: Exceptions (See Audit Report for Details) - During this Audit		$4876.32	
Prior to this Audit	$ 80.75		
Less: Reinstatements	271.24	(190.49)	4,685.83
Total Accepted Cost			$44,216.36

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 Thirty-three Thousand one hundred sixty-two and 27/100 Dollars

-$33,162.27-

is valid and proper.

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

Dated : August 20, 1953

Donald S. Finch

Donald S. Finch, Auditor

Interim Audit
Certificate

Interim Audit
Aug. 20, 1953.

Mails & Files (DOCKET)

Murphy

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

To: Mr. E. K. Pulliam, President
Ameriner Mining Company
Box 426
Alpine, Texas

Pursuant to the provisions of Exploration Project Contract No. Ldg-468, dated December 18, 1952, (Docket No. DMA-2202), hereinafter called the "contract", to establish and fix the Government's percentage royalty on production and its lien thereon and on the land described in the contract, the Government considers and therefore certifies that discovery or development from which production may be made has resulted from the exploration work.

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

Mercury mineralization occurs in irregular fractures along the contact zone of the Lower Cretaceous Georgetown limestone and Del Rio clay-shale formations on land described in Article 2 of the contract.

Dated: JAN 8 1954

THE UNITED STATES OF AMERICA

By C. Mitteudorf
Administrator, Leasable Minerals
Exploration Administration

Operator (Original)
Contract Adm. & Audit Div.
Field Team (2 copies)
Finance Office
Rare & Misc. Metals Division
Mails & Files (DOCKET)
Mr. Irving Gumbel, Dr., Met. Div., MPS
Adm. Reading File
Operating Committee
Mr. Hedges, Dn. 1608
Mr. Thayer, Dn. 5216, GSA
Mr. F. S. Johnson
Mr. Ellis
Mr. Murphy

Ellis
Burton
Hoffland
Brockman
Hedges

RECEIVED
MINERALS TECHNOLOGY
DIVISION
SEP 23 1954
BUREAU OF MINES
JOPLIN, MO.

Docket copy

TERMINATION AGREEMENT

It is agreed this 20th day of September, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Amerimex Mining Company, hereinafter called the "Operator," that Exploration Project Contract Idm-2468 (Docket No. DMEA-2202), dated December 18, 1952, as amended, hereinafter called the "Contract," is further amended effective January 11, 1953, as follows:

1. Amendments Nos. 1 and 2, and the Notice of Termination dated January 5, 1954 are hereby rescinded and cancelled.

2. In Exhibit "A," under "Description of the Work":

(a) Under Project No. 3 delete the first two lines, delete the figure "80 feet," and delete the last line reading "No additional work on Project No. 3 is permitted by this Contract." Project No. 3 is revised to authorize an aggregate of 460 feet of drifting, crosscutting, and raising, as approved by the Government.

(b) Under Project No. 12, add the following sentence after the second paragraph: "One of these surface prospect shafts may be located at old churn-drill hole No. 7, and exploratory crosscuts or drifts may be driven therefrom."

3. In Exhibit "A," under "Estimated Costs":

(a) Under Subcategory (4)(b) "Equipment to be rented"-

Add:

1 Used drifter Sullivan L-57, clamp and shell and column and arm type U30-6069 @ $75.00/mo. for 1-2/3 mos.

1 Jackhammer with cradle mount @ $50.00/mo. for 1-2/3 mos

2 Jackhammers @ $40.00/mo. each, beginning March 1, 1953

1 Air compressor, Portable Joy WK80, Cap. 315 CFM with Caterpillar D-318 Engine @ $470.00/mo.

Delete:

1 315 CFM Compressor, 6 mos. @ $335	$2,010.00
1 Powerplant, 125 KVA, 6 mos. @ $400	2,400.00
1 Powerplant, 30 KVA, 6 mos. @ $120	720.00

(b) Under Subcategory (4)(c) "Equipment to be purchased" -

Add:

2 JAL-48 Jack legs equipped with attachments for L.57 @ $195.00/ea.	390.00
1 Lincoln Arc Welder, 180 amp. D.C. 25 watt, portable unit with gasoline motor and accessories complete	481.95
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

Delete:

1 Heavy jackhammer	365.00
1 Drifter	750.00
Column, arm, cradle and other drill accessories	250.00

(c) Under Category (2) "Labor,[1] supervision, and technical services," under Subcategory "Supervision," delete the entire estimate for supervision and substitute the following:

> The costs of one superintendent, one general foreman, and one master mechanic are allowable for 12 months at not to exceed an aggregate total of $10,000. This amount is in addition to any supervisory and technical salaries properly chargeable to Category (5) "Rehabilitation and repair," and to the item under Category (6) "New buildings, etc.," as amended herein in (e) below.

(d) Category (5) "Rehabilitation and repairs" is changed to read as follows:

Repair buildings	$550.00	
Rehabilitate mine headframe	500.00	
Total Rehabilitation and Repairs		$1,050.00

(e) Under Category (6) "New buildings, improvements, and installations" -

Delete the second item, "Rehabilitation of mine headframe, etc.," and delete the sums "$2,600" and "$3,145."

Substitute the sum of "$1,600.00" to cover all costs of the first item, construction of foundations and a building or buildings to set and house power equipment, compressor, and hoisting plant, set water tanks, etc.

(f) The costs of labor, supervision, materials, supplies, and equipment for underground rehabilitation of shaft and mine workings are allowable under the Categories(2) "Labor, supervision, consultants," (3) "Operating materials and supplies," and (4) "Operating

---

1/ The cost of a timekeeper-stock clerk, which is deleted under this subcategory, is an allowable labor cost item under the subcategory estimated for labor.

equipment," but at not to exceed an aggregate cost for all this work of $2,000.00, and at not to exceed any other "allowable maximums" fixed in the Contract.

4. In Article 3 of the Contract, delete "within a period of 6 months" and substitute "prior to August 20, 1953."

5. The Certification of Discovery or Development made January 8, 1954, remains in full force and effect, and all rights of the Government with respect to percentage royalty are preserved.

6. All work and operations are terminated as of August 19, 1953, and all costs of the project subsequent to that date shall be for the sole account of the Operator without contribution by the Government, except for the reasonable and necessary costs of final winding up and settlement. The Operator shall promptly perform all winding-up and settlement actions provided for in the Contract, and shall promptly render the final report required by the Contract.

7. The Operator hereby releases and agrees to save the Government harmless from all claims or demands arising out of the Contract, except as otherwise herein provided.

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

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

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

AMERIMEX MINING COMPANY

By _____

_____

Robin
Ellis
Hollund
Chandler
Gerner
Selfridge

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MINERALS TECHNOLOGY
DIVISION

JUL 6 1954

BUREAU OF MINES
JOPLIN, MO.

Docket copy

TERMINATION AGREEMENT

It is agreed this 30th day of June, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Aquadale Mining Company, hereinafter called the "Operator," that Exploration Project Contract IDa-2483 (Docket No. [illegible]), dated December 18, 1952, as amended, hereinafter called the "Contract," is further amended effective January 11, 1953, as follows:

1. Amendments Nos. 1 and 2, and the Notice of Termination dated January 5, 1954, are hereby rescinded and cancelled.

2. In Exhibit "A," under "Description of the Work":

(a) Under Project No. 3, delete the first two lines, delete the figure "80 feet," and delete the last line reading "No additional work on Project No. 3 is permitted by this Contract." Project No. 3 is revised to authorize an aggregate of 460 feet of drifting, crosscutting, and raising, as approved by the Government.

(b) Under Project No. 12, add the following sentence after the second paragraph: "One of these surface prospect shafts may be located at old churn-drill hole No. 7, and exploratory crosscuts or drifts may be driven therefrom."

3. In Exhibit "A," under "Estimated Costs":

(a) Under Subcategory (4)(b) "Equipment to be rented"-

Add:

1 Used drifter Sullivan L-57, chuck and shell and column and one type U90-6060 @ $75.00/mo. for 1-2/3 mos.

1 Jackhammer with cradle mount @ $50.00/mo. for 1-2/3 mos.

Note usage by Oper

2 Jackhammers @ $40.00/mo. each, beginning March 1, 1953

1 New air compressor, Portable Joy WOD, Cap. 315 CFM with Caterpillar D-318 Engine @ $470.00/mo.

Delete:

1 315 CFM Compressor, 6 mos. @ $335	$2,010.00
1 Powerplant, 125 KVA, 6 mos. @ $400	2,400.00
1 Powerplant, 30 KVA, 6 mos. @ $120	720.00

(b) Under Subcategory (4)(c) "Equipment to be purchased":

Add:

2 JKL-48 Jack legs equipped with attachments for L.57 @ $195.00/ea.	390.00
1 Lincoln Arc Welder, 180 amp. D.C. 85 watt, portable unit with gasoline motor and accessories complete	481.95

Delete:

1 Heavy jackhammer	365.00
1 Drifter	750.00
Column, arm, cradle and other drill accessories	250.00

(c) Under Category (8) "Labor, supervision, and technical services," Item Subcategory "Supervision," delete the entire estimate for supervision and substitute the following:

The costs of one superintendent, one general foreman, and one master mechanic are allowable for 12 months at not to exceed an aggregate total of $10,000. This amount is in addition to any supervisory and technical salaries properly chargeable to Category (5) "Rehabilitation and repair," and to the item under Category (6) "New buildings, etc.," as exempted herein in (e) below.

(d) Category (5) "Rehabilitation and repairs" is changed to read as follows:

Repair buildings	$550.00	
Rehabilitate mine headframe	500.00	
Total Rehabilitation and Repairs		$1,050.00

(e) Under Category (6) "New buildings, improvements, and installations" -

Delete the second item, "Rehabilitation of mine headframe, etc.," and delete the sums "$2,600" and "$3,145."

Substitute the sum of "$1,600.00" to cover all costs of the first item, construction of foundations and a building or buildings to set and house power equipment, compressor, and hoisting plant, set water tanks, etc.

(f) The costs of labor, supervision, materials, supplies, and equipment for underground rehabilitation of shaft and mine workings are allowable under the Categories (2) "Labor, supervision, consultants," (3) "Operating materials and supplies," and (4) "Operating equipment," but at not to exceed an aggregate cost for all this work of $2,000.00, and at not to exceed any other "allowable maximums" fixed in the Contract.

4. In Article 3 of the Contract, delete "within a period of 6 months" and substitute "prior to August 20, 1953."

5. The Certification of Discovery or Development made January 8, 1954, remains in full force and effect, and all rights of the Government with respect to percentage royalty are preserved.

6. All work and operations are terminated as of August 19, 1953, and all costs of the project subsequent to that date shall be for the sole account of the Operator without contribution by the Government, except for the reasonable and necessary costs of final winding up and settlement. The Operator shall promptly perform all winding-up and settlement actions provided for in the Contract, and shall promptly render the final report required by the Contract.

7. The Operator hereby releases and agrees to save the Government harmless from all claims or demands arising out of the Contract, except as otherwise herein provided.

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

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. J. Mitteudorf
Administrator, Strategic Minerals
Exploration Administration

Robert Chamberlin

AMERICAN MINING COMPANY

By _____

_____

Docket Co

MINATION OF EXPLORATION PROJECT CONTRACT, UNDER
THE CONTRACT, BEFORE THE COMPLETION OF THE WORK

A. N. Pulliam
sident
rimex Mining Company
x 820
lpine, Texas

Operator under Exploration Project
Contract Idm-2488, Docket No. DMEA-2202,
dated December 18, 1952.

The United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereby terminates the subject contract under the provisions thereof (which preserve the Government's rights with respect to percentage royalty) on the ground that, in the opinion of the Government, you have failed to prosecute operations pursuant to the terms of the contract.

Upon receipt of this notice you are required, as provided in said contract, to dispose of any remaining materials, supplies, facilities, buildings, fixtures, equipment, or other items, in which the Government has an interest, for the joint account of yourself and the Government, and to render to the Government a full and final accounting of your operations under the contract and of your expenditures of money on account thereof.

Any work prosecuted or costs incurred by you after the receipt of this notice shall be for your sole account, except for (a) such necessary and reasonable costs and expenses as may be incurred in preserving and disposing of any facilities, buildings, fixtures, equipment, or other items, to the cost of which the Government has contributed and in which the Government has an equity, and (b) the costs of any reports, accounts, and winding-up and settlement actions provided for in the contract.

All rights of the Government under the contract with respect to percentage royalty and liens for its repayment are preserved.

Dated this 5th day of January, 1954.

THE UNITED STATES OF AMERICA

By C D Mitchenor
Administrator, Defense
Minerals Exploration
Administration

Robin
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Docket copy

Murphy

NOTICE OF TERMINATION OF EXPLORATION PROJECT CONTRACT, UNDER THE TERMS OF THE CONTRACT, BEFORE THE COMPLETION OF THE WORK

To: Mr. R. K. Pullins, President
American Mining Company
Box 626
Alpine, Texas

Operator under Exploration Project
Contract Ida-2468, Docket No. DMEA-2202,
dated December 18, 1952.

The United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, under the terms of the above described contract, hereby terminates the contract on the following grounds:

In the opinion of the Government, you have failed to prosecute operations pursuant to the terms of the contract.

Upon receipt of this notice, as provided in said contract, you are required to dispose of any remaining materials, supplies, facilities, buildings, fixtures, equipment, or other items, in which the Government has an interest, for the joint account of yourself and the Government; and to render to the Government a full and final accounting of your operations under the contract and of your expenditures of money on account thereof.

Any work prosecuted or costs incurred by you after the receipt of this notice shall be for your sole account, except for (a) such necessary and reasonable costs and expenses as may be incurred in preserving and disposing of any facilities, buildings, fixtures, equipment, or other items, to the cost of which the Government has contributed and in which the Government has an equity, and (b) the costs of any reports, accounts, and winding-up and settlement actions provided for in the contract.

Dated this _____ day of _____, 1953.

UNITED STATES OF AMERICA

By _____
Administrator, Defense Minerals
Exploration Administration

Ellis

Docket Copy

AMERIMEX MINING COMPANY
EXPLORATION PROJECT CONTRACT
DOCKET NO. DMEA-2202

AMENDMENT NO. 2

Contract Idm-E468, (Docket No. DMEA-2202), dated December 18, 1952, between the United States of America and the Amerimex Mining Company is amended, effective June 18, 1953, as follows:

1. In Exhibit "A", on Page 2, under Project #3, the line stating "No additional work on Project #3 is permitted by this contract", is deleted and the following work is added:

Crosscut 3-A may be driven an additional distance of 100 feet from the face which existed on May 26, 1953, and supplemental underground openings may be driven therefrom, not to exceed an aggregate of 100 feet, on any significant mercury mineralization or favorable structure encountered.

Not to exceed an additional 50 feet of underground exploratory mine openings in crosscut 3-B, or in the working face of Project #3, is authorized as may be justified by mineralization or favorable structure encountered.

No exploratory mine openings shall exceed 5 feet by 7 feet in cross section.

2. In Exhibit "A", on page 3, under Project #12, delete the second paragraph and substitute the following:

The Operator is authorized to sink a prospect shaft from the surface at churn drill hole #7 to an initial depth of 30 feet, and thereafter to such further depths as may be justified by the continued occurrence of mercury mineralization. The Operator is also authorized to drive a total of 100 feet of underground exploratory openings from the shaft if prior written approval is obtained from the Field Team. No openings, including the shaft, shall exceed 5 feet by 7 feet in cross section. The total work authorized in this paragraph shall not exceed an aggregate of 288 linear feet.

3. Article 3 of the contract form is amended by deleting "6 months" and substituting "12 months".

4. Under the heading "Estimated costs of the explorations":

Under Item 2, Supervision, in lieu of the present paragraph, substitute the following:

1 superintendent
1 general foreman
1 master mechanic
1 timekeeper-stock clerk

Total supervision $14,735.00

Under Item 4(c) Equipment to be purchased, all figures for individual items are deleted and the figure $10,700 for "Total equipment to be purchased" is reduced to $8,200.

Under Item 5, Rehabilitation and Repairs, the amount $550 is deleted and replaced by $30.

Under Item 6, New buildings, improvements, and installations, all figures for individual items are deleted and the total $3145 is replaced by the figure, $1,330.

5. The location, direction, and extent of all work is subject to the approval of the Government.

6. This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be required to contribute, or the percentage of the costs which the Government may be required to contribute.

THE UNITED STATES OF AMERICA

By C. Mitteudorf
Administrator, Defense Minerals
Exploration Administration

AMERIMEX MINING COMPANY

By J. N. Sullivan, Pres.

Docket Cy

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

Amendment #1

Exploration Project Contract No. Idm-2468
Docket DMA-22021 (Mercury)

Amerimex Mining Co.
Presidio County, Texas

Contract Idm-2468, dated December 18, 1952, between the United States of America and the Amerimex Mining Co. of Alpine, Texas, is hereby amended as follows:

The specified list of "Equipment to be rented" on Page 5, Article 4b of "Exhibit A" of the contract is hereby amended to include permission to rent the following three additional pieces of equipment while delivery of the previously specified similar pieces of equipment, is being obtained:

✓ 1 - used jackhammer, CP 42W, Ser. #3039 mounted on jackleg IR JL-3 @$50.00 per month.

✓ 1 - used drifter, Sullivan L-57, Ser. #101471 mounted on cradle and shell V-179 5630 and column and arm Sullivan type U30-6069 @$75.00 per month

✓ 1 - new air compressor, portable Joy WK-80, cap. 315 c.f.m. with Caterpillar D-318 engine #50019 @$470.00 per month.

And the specified list of "Equipment to be purchased" on Page 5, Article 4c of "Exhibit A" of the contract is hereby amended to include permission to purchase the following piece of equipment:

✓ 1 - Lincoln Arc Welder, 180 Amp., D.C., 25 watt, portable unit with gasoline motor and accessories, complete $481.95

The effective date of this amendment is to be January 11, 1953.

CEKane
3/19/53
Rutin

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be obligated to pay, or the percentage of the costs which the Government may be obligated to pay, under the provisions of Article 13 of the contract form.

UNITED STATES OF AMERICA

Signed: Feb. 27, 1953

By W. P. Williams
W. P. Williams
Executive Officer
DMPA Field Team, Region VI

AMERIMEX MINING CO.

Signed: Feb. 25, 1953

By R. W. Pulliam, Pres.
R. W. Pulliam

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
1952
DEC 18 1952

DOCKET [redacted] DMA-2202X

COMMODITY Mercury

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

Docket copy
IDM-E 468

EXPLORATION PROJECT CONTRACT[1]

IT IS AGREED this 18th day of December, 1952, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Amerimex Mining Company, a corporation
P. O. Box 626
Alpine, Texas

hereinafter called the "Operator," as follows:

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

ARTICLE 2. *Operator's property rights.*—With respect to that certain land situated in the State of Texas, County of Presidio, described as follows:[3] Twelve (12) State of Texas Metallic Mineral Awards each containing 20.66 acres; six (6) of the awards being numbered M29343 to M29348, inclusive, out of Survey 106, Block 341, T.C. Ry. Co., and the other six (6) awards being numbered M29349 to M29354, inclusive, out of Survey 108, Block G-5, H.K.&T.E.Ry.Co.

the Operator represents and undertakes:[4]

(a) [redacted]

(b) That the Operator is a lessee in possession and entitled to possession, that a certified copy of the lease is attached as a part of this contract, and that [redacted] guarantees are attached.

[redacted]

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

ARTICLE 3. *Exploration project.*—The Operator, within 30 days from the date of this contract shall commence work on a project of exploration for[5] mercury ore deposits

in or upon the described land; and shall bring the project to completion within a period of 6 months from the date of this contract. The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 8. *Payments by the Government.*—(*a*) The Government will pay 75 percent of the allowable costs incurred, as they accrue, in an aggregate total amount not in excess of $60,000.00, which is 75 percent of $80,000.00, the agreed, estimated total cost of the project in which the Government will participate; *Provided,* that until the Operator's final report and final accounting have been rendered to the Government, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract.

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

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

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

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

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

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

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

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

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

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

[illegible] *Term[illegible] tion.*—The Government may, at any time, by written notice to the Operator [illegible] If th[illegible] to provide his share of the money necessary to prosecute operations pursuant [illegible] opinion of the Government, fails to prosecute operations pursuant to the [illegible] in th[illegible] Government, operations up to the time of the notice have not indicated the probability of making any worth while discovery and in the opinion of the Government further operations are not justified. Upon th[illegible] tion of the project or any termination of the contract the Operator shall dispose of any remaining materials, supplies, [illegible], buildings, fixtures, and equipment in which the Government has an interest, for the joint account of the Operator and the Government in the proportion of their respective interests; shall render to the Government a full and final accounting of his operations under the contract and his expenditures of money; and shall pay to the Government its pro rata share of any money remaining.

ARTICLE 13. *Changes and added provisions.* ____________________

____

____

____

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

AMERIMEX MINING COMPANY
(Operator)

By R. N. Pulliam President

By [signature]
Administrator, Defense Minerals Exploration Administration

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

L. M. Pulliam
L. M. Pulliam, Secretary
AMERIMEX MINING COMPANY

[CORPORATE SEAL]

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

G U A R A N

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.

Dated December 1952.

N.J. CROWLEY TAR PRODUCTS CO.

By: Man Lewis
President.

- - - - - -

I, William J. Jennings, certify that I am the Secretary of the corporation named as Guarantor herein; that Man Lewis who signed this guaranty, was then President of said corporation; that said guaranty was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

William J. Jennings [Corporate Seal]

G U A R A N T Y

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.

Dated December 13, 1952.

R. N. Pulliam
R. N. Pulliam

L. M. Pulliam
L. M. Pulliam

EXPLORATION PROJECT CONTRACT
(Docket DMA-2202I, Mercury)

Amerimex Mining Company

Buena Suerte (Fresno Mine), Terlingua District
Presidio County, Texas

EXHIBIT "A"

Description of the work to be performed in the 6 month period.

Exploration work for mercury ore deposits in some areas adjacent to the old underground workings of the Fresno mine, is to be performed in six places, designated as Projects #1, 3, 6, 7, 8, and 12 on the map which is attached as a part of this contract. Besides all the essential general preparations, the designated portions of the proposed exploration work on each of the six projects, are specifically authorized by this exploration contract. In addition, provisions are made for completion of the estimated allowable maximum exploration work which may be necessary on each of the projects, wherever justifiable, and whenever prior written approval of detailed work specifications are obtained from the DMEA Field Team, agent for the Government.

The designated exploratory mine openings to be driven, except when otherwise specified, may consist of drifts, crosscuts, inclines, raises, and winzes at the option of the Operator, except that their size is not to exceed 5x7 feet in cross section. The specified exploratory holes are to be diamond drilled with any standard size bit to be selected by the Operator. The surface bulldozer trenches may be excavated to dimensions deemed practical by the Operator but the surface prospect shafts, adits, or pits which may be excavated therefrom, are also to be limited to 5x7 feet in cross section.

Details of the specifically authorized explorations on each of the projects, and the estimated allowable maximum additional work which may be justified on projects #6, 7, 8, and 12, are described separately as follows:

Project #1: — The driving of the allowable maximum of 200 feet of underground exploratory mine openings is specifically authorized, but will start with the driving of an estimated 50-foot, N60°W-striking extension of the designated existing 35-foot level drift, to intersect the projected westerly-striking fault zone. The Operator may then direct therefrom, the allowable balance of 150 feet of justifiable exploratory mine openings to further investigate any significant exposed trends of mercury mineralization,

No additional work on Project #1 is permitted by this contract.

Project #3: -- The driving of the allowable maximum of 210 feet of underground exploratory mine openings is specifically authorized, but will start with the driving of an estimated 130-foot, S80°E-striking extension of the designated existing 60-foot level drift to cut the reported mineralized location of old churn drill hole No. 8. The Operator may then direct therefrom, the allowable balance of 80 feet of justifiable exploratory mine openings to further investigate any significant exposed trends of mercury mineralization.

No additional work on Project #3 is permitted by this contract.

Project #6: -- The operator is specifically authorized to direct the driving of 240 feet of justifiable underground exploratory mine openings from the face of the designated existing 100-foot level drift, to investigate an indicated association of mercury mineralization with the projected circulinear collapse-breccia area.

Then an additional allowable balance of 130 feet of exploratory mine openings may be driven therefrom and up to 500 feet of holes may be diamond drilled wherever justified, and whenever prior written approval of the detailed work specifications is obtained from the Field Team.

Project #7: -- Diamond drilling of an estimated 130-foot, northerly-striking, horizontal hole, is specifically authorized from the face of the designated existing 100-foot level crosscut, to intersect the projected fault zone.

Then an additional allowable balance of 370 feet of holes may be diamond drilled and 230 feet of exploratory mine openings may be driven from that designated existing crosscut wherever justified, and whenever prior written approval of the detailed work specifications is obtained from the Field Team.

Project #8: -- Diamond drilling of an estimated 100-foot, easterly-striking, horizontal hole is specifically authorized from the face of the designated existing 100-foot level crosscut, to intersect the projected breccia-filled fault zone.

Then an additional allowable balance of 400 feet of holes may be diamond drilled and 150 feet of exploratory mine openings may be driven from that designated existing crosscut wherever justified, and whenever prior written approval of the detailed work specifications is obtained from the Field Team.

Project #12: -- Bulldozer trenching of surface outcrops of favorable structural and mineral indications, is specifically authorized in locations to be designated by the Operator, but altogether not to exceed the amount of work which can be completed by one bulldozer and operator in 7 eight-hour days.

Then, addition, surface prospect shafts, adits, or pits may be excavated, aggregating an allowable maximum of 288 linear feet, to be located wherever justifiable on any significant trends of mercury mineralization exposed during the preliminary bulldozer trenching, and whenever prior written approval of the detailed work specifications is obtained from the Field Team.

Recapitulation

	Projects						Total
	#1	#3	#6	#7	#8	#12	6
Preliminary work specifically authorized:							
Underground exploratory openings(feet)..	200	210	240	-	-	-	650
Underground diamond drilling(feet).....	-	-	-	130	100	-	230
Surface bulldozer trenching(hours).....	-	-	-	-	-	56	56
Proposed work yet to be justified by the preliminary explorations:							
Underground exploratory openings(feet)..	-	-	130	230	150	-	510
Underground diamond drilling(feet).....	-	-	500	370	400	-	1,270
Surface prospect shafts,etc.(feet).....	-	-	-	-	-	288	288

Estimated allowable maximum work which may be performed:

Underground exploratory mine openings to be driven	1,160 feet
Underground exploratory holes to be diamond drilled.....	1,500 "
Surface bulldozing of exploratory trenches.....	56 hours
Surface prospect shafts, adits or pits to be excavated.....	288 feet

Americex Mining Co.

DMEA-2202
E-468
Mercury

Estimated costs of the explorations:

(1) Independent contracts: -- none specified.

(2) Labor, supervision, and technical services:
Estimated labor schedule (some men to be used on constructions, installations, repairs and rehabilitation work at the start):

1 diamond driller, 60 days @ $16	$ 960	
1 diamond drill helper, 60 days @ $12	720	
4 miners, 120 days @ $12	5,760	
1 hoistman-carpenter, 120 days @ $12	1,440	
9 muckers, helper, etc., 120 days @ $10	10,800	
1 cook, 180 days @ $12	2,160	
2 truck drivers, 150 days @ $12	3,600	
Total labor		$25,440

Supervision:

1 superintendent, 6 mos. @ $600	$ 3,600	
1 general foreman 6 mos. @ 400	2,400	
1 master mechanic, 6 mos. @ 450	2,700	
1 timekeeper-stock clerk, 6 mos. @ $200	1,200	
Total supervision		$ 9,900

Technical services:

Geologic and engineering consultation and mapping, @$100 per day estimated to average 2 days per mo. for 6 months	$ 1,200	
Total technical services		$ 1,200

(See accounting, analytical work, sustenance, communications, travel, etc., under (8) Miscel. for additional estimated costs of technical services)

(3) Operating materials and supplies:

Powder and other blasting supplies	$ 3,400	
Air and water hoses, steel, bits and other drilling supplies	1,900	
Mine rail, air and water pipe and fittings	1,200	
Shovels, small tools, and miscellaneous items	900	
Ventilation tubing and accessories	160	
Timber	550	
Diamond drilling accessories and core boxes	240	
5 diamond-set drill bits @ $100	500	
5 diamond-set reaming shells @ $120	600	
Electrical wire, fixtures, etc.	330	
Kitchen and camp utensils, etc.	300	
Fuel, lubricants, etc.	3,150	
Total materials and supplies		$13,230

(5) Rehabilitation and repairs:

Repair buildings	$ 550	
Total rehabilitation and repairs		$ 550

(6) New buildings, improvements and installations:

Construction materials for foundations and a building, or buildings, to set and house the power, compressor and hoisting plants, set water tanks, etc.	$ 2,600	
Rehabilitation of mine headframe, shaft and underground workings	545	
Total		$ 3,145

(7) Miscellaneous

Repairs and maintenance of trucks and other newly purchased equipment	$ 550	
Public Liability, Property Damage, Fire and Theft Insurance on trucks, 6 mos. @ $50	300	
Freight on equipment, materials and supplies	800	
Workmen's Compensation Insurance (7.4 percent of payroll)	2,635	
Social Security Taxes (1.5 percent of payroll)	535	
Taxes Unemployment Insurance (3% of payroll)	1,070	
Miscellaneous Technical Services and Expenses:		
Sustenance, communications, travel and transportation	750	
Accounting and preparation of cost reports, 6 mos. @ $100	600	
Analyses of 150 mercury ore samples @ $2.50	375	
Total miscellaneous items		$ 7,615

(8) Contingencies: — none

Total estimated project costs	$80,000
Government Participation @ 75%	$60,000

The requirements and related estimated costs for supervision and technical services and for new buildings, improvements and installations, are allowable maximums.

(4) Operating equipment

(a) Equipment owned by Operator: -- none

(b) Equipment to be rented:

1 bulldozer, 72 hrs. @ $12.50 (includes 56 hrs. on exploratory trenching and 16 hrs. on road and trail repairs and excavation for constructions).	$ 900	
1 315 c.f.m. compressor, 6 mos. @ $335	2,010	
1 power plant, 125 KVA, 6 mos. @$400	2,400	
1 " " , 30 KVA, 6 mos. @$120	720	
1 hoist, cage, and accessories, 6 mos. @$250	1,500	
1 air tugger, 6 mos. @ $35	210	
1 diamond drill and accessories, 3 mos. @$100	300	
1 jeep, 6 mos. @$30	180	
Total equipment rent		$ 8,220

(c) Equipment to be purchased:

1 heavy jackhammer	$ 365	
1 drifter	750	
column, arm, cradle, and other drill accessories	250	
1 double-drum slusher, scraper, cable, and accessories	1,500	
1 ventilation fan and motor	150	
1 diamond drill 10-foot core barrel	90	
1 diamond drill 5-foot core barrel	60	
1 duplex high-pressure water pump	200	
1 truck (2-ton cap.)	3,175	
1 pickup (1/2 ton cap.)	1,975	
3 steel water supply tanks @ $250	750	
1 centrifugal water pump and engine	200	
1 butane cook stove	150	
1 butane refrigerator	350	
1 refrigerated food storage cabinet	400	
Miscellaneous items of equipment which may be purchased only upon obtaining prior written approval by the Field Team	335	
Total equipment to be purchased		$10,700

Form MF-103
(Revised June 1951)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Budget Bureau No. 42-R1035.1.

MF-103 Should Be Filed With General Technical Data Form MF-100

APPLICATION FOR AID FOR AN EXPLORATION PROJECT PURSUANT TO MINERAL ORDER 5, UNDER DEFENSE PRODUCTION ACT OF 1950

Not To Be Filled in by Applicant

Docket No. DMEA-2202-REVISED
Metal or Mineral
Date Received 4-15-52
Amount $
Participation (Government %)

Name and address of applicant

Amerimex Mining Company
P. O. Box 626
Alpine, Texas

R. N. Pulliam, President
Telephone 541

Date April 14, 1952

Explorational Aid
Original Form MF-103

If you have already filed MF-100, give date filed 10-29-51, type of assistance requested dated 10-29-51,

$166,088.89

DMA Docket Number (if available) ~~DMA-2202 (Mercury)~~

INSTRUCTIONS

Read Mineral Order 5, Regulations Governing Government Aid in Defense Projects, before completing this application. Submit four copies each, of the signed application form, General Technical Data Form MF-100, and answers to questions as specified, to Defense Minerals Administration, Department of the Interior, Washington 25, D. C., or to the nearest field executive office thereof, with your name and address on each sheet of the application and all accompanying papers. If you have previously filed MF-100, it is not necessary to file it again. However, you should indicate in space provided above the type of assistance previously applied for (loans, procurement contracts, etc.) and DMA Docket Number, if available. *When a question is inapplicable it should be so stated in the form.* Additional sheets should be attached in answering any questions or in supplying additional information. IF YOU CANNOT ANSWER A QUESTION, SO STATE.

(*a*) Give a description of the real property that will be in any way involved in the exploration project, including any existing mine or operating property.

(*b*) If you are not the owner of the property, submit a copy of the lease, purchase option, or other agreements under which you are authorized to operate the property with each copy of your application.

(*c*) Give the legal description of the exact parcel, plot, or area upon which the exploration is to be conducted.

NOTE: (1) If both areas are the same, so state. The only obligation to repay the Government is from the net earnings from any commercial discovery made in the area specified in (*c*) above in which the exploration is to be conducted, and the expenditure of funds which may be charged as costs of the project must be limited to that area or to work necessary to perform the exploration in that area.

(2) If applicant is not the owner of the property or if there are any liens or encumbrances against the property, copy of agreements of claimants, lienors, encumbrances, and lessors subordinating their interests in the property to the interest of the Government under the Exploration Project Contract will be required for attachment to the Contract.

2. (*a*) What metals or minerals do you expect to find?

(*b*) Furnish statement of the geologic features of your property, giving type of ore deposit and reasons for expecting to find commercial ore bodies. Illustrate with maps or sketches. If you have a geologic or engineering report, or assay maps showing width and grade, please send them with application, stating whether or not you wish to have them returned.

The information requested in questions 3, 4, 5, 6, 7, 8, and 9 below should be answered specifically and in detail, as this information will be attached to and incorporated as part of the Exploration Project Contract, if such contract is entered into with you by the Government.

ANSWER EACH QUESTION ON SEPARATE SHEETS OF PAPER AND SUBMIT A COPY OF EACH ANSWER FOR EACH COPY OF YOUR APPLICATION.

3. (*a*) Describe fully the proposed work and give the total cost of the project.

   (*b*) State the time required to start the project and to complete it.

4. Submit a map or sketch of the property involved showing a plan (and cross section, if needed) of the present mine workings and the *location of the proposed exploration work* as related to geologic features, such as contacts, veins, ore-bearing beds, etc.

5. Furnish an itemized list of existing facilities, buildings, installations, and fixtures with a statement of the cost of any necessary rehabilitation or repairs to put into useful and operable condition.

6. Furnish a detailed list of additional facilities, buildings, and fixtures to be purchased, installed, or erected by you, with the estimated cost of each item.

7. Furnish a detailed list of operating equipment, separated into items to be—

   (*a*) Rented

   (*b*) Purchased

   (*c*) Furnished by you

   with the rental, purchase price, or depreciation of each item, as the case may be, to be charged as a cost of the project.

8. Furnish an itemized schedule of labor, by numbers and classes (miners, muckers, etc.) and of supervisors by numbers and positions, with the maximum wages or salaries to be paid to each.

9. Furnish a detailed list with estimated cost of each item for materials, supplies, engineering, assaying, accounting, power, water, utilities, and any other items not provided for above.

10. (*a*) How much are you prepared to invest in the proposed project?

    (*b*) Is this amount sufficient to pay your part of the cost of the project, in accordance with the regulations on Government participation (Sec. 9 of MO–5)?

11. State any conditions or circumstances regarding the property not sufficiently brought out by the foregoing questions.

CERTIFICATION

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

Amerimex Mining Company
(Name of company)

By R. N. Sullivan
(Signature of authorized official)

April 14, 1952
(Date)

President
(Title)

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

U. S. GOVERNMENT PRINTING OFFICE 16—64067-2

Form MF-103 (Revised)
Original DMA-2202 (Mercury)

Amerimex Mining Company
P. O. Box 626
Alpine, Texas Phone 541

1. (a) See original DMA Form MF-103 dated October 29, 1951, Sec. 10 Sub-sections (a) and (b).

(b) See copy of Lease-Purchase Option dated August 25, 1951, attached with original MF-103, dated October 29, 1951, and referred to in Sec. 7 thereof. The Lease-Purchase Option remains in full force and effect and will be so maintained for the duration of the contract with the Government.

(c) 12 Texas mineral claims, each 500 x 1500 feet containing 20.66 acres each or totaling about 248 acres which include Buena Suerte Claims No. 1 to 6 inclusive, numbered M-29843 through M-29848 in Sec. 106, Block 341, T. C. Ry. Co. Survey, and Buena Suerte Claims No. 7 to 12, inclusive, numbered M-29849 through M-29854 in Sec. 108, Block 6, M. K. & T. R. Ry. Co. Survey, all in Presidio County, Texas

2. (a) Cinnabar and other ores of mercury.

(b) See General Technical Data (Sections 7 through 12) submitted with DMA Form MF-100 dated October 29, 1951, DMA-2202.

The general geological features of the property are explained in the Geological Report by W. N. McAnulty dated July 24, 1951; and his large detailed geologic map portrays the surface features.

The ore thus far mined on the property was produced from a depth no greater than 100 feet and resulted from exploration of a very small segment of the collapsed and eroded anticline, which covers practically all of the property area.

The ore bodies which have been mined occurred principally as irregular mantos from 3 to more than 30 feet in thickness. The ore appears to have formed at several horizons on either side of irregular northeast-southwest and northwest-southeast trending fractures where these almost vertical fractures have cut through the amenable Georgetown Limestone. The mantos which appear to have emanated from such fractures trend upward on a gentle incline on both sides away from the fractures apparently to follow the dip of the limestone, which seems to have slumped to form synclinal troughs, with the fracture the low focal point or the bottom of the "V". This structural phenomena is apparent in a number of places in present mine workings; and there is considerable evidence to support the inference that where either the northeast-southwest or the northwest-southeast fractures or the mantos associated with them were cross-faulted or cross-fractured, ore bodies of commercial importance were usually formed associated with solutions action and alteration.

Form Approved (Revised)
Original OMA-2202 (Monroney)

Anderson Mining Company
P. O. Box 950
Alpine, Texas Phone 341

1. (a) See material this Form M-100 dated October [illegible], 1951, Sec. 1, Sub-sections (g) and (h).

(b) See copy of lease-purchase option dated August 16, 1951, attached with original M-100, dated October 29, 1951, and referred to in Sec. 7 thereof. The lease-purchase option remains in full force and effect and will be maintained for the duration of the contract with the Government.

(c) 12 Texas mineral claims, each 600 x 1500 feet containing 20.66 acres each or totaling about 248 acres which include Buena Suerte Claims No. 1 to 6 inclusive, numbered M-29845 through M-29849 in Sec. 108, Block 3A1, T. & P. Ry. Co. Survey, and Buena Suerte Claims No. 7 to 12, inclusive, numbered M-29850 through M-29854 in Sec. 107, Block 3, W. N. & T. R. Ry. Co. Survey, all in Presidio County, Texas

2. (a) Character and other area of property.

(b) See General Technical Data (Sections 2 through 12) submitted with OMA Form M-100 dated October 29, 1951, OMA-2202.

The general geological features of the property are explained in the geological report by [illegible] R. Mckinney dated July 24, 1951, and the large detailed geological map portrays the surface features.

The ore thus far mined on the property was produced from a depth of greater than 100 feet and resulted from exploration of a very small segment of the collapsed and eroded anticline, which covers practically all of the property area.

The ore bodies which have been mined occurred principally as irregular masses from 3 to more than 30 feet in thickness. The ore-bodies to have formed at several horizons on either side of irregular northeast-southwest and northwest-southeast trending fractures where these fault vertical fractures have cut through the semantic carbonate limestone. The portion which appears to have emanated from each fracture spread upward on a gently inclined or both sides away from the fracture apparently to follow the dip of the interface, which seems to have allowed to form gradual trapping, with the fracture the low point or the bottom of the "V". This structural phenomena is apparent in a number of places in present mine workings and there is considerable evidence to support the inference that water stopped the mineralization of the northeast-southwest or the northwest-southeast fractures or the mineralized-contained fractures or the mineralized with them were cross-fractured or cross-fractured. One feature of commercial importance were usually formed associated with solutions active and alternation.

Amerimex Mining Company
P. O. Box 626
Alpine, Texas Phone 541

2. (b) (Continued)

That comparable and probably more favorable faulting, fracturing and solutions activity exists at other places adjacent to present mine workings and elsewhere within the large collapsed area is amply evidenced by the very existence of the collapsed area bounded by upturned beds of Buda and Del Rio Clay, which have been faulted to form almost vertical walls in places around the perimeter of the collapsed anticline. The Buda and Del Rio beds exposed in the flanks of the collapsed anticline indicate that the apex of the arch was perhaps several hundred feet above the present surface of the area of subsidence; and despite the fact that the plastic Del Rio will usually accomodate small faults and fractures which reach that horizon so that they are not apparent, cross-faulting and fracturing is evident in a number of places around the periphery of the collapse. West of the present mine workings, a small tonnage of low grade mercury ore was mined from a fault in the upper part of the Buda Limestone; and at other places around the walls, faulting is evident which would have cut across the collapsed area.

Extensive cross-faulting and fracturing probably gave access to the solutions which ultimately ate away the limestone and resulted in the collapse of the anticline. Obviously, the mineralizer subsequently used some of the channels to enter the present structure to form the ore bodies which have been profitably mined prior to this time.

There is substantial reason to believe that by intelligent exploration of extensions of previously-productive structures and areas where significant mercury mineralization has been indicated by surface prospecting, underground mine working or by the log of churn drill holes, ore bodies of commercial importance may be found; and there is no reason to assume that the comparatively small segment of the major structure from which previous production resulted is any more favorable for ore occurrence than the vast area which remains to the explored.

Form MF-103 (Revised)
Original BMA-2202 (Mercury)

Amerimex Mining Company
P. O. Box 826
Alpine, Texas Phone 541

3. (a) The proposed work is fully described as follows. The total cost is $156,088.88.

It is the intention of the Operator to begin the proposed project on a small scale, employing only such equipment and personnel as will be needed to proceed with the work on a gradually accelerated scale as the feasibility of the exploration and the practicability of the methods employed are successfully demonstrated.

It is proposed that initial work include renovation of mine camp and establishment of facilities essential to sanitation and comfort for mine personnel.

It is proposed that a bulldozer be utilized for an estimated period of two days to re-open the road from the mine to the springs which are the source of water supply, a distance of about 2 miles.

The following proposed work is described by numerical designation as shown on the plan map of existing mine workings and projected workings inclosed in the pocket envelope attached hereto.

The proposed exploration plans may require revision as the work progresses, and it is hoped that reasonable latitude is provided whereby the Operator will be able to make minor changes in the interest of practicability and economy.

Drift No. 1

It is proposed that Drift No. 1 be driven from the lowest level in the northwest stope of the mine to follow the trend of a northwest fracture at the level where it has cut a favorable bed of Georgetown Limestone which dips downward from the top of the stope walls on each side to a focal point at the vertical fracture. This favorable bed of limestone shows mercury mineralization at every place it is exposed and appears to have opened up to form the orebody of considerable size previously mined in the northwest stope. There is also a strong fault trending along the north wall of the stope which shows strong mercury mineralization. The strike of this fault is such that if the proposed drift is projected a distance of 70 feet, the fault will cut the mineralized fracture and amenable bed and may produce an orebody in an area which has not been explored previously.

It is proposed that Drift No. 1 be driven northwest a distance of 100 feet; and when the fault has been crosscut, it is proposed that the fault be drifted on in each direction for a distance of 50 feet.

Total drifting - 200 lineal feet.

Amerimex Mining Company
P. O. Box 826
Alpine, Texas Phone 541

3. (a) (Continued)

Drift No. 2

It is proposed that Drift No. 2 be driven from the lowest level of the Big Stope to follow the favorable bed at the lowest horizon which produced bonanza ore in the Big Stope. It is believed that where this favorable bed is cut by the fault which trends along the north wall of the stope and where it is again cut by the 3 northwest-southeast faults, ore bodies of commercial importance will be found.

It is proposed that Drift No. 2 be driven northeast a distance of 100 feet and when each fault or other structure is crossed, it is proposed that 25 feet of drifting be done in each direction on such fault or fracture if it contains mercury mineralization which looks as though it may lead to commercial orebodies.

In view of the fact that exploration of the favorable horizon of the Georgetown adjacent to faults and fractures is important to the discovery of ore, and since the faults which the drift is proposed to crosscut will cause considerable displacement of the limestone beds, it is proposed that provision be made for raising and winzing to the extent of 70 feet.

Total drifting proposed - 250 lineal feet.

Total winzing 70 " "

Total raising 70 " "

Amerimex Mining Company
P. O. Box 626
Alpine, Texas Phone 541

3. (a) (Continued)

Drift No. 3

It is proposed that Drift No. 3 be driven from the face of the farthermost southeast stope on the 60-ft. Level in the vicinity of Shaft No. 1 following the trend of a large fracture which can be seen in the back of the stope. It is proposed that this drift be driven on the vein as much as possible in reaching Churn Drill Hole No. 8, the leg of which shows that mercury mineralization was encountered at 60 feet and persisted to a depth of 90 feet.

In view of the fact that the stope area where the proposed drift is to be started is in brittle flaggy black shale and the leg of the hole which is the objective indicates that no such black shale occurred there, it is evident that either a fault or contact zone will be crosscut in reaching the objective. It is proposed that 130 lineal feet of drifting may be necessary to reach the objective; and it is proposed that 40 feet of raise and 40 feet of winze be made to delineate the upper and lower extremes of the mercury mineralization either at the churn drill hole or elsewhere along the drift.

Total drifting proposed - 130 lineal feet.

Total raising proposed 40 " "

Total winzing proposed 40 " "

Amerimex Mining Company
P. O. Box 626
Alpine, Texas Phone 541

3. (a) (Continued)

Crosscut No. 4

It is proposed that Crosscut No. 4 be driven northeast from a point about 30 feet south of Shaft No. 1 on the 100-ft Level. It is proposed that this crosscut be driven a distance of approximately 40 feet to cut the northeast-trending fault, which appears to have made ore in the old stope and from which low grade ore has been mined from open pits at the surface. Thence, it is proposed that the crosscut be driven north a distance of 50 feet to crosscut the northeast-southwest fault which may be traced in the northernmost mine workings and the northwest-southeast fault zone, which will obviously crosscut or intersect the northeast fault near the proposed crosscut.

If significant mercury mineralization is found in any of the structures crosscut, or if structural conditions encountered indicate the probability that ore bodies of commercial value may be discovered, it is proposed that raises or winzes may be made to explore vertical displacements of the favorable limestone beds to the extent of 50 feet of raise and 50 feet of winze.

It is proposed that drifting be done in each direction on faults, fractures or favorable beds which show mercury mineralization to the extent of 100 feet in total footage to be used in the locations which appear most promising.

In addition to the proposed crosscutting, drifting, winzing and raising, it is proposed that the underground diamond drill be employed to obtain structural information before or after undertaking all or any part of the proposed underground exploration. For this purpose, it is proposed that a total of 500 feet of diamond drill hole may be drilled in the area of Crosscut No. 4.

Total proposed Crosscutting	90	lineal	feet
Total proposed raising	50	"	"
Total proposed winzing	50	"	"
Total proposed diamond drilling	500	"	"

Amerimex Mining Company
P. O. Box 626
Alpine, Texas Phone 541

3. (a) Continued

Crosscut No. 5

Crosscut No. 5 is proposed to be driven 150 feet south from the 100-ft Level of the haulage-way to Shaft No. 1 to crosscut Churn Drill Hole No. 25 and the well defined northeast-trending fault, which has been exposed in two shallow cuts on the surface. It is proposed that 50 feet of drifting in each direction be done on any mercury mineralization of significance encountered in the proposed underground work.

It is proposed that provision be made for 50 feet of raise and 50 feet of winze to establish the upper and lower extremities of any mercury mineralization encountered or to explore the favorable horizons in which ore may occur.

In addition to the previously-proposed underground work, it is proposed that provision be made whereby the Operator, at his discretion, may employ the underground diamond drill to obtain structural information before or after all or any part of the proposed underground work is undertaken, and that such diamond drilling be provided for to the extent of 600 feet of hole. Such drill holes would probably be utilized to locate and determine the horizontal distance to faults or fractures which it is proposed to crosscut and to determine the vertical distance to favorable beds of limestone; or the diamond drilling may be utilized to aid in locating and delineating mercury mineralization in the immediate area after the proposed underground work has been completed.

Total	proposed	crosscutting	150	lineal	feet
"	"	winzing	50	"	"
"	"	drifting	100	"	"
"	"	raising	50	"	"
"	"	diamond drilling	600	"	"

Form MP-103 (Revised)
Original BMA-2202 (Mercury)

Amerimex Mining Company
P. O. Box 826
Alpine, Texas Phone 541

5. (a) (Continued)

Drift No. 6

It is proposed that where the extreme northwest crescent has barely cut the contact zone which forms the perimeter of the collapsed area designated "F" on the large-scale geological map, drifts be driven 150 feet in each direction around the perimeter of the collapse.

It is proposed that the mercury mineralization showing in the contact zone at the bottom of the present face be explored downward by a winze probably not more than 70 feet deep to the horizon of broken and jumbled Georgetown which obviously must exist below the Del Rio Clay showing in the present face.

It is further proposed that effort be made to locate the desired horizon by drilling a vertical fan of diamond drill holes inclined downward from a station to be cut in the limestone a short distance from the collapsed area or sink. It is proposed that the total footage of diamond drill hole shall be 500 feet.

Total proposed drifting	300	lineal feet
winzing	70	" "
diamond drilling	500	" "

Amerimex Mining Company
P. O. Box 626
Alpine, Texas Phone 541

3. (a) (Continued)

Crosscut No. 7

It is proposed that Crosscut No. 7 be driven 130 feet from the extreme northwest face of the crosscut on the 100-foot haulage level to cut a projected fault which appears to trend North 45° East from near the face of the present crosscut into collapsed Area E; and thence the proposed crosscut Fault J, which has produced a small tonnage of furnace grade ore high up in the Buda Limestone in Area G approximately 1,000 feet to the west.

If significant mercury mineralization or promising structure is encountered in the proposed crosscut, it is proposed that such mineralization or structure may be drifted on in each direction a distance of 50 feet for a total of 100 lineal feet.

In addition to the proposed crosscutting and drifting, it is proposed that provision be made whereby the Operator, at his discretion, may employ underground diamond drilling to the extent of 500 lineal feet to obtain structural information before or after all or any part of the proposed underground work is undertaken.

Total proposed	crosscutting	130	lineal	feet
"	" drifting	100	"	"
"	" diamond drilling	500	"	"

Form MF-103 (Revised)
Original MMA-2208 (Mercury)

Amerimex Mining Company
P. O. Box 626
Alpine, Texas Phone 541

5. (a) (Continued)

Crosscut No. 8

It is proposed that the southeast crosscut of the 100-ft. Level be extended southeast a distance of approximately 50 feet to crosscut the northeast fault which marks the periphery of the collapsed anticline; and if mercury mineralization is encountered, it is proposed that drifts be driven in each direction on the occurrence for a distance of 50 feet or a total of 100 feet.

In addition to the previously-described underground work, it is proposed that provision be made whereby the Operator, at his discretion, may employ underground diamond drilling to the extent of 500 feet to obtain structural information before or after all or any part of the proposed underground work is undertaken.

Total proposed	crosscutting	50	lineal	feet
"	"	drifting	100	"	"
"	"	diamond drilling	500	"	"

Form MF-103 (Revised)
Original EMA-2202 (Mercury)

Amerimex Mining Company
P. O. Box 626
Alpine, Texas Phone 541

3. (a) (Continued)

No. 9 - Diamond Drill Station No. 1

It is proposed that Diamond Drill Station No. 1 be cut at the face of the southernmost mine working on the 100-ft Level from which a series of vertical fans of diamond drill holes totaling 3,000 lineal feet are proposed to be directed in an arc from southwest to northwest.

The proposed diamond drilling to explore the area for the favorable beds of limestone which formed mantes of bonanza ore in the stoped area, only to be cut off by what appears to be a post-mineral fault along the west side of the stope, and to determine whether or not faults and fractures exist at depth in the area to be explored may produce orebodies of commercial importance where they cut the favorable beds of limestone.

Cutting diamond drill station and sump.

Total proposed diamond drilling - 3,000 lineal feet.

Amerimex Mining Company
P. O. Box 628
Alpine, Texas Phone 541

3. (a) (Continued)

No. 10 - Diamond Drill Station No. 2

It is proposed that Diamond Drill Station No. 2 be established at a location in the southeast wall of the stoped area of the mine where the stope has been made to follow the upward-inclined bed of mercury-bearing limestone to the top of the stope wall by benching; therefore, there exists a suitable drill station which will require little additional preparation.

It will be noted that the limestone beds and the mineralized manto trends upward from the walls of the mine stope despite the fact that it is only a short distance to the faulted zone which marks the boundary of the collapsed anticline where the beds are inclined sharply in the opposite direction.

Therefore, it is proposed that fans of holes be drilled to determine the trend of the mineralized bed and to determine whether or not it is bent or faulted to form an orebody between the present face and the fault which bounds the south periphery of the collapsed anticline. This provides for exploration of a mineralized trend at a horizon not readily accessible from other proposed explorational workings.

Total proposed diamond drilling - 500 lineal feet.

Form MF-103 (Revised)
Original BMA-2202 (Mercury)

Amerimex Mining Company
P. O. Box 626
Alpine, Texas Phone 541

3. (a) (Continued)

Crosscut No. 11

It is proposed that Crosscut No. 11 be driven 60 lineal feet northeast from the face of the haulage drift northeast of the proposed place of beginning Drift No. 2 if the proposed work in Drift No. 2 is successful in finding significant mercury mineralization at that horizon.

The proposed Crosscut No. 11 would explore the favorable structures at the 100-ft Level.

Total proposed crosscutting - 60 lineal feet.

Form MF-103 (Revised)
Original DMA-2202 (Mercury)

Amerimex Mining Company
P. O. Box 626
Alpine, Texas Phone 541

3. (a) (Continued)

No. 12 - Surface Exploration

It is proposed that the bulldozer be utilized 7 days or such part thereof as may be needed to do the trenching at the locations indicated in orange crayon on the large geological map of the property in the pocket envelope attached hereto. The proposed work is intended to uncover and expose faults, fractures and contact zones where mercury indications have been found or where structural conditions are favorable for mercury mineralization. The proposed bulldozer work will provide structural information to guide the location of shafts, cuts and adits to be excavated by the surface exploration crew.

It is proposed that the surface exploration crew sink shallow shafts; drive adits, crosscuts or trenches on the most favorable faults, fractures, contacts and mineral occurrences opened up with the bulldozer in the areas designated on the map. It is expected that the 5-man surface exploration crew will accomplish an average of 4 lineal feet of adit or trench and approximately 2 feet of prospect shaft each 8-hr shift or approximately 576 lineal feet of drift, crosscut or adit or 288 feet of exploration shafts during the proposed 6-month period of such work.

(b) The project can possibly be started within 30 days after the contract is signed.

Operations will be gradually expanded during the first six months and will be completed within 18 months.

Form MF-103 (Revised)
Original MMA-2202 (Mercury)

Amerimex Mining Company
P. O. Box 626
Alpine, Texas Phone 541

4. See the large geological map made on small scale to illustrate the W. M. McAnulty Report, both previously referred to herein under Question No. 2 (b).

   See the plan map of present mine workings and the location of the proposed exploration work as related to geologic features illustrated by cross section sketches in the pocket envelope attached hereto.

5. Existing facilities, buildings, installations and fixtures available for use by the Operator include only:

   8 - Small frame mine camp buildings which will require repair and renovation estimated to cost $550.00

   2 - Mine headframes of 6" x 6" lumber with timbered shafts and with adequate mine ladders. Shaft No. 1 probably cannot be used without substantial repairs, which are not warranted for the proposed exploration since Shaft No. 2 and the headframe are in good serviceable condition.

Form MF-103 (Revised)
Original MMA-2202 (Mercury)

Amerimex Mining Company
P. O. Box 624
Alpine, Texas Phone 541

6. Additional facilities, buildings, installations and fixtures to be purchased, installed or erected by Operator are listed with estimated cost of each item as follows:

Freight by custom truck, with winch and tandem trailer, from Alpine to Fresno Mine (distance about 106 mi.) on power plants, air compressors, receivers, water tanks, diamond drill, drill rod, casing, pipe, drill steel, hose, drills, furniture and fixtures - estimated to require 8 loads at approximately $100.00 per load	$ 800.00
Freight by custom truck, with winch and tandem trailer, from Vivianna Mine to Fresno Mine (distance about 88 mi.) on electric hoist, mine cages, two diesel fuel storage tanks - estimated to require about 3 loads at $100.00 per load	300.00
Construction of house with concrete floor and with concrete foundations for power plants and air compressors. Building to be of random stone or sheetmetal with sheetmetal roof, consisting of engineroom, storeroom for parts and all supplies and room for repair shop - overall size approximately 18' x 48' - estimated cost for materials and labor	3,000.00
Construction of hoist house, consisting of concrete foundation for hoist and control mechanism with walls and roof of sheetmetal, size about 14' x 18' estimated cost for material and labor	1,200.00
Installation of water storage tanks, power plants, compressors and hoist on previously-prepared foundations and in buildings previously described, including connecting electrical wiring and the laying of air and water lines; estimated cost for supplemental materials and labor	1,000.00
TOTAL	$6,300.00

Form MF-103 (Revised)
Original MMA-2202 (Mercury)

Amerimex Mining Company
P. O. Box 626
Alpine, Texas Phone 641

7. (a) Operating Equipment to be Rented:

Portable Air Compressor 105 cu. ft. for use by surface prospecting crew - estimated 6 mos @ $250.00 per month — $ 1,500.00

Air Compressors Sullivan WJ-3, Angle Compound 2-stage air compressor, 200 cu. ft. per min., powered by Ford JK-4 butane or gasoline engine, 4'x8' air receiver and Gardner-Denver 12"x12" Horizontal type air compressor, estimated capacity 400 cu. ft. per min. with 3'x8' air receiver and powered by Allis Chalmers 30 H.P. electric motor, starting switch, etc. - estimated 12 months @ $333.33 — 3,999.00

Power Plant Diesel-electric power plant, D-15000 Caterpillar direct-connected to Crocker-Wheeler Generator and exciter, 3-phase, 220-440 volts, 60-cycle, 125 K.V.A. with fuel tanks, control panels, transformer, including; Waukesha Engine direct-connected to Westinghouse Generator and exciter, 3-phase, 220-440 volts, 30 K.V.A., butane or gasoline carburation. These units to power compressors, hoist, ventilator blower and various shop tools and to provide power for camp lights and refrigeration will be needed - estimated 12 months @ $518.75 — 6,225.00

Electric Hoist Complete with Cages National Iron Co. No. 40 Mine Hoist, single drum 6' diameter designed to hoist in balance in two-compartment shaft or single with Allis Chalmers 40 H.P. Elec. Motor, with starting and reversing Cutler-Hammer Control with rheostat and grids and with Trumbull starting switch and depth indicator - Estimated 12 months @ $275.00 — 2,300.00

Diamond Drill with 4-cyl. air motor, 24" screw feed, K chuck, with column, rod puller, tools and accessories - est. 12 mos. @ $100.00 — 1,200.00

Bulldozer to do excavating previously described estimated to require 72 hrs @ $12.50 per hr. — 900.00

2 Air Hoists preferably Sullivan Turbinair Type for temporary hoisting to surface and subsequently to be used in winzes and raises underground - est. 12 mos. rental @ $70.00 per mo. for both hoists — 840.00

Total — $16,964.00

Form M-109 (Revised)
Original DA-4208 (Generic)

Mackenzie Mining Company
P. O. Box 550
Alpine, Texas Phone 541

7. (a) Operating Equipment to be Furnished:

Portable Air Compressor 100 cu. ft. for use by surface prospecting crew - estimated 6 mos @ $250.00 per month $ 1,500.00

Air Compressor Sullivan W.-A. Angle Compound 2-stage air compressor, 250 cu. ft. per min., powered by Buda 12-4 Deluxe 4 gasoline engine, 6"x8" air receiver and Garfner-Denver 12"x12" Vertical type air compressor, estimated capacity 400 cu. ft. per min. with 3"x8" air receiver and powered by Allis Chalmers 50 H.P. electric motor, starting switch, etc. - estimated 12 months @ $250.00 3,000.00

Power Plant Diesel-electric power plant, 2-15000 watt-hour 1 phase, 220-440 volts, 60-cycle, 120 K.V.A. with fuel tank, control panels, transformer, lighting; emergency engine direct-connected to weatherhouse generator and exciter, 1-phase, 220-440 volts, 30 K.V.A., Buffalo or gasoline carburetion. These units to power compressors, hoist, ventilator blower and various shop tools and to provide power for camp lights and refrigeration will be needed - estimated 12 months @ $528.75 6,300.00

Electric Hoist Complete with Cages National Iron Co. No. 40 Mine Hoist, single drum 27" diameter designed to hoist in balance in two-compartment shaft or single with Allis Chalmers 40 H.P. Elec. motor, with starting and reversing drum-lever control with tachometer and guide and with trunnion starting switch and depth indicator - Estimated 18 months @ $208.00 3,700.00

Diamond Drill with 4-cyl. air motor, and power feed, 2 chuck, with column, rod pulling, tools and accessories - est. 12 mos. @ $100.00 1,200.00

Bulldozer To do excavating provisionally described estimated to require 72 hrs @ $12.50 per hr. 900.00

2 Air Hoists Preferably Sullivan Turbinair Type for temporary hoisting to surface and subsequently to be used in winzes and raises underground - est. 12 mos. rental @ $70.00 per mo. for both hoists 840.00

Total $16,940.00

Form MF-105 (Revised)
Original MMA-2202 (Mercury)

Amerimex Mining Company
P. O. Box 626
Alpine, Texas Phone 541

7. (b) Operating Equipment to be Purchased:

Underground Equipment

4 - Sinker Drills, wet type - est. cost $300.00 ea.	$ 1,200.00
2 - Cradles, arms and columns for use with the above sinker drills to convert to drifters @ $200.00	400.00
2 - Automatic Feed Drifters for fast heavy-duty drifting with above arms and columns @ $600.00	1,200.00
1 - Kinco Mucking Machine, smallest type - est. cost	5,500.00
1 - Slusher Hoist, double drum, with scraper and cable	1,500.00
2 - Core Barrels, size EX, 10-feet @ $81.00 est.	162.00
4 - Water Swivel Heads @ $25.00	100.00
10 - Diamond-set drill bits size E @ $95.00	950.00
10 - " " reaming shells, EX @ $120.00	1,200.00
1 - Duplex, air-operated water pump for use with diamond core drill underground	125.00

Transportation Equipment

2 - Trucks Ford F-6 or other standard make, 2-ton (or similar) 156-in. W.B. 254 cu. in. Motor, 2-speed rear end, tires 7:50x20 front, 8.25x20 rear duals, converted to butane with saddle tanks, one with stake body for water hauling and general utility and for hauling supplies from Alpine	6,000.00
1 - Pickup Truck, Ford 8 or other standard make, 1/2-ton, for hauling personnel, material and supplies, with heavy-duty 6-ply tires 7:00x16, and with conversion to butane for fuel	1,800.00

Water Tanks & Pump

1 - Water tank, heavy-duty galvanized steel, skid-mounted, with splash baffle plates, filler cap and with 2" outlet valve for hauling water from source to various storage tanks at mine and camp, approximately 1,000 gal. capacity	300.00
1 - Centrifugal pump direct-connected to small gasoline engine with suction hose & foot valve & with outlet hose	200.00

Form MF-103 (Revised)
Original DMA-8202 (Mercury)

Amerimex Mining Company
P. O. Box 626
Alpine, Texas Phone 541

7. (b) Operating Equipment to be Purchased (Continued)

Water Tanks & Pump (Continued)

4 - Water tanks for stationary storage at mine and at camp - approximately 2,000 gal. capacity each, estimated at $200.00 each	$ 800.00

Furniture & Fixtures

1 - Kitchen cook stove, butane type	150.00
1 - Refrigerator for food storage Servel, butane-operated	350.00
1 - Deep freeze food storage vault for kitchen and commissary, electrically-operated	400.00
Total	$20,337.00

(c) Operating Equipment to be Furnished by the Operator:

None

Form MF-105 (Revised)
Original DMA-2202 (Mercury)

Amerimex Mining Company
P. O. Box 826
Alpine, Texas Phone 541

8. Labor by Numbers and Classes, With Wages:

Utility Labor Crew

1 - Utility Truck Driver	@ $12.00 x 26 days	$	312.00
1 - Water Truck Driver	12.00 x 26		312.00
1 - " " " -Helper	10.00 x 26		260.00
		$	884.00
Months - 12			12
		$10,608.00	

1 - Cook & Commissary Attendant	@ $12.00 x 26 days	$	312.00
Months - 18			18
		$ 2,808.00	

Surface Exploration Crew

1 - Machine Driller	@ $13.00 x 24 days	$	312.00
1 - " " -Helper	10.00 x 24		240.00
2 - Muckers or Windlass Men	10.00 x 24		480.00
1 - Compressor Tender	10.00 x 24		240.00
		$ 1,272.00	
Months - 6			6
		$ 7,632.00	

Underground Diamond Drill Crew

1 - Diamond Driller	@ $16.00 x 24 days	$	384.00
1 - " " -Helper	12.00 x 24		288.00
		$	672.00
Months - 6			6
		$ 4,032.00	

Underground Exploration Crew

1 - Hoist Operator	@ $12.00 x 24 days	$	288.00
1 - Slusher-Scraper Operator	12.00 x 24		288.00
1 - Mucking Machine Operator	12.00 x 24		288.00
2 - Machine Drillers	12.00 x 24		576.00
2 - " " -Helpers	10.00 x 24		480.00
2 - Trammers	10.00 x 24		480.00
		$ 2,400.00	
Months - 12			12
		$28,800.00	

1 - Power Plant-Compressor Tender	@ $10.00 x 24	$	240.00
Months - 12			12
		$ 2,880.00	

TOTAL LABOR $56,760.00

Form MF-103 (Revised)
Original BMA-2202 (Mercury)

Amerimex Mining Company
P. O. Box 626
Alpine, Texas Phone 541

8. Labor by Numbers and Classes, With Wages:

Supervisory:

1 - General Superintendent	Monthly	$ 600.00
1 - Mine Foreman	"	400.00
		$ 1,000.00
Months - 18		18
		$18,000.00
1 - Mechanical Supervisor	Monthly	$ 450.00
1 - Timekeeper & Stockclerk	"	200.00
		$ 650.00
Months - 12		12
		$ 7,800.00
	TOTAL SUPERVISORY	$25,800.00
	TOTAL LABOR	56,760.00
TOTAL LABOR and SUPERVISORY		$82,560.00

Form MF-103 (Revised)
Original DMA-2202 (Mercury)

Amerimex Mining Company
P. O. Box 626
Alpine, Texas Phone 541

9. List and estimated cost of each item of materials, supplies and engineering, accounting, assaying and other items not provided for elsewhere:

Powder, Caps, Fuse and Accessories

18,000 lbs. dynamite, 1¼"x8" stix packed 100 stix to 50-lb. box, delivered to mine in lots of 1 ton or more @ $21.25 per 100 lbs.	$3,825.00	
5,000 electric blasting caps, 6' lead wires, instantaneous, 1, 2, 3 and 4 delays	1,162.00	
1 - Blasting machine, 50-cap capacity	35.00	
4 - Rolls, 500-ft. each, lead-in wire	30.00	
1 - Spool tie-in wire	5.00	
1 - Galvanometer	12.50	
2 - Rolls safety fuse, 3000 ft. ea.	70.00	
1000 Blasting Caps No. 6	20.00	$5,162.00

Air & Water Hose, Fittings, Lines & Valves

4 - Pcs. 50' lengths ¾" HD air hose with snap-on fittings @ 75¢ per ft.	150.00	
4 - Pcs. 50' lengths ¾" HD water hose with snap-on fittings @ 75¢ per ft.	150.00	
12 - Snap-on hose ends ¾" @ 75¢ each	9.00	
12 - " " ¾" male pipe conn. @ 75¢	9.00	
12 - " " ¾" female " " @ 75¢	9.00	
36 - " " ends ¾" @ 75¢	27.00	
36 - " " ¾" male pipe conn. @ 75¢	27.00	
36 - " " ¾" female " " @ 75¢	27.00	
500 - " " gaskets @ $2.50 per 100	12.50	
1 - Bandit Tool, hose-clamping machine with bands and buckles	15.00	
12 - Air cocks, brass seat 2" @ $7.00	84.00	
12 - " " " " 1" @ 4.00	48.00	
24 - Gate Valves, high pressure water ¾"	72.00	
1000 - ft. 2" galvanized pipe @ [illegible]	600.00	
1000 - ft. ¾" " " @ 35¢	350.00	
1 - Lot assorted pipe fittings	150.00	
8 - Air Line Oilers @ $12.00	96.00	1,835.50

Forward

Form MF-103 (Revised)
Original BMA-2202 (Mercury)

Amerimex Mining Company
P. O. Box 626
Alpine, Texas Phone 541

9. (Continued)

Hollow Drill Steel

30	Pcs.	Timkin	H	Thread	1" Hex x 2'	@ 4.20	$ 126.00	
48	"	"	"	"	1" Hex x 4'	5.70	237.60	
48	"	"	"	"	1" Hex x 5'	6.55	314.40	
48	"	"	"	"	1" Hex x 6'	7.30	350.40	$1,028.40

Timkin Drill Bits

1000 - Timkin side hole rock bits:			
400 1-7/8")			
200 1-3/4") estimated average			
200 1-5/8") 40¢ each		400.00	
200 1-1/2")			
800 - Custom re-grinds for above bits @ 12¢		96.00	496.00

Mine Rail & Accessories

3000	ft. Mine rail, 12-lb. equals 12,000 lbs. or 6 tons @ $100.00	600.00	
100	lbs. Track spikes @ 10¢	10.00	
200	pr. Fishplates @ 30¢	60.00	
600	mine rail ties @ 30¢	180.00	
1	Track jack @ $30.00	30.00	880.00

Fuel, Lubricants & Accessories

55	gal. rock drill oil @ 75¢	41.25	
13,500	gal. diesel fuel oil for diesel-electric power unit & diesel-powered air compressor @ 14¢ per gal feb mine	1,890.00	
440	gal. lubricating oil for stationary equipment, power plant & compressor @ $1.10 per gal.	484.00	
4320	gal. butane fuel for portable 105 cu. ft. air compressor used for surface prospecting over a period of 6 mos @ 720 gal. per mo. @ 9¢ per gal.	388.80	
	Maintenance expense of portable compressor estimated to average $20 per mo. over 6-mo. period of its operation	120.00	
4800	gal. butane fuel for stand-by power plant and stand-by compressor used when load can be carried without big units @ 9¢ per gal. f.o.b. mine	432.00	
2058	gal. butane for cooking, refrigeration & heat for 8 employee houses including kitchen @ 9¢ per gal.	185.22	
	Forward	$3,541.27	

Form MF-103 (Revised)
Original MMA-2202 (Mercury)

Amerimex Mining Company
P. O. Box 626
Alpine, Texas Phone 541

9. (Continued)

Fuel, Lubricants & Accessories - Forward	$3,541.27	
3120 gal. butane fuel for water truck based on 20 gal. per day over 26 working days equals 520 gal. per mo. over 18 mos. @ 9¢ per gal. feb mine	$42.40	
3120 gal. butane fuel for utility truck based on estimated consumption of 20 gal. per day for 26 working days per mo. over period of 18 mos. at 520 gal. per mo. @ 9¢	842.40	
1560 gal. butane for pickup truck to haul personnel and supplies est. to average 10 gal. per day for 26 days out of wk. mo. over 18 mos., or 260 gal. per mo.	421.20	
Truck tires, lubrication, repairs, replacements & normal maintenance estimated to average $100 per mo. for duration of the project, 18 mos.	1,800.00	
Grease, filter elements, fan belts, replacement part inventory, machine work & normal maintenance power plants & air compressors estimated at $50 per mo. for duration of project	900.00	
Diamond Drill accessories: core catchers, rod adapters, fishing tools, etc.	50.00	$8,397.27
Ventilation Facilities		
1200 ft. flexible ventilation tubing 18" diameter, jute grade @ 40¢	480.00	
1 - Blower fan, 18" diameter outlet, high volume, low pressure blower 25,000 cu. ft. per min. used	50.00	
1 - Electric motor, 10 HP approximately 1725 R.P.M. used, estimated	100.00	630.00
Core Boxes		
200 Core Boxes @ $4.00 each		800.00

Forward

Form MF-103 (Revised)
Original DMA-2202 (Mercury)

Amerimex Mining Company
P. O. Box 626
Alpine, Texas Phone 541

9. (Continued)

Small Tools, Mine Lamps, Etc.

48 -	Miners' lamps, carbide @ 4.50 ea.	$ 216.00	
800 -	" " " 7¢ per lb.	56.00	
24 -	" picks @ 3.00	72.00	
24 -	Mine shovels, D-handle, round point	60.00	
12 -	Striking hammers, 4-lb. @ 2.00	24.00	
12 -	" " 8-lb. 3.00	36.00	
1 -	Cross-buck saw	6.00	
1 -	Level	4.00	
4 -	Pipe wrenches 18" @ 4.50	18.00	
4 -	" " 24" 6.00	24.00	
4 -	Wrecking bars or spike pullers 36" @ $2	8.00	
2 -	Steel squares @ 3.00	6.00	
2 -	Claw hammers @ 2.50	5.00	
1 -	Keg nails, 10 p.	12.00	
1 -	" " 16 p.	12.00	
1 -	" " 20 p.	12.00	$ 571.00

Kitchen & Camp Facilities

2 -	Army dining tables @ $25.00	50.00	
20 -	Chairs @ $2.00	40.00	
40 -	Army cots, steel @ $4.00	160.00	
8 -	Butane space heaters @ $20.00	160.00	
	Kitchen utensils & dishes	75.00	485.00

Timber

1920 board feet of 6"x6" rough mine timber for approximate requirements - to be used to timber where needed @ 15¢ bf	288.00	
5600 board feet of 2"x12" or similar lumber for lagging, bulkheads, etc. @ 15¢ bf	840.00	1,128.00

Miscellaneous small tools, supplies and contingent expenses impossible to anticipate estimated to average $50.00 per month — 900.00

Workmen's Compensation Insurance 7.4 percent of payroll for labor and supervision — 6,109.44

Social Security Taxes (Employer's) 1.5 percent — 1,238.40

Texas Unemployment Compensation Tax 3 percent of payroll — 2,476.80

Forward

Form MF-103 (Revised)
Original DMA-2202 (Mercury)

Amerimex Mining Company
P. O. Box 626
Alpine, Texas Phone 541

9. (Continued)

Transportation and communications to and from Alpine and El Paso for the purpose of purchasing needed parts, materials and supplies will probably necessitate an average monthly expense of about $100.00 for automobile expense, room and board, telegrams, long distance telephone calls, postage, stationery and other office supplies. Therefore, since the estimated operating time of the project is about 18 months, 18 x $100.00	$ 1,800.00
Accounting Service at $100.00 per month	1,800.00
Geological Consultation, Map Work and Assaying	3,640.08
TOTAL estimated cost of materials, supplies, engineering, accounting, assaying and other items not provided for elsewhere	$39,377.89

10. (a) $41,522.22

(b) Yes

11. The ore reserve calculations submitted in Form MF-100 dated October 29, 1951, Section 12 (b) are hypothetical, as explained therein, and should have been designated as possible or inferred ore.

There is a small tonnage of proven ore in pillars, exposures in stope walls and as cleanup and in ore bins on the surface.

NOV 9 2 1952

M I N I N G L E A S E

THIS INDENTURE, Made and Entered Into This 25th Day of August A. D. 1951 by and between E. G. Bledsoe and Elizabeth Bledsoe of Big Bend National Park, Brewster County, Texas, hereinafter (whether one or more) referred to as Lessor, and Amerimex Mining Company, a Texas Corporation whose principal place of business is Alpine, Brewster County, Texas, hereinafter referred to as Lessee.

WITNESSETH: 1. That in consideration of the covenants and agreements hereinafter set out, to be kept and performed by Lessee, Lessor does hereby lease unto Lessee for prospecting and mining for ten years from date hereof, the following described mining claims (for the purpose hereof considered as one parcel) 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, both numbers inclusive, out of survey 106, Block 341, T. C. Ry. Co., and six (6) awards being numbers M 29849 - M 29854, both numbers inclusive, out of Survey 108, Block G-5, H. K. & T.E. Ry. Co., said surveys being in Presidio County, State of Texas.

2. The Lessor hereby gives and grants to Lessee, for said term, the exclusive right and license to prospect and mine said claims under the laws of the State of Texas, Articles 5388 to 5403, inclusive, Revised Statutes of 1925, and subsequent amendments thereto.

3. IN CONSIDERATION WHEREOF, Lessee agrees to pay unto Lessor a cash rental of One Hundred Dollars ($100.00) per month, payable on or before the 10th day of each month, or a certain royalty, hereinafter stipulated, whichever is greater, during each month of the life of this lease; and if said payment is royalty money, it shall be accompanied with a statement showing the amount and kinds of ore sold, to whom sold, and the price received for same; and if payment is royalty in kind in flasks it shall be valued as per the average of the New York and San Francisco market quotations on the value of quicksilver of the week in which delivery was made. Lessee shall pay Lessor royalty on all metals produced from said mining claims on the following basis:

a. All quicksilver taken from said premises shall be

extracted from the ore on said premises and an overriding royalty of five per cent (5%) of the gross production shall be paid by Lessee to Lessor, which royalty shall be put in flasks and delivered to the Lessor at the nearest or most convenient railway station to said mining claims, except that it shall be the privilege of the Lessor to authorize the Lessee in writing to make settlement by paying unto Lessor five per cent (5%) of the gross value of the production.

b. A royalty of five per cent (5%) of all monies received for any and all other minerals mined and sold from said claims shall be paid by Lessee to Lessor.

c. All rentals or royalties due Lessor shall be paid by check made to Lessors or their authorized agent and mailed to such address as may be supplied by Lessor in writing to Lessee.

d. A copy of all royalty settlements made to the Commissioner of the General Land Office of the State of Texas shall be furnished to Lessor by Lessee.

4. The Lessee will keep a correct account of minerals mined, the kind and weight thereof, to whom sold and the price received therefor, which books shall be open to the inspection of the Lessor at all reasonable times.

5. The Lessee shall mine said claims in good, thorough and workmanlike manner; the same as is usually conducted in said locality, and comply with all State and Federal Laws pertaining to mining.

6. Lessor shall have the right to enter upon said claims for inspection and examination, not unnecessarily interfering with the prospecting and mining operations.

7. At the expiration of the term hereinbefore fixed, this lease shall continue in force and effect for so long thereafter as the Lessee shall continue to pay a minimum cash rental or royalty fee in the sum of One Hundred Dollars ($100.00) per month.

8. The Lessee shall have the right to assign this lease.

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

the option of the Lessor.

10. Lessee may at any time, if he desires to do so, pay all royalties or rentals then due, surrender and terminate this lease by giving ten days written notice and thereupon he shall be relieved from all obligations hereunder with a like effect as if this lease had not been made.

11. The terms and conditions of this lease shall be binding upon and inure to the benefit of the heirs, legal representatives, and of the assigns of the parties hereto.

12. The Lessee agrees to perform the annual assessment work, make the required reports and affidavits, and pay the annual rental fees to the Commissioner of the General Land Office of the State of Texas as required by State Law for maintaining a valid title to said mining claims in the name of the Lessor; and a copy of such returns made and the receipts for the payments made shall be given to Lessor at the proper time.

13. Lessee agrees to pay all taxes assessed against the leased premises, whether so assessed by National, State, County or other political subdivision. In event Lessee shall fail to pay such taxes or other local obligations when due, the Lessor may pay the same, and the amount thereof so paid shall immediately become a lien upon the interests of the Lessee in the property, but in case Lessor does not desire to make such payments, he may declare a forfeiture of the entire lease as is herein provided.

14. So long as this lease is in force, the Lessee shall have an equal right, an equal right only, with all parties who now have, or with all parties who may at some future date have, 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, M. K. & T. E. Ry. Co., said surveys being in Presidio County, State of Texas.

15. In consideration of the foregoing lease, and the well and faithful keeping of the covenants thereof, the Lessee shall have the right to purchase said twelve (12) State of Texas Metallic Mineral Awards together with all improvements and singular rights and appurtenances thereto in anywise belonging to the Lessor, for the sum of

Mining Lease

Seventy-Five Thousand Dollars ($75,000.00) to be paid out of royalties or rentals as previously described herein, or by cash, or by both, at any time within ten (10) years of the date hereof.

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

E. G. Bledsoe (signed)
E. G. Bledsoe

Elizabeth Bledsoe (signed)
Elizabeth Bledsoe

Seal

L E S S O R

AMERIMEX MINING COMPANY
L E S S E E

ATTEST:

L. M. Pulliam (signed)
L. M. Pulliam
Secretary

By R. N. Pulliam (signed)
R. N. Pulliam, President

THE STATE OF TEXAS ()
COUNTY OF BREWSTER ()

BEFORE ME, the undersigned authority, on this day personally appeared E. G. 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. 1951.

G. B. Crawford (signed)
Notary Public, Brewster County, Texas

My Commission Expires
June 1st, 1953

THE 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, and known to me to be the President of Amerimex Mining Company, and acknowledged to me that he executed the same for the purposes and consideration therein expressed in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 25th day of August A. D. 1951.

G. B. Crawford (signed)
Notary Public, Brewster County, Texas

My Commission Expires
June 1st, 1953

Mining Lease

THE STATE OF TEXAS }
COUNTY OF BREWSTER }

BEFORE ME, the undersigned authority, on this day personally appeared L. M. Pulliam, known to me to be the person whose name is subscribed to the foregoing instrument, and known to me to be the Secretary of Amerimex Mining Company, and acknowledged to me that she executed the same for the purposes and consideration therein expressed in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 25th day of August A. D. 1951.

G. B. Crawford (Signed)
Notary Public, Brewster County, Texas

My Commission Expires
June 1st, 1953

THE STATE OF TEXAS }
COUNTY OF PRESIDIO } I, J. H. FORTNER, County Clerk, Presidio County, Texas do hereby certify that the within is a true and correct copy of Mining Lease as the same appears of record in my office in the Deed Records of Presidio County, Texas, Vol. 137 Page 80

WITNESS my hand and seal of office this the 23rd day of May A. D. 1952.

J. H. Fortner
By Vieda Nunez Deputy County Clerk, Presidio County, Texas

Form MF-103
No. 7

Amerimex Mining Company
Box 626, Alpine, Texas

M I N I N G L E A S E

THIS INDENTURE, Made and Entered Into This 25th Day of August A. D. 1951 by and between E. G. Bledsoe and Elizabeth Bledsoe of Big Bend National Park, Brewster County, Texas, hereinafter (whether one or more) referred to as Lessor, and Amerimex Mining Company, a Texas Corporation whose principal place of business is Alpine, Brewster County, Texas, hereinafter referred to as Lessee.

WITNESSETH: 1. That in consideration of the covenants and agreements hereinafter set out, to be kept and performed by Lessee, Lessor does hereby lease unto Lessee for prospecting and mining for ten years from date hereof, the following described mining claims (for the purpose hereof considered as one parcel) 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, both numbers inclusive, out of survey 106, Block 341, T. C. Ry. Co., and six (6) awards being numbers M 29849 - M 29854, both numbers inclusive, out of Survey 108, Block G-5, M. K. & T.E. Ry. Co., said surveys being in Presidio County, State of Texas.

2. The Lessor hereby gives and grants to Lessee, for said term, the exclusive right and license to prospect and mine said claims under the laws of the State of Texas, Articles 5388 to 5403, inclusive, Revised Statutes of 1925, and subsequent amendments thereto.

3. IN CONSIDERATION WHEREOF, Lessee agrees to pay unto Lessor a cash rental of One Hundred Dollars ($100.00) per month, payable on or before the 10th day of each month, or a certain royalty, hereinafter stipulated, whichever is greater, during each month of the life of this lease; and if said payment is royalty money, it shall be accompanied with a statement showing the amount and kinds of ore sold, to whom sold, and the price received for same; and if payment is royalty in kind in flasks it shall be valued as per the average of the New York and San Francisco market quotations on the value of quicksilver of the week in which delivery was made. Lessee shall pay Lessor royalty on all metals produced from said mining claims on the following basis:

a. All quicksilver taken from said premises shall be

extracted from the ore on said premises and an overriding royalty of five per cent (5%) of the gross production shall be paid by Lessee to Lessor, which royalty shall be put in flasks and delivered to the Lessor at the nearest or most convenient railway station to said mining claims, except that it shall be the privilege of the Lessor to authorize the Lessee in writing to make settlement by paying unto Lessor five per cent (5%) of the gross value of the production.

b. A royalty of five per cent (5%) of all monies received for any and all other minerals mined and sold from said claims shall be paid by Lessee to Lessor.

c. All rentals or royalties due Lessor shall be paid by check made to Lessors or their authorized agent and mailed to such address as may be supplied by Lessor in writing to Lessee.

d. A copy of all royalty settlements made to the Commissioner of the General Land Office of the State of Texas shall be furnished to Lessor by Lessee.

4. The Lessee will keep a correct account of minerals mined, the kind and weight thereof, to whom sold and the price received therefor, which books shall be open to the inspection of the Lessor at all reasonable times.

5. The Lessee shall mine said claims in good, thorough and workmanlike manner; the same as is usually conducted in said locality, and comply with all State and Federal Laws pertaining to mining.

6. Lessor shall have the right to enter upon said claims for inspection and examination, not unnecessarily interfering with the prospecting and mining operations.

7. At the expiration of the term hereinbefore fixed, this lease shall continue in force and effect for so long thereafter as the Lessee shall continue to pay a minimum cash rental or royalty fee in the sum of One Hundred Dollars ($100.00) per month.

8. The Lessee shall have the right to assign this lease.

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

the option of the Lessor.

10. Lessee may at any time, if he desires to do so, pay all royalties or rentals then due, surrender and terminate this lease by giving ten days written notice and thereupon he shall be relieved from all obligations hereunder with a like effect as if this lease had not been made.

11. The terms and conditions of this lease shall be binding upon and inure to the benefit of the heirs, legal representatives, and of the assigns of the parties hereto.

12. The Lessee agrees to perform the annual assessment work, make the required reports and affidavits, and pay the annual rental fees to the Commissioner of the General Land Office of the State of Texas as required by State Law for maintaining a valid title to said mining claims in the name of the Lessor; and a copy of such returns made and the receipts for the payments made shall be given to Lessor at the proper time.

13. Lessee agrees to pay all taxes assessed against the leased premises, whether so assessed by National, State, County or other political subdivision. In event Lessee shall fail to pay such taxes or other local obligations when due, the Lessor may pay the same, and the amount thereof so paid shall immediately become a lien upon the interests of the Lessee in the property, but in case Lessor does not desire to make such payments, he may declare a forfeiture of the entire lease as is herein provided.

14. So long as this lease is in force, the Lessee shall have an equal right, an equal right only, with all parties who now have, or with all parties who may at some future date have, 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, M. K. & T. E. Ry. Co., said surveys being in Presidio County, State of Texas.

15. In consideration of the foregoing lease, and the well and faithful keeping of the covenants thereof, the Lessee shall have the right to purchase said twelve (12) State of Texas Metallic Mineral Awards together with all improvements and singular rights and appurtenances thereto in anywise belonging to the Lessor, for the sum of

Amerimex Mining Co
P. O. Box 626, Alpi

Mining Lease

Seventy-Five Thousand Dollars ($75,000.00) to be paid out of royalties or rentals as previously described herein, or by cash, or by both, at any time within ten (10) years of the date hereof.

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

E. G. Bledsoe
E. G. Bledsoe

Elizabeth Bledsoe
Elizabeth Bledsoe

L E S S O R

AMERIMEX MINING COMPANY
L E S S E E

ATTEST:

L. M. Pulliam
L. M. Pulliam
Secretary

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

THE STATE OF TEXAS
COUNTY OF BREWSTER

BEFORE ME, the undersigned authority, on this day personally appeared E. G. 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. 1951.

A. B. CRAWFORD
Notary Public, Brewster County, Texas

My Commission Expires
June 1st - 1953

THE 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, and known to me to be the President of Amerimex Mining Company, and acknowledged to me that he executed the same for the purposes and consideration therein expressed in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 25th day of August A. D. 1951.

A. B. CRAWFORD
Notary Public, Brewster County, Texas

My Commission Expires
June 1st - 1953

Amerimex Mining Company
Box 626, Alpine, Texas

Mining Lease

THE STATE OF TEXAS }
COUNTY OF BREWSTER }

BEFORE ME, the undersigned authority, on this day personally appeared L. M. Pulliam, known to me to be the person whose name is subscribed to the foregoing instrument, and known to me to be the Secretary of Amerimex Mining Company, and acknowledged to me that she executed the same for the purposes and consideration therein expressed in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 25th day of August A. D. 1951.

B. B. Crawford
Notary Public, Brewster County, Texas

My Commission Expires
June 1st 1953

Form MF-103
(April 1951)

U. S. DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Budget Bureau No. 42-R1035.
Approval expires 6-30-51.

APPLICATION FOR AID FOR AN EXPLORATION PROJECT PURSUANT TO MINERAL ORDER 5, UNDER DEFENSE PRODUCTION ACT OF 1950

DO NOT FILL IN THIS BLOCK

Docket No. dma 22202

Date received 11-1-51

Participation

Amerimex Mining Company
P. O. Box 626
Alpine, Texas

R. N. Pulliam, President
Telephone 541

Name and address of applicant

Date October 29, 1951

FILL IN THIS BLOCK

Date of application By R. N. Pulliam by telegram 5-29-51

Estimated cost $228,565.42

Mineral or metal Mercury

Percentage of Government participation 75%

Location of mine Buena Suerte, Terlingua District Presidio County, Texas

Date of filing MF-100 October 29, 1951

DMA Docket Number, if available

INSTRUCTIONS

Read Mineral Order 5, Regulations Governing Government Aid in Defense Projects, before completing this application. Submit four signed copies of the application to Defense Minerals Administration, Department of the Interior, Washington 25, D. C., or to the nearest field executive officer thereof, with your name and address on each sheet of the application and all accompanying papers. If any question is inapplicable, or if you cannot answer it, so state on the form. Where the space provided for answer is insufficient, answer on a separate sheet, annex it to the application form, and refer to it in space for answer. If the application is approved, you will be presented with an exploration project contract on Form MF-200, for your signature.

THE APPLICANT

*1. Is applicant an individual, partnership, or corporation?
*2. If a partnership, state names and addresses of partners.
*3. If a corporation, state names and addresses of officers, directors, and five largest stockholders.
*4. Describe the mining and general business experience of (*a*) the applicant, and (*b*) the person or persons who will manage the project.
*5. Are you the owner or the lessee of the property?
6. If owner, state what claims, liens, or encumbrances, if any, are against the property.
7. If lessee, attach a copy of the lease and state if it is in good standing. Lease is in good standing.

NOTE.—It will be necessary to procure and attach to the exploration project contract agreements of claimants, lienors, encumbrances and lessors subordinating their interests in the property to the interest of the Government under the contract.

8. Furnish current financial statement, showing assets and liabilities, and a profit and loss statement.
9. How much money is applicant prepared to invest in proposed project? Is it sufficient to pay your part of the cost of the project as detailed in question 23 of this application form, in accordance with the regulations on Government participation (Section 9 of Mineral Order 5)?

*If you have already answered these questions on MF-100, you are not required to answer the questions for this application.

16—64067-1

THE PROPERTY

10. (*a*) Give a description of the real property that will be in any way involved in the exploration project, including any existing mine or operating property.
    (*b*) Give the legal description of the exact parcel, plot, or area upon which the exploration is to be conducted.

    NOTE.—If both areas are the same, so state. The only obligation to repay the Government is from the net earnings from any commercial discovery made in the area specified in (*b*) above in which the exploration is to be conducted, and the expenditure of funds which may be charged as costs of the project must be limited to that area or to work necessary to perform the exploration in that area.

*11. State the present and former names of the property, if any.

*12. State, in detail, the location of the property with reference to towns, railroads, roads, shipping points, including distances and directions and kinds and conditions of roads.

*13. State source and quantity of water available for operations and its sufficiency at all seasons.
State amount of power to be used, rate per hour or other cost, and source.

*14. Describe any existing useable facilities, equipment, buildings, or structure now on the property that will be devoted to the exploration work.

15. State in detail how the ore could be shipped and how and where milled.

*16. History:
    (*a*) Give a statement, as complete as possible, of previous exploration, development, operation, and production of property, with reasons for any past suspensions of operations.
    (*b*) State briefly the known history and production of adjoining and neighboring properties.
    (*c*) Furnish any available (private) reports that may apply to this application, including results of mine examinations, recommended exploration and development, and metallurgical investigations.

*17. Production:
    (*a*) If mine is in production, furnish the following information:

	Tons per day	*Grade or analysis*	*Cost per ton*	*Net value per ton*
(1) Mining				
(2) Milling				
(3) Shipped or sold				

*18. Ore or mineral reserves: (If property is or has been operating.)
    (*a*) Describe the ore or mineral deposits briefly.
    (*b*) Submit available maps and assay data.
    (*c*) Give estimated tonnage and grade of each class of ore reserves.

19. State any conditions or circumstances regarding the property not sufficiently brought out by the foregoing questions.

THE EXPLORATION

20. For what mineral or minerals and for what types of deposits and ores will the exploration be conducted?

21. Describe briefly, but concisely, the proposed work and the estimated time required to complete it.

    NOTE.—The Government will not participate in a project that will require more than 2 years to complete.

22. Furnish statement of the geological basis of the project with particular emphasis on factors leading the operator to expect the finding of commercial ore bodies. This statement should be accompanied by supporting maps such as geological maps, maps of the proposed openings and assay maps, sample lists, and other pertinent data.

THE REQUIREMENTS AND COSTS

23. Tabulate in the form of an itemized statement with a sum for each item the estimated requirements and costs of the project so that the total will give the estimated cost of the project in which the Government will participate, as follows:
    (*a*) Labor, by numbers and classes (miners, muckers, millmen, etc.), with wages of each.
    (*b*) Supervisors, by numbers and positions, with salaries of each.
    (*c*) Cost of necessary repairs to existing facilities, structures, and buildings.
    (*d*) Cost of necessary installation or construction of additional facilities, structures, and buildings.
    (*e*) Cost of items of equipment, not now owned by the applicant which must be purchased for operations at a cost of $50 or more each.
    (*f*) Cost of rental for equipment which the operator proposes to rent.
    (*g*) Rental value of items of equipment which the operator now owns and which will be devoted to the work.
    (*h*) Cost of materials and supplies, including items of equipment costing less than $50 each.
    (*i*) Cost of power, water, utilities, and any other items not provided for above.

24. Furnish a time schedule of the project, stated in terms of months after project is approved, showing progress expected to be accomplished and the money expected to be spent.

CERTIFICATION

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

Amerimex Mining Company
(Name of company)

By J. N. Sullivan
(Signature of authorized official)

October 29, 1951
(Date)

President
(Title)

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

*Same as footnote on page 1.

16—64067-1 U. S. GOVERNMENT PRINTING OFFICE

Form MF-103

Amerimex Mining Company
P. O. Box 626
Alpine, Texas Phone 541

1. Corporation. See MF-100 Nos. 8 and 9.

2. Not applicable.

3. See MF-100 No. 8.

4. See MF-100 No. 6.

5. Lessee with purchase-option whereby royalty may be applied on purchase price.

6. Not applicable.

7. See copy of Certificate of Facts from General Land Office of Texas and Lease-Purchase Option attached thereto with plat showing location of property.

8. Financial Statement is attached. Profit & Loss Statement cannot be provided because property is not in operation.

9. Applicant is prepared to invest capital in the form of needed mining machinery, equipment and materials with an appraised value of $54,850.00, available for the operation upon payment of notes totaling $12,000.00 and upon execution of formal agreement whereby R. N. Pulliam, who holds the note of the Operator in the amount of $42,850.00 for the said machinery, equipment and materials, subordinates his interest in the property to the interest of the Government under the contract. Pulliam has agreed to subordinate his interest to the interest of the Government upon notice that the Administrator has approved payment of the $12,000.00 obligation and has accepted the machinery, equipment and materials to apply at net appraised value on applicant's pro rata share of the cost of the proposed project.

Applicant is prepared also to invest the proceeds from mine production, which it is estimated will be $20,000.00 or more per month, produced incidental to the proposed underground and surface exploration of the project. It is believed that production can be started within 60 days after the operation is resumed.

The machinery, equipment and materials to which reference is made herein as belonging to the Operator have been estimated by independent appraiser as having a replacement value of $54,850.00. The detailed list of machinery, equipment and materials and the statement of appraiser are attached as a part of MF-100, No. 17, and included herewith.

Amerimex Mining Company
Box 626, Alpine, Texas

GENERAL LAND OFFICE
State of Texas
Austin

Bascom Giles, Commissioner

14

Dennis Wallace, Chief Clerk

August 14, 1951

I, Bascom Giles, Commissioner of the General Land Office of the State of Texas, do hereby certify that the papers, records and documents of said office show:

That School Section 106, Certificate 2119, Block 341, TC Ry. Co., as containing 640 acres in Presidio County, was awarded to Guy Crawford January 22, 1917, on his application filed in the Land Office January 2, 1917, to purchase same at $1.00 per acre without settlement, said Section having been classified as Mineral and Grazing and appraised at $1.00 per acre;

That Guy Crawford and wife conveyed said Section 106 with other land, to J. L. Crawford and by deed dated August 14, 1919, and correction deed dated April 20, 1920:

That the sale covering said Section 106 was forfeited July 17, 1925, for nonpayment of interest;

That upon request and payment of the required fee of 1¢ per acre, said Section 106, as containing 640 acres, was revalued by the Commissioner of the General Land Office on February 23, 1926 at $1.00 per acre, and the same was awarded to G. B. Crawford, Myrtle Allen, Elizabeth Crawford, Martha J. Crawford, John G. Crawford, and Sadie Harrington June 9, 1926, on application filed in the Land Office April 27, 1926, to repurchase same at $1.00 per acre, said revaluation and repurchase having been made under the provisions of Chapter 94, Act approved March 19, 1925;

That S. A. Thompson, Deputy Surveyor of Presidio County, on November 29, 1881, surveyed Section 106, Block 341, Presidio County, and compiled field notes thereof, showing same to consist of 640 acres, which field notes were recorded in the office of the County Surveyor, and then transmitted to the Land Office, where they were received and filed May 8, 1882 and approved as correct December 29, 1883;

C O P Y

Amerimex Mining Company
Box 626, Alpine, Texas

That on November 17, 1942, payment in full on said Section 106, Block 341, Presidio County, having been made, same was patented to G. B. Crawford, Myrtle Allen, Elizabeth Crawford, Martha J. Crawford, John G. Crawford and Sadie Harrington as 640 acres of land, with the minerals reserved to the State by Patent No. 283, Volume No. 87-A;

That Mineral Award Nos. 20079, 20080, 20081, 20082, 20083, 20084 and 20085 were issued April 10, 1936, and No. 20248 was issued June 5, 1936, to H. M. Wilson and Harris S. Smith by J. H. Walker, Commissioner of the General Land Office, under the provisions of Articles 5388 to 5403, Revised Statutes of 1925, and subsequent amendments thereto, each of said awards covering a 20.66 acre tract out of said Section 106, Block 341, TC&Ry. Co., Presidio County, described by metes and bounds;

That the file wrapper in the Land Office containing the papers pertaining to said Mineral Files Nos. 20079, 20080, 20081, 20082, 20083, 20084, 20085 and 20248, each bears the endorsement "Forfeited for failure to make annual payment of 50¢ per acre and file affidavit of assessment work during month of January as prescribed by law, 2-25-46 Bascom Giles, Comr.";

That School Section 108, Certificate 410, Block G-5, MKATE Ry.Co., as containing 640 acres of land in Presidio County, was awarded to M. E. Florence February 19, 1920 on his application filed in the Land Office January 2, 1920 to purchase same at $1.13 per acre without settlement, said Section having been classified as Mineral and Grazing and appraised at $1.00 per acre;

That the sale covering said Section 108 was forfeited September 22, 1925 for nonpayment of interest, and same was reinstated on the records of the Land Office April 5, 1926;

That John T. Gano, Deputy Surveyor of Presidio County, on August 13, 1881, surveyed said Section 108, Block G05, and compiled field notes thereof, showing same to consist of 640 acres, which field notes were recorded in the office of the Surveyor of Presidio County, and then transmitted to the Land Office where they were received and filed September 30, 1881 and approved as correct February 10, 1883;

That said Section 108, Block G-5, as containing 640 acres in Presidio County, having been paid out in full, was patented January 13, 1942 to M. E. Florence by Patent No. 279, Volume 83-A;

That Mineral Awards Nos. 20240, 20241, 20242, 20243, 20244, 20245, 20246, 20247 and 20248, were issued June 8, 1936, to H. M. Wilson and Harris S. Smith by J. H. Walker, Commissioner of the General Land Office, under the provisions of Articles

5388 to 5403, Revived Statutes of 1925, and subsequent amendments thereto, each of said awards covering 20.66 acres, described by metes and bounds, 20240 to 20247 inclusive, out of said Section 108, Block G-5, and award No. 20248 out of said Section 106, Block 341 all in Presidio County;

That said Mineral Awards Numbered 20240 to 20248 inclusive, were forfeited February 25, 1946 for failure to make annual payments of 50¢ per acre and file affidavits of assessment work during the month of January as prescribed by law;

That Harris S. Smith made separate applications to purchase all of the minerals except oil, gas, coal and lignite upon twelve 20.66 acre tracts, designated as Buena Suerte Claims Nos. 1 to 12 inclusive (as shown on the mineral blotter in the General Land Office on Page 39½), said Claims Nos. 1 to 6 inclusive being located on said Section 106, Block 341 and said Claims Nos. 7 to 12 inclusive being located on said Section 108, Block G-5 all in Presidio County, said application being made in accordance with Articles 5388 to 5403, Revived Statutes of 1925 (Chapter 79, Act approved July 1, 1919 and amendments thereto), and said twelve applications were filed with the County Surveyor of Presidio County February 1, 1946 and in the General Land Office on February 23, 1946;

That on February 11, 1946, John Stovell, Licensed State Land Surveyor, made twelve separate mineral surveys under Chapter 79, Act approved July 1, 1919, and amendments thereto for Harris S. Smith, which he designated as Mineral Surveys Nos. 1 to 12 inclusive, covering said Buena Suerte Claims Nos. 1 to 12 inclusive, and compiled field notes of each, showing said Mineral Surveys to consist of 20.66 acres of land each, and said field notes were recorded in the office of the County Clerk of Presidio County and then transmitted to the Land Office along with the mineral applications of Harris S. Smith, where they were received and filed March 26, 1949, the field notes of said Mineral Survey No. 1 contains a sketch of all twelve of said mineral surveys, showing said surveys 1 to 6 to be situated on said Section 106, Block 341 and said Surveys 7 to 12 to be situated on said Section 108, Block G-5;

That on March 20, 1946, Bascom Giles, Commissioner of the General Land Office, executed and delivered Mineral Awards Nos. 29843 to 29854 inclusive to Harris S. Smith upon and covering said twelve 20.66 acre tracts, being designated as Buena Suerte Mining Claims Nos. 1 to 12 inclusive, said awards each stating that said tracts had been sold with the reservation of minerals to the State, and the minerals therein except oil, gas, coal and lignite were subject to sale under said applications of Harris S. Smith in accordance with Articles 5388 to 5403 inclusive, Revived Statutes

of 1925 and subsequent amendments thereto and further states that Chapter 29, Section 1, Amendment Act of March 7, 1935, provides for 6¼ per cent royalty to the State, and copies of said Mineral Awards Nos. 29843 to 29854 inclusive were filed in the Land Office March 20, 1946;

That on January 28, 1947, Harris S. Smith made verified affidavit that said Mineral Awards Nos. 29843 to 29854 inclusive covering said mining claims described as Buena Suerte Nos. 1 to 12 inclusive are a contiguous group of claims, and that the assessment of said group of claims was done on the claim described as Claim No. 5 by Mineral Award No. 29847 being a part of said contiguous group of claims, and that the assessment work consisted of an excavation in the form of a shaft being 30 feet deep, 12 feet long and 7 feet wide, making a total of 2520 cubic feet removed from said workings, which affidavit of assessment work was filed in the Land Office, January 30, 1947;

That on January 15 1948, Harris S. Smith made verified affidavit of assessment work on said Mineral Awards 29843 to 29854 inclusive in compliance with Articles 5394, Revived Statutes of 1925, as amended by House Bill 402, Act of 1927, stating that the assessment work for said claims was done on Mineral Award 29853 covering said Survey 11, the work performed being in the form of open cut and shaft, being 22 feet deep, 60 feet long and 4 feet wide, making a total of 2400 cubic feet removed by said workings, and said affidavit of assessment work for the year 1947 was filed in the Land Office January 16, 1948;

That the affidavit of assessment work for the year 1948 on said Mineral Awards Nos. 29843 to 29854 inclusive made by Harris S. Smith was filed in the Land Office November 19, 1948, said assessment work being made on award 29847 covering said Mineral Survey No. 5, said work being in the form of an open cut and an open cut with shaft, the total of cubic feet of earth removed from the workings being 2460 cubic feet;

That the affidavit of assessment work for the year 1949 made by Harris S. Smith was filed in the Land Office on January 28, 1950, such work being done on Mineral Award No. 29846, as covering Survey No. 4, the excavation work being 10 feet deep, 30 feet long, 8 feet wide, making a total of 2400 cubic feet removed from said workings, and during such work, the following minerals were discovered: cinnabar, gypsum, calcite and pyrite and fifty samples were tested by panning for quicksilver ore (marginal low grade ore was found);

That on April 20, 1949, Harris Seymour Smith individually and as independent executor of the estate and under the will of

Winnie Donald Smith, deceased, joined by his wife, Myra C. Smith, assigned and transferred said Mineral Awards Nos. 29843 through 29848 both inclusive out of said Section 106, Block 341, and said Mineral Awards Nos. 29849 to 29854 both inclusive out of said Section 108, Block G-5, both in Presidio County, same being the Buena Suerte Mining Claims Nos. 1 to 12 inclusive to E. G. Bledsoe and wife Elizabeth Bledsoe and other mineral interests by written assigned, a certified copy of which was filed in the Land Office February 7, 1951;

That on December 30, 1950, E. G. Bledsoe filed in the Land Office his affidavit of assessment work done on said Mineral Awards 29843 to 29854 inclusive, the work done being in the form of open cut, 4 feet deep, 6 feet long and 10 feet wide, making a total of 2400 cubic feet removed by said workings, such work being done on Mineral Award No. 29852, being Mineral Survey No. 10;

That Harris S. Smith made annual payments in the amounts of $10.33 on each of said Mineral Awards 29843 to 29854 inclusive on the following dates: March 6, 1946, January 30, 1947 January 16, 1948, November 10, 1948 and January 28, 1950, and E. G. Bledsoe made payments in the amount of $10.33 each on said Mineral Awards 29843 to 29854 inclusive on January 2, 1951, and said awards now stands on the records of this office in the names of E. G. Bledsoe and Elizabeth Bledsoe;

IN TESTIMONY WHEREOF, I hereunto set my hand and affix the seal of said office the date first above written.

(SEAL)

Bascom Giles (signed)
BASCOM GILES, COMMISSIONER
OF THE GENERAL LAND OFFICE

JTS:dm

Mr. R. N. Pulliam
Alpine, Texas

Fee: $15.00
Register No.
Invoice No. 6241 CF

File Nos.	M-29843	M-29846	M-29849	M-29852	140647
	M-29844	M-29847	M-29850	M-29853	128792
	M-29845	M-29848	M-29851	M-29854	

C O P Y

Form MF-103
No. 9

AMERIMEX MINING COMPANY
Alpine, Texas

STATEMENT OF CONDITION

A S S E T S

Lease	$ 1,000.00	
Machinery & Equipment	54,850.00	
Total Assets		$55,850.00

LIABILITIES and CAPITAL

Current Liabilities		
Notes Payable		
Wiley Blair, Jr.	$ 8,000.00	
George A. Butler Liquidating Agent Bobs Mining Company	4,000.00	
Total Current Liabilities		$12,000.00
Deferred Liabilities		
Notes Payable		
R. N. Pulliam		42,850.00
Capital Stock		
Stock Issued		1,000.00
Total Liabilities and Capital		$55,850.00

Form MF-103

Amerimex Mining Company
P. O. Box 626
Alpine, Texas Phone 541

10. (a) The real property which will be involved in the exploration project includes all of the mineral property of the Fresno Mine, consisting of 12 regulation-size mining claims, designated as Buena Suerte Mining Claims Nos. 1 through 12, each being 600 x 1500 feet and containing 20.66 acres, comprising one contiguous tract 3000 feet (north and south) by 3600 feet (east and west) totalling 247.92 acres, more completely described in State of Texas Metallic Mineral Awards Nos. 29843 to 29854, both inclusive, executed and delivered to Harris S. Smith on March 20, 1946, said awards each stating that said tracts had been sold with the reservation of minerals to the State, and the minerals therein were subject to sale under said application of Harris S. Smith in accordance with Articles 5388 to 5403 inclusive, Revised Statutes of 1925 and subsequent amendments thereto and further states that Chapter 29, Section 1, Amendment Act of March 7, 1955, provides for 6¼ per cent royalty to the State of Texas.

The said 12 mining claims designated as Buena Suerte Mining Claims Nos. 1 through 12 and State Metallic Mineral Awards Nos. 29843 and 29854, both inclusive, are situated as follows:

Buena Suerte Mining Claims Nos. 1 through 6, being the same as State Metallic Mineral Awards Nos. 29843 through 29848 are situated on Section 106, Block 341, T. C. Ry. Co., Presidio County, Texas, and Buena Suerte Mining Claims Nos. 7 through 12, being the same as State Metallic Mineral Awards Nos. 29849 through 29854, both inclusive, are situated on Section 108, Block 6-5, N.K. & T.E. Ry. Co., Presidio County, Texas.

Please see attached sheet answering No. 7 herein with attached copy of certificate of Facts, Lease-Purchase Option and plat of property.

(b) Both Areas are the same.

Form MF-103

Amerimex Mining Company
P. O. Box 626
Alpine, Texas Phone 541

11. See MF-100, No. 2.

12. See MF-100, No. 13.

13. See MF-100, No. 14.

14. See MF-100, No. 17.

15. Ore should be treated on the mine property in a rotary quicksilver furnace of not less than 30 tons daily capacity, such as the Operator has available for use.

    After the ore has been crushed and furnaced, the quicksilver will be put into iron flasks holding 76 pounds 1 ounce each and hauled by truck to Alpine, Brewster County, Texas, from which it may be shipped by rail to dealers and consumers.

16. See MF-100, Nos. 7 (a), (b) and (c).

17. Inapplicable.

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18. See MF-100, No. 12 (a) and (b) (1) and (2).

19. The Fresno Mine property referred to herein was shut down in 1944 due to disagreement between Mr. Harris S. Smith and the heirs of his former partner, Homer M. Wilson, who assertedly maintained an irreconcilable attitude and rebuffed Smith's every effort to reach an agreement whereby the mine operation could be continued.

It has been stated that the Wilson heirs refused to pay their prorata of expenses for annual assessment work, State lease money, watchman services and maintenance of the property.

After meeting these expenses alone for sometime, Harris S. Smith allowed the property to be forfeited for failure to do required assessment work and for failure to pay annual rental fees to the State of Texas.

Whereupon, Mr. Smith filed claims in his own name covering the same property that had formerly belonged to the Smith-Wilson partnership and as previously indicated herein, the said claims designated as Buena Suerte Mining Claims Nos. 1 through 12, both inclusive, which were subsequently awarded as State Metallic Mineral Awards Nos. M-29843 through M-29854.

This placed the metallic minerals and mining rights exclusively in the ownership of Harris S. Smith; but since the property surface, equipment, buildings and other appurtenances had been owned by the partnership, Smith and the Wilson heirs continued to own these properties as a one-half interest in an undivided estate.

Subsequently, Smith sold his State Metallic Mineral Awards and his one-half undivided interest in the other assets on the property to Mr. and Mrs. E. G. Bledsoe, who executed the Lease-Purchase Option in favor of applicant.

The previously mentioned property transfers are fully and accurately explained herein under No. 10 and are restated here to bring out the personal conflict which has existed for a number of years between the Wilson heirs and Mr. Smith and his successors to indicate the background for the Wilson's consistent refusal to enter into any agreement for the sale or lease of their interest in the surface and appurtenances.

The Operator has another furnace and various other needed equipment, materials and supplies which require only minor repairs, adjustments and installation on the mine property. It is believed that installation of Operator's equipment and certain additional equipment needed to operate on the scale proposed will result in the most economical installation possible for the ultimate early success of exploration and development and the early profitable operation of the mine.

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19. (Continued)

The Fresno Mine has not been worked since the disagreement between Smith and the Wilson heirs. Until that time, the mine had been in continuous profitable production. Although there are no blocked-out ore bodies, there are a number of places in the stopes where work can be resumed on ore occurences, which - if followed - will probably lead to new ore bodies comparable to those previously mined. Only a minute part of the structure has been explored, and that small part has resulted in substantial and profitable production carried on by simply following the ore without having any appreciable reserves established according to accepted methods.

It is believed that the mining of ore incidental to following present ore occurences and structural trends in carrying out the proposed exploration will permit the production of mercury with a value of more than $20,000.00 per month beginning within 90 days after the project has started. The conduct of this underground work for the limited time and on the scale proposed should make possible the development of sufficient ore reserves to assure continued production of mercury and maintenance of underground mine personnel while surface prospecting and diamond drilling are employed to complete thorough and systematic exploration of the major structure.

By employing these different explorational methods simultaneously, the apportionable overhead of each is held to a minimum. The underground work fairly well assures a continued substantial mine income. Underground exploration by open working will permit invaluable visual inspection of ore occurences and structures in those areas adjacent to and near the important ore bodies previously mined. A capable, well organized mine crew will be on duty prepared to drive immediately to any ore occurence discovered in the immediate vicinity by diamond drill or surface exploration.

The surface diamond drilling proposed is also of decisive importance in that the extent of the structure and the number of minor structures within precludes adequate exploration by other practical means; the immediate future of the mine and long range planning for production make it imperative that the promising areas be explored as quickly as possible to establish such reserves as may exist; and such reserves could conceivably be great enough to insure for sometime to come a substantial part of this Nation's mercury requirements.

Surface exploration by open cut, shaft or adit is the practical method for exploring known favorable structures from the surface, and it is conceivable that one of the cinnabar occurences detected by outcrop or by panning may persist downward to open into new and important ore bodies.

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19. (Continued)

The diamond drilling underground, although limited in its scope as planned, is a valuable aid to exploration and may be employed effectively to delineate and sample such ore bodies as may be discovered.

Therefore, the Operator believes that the proposed project is a well coordinated approach to the prompt, efficient, exploration of a great structure, which by virtue of the geology presented and by its past record of production merits thorough exploration.

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20. The exploration will be conducted for lode-type deposits of quicksilver or mercury ores, which occur principally as cinnabar in mantos, chimneys and in fissures, fractures and as filling in loose and porous zones beneath an impervious capping. The ore thus far produced by the Fresno Mine has occurred principally as mantos within 100 feet of the surface; however, there has been virtually no other exploration.

21. The proposed work to accomplish the exploration and development recommended by Professor W. N. McAnulty in his Geologic Report dated July 24, 1951, includes both underground and surface operations to be conducted simultaneously insofar as practicability will permit.

Underground work by drift, cross cut, winze and raise is to be employed to explore favorable structures within reasonable proximity to existing mine workings and to develop ore occurences now showing in the stoped areas and other workings of the mine.

RECOMMENDATION No. 1:

It is believed that by following the ore and strong structural trends now showing in the mine, new ore bodies will be found and developed comparable to those mined during the previous operation, which made the mine an important producer.

In following the ore to delineate and sample such ore bodies as may be discovered, considerable ore will be mined and saved. It is the intention of the Operator that ore thus mined will be hoisted to the surface where it may be crushed and furnaced to produce marketable quicksilver to aid in defraying operational costs.

By carrying on underground work at from four to six different working faces simultaneously, there is ample reason to believe that from 30 to 60 tons of furnace grade ore will be mined each day incidental to accomplishment of the proposed exploration and development within the shortest practicable time.

In keeping with the contemplated scope of the operation and the work cycle believed to permit the most efficient coordination of men, equipment and time for the proposed operation, it is planned that the underground work will be conducted at six different working faces. Each working face of 5 x 7 drift or cross cut will be advanced an average of approximately four lineal feet per shift or a total of 24 lineal feet per shift for the operation.

It is not possible to predict the directional trend or the extent of either ore occurences or structures which may be followed by

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21. Recommendation No. 1 (Cont'd)

underground workings from the stoped area of the mine; consequently, the direction and extent of work to be done in any particular place cannot be described.

Based upon the work previously done by the former operator of the Fresno Mine and the results achieved considered from the aspect of unexplored terrain within the same limited structure and the opportunities afforded by existing ore occurences trending out of the stoped area of the mine, it is believed that 1,440 lineal feet of 5' x 7' drift and cross cut will be justified to develop and explore ore showings and favorable structures extending from - or workings which are adjacent to - existing mine workings.

Through utilization of a slusher hoist and scraper for mucking waste or ore where the proximity of a sub-level or haulage level makes this method desirable and through use of a small air-operated mucking machine in drifts and cross cuts, it is believed that it will be possible to advance each of six working faces in 5' x 7' drift or cross cut an average of 4 feet each per shift with the equipment and personnel indicated.

Therefore, it is believed that once the needed mining equipment has been installed and needed personnel has been employed and put on the job, the proposed 1,440 lineal feet of 5' x 7' drift and cross cut will require approximately 60 shifts for completion.

RECOMMENDATION No. 6

As a part of the proposed exploration and development by drift and cross cut, the following work should be done:

To explore Fault J, as identified in Recommendation No. 6, Page 15, of the McAnulty Report and shown on the map accompanying the report, the northwest cross cut from Shaft No. 2 should be completed a distance of approximately 100 lineal feet to cut the fault at a depth of 100 feet. Where the fault is cut, if ore is found or if a good structure and promising mineralization is found, the fault should be drifted on in each direction for a distance of at least 100 feet.

If mantos of ore are found to occur off the fault, drifts should be driven so that diamond drill stations can be cut at strategic points from which vertical and horizontal fans of holes can be drilled with an air-driven, column-mounted diamond drill in order reasonably to delineate and sample the ore bodies.

There is reason to believe that Fault J will be ore-bearing and that ore may occur as manto deposits off the fault at the

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21. Recommendation No. 6 (Continued)

favorable horizon in the Georgetown limestone beneath the covering of impervious Del Rio Clay. This reasoning is sustained by the fact that where Fault J appears to split or to form two faults in Area G, about 1,000 feet west of the proposed cross cut, good cinnabar ore is found where the fault extension cuts through the sheer face of a Buda bluff. This ore occurs at a higher topographic and stratigraphic horizon than that to be explored by underground work on Fault J. The ore which occurs in the Buda obviously had to traverse the underlying Del Rio Clay and Georgetown limestone. Usually such an ore occurence at a higher horizon is indicative of increased mineral deposition at the Del Rio-Georgetown horizon because of the relatively greater effectiveness of the Del Rio as a seal.

When Fault J has been crosscut at the 100-ft. Level and drifts have been driven a distance of 100 feet in each direction along the fault, it is proposed that a diamond drill station be cut at the extremity of each drift on the fault in order that a series of diamond core drill holes may be drilled as horizontal and vertical fans to explore the favorable ore horizon within a radius of about 150 feet of the proposed diamond drill stations.

It is proposed that provision be made for the cutting of a third diamond drill station underground in the vicinity of Fault J between the present working face and the point where the fault is to be crosscut from the present underground workings, if the appearance of the structure or the mineralization should appear to warrant diamond drilling from such location before or after the other proposed underground work and diamond drilling have been completed.

Therefore, in addition to the proposed drifting and crosscutting, it is proposed that provision be made for cutting three diamond drill stations, each sufficiently large to permit the use of a ten-foot core barrel for drilling vertical and horizontal fans of holes in arcs of 45 degrees.

It may be discovered that insufficient core recovery, loss of water return, caving ground or some similar technical difficulty will render core drilling impractical where small cores are cut and where the opportunity to case-off caves, fractures and bad ground is limited because of inability to run more than one size of casing.

However, the Management has had considerable experience in diamond drilling underground in similar or probably more broken and brecciated areas in the same formations of the Terlingua Quicksilver District and believes that the diamond drill can be used as a valuable adjunct and guide to other underground work.

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21. Recommendation No. 6 (Cont'd)

The number of holes drilled from any station, the angle and length of the holes drilled must depend to considerable extent upon the results achieved in preceding holes drilled. Unless it has been ascertained otherwise, the first holes drilled should be directed to locate the structure or the horizon sought; and further drilling should be planned to explore the structure or the horizon by vertical and horizontal drill holes, consisting of at least five holes spaced nine degrees apart in each vertical or horizontal fan.

Therefore, a minimum of 10 diamond drill holes, averaging about 150 feet each should be drilled from each of the drill stations, indicating that a total of about 1,500 feet of hole will be drilled from each of the three stations.

Estimated time to cut the drill station in limestone, to cut the sump, to set up the drill and to pump preparatory to beginning actual drilling will be approximately six shifts per station, or 18 shifts for the the three drill stations.

Diamond drilling an average of ten holes for an average distance of 150 feet each from each station will require an estimated average of four shifts per hole or a total of 40 shifts for the ten holes, totalling about 1,500 feet. For the entire estimated minimum of 4,500 feet of diamond drill hole, approximately 120 shifts will be required by the diamond driller and his helper.

RECOMMENDATION No. 3

Also as a part of the proposed underground exploration and development by drift, cross cut, raise and winze, Recommendation No. 3, Page 15, of the McAnulty Report will be carried out in Zone E, the collapsed area just reached by the extreme northwest cross cut from Shaft No. 2.

Where the mine working has barely cut the contact between the jumbled fill of the collapsed area and the limestone wall which surrounds it, the lower part of the face shows some excellent cinnabar ore to a height of about one foot above the floor.

It is possible that this ore may ascend at other places around the perimeter, especially where vents may have allowed the mineralizer to escape to higher horizons.

From the appearance of the present working face and from the presence of the Boquillas formation on the surface in the collapsed area, it is probable that a chimney or pipe of cinnabar may persist to considerable depth from the shattered base of the Del Rio clay of the fill. Such a pipe accounted for most of the production from the famous Chisos Mine at Terlingua, after which the District is named.

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21. Recommendation No. 3 (Cont'd)

It is proposed that drifts be driven along the walls of the collapsed area for a distance of approximately 100 feet in either direction from the present working face. If the ore persists along the contact or out into the fill, it should be followed by drift to its extremities.

A winze should be sunk to permit the opening of development levels at no greater intervals than 50 feet, if the ore persists downward and appears to open up into a body of commercial importance. If the present ore - or ore which may be found along the contact in the previously described drifting - will not persist, the winze should be sunk to the Del Rio-Georgetown contact within the collapsed area, which will probably be no more than 150 feet additional depth.

By sinking the winze in the limestone just outside of the collapsed area, drilling will be more difficult, but the total cost will be considerably less because very little timber will be required. Such a winze will stand indefinitely; and if the ore occurence proves to be of sufficient importance, it may be raised to the surface to provide a splendid working shaft.

Estimated time required to drift a minimum of 200 feet along the perimeter of the collapsed area, based on average of four feet of progress per shift - 50 shifts.

Estimated time required to cut hoist station, build headframe and swing chute or winze door to sustain dolley while seating ore bucket, lay mine rail, etc. - 12 shifts.

Time required to sink winze size 5'x 7'6" in the clear to allow for a 3'x 5' manway and a 4'x 5' hoisting compartment with timber sets consisting of wallplates, endplates and a divider of 6"x 6" set in hitches and wedged into place at 6-foot intervals to support guides for crosshead, staggered ladders in manway, water and airlines and ventilation pipe is estimated at 90 shifts.

Total estimated time required for the completion of the proposed exploration and development work in Zone E, as previously described - 152 consecutive shifts.

RECOMMENDATION No. 6 of the McAnulty Report provides for surface exploration of Faults G and J, identified on the map accompanying the report, and lesser faults shown on the map but not designated alphabetically. Under a previous caption entitled "Recommendation No. 6", provision has been made for underground exploration of a segment of Fault J because of the proximity of underground workings and the desirability of visual observation of the structure

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21. Recommendation No. 6 (Cont'd)

at the depth of the level which should be at or near the production horizon.

In view of the numerous places on the surface where cinnabar showings occur, it is proposed that a surface prospecting crew of five men consisting of a driller, a driller's helper, two muckers and a compressor tender be employed on the basis of one shift per day to carry on surface exploration by prospect shafts and open cuts on cinnabar showings and on favorable structures in the Zones designated G, J and H and on less well defined structures elsewhere within the major collapsed area of the property. This work would be primarily for the purpose of following cinnabar showings and promising structures to ascertain if they will open into ore bodies of commercial importance at comparatively shallow depths comparable to the original discovery, which developed into the Fresno Mine.

Where ore occurences persist with depth and appear to form ore bodies, drill holes from the surface may be employed to aid in delineating the ore. Where drill holes from the surface encounter ore occurences within 50 feet of the surface which appear to be of commercial grade and area, prospect shaft or open cut may be sunk to permit visual observation of the structure, systematic sampling and ultimate delineation of the ore body by underground working. In this manner, surface prospecting and surface drilling may each act as a beneficial aid to the other.

Therefore, it is proposed that this project be carried on for a minimum time of 156 shifts or approximately six months.

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21. RECOMMENDATIONS Nos. 2, 4 and 5

Recommendations Nos. 2, 4 and 5 of the McAnulty Report dated July 24, 1951, provide for exploration by churn drilling of a number of areas designated alphabetically on the large-scale geologic structural contour map accompanying the report and made a part of MF-100, No. 7, subsection "C" attached herewith.

The recommendations indicate that the designated areas should be explored by churn drill holes of about 5" in diameter, spaced at intervals of 85 feet and drilled to an average depth of 150 feet to as much as 750 feet, depending upon the surface manifestations in the particular area.

While churn drilling has proved to be satisfactory at the Fresno Mine during previous operations, and there are doubtlessly advantages in churn drilling, it is the opinion of Applicant's management, who has had considerable core drilling experience in the Terlingua Quicksilver District that diamond core drilling offers some advantages over churn drilling which renders it more practicable for mineral exploration.

The principal advantages of diamond core drilling which render it more desirable for the project are: the ability to direct the holes at any desired angle, the possibility of extracting a core which may be studied and assayed, the portability of a skid-mounted core drill and the limited space in which it may be employed - as compared with a churn drilling rig.

Extensive exploration of the Fresno Mine property by drilling from the surface is justified by the production record of the mine from a limited segment of the major collapsed area, which contains a number of structures more favorable for the occurence of ore bodies of commercial importance than that from which previous production has been obtained. The major collapsed area, which comprises a substantial part of the Fresno Mine property, appears to have resulted from the intersection of a series of northeast-southwest and northwest-southeast faults and fractures on the crest of a local anticline.

These intersections afforded easy access to altering solutions which resulted in destruction of parts of the underlying soluable limestone and formed an extensive cavern system which collapsed probably during some subsequent earth movement.

During some phase of this phenomena or afterward, the mineralizer found its way into the structure and probably deposited ore bodies of commercial importance wherever the mineralizer found its way into structures comparable to those from which previous profitable production has come.

Where channels exist in a host rock of suitable porosity and

21. Recommendations Nos. 2, 4 and 5 (Cont'd)

and solubility beneath a capping or enveloping seal of impervious material which arrests or impedes the migration of the mineralizer, ore bodies will occur where the mineralizer has found and used the channels to invade the structure.

In the Terlingua Quicksilver District and in the Fresno Mine, the most favorable horizon for the occurence of major ore bodies of commercial importance is the amenable Georgetown limestone below the capping of impervious Del Rio clay. Another horizon which has been productive of some excellent ore is the Buda limestone below the relatively impervious Boquillas, which is also sometimes mineralized to considerable extent above the contact zone. Usually, where ore of commercial importance occurs in the Boquillas and Buda formations, greater enrichment is found below at the Del Rio-Georgetown horizon.

The areas adjacent to or near the existing underground workings where exploration has been recommended are extremely favorable for the occurence of ore bodies of major commercial importance; and accomplishment of the exploration and development in a reasonably thorough and systematic manner justifies the drilling of a large number of diamond core holes from the surface, in addition to other work which will be undertaken.

In view of the total footage of hole to be drilled from the surface to explore the related and integrated structures which comprise the remaining unexplored parts of the great collapsed area included in the Fresno Mine property, it is proposed that a Joy 22 HD, skid-mounted diamond core drill, with built-in water pump and with all needed accessories for use of NX and AX drill rod and core barrel be purchased with which to do the desired drilling on company account.

The drilling crew will consist of a driller and a driller's helper. Water will be hauled by the same truck which will haul water for use in the underground work, for the furnace and for camp usage. The drilling crew may be assisted in moving and setting-up by all or part of the five-man crew engaged in surface prospecting, as previously provided for herein.

In describing the location and number of holes to be drilled in each of the areas where exploration by drilling has been recommended, it is suggested that the number of holes, the average depth to which they shall be drilled, and the location and angle of such holes shall be tentative and subject to considerable change as the work progresses. It is not possible to predict the results which may be achieved by any drill hole, and subsequent drilling should depend to great extent upon facts disclosed by holes previously drilled.

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21. Recommendations Nos. 2, 4 and 5 (Cont'd)

Recommendation No. 2, Pages 14 and 15 of the McAnulty Report provides for exploration of the favorable horizon at the base of the Del Rio clay and in the underlying Georgetown limestone by drilling a series of holes to an average depth of about 150 feet throughout Areas A and K and where these areas connect east of the mine workings.

In Area A, churn drill holes Nos. 8, 23, 24 and 25 were drilled by the former operator under the personal supervision of Harris S. Smith, who also supervised the drilling and logging of all of the other churn drill holes put down on the property, including holes Nos. 7, 21 and 22 situated about 300 feet northeast of Shaft No. 1. Mr. Smith stated that these holes showed cinnabar which he believes would be commercial grade; and several of the holes showed considerable thickness of high grade ore.

Mr. Smith was able to furnish the logs on holes Nos. 1 through 18, a copy of which is attached with the reports and maps as a part of Form MF-100, No. 7, filed herewith. Mr. Smith stated that the logs of holes Nos. 19 through 25 disappeared about the time his home at the mine was destroyed by fire in 1944, but he recalled that all of these last-drilled holes showed more or less cinnabar.

Holes Nos. 2, 3, 4 and 9 through 17 are not located on the map, meaning that 12 out of 18 holes reported on the log record are not located on the map; and holes Nos. 19 through 25, although located on the map, are not reported on the log record. It is regretable that the drill records and location of holes are not complete.

In the Areas designated A and K, including that area east of the Fresno Mine workings, there are a number of places where cinnabar shows on the surface.

By following a similar showing at the present site of Shaft No. 1, the former owner-operators were able to mine enough ore to defray development expenses while opening the ore bodies which made the Fresno Mine an important producer until it was shut down due to disagreement among the owners in 1944.

In the open cuts east of and near Shaft No. 1, commercial grade ore was mined by the former operators until they concentrated their work on the exceptionally high grade ore encountered at depth in the mine.

Zone K has been virtually unexplored except for churn drill holes Nos. 18, 19 and 20. Only hole No. 18 is reported on the log record. This hole shows good cinnabar all the way from 20 feet below the surface to a depth of 192 feet. This hole had just been reached by a development drift at the 100-ft Level when the mine was shut down. Underground development of the ore occurence in

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21. Recommendations Nos. 2, 4 and 5 (Cont'd)

the immediate vicinity of churn drill hole No. 18 is one of a number of places in present mine workings for which provision has been made previously herein as a part of Recommendation No. 1.

It is proposed that the first hole be located approximately 150 feet south of Shaft No. 1 and that subsequent holes be drilled at intervals of approximately 50 feet in a semicircle, maintaining a distance of about 100 feet away from the nearest mine workings while progressing to the east, thence northeast, thence north, thence northwest, thence west to a point about 50 feet north of churn drill hole No. 18, which the log record shows to have cut considerable thicknesses of cinnabar.

When ore of commercial grade and quantity is indicated by any hole drilled, that hole will be offset by additional holes spaced at 25-foot intervals, first in northeast and southwest directions and then in southeast and northwest directions thus to explore first the known trends of mineralizations prevalent in the District and on the Fresno property, as indicated by previous workings.

When the previously-described proposed semicircle of drill holes and such offset holes as may have been justified have been completed, unless commercial bodies of ore have been discovered and delineated to include substantial parts of the area outside the perimeter of the semicircle of drill holes, it is proposed that offset holes be drilled approximately 50 feet outside the semicircle of holes previously drilled where the log indicates the probability of ore occurence nearby.

Also, unless ore bodies have been developed previously to include the areas adjacent to the churn drill holes put down by the previous operator, it is proposed that at least one offset hole be drilled within about 25 feet of each such hole. It is further proposed that Churn Drill Holes Nos. 7, 8 and 18, which show considerable ore on the log record of the previous operator (a copy of which is attached with Form MF-100, No. 7, subsection "C", and submitted herewith) be offset by a sufficient number of holes spaced at 25-feet intervals to delineate and sample the ore occurence or to determine that ore of commercial importance does not exist.

The principal formations to be drilled are the Del Rio clay and the Georgetown limestone, which may occur as a jumbled mass or in stratigraphic sequence beneath Buda, Boquillas and tertiary volcanics in some of the chimney or pipe-like structures. The Del Rio is usually not more than 125 feet in thickness. It is very soft and easily drilled. It will usually stand when drilled without too much pressure on the bit and with sufficient flow of water to prevent sticking. Core recovery is usually satisfactory when large-size double-tube core barrels are used.

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21. Recommendations Nos. 2, 4 and 5 (Cont'd)

It has been the experience of the management that with the use of a ten-foot core barrel, as much as 60 feet of hole can be drilled during the first shift after setting up on location; and an average of about 30 feet of hole can be drilled each shift in normal formations of Bequillas, Buda, Del Rio and Georgetown to depths not in excess of 250 feet. The U. S. Water and Boundary Commission has been drilling for sometime in these same formations along the Rio Grande River and report an average of 20 feet each shift for holes up to 750 feet in depth, including the time required for moving and setting-up on the new location.

If ore bodies of commercial importance are developed in Areas A or K at or above the lowest level of the mine, which is the 100-ft Haulage Level, it may be quickly and economically exploited by extension of existing underground workings, unless the lateral distance from the nearest mine working is so far that greater ultimate economy could be achieved by sinking a new shaft.

It appears entirely possible that drilling may disclose an ore body of sufficient size and grade under a light enough overburden to warrant an open-pit operation in the vicinity northeast of Shaft No. 1.

It appears that a minimum of 30 holes drilled to an average depth of 150 feet will be justified to complete the exploration of Areas A and K, as recommended by the McAnulty Report and dictated by sound judgment. This indicates that the total footage to be drilled will be approximately 4,500 feet, which it is estimated will require 150 shifts, based upon an estimated average of 30 feet per shift including moving and setting-up time.

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21. RECOMMENDATION NO. 4, Page 15 of the McAnulty Report, provides for exploration by drilling from the surface to an average depth of 250 feet of Areas B, C, D, F and I, as identified on the map accompanying the report. These areas - as described by Dr. McAnulty - are all alike structurally and lithologically in that they are collapsed caverns or "sinks" filled with broken and brecciated formations which normally occur at higher stratigraphic horizons while the perimeter of the collapsed area is usually a lower strata.

Such a "pipe" or "chimney" occurence of cinnabar ore at the famous Chisos Mine accounted for most of that mine's extensive production of high grade ore.

It is proposed that a minimum of five holes be drilled in each Area B, C, D, F and I to an average depth of 250 feet, or to such depth as may be necessary, to explore the Georgetown limestone, which should exist as a jumbled mass at the bottom of the fill in each of the collapsed caverns and to explore the periphery of each such area to ascertain whether or not ore deposits exist along or extend from the perimeter. Angled holes should also be drilled to determine the dip of the retaining walls in search of ore, considering the possibility that if the wall in any of the collapsed areas which have been mineralized should dip enough to develop a canopy-like effect whereby the angle of repose of the fill departs from the wall, a substantial body of high grade ore might occur.

It appears that a total of at least 25 holes drilled to an average depth of 250 feet will be necessary to explore Areas B, C, D, F and I. Therefore, a total of 6,250 feet of hole will be required; and it is estimated that an average of about 30 feet of hole per shift can be drilled and logged if none of the holes are in excess of 250 feet deep. This indicates that a total of 209 shifts will be necessary to complete this phase of the proposed diamond core drilling program.

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21. RECOMMENDATION NO. 5, Page 15 of the McAnulty Report, provides for the exploration of Area H, as described in the report and designated on the accompanying map.

This area is one of the most promising for the occurence of large and important ore bodies.

The area is a large down-drop block where the Boquillas and overlying tertiary volcanics have been dropped to the level of the upper surface of the Georgetown limestone. The area is bounded by strong faults, and the collapsed area is extensively cross-faulted. Some cinnabar films can be panned at several places along the faults which bound the area.

Area H is of particular interest in that promising places for ore occurence exist in and adjacent to the faults which bound the area and at favorable fault junctures within the collapsed fill - especially at the two favorable horizons, the contact of the Buda beneath the Boquillas and the contact of the Georgetown beneath the Del Rio clay.

It is proposed that a minimum of six holes be drilled to sufficient depth to explore both the Boquillas-Buda and the Del Rio-Georgetown contacts, which may necessitate drilling to a depth of 750 feet.

The first hole within this area should be drilled within the down-drop block to ascertain the depth of the favorable horizons and to explore them. Subsequent holes should be drilled from either within or without the perimeter of the collapsed area angled in such manner as to cut the contact between the fill and retaining wall at the favorable horizons determined by drilling of previous holes.

If these exploratory holes discover ore of apparent commercial grade and quantity, offset holes should be drilled in systematic manner spaced at 50-foot intervals to delineate the ore.

If an ore body is developed by drilling, it is probable that it can be economically and practically mined by adit from the steeply-sloping side of the hill on which the structure occurs.

It is, therefore, proposed that a minimum of six holes be drilled to an average depth of as much as 750 feet, which it is estimated may be drilled at the average rate of 20 feet per shift including the time required for moving location and setting-up, indicating that a total of 4,500 feet of hole will be drilled and that approximately 225 shifts will be required to complete this phase of the proposed diamond core drill project.

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21. (Continued)

RECAPITULATION showing the total footage and the time required to complete the entire diamond core drilling program:

Exploration of Areas A and K	4,500 ft.	150 Shifts
Exploration of Areas B, C, D, F and I	6,250 ft.	209 Shifts
Exploration of Area H	4,500 ft.	225 Shifts
Total	15,250 ft.	584 Shifts

Based upon a two-shift per day diamond core drilling operation 5 days per week, approximately 14 months will be required to complete the project.

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21. (Continued)

It will be necessary to build access roads to many of the drilling locations to permit economical movement of the diamond core drill and to permit water hauling by truck to each location.

It will be necessary to do road maintenance within the property boundaries and on the road to the nearby springs, which are the source of water supply.

It will be necessary to do some leveling, trenching and other excavating preparatory to proposed installation of essential facilities, structures and buildings.

It is believed that the previously-described work can be done far more quickly and economically through the use of a bulldozer than by any other means. Therefore, it is proposed that provision be made for the rental of a bulldozer to be used approximately 200 hours or more to do the work described.

In order to begin the proposed exploration and development work at the earliest practicable time and to proceed with economy and maximum assurance of success, it is contemplated that the work described as follows will be done in the approximate manner and chronological sequence stated and that the time estimated will be about that required for each respective undertaking:

As soon as the contract has been approved, orders will be placed for necessary items of operating equipment, for which written approval in advance will have been granted by the Administrator.

Personnel needed for initial construction of additional facilities, buildings and structures will be employed and transported to the mine, together with their individual belongings and with furniture, fixtures and provisions necessary for reasonable comfort and convenience. The eight small frame buildings on the mine property, which are available for use by the operator, will be cleaned and occupied to such extent as may be necessary to provide shelter and a mess hall. Butane gas stove for cooking and butane-operated refrigerator will be used, as this fuel is the cheapest and most convenient.

Water tanks will be bought and installed: one at the mine camp, one for underground water supply, one for power plant-compressor house and one for the furnace installation. Necessary pipe lines will be laid.

Work will be done to improve the existing road about one-half mile from camp to mine workings to facilitate the hauling in of heavy machinery and equipment; and the road to the springs, the source of water supply, will be rebuilt a distance of about one mile. Roads will also be built to the sites of proposed power plant-compressor house, supply house and furnace house, where the road

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21. (Continued)

machinery will be utilized to level the ground and make needed excavations for concrete bases, foundations and floors.

As soon as the concrete forms can be built, bases poured and cured, the air compressors now available to the Operator will be trucked to the mine and installed. The power plants and hoist will be trucked to the mine and installed as the buildings to house them are being torn down and hauled from the Vivianna Mine.

When the compressors, the power plants and the mine hoists have been installed and have been serviced thoroughly, the engineer and his helper will begin their regular operation and maintenance; and underground exploration and development will be commenced, in order to carry out that phase of the project, as previously described.

Completion of the preparatory work outlined will require approximately 30 working days.

By the time this work has been completed, it is probable that the operating equipment which had been ordered previously will have arrived.

Therefore, the diamond core drilling program will be started - first on a one shift per day basis, so that the operation and the quality of personnel may be carefully observed by the management. Within 30 days, a second shift will be added, so that the diamond core drilling program may proceed with reasonable speed and a reduction of apportionable administrative and other essential overhead expenses.

During the second month of operations, the installation and building crew will have dissembled the rotary furnace installation and the large sheetmetal building which houses it at Vivianna Mine. This unit will be trucked to the Fresno Mine and installed on previously-prepared concrete foundations, so that the ore mined and accumulated from underground exploration and development and the ore already broken in the mine and presently in bins on the surface can be furnaced and marketed as soon as possible to help defray expenses of exploration and development, which it is believed will establish substantial ore reserves.

Also, during the first 60 working days, the construction crew will salvage the two wood headframes, power line poles, various housing, the steel-towered windmill and galvanized tank and various other structures containing salvageable timber and steel materials situated on the Vivianna Mine property. These materials will be used for either surface or underground construction, as needed, in completing the proposed project.

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21. (Continued)

Probably 60 working days from the date that work is started will be required to prepare the camp, to haul-in and install necessary operating equipment, to improve existing roads, to build needed new roads in the vicinity of the mine, to haul-in materials and erect needed buildings, structures and other facilities preparatory to beginning actual exploration and development work, previously described.

Of the proposed work, the diamond core drilling requires the greatest number of shifts - 584 - to be carried on simultaneously with underground exploration and development.

Therefore, beyond the first 60 days of preparatory work, the proposed project will require 584 shifts, of which the first 30 days will be worked on a one-shift per day basis. Thereafter, the diamond core drilling will be carried on two shifts per day for an estimated period of 280 working days, or approximately 12 calendar months without allowance for lost time, some of which is inevitable in any such operation.

Therefore, it is estimated that the entire proposed exploration and development project can be completed in the maximum time of sixteen (16) months from the date that the work is begun.

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23. For the formation of an important ore body, certain structural conditions must exist. Where these conditions prevail in the most nearly perfect manner and bearing certain correlation with respect to size and form, bonanza ore bodies are frequently deposited.

A suitable channel must be open from the source of the ore to the place where the mineralizer drops its load.

A host rock of porous or replaceable material must be accessible by the channel or channels through which the mineralizer ascends.

A relatively impervious seal must form a capping over the host rock so that the mineralizer will be arrested effectively in its migration and will have free circulation through a porous or replaceable material, permitting the mineralizer to drop its load.

The mines of the Terlingua Quicksilver District have produced a number of bonanza-type ore bodies, which occurred where virtually ideal structural relationships exist. The richest ore bodies have been found at the contact of the Georgetown limestone and the Del Rio clay because the clay, being plastic and practically impervious, forms a perfect seal over the porous and readily soluable Georgetown.

The Georgetown limestone is a comparatively thin-bedded lime comprising the upper 100 feet of the Devils River limestone formation, while the massive Edwards limestone (estimated at from 800 to 1,000 feet thick in the vicinity of the Fresno Mine) forms the lower section of the Devils River limestone.

The Del Rio, a dark plastic clay lying above the Georgetown limestone is about 180 feet thick in the vicinity of Terlingua while only approximately 80 feet thick at the Fresno Mine. The clay has proved to be the most effective sealing agent in the Terlingua Quicksilver District; and beneath it in the porous, replaceable Georgetown limestone have occurred the notable ore bodies of the Chisos Mine, the Rainbow Mine, the Mariposa Mine and the Fresno Mine.

Capping the Del Rio clay is the Buda limestone - a dense white limestone about 80 feet thick and inclined to fracture conchoidally and showing amenability to alteration and replacement by quicksilver ores where faults and fractures have been strong enough to penetrate the Del Rio clay and give vent to the mineralizer to the Buda horizon underlying an effective seal of Eagle Ford shales.

The Eagle Ford shales, the lowermost formation of the Upper Cretaceous, contains numerous limestone flags and becomes more marly and less flaggy in the western part of the Terlingua District in the vicinity of the Fresno Mine where the Eagle Ford shale is about 500 feet in thickness. Only a few scattered remnants of this formation are in evidence at the surface of the Fresno Mine property.

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22. (Continued)

Above the Eagle Ford shales are the Terlingua beds, so named by Udden, who has frequently been referred to as the "Dean of Texas Geologists"; his brilliant work in the early days of the Terlingua District enabled him accurately to predict the occurence of the famous Chisos pipe deposit of quicksilver ores. The Terlingua beds consist of marls and clays approximately 1,000 feet in thickness, the uppermost part of which is the Taylor shale; and the lower part is the Austin chalk.

The Aguja beds, identified by Adkins, lie above the Terlingua beds and consist of cross-bedded sandstones and shales. The lower part of the Aguja beds is Taylor, and the upper part is the Navarro formation. Above the Aguja beds are the Tornillo clays, originally identified by Udden, which probably are the top of the Upper Cretaceous in the Big Bend area. These clays are approximately 600 feet in thickness and usually light gray in color; but frequently they are multicolored shades of purple, yellow and red. About 2,000 feet of light-colored tuffs, lava flows and conglomerates of the Tertiary Age appear once to have covered the entire region but to have been eroded from most of the area and now remain only as remnants, marked by unconformity, in synclinal or depressed areas.

There are many intrusive igneous sills, dikes and laccoliths throughout the Terlingua Quicksilver District; and since there is evidence of igneous activity in the immediate proximity of all of the major ore occurences, it is evident that such igneous activity is an important structural prerequisite to the formation of quicksilver ore bodies of commercial importance. Most of the sills, dikes and laccoliths are acidic; but in the vicinity of the Fresno Mine property, both acidic and basic intrusive rocks are present as sills, dikes and laccoliths.

Another structural condition which seems to be of decisive importance to the deposition of major bodies of quicksilver ores is a suitable ratio of size of the receptacle structure to the size of the channel and the degree of mineral saturation of the mineralizer which used it to migrate to the receptacle or host rock. If the channel is too large, there is usually some escape of the quicksilver, which is highly volatile at low temperatures. If the area of the host rock receptacle is too great in proportion to the size of the channel through which the mineralizer must pass; or if the mineralizer is not sufficiently pregnant of the mineral, the deposit will doubtlessly be of low grade and may be sub-economic. On the contrary, if the host rock receptacle is too small, such quicksilver ore deposits as may occur will tend to be so scattered and insignificant in size that they will not merit exploitation. The size and richness of the quicksilver ore bodies mined in the limited structural area which has thus far been explored on the Fresno Mine property is amply indicative that the ideal ratio of

22. (Continued)

of structural relationships exist to infer continuation of and repetition of bonanza ore occurences in the structure where work has been conducted and in a number of other places where similar or even more favorable structural relationships exist within the Fresno Mine property area.

Another general structural condition which prevails in close association with major deposits of rich quicksilver ores in the Terlingua Quicksilver District is the occurence of these ore bodies in fissures and faulted parts of anticlines, domes and arrested monoclines toward which an inverted funnel-like attitude of impervious clay or shale naturally channels any ascending mineralizer gathered from large adjacent areas of subsidence, the sinking of which must have given rise to the quicksilver mineralizer due to the resultant deep-seated heat and pressure. That such heat and pressure did exist in the Terlingua area is indicated by the present day flow of hot springs at Boquillas and by the many surface evidences of former hot springs at various places throughout the Terlingua Quicksilver District. This theory of anticlinal control of quicksilver deposition, comparable to that of petroleum, was first advocated by J. A. Udden, Geologist, who did the earliest work in the District.

The important ore bodies of the Chisos, Rainbow, Mariposa, Mariscal (or Vivianna) and the Fresno Mine have all occurred on elevated dome-like structures usually where such structures have been extensively cross-fractured or faulted to form localized grabens, chimneys, or slumped areas, permitting the Del Rio clay or some other suitable impervious cover to collapse upon and partially to envelope a porous, broken and altered host rock such as the very favorable Georgetown limestone.

In a report dated March 8, 1937, when very little work had been done on the Fresno Mine property, Homer M. Wilson, one of the former partner-owners of the Fresno Mine and a Geologist, graduate of Missouri School of Mines, after showing that the Fresno Mine property conforms to virtually all of the general structural requirements for the formation of a major quicksilver ore body, concluded his report on the Fresno Mine property as follows:

> "In the Fresno Group of mining claims about one and one-half miles north of the Contrabando Dome two orebodies have been found by surface pits in the upper part of the Georgetown. They are from six to twelve feet wide and will yield furnace ore. These surface pits have been explored to a depth of only fifteen feet and are located in Fresno Claim No. 4. Another good prospect is in the north-central part of Fresno Claim No. 5 in the Buda limestone.

22. (Continued)

"Alkaline solutions of magmatic origin, migrating upward through the joints and faults of the north-east system until they were dammed by the next to impervious Del Rio clay shale, formed the Fresno orebodies in the top of the Georgetown limestone. Where the faulting was great enough, some of the depositions took place in the Buda limestone under an impervious capping of Eagle Ford shales. Numerous calcite jaboneille veins parallel to the above and carrying quicksilver showings are present on these claims and should show good ore with further exploration."

From the foregoing, it is evident that practical application of accepted theories of structural conditions and relationships necessary for the formation of important quicksilver ore bodies enabled Mr. Wilson to predict the bonanza ore occurrences discovered by the limited exploration thus far carried out on the Fresno Mine property.

The geological basis of the proposed project and the factors which lead the Operator to expect the finding of commercial ore bodies are discussed to considerable length in the Geologic Report by Professor W. N. McAnulty dated July 25, 1951, and graphically demonstrated on the large-scale geologic structural topographic map of the major part of the Fresno Mine property and the small-scale reconnaissance geologic map of the area around the Fresno Mine, which are attached with Form MF-100, No. 7, Paragraph "C", included herewith.

The report of Professor McAnulty is quoted in part (Pages 13 and 14) as follows:

"MINERALIZATION: Although there may be minor occurrences of other mercury minerals present, cinnabar is the mercury mineral of economic importance in the Fresno Mine area. The ore occurs in narrow fissure veins along joints and faults and as impregnations of collapse-breccia fillings in solution cavities in the Georgetown limestone. Impregnation type orebodies occur in the form of both "mantos" and pipes". Gangue materials include calcite, gypsum, clay, some iron oxides and sulphides, and bituminous matter.

"The Fresno mine area has all the known requisites for the occurrence of economic orebodies; anticlinal structure, openings in the rocks in the form of joints, faults and solution channels, igneous intrusive masses nearby, and impervious rocks to stop the upward movement of mercury-bearing solutions."

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22. (Continued)

The report of Professor McAnulty quoted in part (Page 14):

> "FUTURE POSSIBILITIES OF FRESNO MINE AREA: The Fresno Mine was the leading producer in the Terlingua District during World War II, having produced some 4000 flasks of mercury between 1939 and 1946. It is the writer's opinion that in the future this mine may equal and perhaps exceed the production records of several of the older and much better known mines in the District, for the surface has hardly been "scratched" in the area of the Fresno Mine.
>
> "Practically all past production came from one small collapse-debris filled solution cavity and faulted zone, and there are several other similar structures in the immediate vicinity which have not been investigated. Any one of the other pipe-like collapse-debris areas appears to be just as favorable for the occurrence of economic orebodies as the area from which the ore from past operations was produced. In fact, one or two of them appear from surface observations to be even more favorable for production than the area mined."

The Fresno Mine resulted from discovery of cinnabar showings on the surface by a Mexican goatherder. The original operators prospected the area only superficially after it was found that in following the discovery downward, the ore improved in richness and extent. The lead eventually opened into the "mantos" of high grade ore which averaged approximately four per cent recovered mercury from 30 tons of ore furnaced each day over extended periods of time. The development included only a very small segment of the principal structure, leaving unexplored a very large and promising area which embodies every accepted requisite for the occurrence of orebodies of economic importance.

In addition to the ideal structural and geological relationships presented, there is the known fact that the mineralizer found access to the structure and produced bonanza orebodies. A number of apparent extensions continue from the existing underground workings, indicating the probability that such leads may open into new orebodies comparable to those previously mined. The following of promising ore extensions is substantially the method by which previous production was achieved.

Another factor of great economic importance which favors the Fresno Mine is the shallow depths at which production has been achieved. Mine workings indicate that the ore previously mined outcropped irregularly at a number of places; and the stoped area

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22. (Continued)

trends from a maximum depth of about 60 feet in the vicinity of Shaft No. 1 to a maximum depth of perhaps 115 feet in the vicinity of Shaft No. 2.

While it is probable that deeper ore horizons will be developed as a result of the proposed work - especially in those areas where the Bequillas or higher stratigraphic formations occur at the surface - it is also probable that where such conditions exist, commercial orebodies may be found at either or both the Bequillas-Buda horizon or the Del Rio-Georgetown horizon. These deeper ore horizons - if they exist - will probably not exceed a depth of 750 feet, unless there is found some fabulous chimney orpipe comparable to that of the great Chisos Mine at Terlingua.

It is a justified assumption that much of the ore to be found and developed within the Fresno Mine property will be found at comparatively shallow depths, which will aid in economical operation and increased profits.

It seems that the Fresno Mine provides unusual geologic and economic basis for the proposed project with good promise of becoming self-liquidating before the proposed exploration and development has been completed.

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23. (a) LABOR by Numbers and Classes, with Wages:

No.		Rate per Hr.	Rate per 8-Hr. Shift
1 -	Carpenter	$ 1.635	$ 13.00
2 -	Truck Drivers	1.3537	10.83
2 -	" " Helpers	1.0825	8.66
1 -	Cook & Commissary Attendant	1.3537	10.83
4 -	Diamond Drill Operators	2.1641	17.33
4 -	" " " Helpers	1.635	13.00
1 -	Hoist Operator	1.3537	10.83
1 -	Slusher-Scraper Operator	1.3537	10.83
1 -	Mucking Machine Operator	1.3537	10.83
3 -	Machine Drillers	1.3537	10.83
4 -	" " Helpers	1.0825	8.66
1 -	" " Prospector	1.635	13.00
5 -	Muckers	1.0825	8.66
1 -	Compressor Tender	1.0825	8.66
3 -	Trammers	1.0825	8.66
3 -	Swampers	1.0825	8.66
3 -	Power Plant & Compressor Tenders	1.3537	10.83
1 -	Crusher Tender	1.0825	8.66
3 -	Furnace Tenders	1.3537	10.83
1 -	" Clean-Up Man	1.3537	10.83
1 -	Machine Drillers Helper, Sinking	1.3537	10.83

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23. (a) Labor by Numbers and Classes, with Wages (Continued):

The total number of employees working during any pay period will probably never be more than 45, and their labor is expected to be distributed according to the following schedules:

UTILITY LABOR CREW

1 - Carpenter	@ $13.00 x 26 days	$ 338.00
1 - Utility Truck Driver	10.83 x 26	281.58
1 - " " " Helper	8.66 x 26	225.16
1 - Water " "	10.83 x 26	281.58
1 - " " " Helper	8.66 x 26	225.16
1 - Cook & Commissary Attendant	10.83 x 31	335.73
		$ 1,687.21
Months - 1 & 2		2
		$ 3,374.42

1 - Utility Truck Driver	@ $10.83 x 24	$ 259.92
1 - Water " "	10.83 x 24	259.92
1 - " " " Helper	8.66 x 24	207.84
1 - Cook & Commissary Attendant	10.83 x 31	335.73
		$ 1,063.41
Months - 3, 4 & 5		3
		$ 3,190.23

1 - Water Truck Driver	@ $10.83 x 24	$ 259.92
1 - " " " Helper	8.66 x 24	207.84
1 - Cook & Commissary Attendant	10.83 x 31	335.73
		$ 803.49
Months - 6, 7, 8, 9, 10, 11, 12, 13 & 14		9
		$ 7,231.41

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23. (a) Labor by Numbers and Classes, with Wages (Continued)

SURFACE DIAMOND DRILL CREW

1 - Drill Operator	@ $17.33 x 24 days	$ 415.92
1 - Drillers Helper	13.00 x 24	312.00
Month - 2nd		$ 727.92
2 - Drill Operators	each @ $17.33 x 24	$ 831.84
2 - Drillers Helper	13.00 x 24	624.00
		$ 1,455.84
Months - 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14		12
		$17,470.08

UNDERGROUND DIAMOND DRILL CREW

1 - Drill Operator	@ $17.33 x 6 days	$ 103.98
1 - Drillers Helper	13.00 x 6	78.00
6 Days during 4th Month		$ 181.98
2 - Drill Operators	each @ $17.33 x 24	$ 831.84
2 - Drillers Helpers	13.00 x 24	624.00
		$ 1,455.84
Months - 5 & 6		2
		$ 2,911.68
2 - Drill Operators	each @ $17.33 x 9 days	$ 311.94
2 - Drillers Helpers	13.00 x 9	234.00
9 Days during 7th Month		$ 545.94

SURFACE PROSPECTING CREW

1 - Machine Driller	@ $13.00 x 24 days	$ 312.00
1 - Drillers Helper	8.66 x 24	207.84
2 - Muckers	8.66 x 24	415.68
1 - Compressor Tender	8.66 x 24	207.84
		$ 1,143.36
Months - 3, 4, 5, 6, 7, 8		6
		$ 6,860.16

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23. (a) Labor by Numbers and Classes, with Wages (Continued)

UNDERGROUND MINING CREW

1 - Hoist Operator		@ $10.83 x 24 days	$ 259.92
1 - Slusher-Scraper Operator		10.83 x 24	259.92
1 - Mucking Machine Operator		10.83 x 24	259.92
3 - Machine Drillers	each	10.83 x 24	779.76
3 - Drillers Helpers	"	8.66 x 24	623.52
3 - Muckers	"	8.66 x 24	623.52
3 - Trammers	"	8.66 x 24	623.52
3 - Swampers	"	8.66	623.52
			$ 4,083.60
Months - 2, 3, 4			3
			$12,150.80

WINZE SINKING CREW

1 - Machine Driller		@ $10.83 x 24 days	$ 259.92
1 - Drillers Helper		10.83 x 24	259.92
2 - Muckers	each	8.66 x 24	415.68
2 - Trammers	"	8.66 x 24	415.68
5th Month			$ 1,351.20

POWER PLANT & COMPRESSOR CREW

1 - Power Plant-Compressor Tender	Shift No. 1	@ $10.83 x 143 shifts	$ 1,548.69
1 - "	" 2	10.83 x 119	1,288.77
1 - "	" 3	10.83 x 62	671.46
			$ 3,508.92

Tabulated by Months:

2nd Month	- Shift No. 1	@ $10.83 x 24 days	$ 259.92
3rd "	- Shifts 1, 2 & 3	each 10.83 x 31	1,007.19
4th "	- " 1, 2 & 3	" 10.83 x 31	1,007.19
5th "	- " 1 & 2	" 10.83 x 24	519.84
6th "	- " 1 & 2	" 10.83 x 24	519.84
7th "	- " 1 & 2	" 10.83 x 9	194.94
			$ 3,508.92

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23. (a) Labor by Numbers and Classes, with Wages (Continued)

FURNACE CREW

1 - Crusher Tender		@ $ 8.66 x 31 days	$ 268.46
3 - Furnace Tenders & Slag Trammers	each	10.83 x 31	1,007.19
1 - Furnace Clean-Up Man		10.83 x 31	335.71
			$ 1,611.36
Months - 3 & 4			2
			$ 3,222.72

RECAPITULATION OF LABOR EXPENSE BY CREWS

Utility Labor Crew	$13,796.06
Surface Diamond Core Drill Crews	18,198.00
Underground Diamond Core Drill Crew	3,639.80
Underground Mining Crew	12,160.80
Winze Sinking Crew	1,351.20
Power Plant & Compressor Crew	3,508.92
Surface Prospecting Crew	6,860.16
Furnace Crew	3,222.72
Total Labor Expense	$62,737.46

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23. (b) Supervisors by numbers and positions, with salaries of each:

SUPERVISORY PERSONNEL

1 - General Manager	@ $21.66 x 26	$ 563.16
1 - Mine Superintendent	17.33 x 26	450.58
		$ 1,013.74
During 14 Months of Operation		14
		$14,192.36
1 - Furnace Supervisor	@ $13.00 x 26	$ 338.00
1 - Power Plant-Mechanical Supervisor	13.00 x 26	338.00
1 - Accountant, Timekeeper & Stock Clerk	10.83 x 26	281.58
		$ 957.58
During First 4 Months of Operation		4
		$ 3,830.32
Total Supervisory Expense		$18,022.68

(c)

Cost of necessary repairs to existing facilities, structures and buildings are estimated as follows:

Re-winding armature and field coils of 30 K.V.A. electrical generator direct-connected to Waukesha Engine to serve as stand-by power plant	$ 480.00
Cleaning all mechanical equipment internally and externally with gasoline spray and water spray under air pressure, replace filter elements, replace spark-plugs, repaint all equipment which may need it, lubricate all moving parts	300.00
Total	$ 780.00

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23. (Continued)

(d) Cost of necessary installation and construction of additional facilities, structures and buildings is estimated as follows:

Freight by custom truck, with winch and tandem trailer, from Alpine to Fresno Mine (distance about 106) on power plants, air compressors, receivers, water tanks, diamond drills, drill rod, casing, pipe, drill steel, hose, drills, furniture and fixtures, estimated to require eight loads at approximately $100.00 per load	$ 800.00
Freight by custom truck, with winch and tandem trailer, from Vivianna Mine to Fresno Mine (distance about 88 miles) on electric hoist, mine cages, salvageable materials from two wood headframes, ore bins, underground timbers, ladders, mine rail, engine house, storerooms, hoist house, furnace house, engineer's office, two residence buildings, windmill, steel water tank, two diesel fuel storage tanks, pipe and rotary quicksilver furnace, dust collectors, condenser system and accessories, estimated to require about ten loads at $100.00 per load	1,000.00
Construction of house with concrete floor and with concrete foundations for power plants and air compressors, through salvage and utilization of materials from Vivianna buildings. Building to be of random stone masonry with sheetmetal roof, consisting of engine room, storeroom for parts and all supplies, and room for repair shop - overall size approximately 18' x 48' - estimated cost for supplemental materials and labor	3,000.00
Construction of furnace housing approximately 24' x 60', consisting of a substantial foundation and floor of reinforced concrete, covered by shed roof of sheetmetal, with about 100-ton ore bin surmounted by a jaw-crusher fed by bump grizzly screen feeder and utilizing terrain for gravity flow of material from ore feed through discharge of burned ore, utilizing materials salvaged from the Vivianna Mine supplemented only to such extent as might be necessary with new materials; estimated cost for supplemental materials and for labor	3,500.00
Construction of hoist house, consisting of concrete foundation for hoist and control mechanism with walls and roof of sheetmetal, size about 14' x 18', utilizing materials from Vivianna, estimated cost for supplemental material and labor	500.00
Forward	$ 8,800.00

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23. (d) (Continued) Forward $ 8,800.00

Installation of water storage tanks, power plants, compressors, furnace assembly, hoist and furnace on previously-prepared foundations and in buildings previously described, including connecting electrical wiring and the laying of air and water lines; estimated cost for supplemental materials and labor $ 1,500.00

Construction of additional housing to accommodate mine personnel, consisting of two 24' x 60' rock houses with roofs of sheetmetal, each containing ten rooms, each 12' x 16', estimated cost for materials and labor 6,000.00

TOTAL Estimated Cost of Necessary Installation and Construction of Additional Facilities, Structures and Buildings $16,300.00

Form MF-103

Amerimex Mining Company
P. O. Box 626
Alpine, Texas Phone 541

23. (e) Cost of items of equipment not now owned by Applicant which must be purchased for operations at a cost of $50.00 or more each is estimated as follows:

Contingent upon written approval in advance by the Administrator whereby the following listed equipment may be purchased and otherwise furnished by the Operator, the equipment listed will be available for the operation subject to the cash payment of $12,000.00 to liquidate outstanding notes in the amount of $4,000.00 owed to George A. Butler, Houston, Texas, and $8,000.00 owed to Wiley Blair, Jr., Colorado Springs, Colorado, which notes are owed by R. N. Pulliam as unpaid balances on said equipment and are assumed for immediate payment by the Operator.

In addition to the cash payment of $12,000.00, the Operator has executed a note in the amount of $42,850.00 dated August 25, 1951, with interest at four per cent per annum payable to R. N. Pulliam, Alpine, Texas, in five equal installments out of net mine production, with the first payment due on August 25, 1952, and successively each year thereafter until paid in full; and the said R. N. Pulliam does expressly agree to subordinate his aforesaid claim and interest in and to said equipment to the interest of the Government under the contract, provided that the Operator's equity may thus be accepted in the amount of $42,850.00 to apply as advance payment in part in lieu of cash on Applicant's prorata of the cost of the project.

The said equipment has been appraised as having a present replacement value of $54,850.00, and the statement of the independent appraiser is attached with Form MF-100, No. 9, which is included herewith.

Form MF-103

Amerimex Mining Company
P. O. Box 626
Alpine, Texas

23. (e) (Continued)

Power Plant

1 - Diesel-Electric Power Unit, Caterpillar Serial 4R-2454, SP, D-13000 Diesel Engine Serial 710483 direct-connected to Crocker-Wheeler Generator 102-S-8, Alt. 3 phase, 60 cycles, 125 K.V.A., 480 Volts, 150 Amps., direct-connected to 5 K.W. exciter Serial 700391, 900 R.P.M. Skid-mounted. In good condition.

1 - General Electric Control Panel Type VOJ, Serial 81542, No. A32839, with automatic Diactor Regulator. New condition.

1 - Control Panel - shop built with all needed meters and manual controls.

1 - Waukesha Engine, gasoline or butane, serial No. 13686, 40 H.P. direct-connected to Westinghouse Generator, Alt. 3 Phase, 60 cycles, 440 Volt, 30 K.V.A., 1200 R.P.M., Vee belt connected to exciter, skid-mounted. Engine is in good condition, but generator needs re-winding. To be used as stand-by equipment.

2 - Fuel Oil Storage Tanks, horizontal 5'x10' estimated capacity 1000 gal. each, complete with pipe and fittings.

1 - Transformer, General Electric, 220 to 110 Volt, 5 K.V.A. Serial 5579113.

Compressed Air Plant

1 - Sullivan WJ-3 Angle Compound Compressor, 11-6¾ x 8, stationary, displacement: at 327 R.P.M. minimum speed 286 C.F.M., actual 237 C.F.M.; at 400 R.P.M. 350 C.F.M., actual 290 C.F.M. maximum working pressure 125 lbs., weight 7000 lbs. approximately. With Buda Power Unit, Model JH-4, 6x7-1/8, for use with either gasoline or butane fuel, with 12" flat belt pulley, and 19' new leather belt for connecting with Sullivan Compressor listed above. This engine has been operated very little since it was completely overhauled and refitted with new radiator, magneto, water pump, oil filter, etc.

1 - Gardner-Denver Air Compressor, 12"x12" Horizontal Type, flat belt driven with 3'x6' air receiver and accessories. This is a single stage unit of about 400 cu. ft. capacity. It is old but in good condition. With Allis Chalmers 50 H.P. Electric Motor, 3-phase, 60 cycles, 440 volts. 695 R.P.M., 6.5 amps.

1 - Westinghouse Starting Switch 40-50 H.P., 3-phase, 60 cycles, 440 volts, with accessories. Serial No. 102524.

Form MF-103

Amerimex Mining Company
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Alpine, Texas Phone 541

25. (e) (Continued)

Hoisting Equipment

1 - National Iron Company No. 40 Mine Hoist, Serial No. 629, single drum, with Allis Chalmers 40 H.P. Electric Motor, Rotor Wound, Serial No. K-89682, 206 volts, amps. 9.6, 3-phase, 440 volts, 865 R.P.M. with Cutler Hammer Reversing Switch Control with Rheostat and Grids. Drum is 6 ft. in diameter and has on it approximately 700 ft. of 1½-in. wire rope. Designed to hoist in balance in two-compartment shaft or single otherwise.

1 - Trumbull Starting Switch, Type 6, 100 amps., 3 pole, 230 volts, Serial No. 40323.

2 - Standard Steel Mine Cages with safety dogs, complete. One with supply deck.

2 - Heavy Duty 36" Sheaves with boxes.

Furnace Installation

1 - Rotary Quicksilver Furnace, complete with tile condenser system dust collectors, bump feeder, electric motors, starting switches, etc. Tube is 30'4" x 36" inside diameter, fire brick lined, with butane gas burner, etc. Complete with lumber and steel framed sheetmetal house or shed covering.

1 - Blake Type Gates Iron Works Jaw Crusher 7" x 10" with multiple Vee Belts drive.

1 - Allis Chalmers 10 H.P. Electric Motor, 3-phase, 60 cycles, 440 volts, 860 R.P.M. Serial No. 9662.

1 - Westinghouse Starting Switch, Cat. C.F. - 352 Style 997584 - E, 60 Amps. for 20 H.P.

1 - Crusher Shaker Feeder on tracks with combination Grizzly to be used over ore bins and crusher.

Underground Equipment

1 - Diamond Drill, Longyear Prospector Serial No. 578, with 24" screw feed, size E chuck, complete with column, rod puller, various tools and accessories, and with about 500 feet of E drill rod, 300 feet of EX casing, water swivel, core barrels etc.

Form MF-103

Amerimex Mining Company
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25. (e) (Continued)

Other Materials:

Included as a part of the Vivianna equipment are all surface installations: two wood headframes, ore bins, ore chutes, salvageable parts of one small 3-room residence and one large 8-room residence, various small laborers' residences of slight salvage value, metal roofs, doors, windows, shelves and benches, engine house, hoist house, furnace house, engineer's office, various storerooms, timber and steel stocks in various appurtenances on surface and underground, some mine rail, pipe, various sizes of timber (where removal will not damage mine workings or represent a hazard to laborers doing salvage work). Also, at this location are the diesel fuel storage tanks, electric hoist, hoist motor and controls, mine elevators and rotary quicksilver furnace previously described.

TOTAL VALUE $54,850.00

Additional Equipment:

Needed for the operation, which may be purchased with the written approval in advance by the Administrator, which approval is respectfully requested:

Compressed Air Plant

Compressed air is the lifeblood of the mine operation. It must be available in adequate volume and pressure at all times if underground work is to proceed. Therefore, the air compressors owned by the Operator should be used as stand-by units to serve simultaneously or individually; and a high-volume, heavy-duty air compressor should be installed for regular duty.

Air Compressor - This may be one or more units with a total capacity of about 600 cu. ft. of air per minute at a steady 100-lb. pressure, which will provide enough air to operate needed drifters, sinkers, stopers, slushers, air-driven diamond drills and mucking machines. Perhaps the finest single unit which would serve this purpose is the new Ingersoll-Rand Gyro-Flow 600, a highly efficient turbine-type compressor powered by a 6-cylinder 2- cycle, General Motors Series 71 Diesel Engine. This unit weighs only 9,500 pounds and is portable on rubber tires. It is from 20 to 40 per cent lighter than other units of comparable capacity. This unit delivered f.o.b. San Antonio, Texas, can be purchased on time if desired, 25% cash and the balance payable over 15 months at a net price of $14,600.00

Form MF-103

Amerimex Mining Company
P. O. Box 526
Alpine, Texas Phone 541

23. (e) (Continued)

Additional Equipment (Continued)	Forward	$14,800.00

Underground Equipment

4 - Sinker Drills, wet type, estimate cost each $300.00	1,200.00
4 - Cradles, arms and columns for use with the above sinker drills to convert to drifters, estimated cost each $200.00	800.00
3 - Automatic Feed Drifters for fast heavy-duty drifting with above arms and columns, estimated cost each $500.00	1,500.00
4 - Stopers, automatic highspeed, self-rotating type for drilling overhead, estimated cost each $400.00	1,600.00
1 - Eimco Mucking Machine, smallest type, estimated cost new	3,000.00
1 - Slusher Hoist, double drum, with scraper and cable, estimated cost new or used with new guarantee	1,500.00
1 - Diamond Core Drill, Joy 22 HD, skid-mounted, hydraulic head shucks NX size rod, powered by 30 H.P. gasoline engine converted to use butane fuel costing 9¢ per gal., as compared with about 25¢ per gal. for gasoline f.o.b. mine, with built-in duplex water pump	6,665.00
800 ft. Drill Rod, size NX 10 ft. @ $24.20	1,936.00
800 ft. " " " AX 10 ft. @ $14.30	1,144.00
2 - Core Barrels, size NX, 10 ft. @ $120.00 each	240.00
2 - Core Barrels, size AX, 10 ft. @ $ 81.00 each	162.00
4 - Water Swivel Heads, estimated @ $25.00 each	100.00
6 - Bortz-set bits @ $150.00	900.00
6 - Bortz-set reaming shells @ $150.00	900.00
6 - Carboloy-set bits @ $50.00 each	300.00
Forward	$36,547.00

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Amerimex Mining Company
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Alpine, Texas Phone 541

23. (e) (Continued)

Additional Equipment	Forward	$36,547.00
6 - Carboloy-set reaming shells @ $50.00 each		300.00
200 ft. Wire Rope, size 1/2-inch, non-spinning @ 35¢ per ft. estimated		70.00
Core-catchers, rod adapters, fishing tools, spare hose, couplings, etc. estimated		50.00
3 - Diamond-set drill bits size E @ $95.00		285.00
3 - " " reaming shells, EX @ $120.00		360.00
1 - Duplex, air-operated water pump for use with diamond core drill underground		125.00
<u>Mobile Equipment</u>		
2 - Trucks, Ford F-6, 2-ton, 158-in. W.B. 254 cu. in. Motor, 2-speed rear end, Tires 7:50x20 front, 825:x20 rear duals, converted to butane with saddle tanks, one with stake body for water hauling and general utility, and one with hydraulic dump bed for hauling ore to furnace, each $3,000		6,000.00
1 - Pickup Truck, Ford 8, 1/2-ton, for hauling personnel, material and supplies, with heavy-duty 6-ply tires 7:00x16, and with conversion to butane for fuel		1,800.00
<u>Water Tanks & Pump</u>		
1 - Water tank, heavy-duty galvanized steel, skid-mounted, with splash baffle plates, filler cap and with 2" outlet valve for hauling water from source to various storage tanks at mine and camp, approximately 1,000 gal capacity		300.00
1 - Centrifugal pump direct-connected to small gasoline engine with suction hose and foot valve and with outlet hose		200.00
4 - Water tanks for stationary storage at mine and at camp - approximately 2,000 gal. capacity each, estimated at $200.00 each		800.00
	Forward	$46,837.00

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Amerimex Mining Company
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23. (e) (Continued)

Additional Equipment	Forward	$46,837.00
Furniture & Fixtures		
1 - Kitchen cook stove, butane type		150.00
1 - Refrigerator for food storage Servel, butane-operated		350.00
1 - Deep Freeze food storage vault for kitchen and commissary, electrically-operated		400.00
PURCHASE OF ADDITIONAL EQUIPMENT - TOTAL		$47,737.00
EQUIPMENT & SUPPLIES IN POSSESSION OF OPERATOR		54,850.00
Subject to cash payment of obligation	$12,000.00	
Equity available to Operator subject to creditor's subordinating interest to that of Government if approved by Administrator	42,850.00	
	$54,850.00	
TOTAL COST of Equipment which must be purchased by the operation at a cost of more than $50.00 per item		$102,587.00

Form MF-103

Amerimex Mining Company
P. O. Box 626
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23. (f) Cost of rental for equipment which Operator proposes to rent is estimated as follows:

Rental of bulldozer to do road work, leveling and excavating previously described - estimated to require 200 hours at $12.50 per hour	$2,500.00
Rental of 105 cu. ft. portable air compressor for use by surface prospecting crew in Areas G, J and H, previously described - estimated to require 152 shifts or approximately 6 calendar months with monthly rental of $210.00	1,260.00
Total	$3,760.00

(g) Rental Value of items of equipment which the Operator now owns and which will be devoted to the work - NONE

Form MF-103

Amerimex Mining Company
P. O. Box 628
Alpine, Texas Phone 541

23. (h) Cost of materials and supplies including items of equipment costing less than $50.00 each - estimated as follows:

Powder, Caps, Fuse and Accessories

18,000 lbs. dynamite, 1½"x8" stix packed 120 stix to 50-lb. box, delivered to mine in lots of 1 ton or more @ $21.25 per 100 lbs	$3,825.00	
7,500 Electric blasting caps, 6' lead wires, instantaneous, 1, 2, 3 and 4 delays	1,162.80	
1 - Blasting machine, 50-cap capacity	35.00	
4 - Rolls, 500 ft. each, lead-in wire	30.00	
1 - Spool tie-in wire	5.00	
1 - Galvanometer	12.50	
2 - Rolls safety fuse, 3000 ft. ea.	70.00	
1000 Blasting Caps No. 6	20.00	$ 5,162.00

Air & Water Hose, Fittings, Lines & Valves

6 - Pcs. 50' lengths ¾" HD air hose with snap-on fittings @ 75¢ per ft.	$ 300.00	
6 - Pcs. 50' lengths ¾" HD water hose with snap-on fittings @ 75¢ per ft.	300.00	
12 - Snap-on hose ends ½" @ 75¢ each	9.00	
12 - Snap-on hose ½" male pipe conn. @ 75¢	9.00	
12 - " " ½" female " " @ 75¢	9.00	
36 - " " ends ¾" @ 75¢	27.00	
36 - " " ¾" male pipe conn. @ 75¢	27.00	
36 - " " ¾" female " " @ 75¢	27.00	
500 - " " gaskets @ $2.50 per 100	12.50	
1 - Bandit Tool, hose-clamping machine with bands and buckles	15.00	
12 - Air cocks, brass seat 2" @ $7.00	84.00	
12 - " " " " 1" @ 4.00	48.00	
24 - Gate Valves, high pressure water ¾"	72.00	
1000 ft 2" galvanized pipe @ 60¢	600.00	
1000 ft ¾" " " @ 35¢	350.00	
1 - Lot assorted pipe fittings	150.00	
8 - Air Line oilers @ $12.00	96.00	$ 2,135.50

Forward $ 7,297.50

Form MF-103

Amerimex Mining Company
P. O. Box 626
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23. (h) (Continued)

Forward		$ 7,297.50

Hollow Drill Steel

30 Pcs. Timkin H Thread 1" Hex x 2' @ 4.20	$ 126.00		
48 " " " " 1" Hex x 4' 5.70	237.60		
48 " " " " 1" Hex x 5' 6.55	314.40		
48 " " " " 1" Hex x 6' 7.30	350.40	1,028.40	

Timkin Drill Bits

1000 - Timkin side hole rock bits:		
400 - 1-7/8")		
200 - 1-3/4")		
200 - 1-5/8") estimated average		
200 - 1-1/2") 40¢ each	400.00	
800 - Custom re-grinds for above bits @ 12¢	96.00	496.00

Mine Rail & Accessories

3000 ft. Mine rail, 12-lb. equals 12,000 lbs. or 6 tons @ $100.00	600.00	
100 lbs. Track spikes @ 10¢	10.00	
200 pr. Fishplates @ 30¢	60.00	
600 Mine rail ties @ 30¢	180.00	
1 Track jack @ $30.00	30.00	880.00

Fuel, Lubricants & Accessories

55 gal. rock drill oil @ 75¢	41.25	
9000 gal. diesel fuel oil for diesel-electric power unit & diesel-powered air compressor @ 14¢ f.o.b. mine	1,260.00	
440 gal. lubricating oil for stationary equipment, power plant & compressor @ $1.10 per gal.	484.00	
4320 gal. butane fuel for portable 105 cu. ft. air compressor used for surface prospecting over a period of 6 mos. at 720 gal. per mo. @ 9¢ gal.	388.80	
Maintenance expense of portable compressor estimated to average $20 per mo. over 6-mo. period of its operation	120.00	
110 gal. lubricating oil for surface diamond core drill @ $1.10 per gal. f.o.b. mine	121.00	
5760 gal. butane fuel for stand-by power plant and stand-by compressor used when load can be carried without big units @ 9¢ per gal. f.o.b. mine	518.40	
Forward	$2,933.45	$ 9,701.90

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Amerimex Mining Company
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23. (h) (Continued) Forward $ 9,701.90

Fuel, Lubricants & Accessories - Forward	$2,933.48	
15,000 gal. butane fuel for firing rotary quicksilver furnace @ 9¢ gal	1,350.00	
Grease, maintenance & replacements on furnace estimated to average approximately $100 per mo.	200.00	
4,802 gal. butane for cooking, refrigeration & heat for 8 employee houses including kitchen @ 9¢ per gal.	432.18	
12,425 gal. butane for surface diamond core drill Joy 22 HD, 2 shifts per day, 584 shifts	1,118.25	
110 gal. lubricating oil for diamond core drill engine, est. change every week of operation, @ 1.10 f.o.b. mine	121.00	
Grease, filter elements, minor replacement parts and general maintenance of surface diamond core drill assembly, est. to average $10 per mo. over 13 mos. of drill operation	130.00	
7,280 gal. butane gas fuel for water truck based on 20 gal. per day over 26 working days equals 520 gal. per mo. over 14 mos. @ 9¢ per gal f.o.b. mine	655.20	
7,280 gal. butane gas fuel for ore-hauling and utility truck based on estimated consumption of 20 gal. per day for 26 working days per mo. over period of 14 mos. at 520 gal. per mo. @ 9¢	655.20	
3,640 gal. butane for pickup truck to haul personnel and supplies est. to average 10 gal. per day for 26 days out of ea. mo. over 14 mos, or 260 gal. per mo.	327.60	
Truck tires, lubrication, repairs, replacements & normal maintenance est. to average $100 per mo. for duration of the project est. at 14 mos.	1,400.00	
Grease, filter elements, fan belts, replacement part inventory, machine work & normal maintenance power plants & air compressors est. at $50 per mo. for duration of project where such equipment will be used 120 working days or approximately 4 months	200.00	9,522.88
Forward		$19,224.78

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Amerimex Mining Company
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Alpine, Texas Phone 541

23. (h) (Continued)

Forward		$19,224.78
Ventilation Facilities		
1200 ft. flexible ventilation tubing 18" diameter, jute grade @ .40	$ 480.00	
1 - Blower fan, 18" diameter outlet, high volume, low pressure blower 25,000 cu. ft. per min. used	50.00	
1 - Electric motor, 10 HP approximately 1725 R.P.M. used, estimated	100.00	630.00
Small Tools, Mine Lamps, Etc.		
48 - Miners' lamps, carbide @ 4.50 ea.	216.00	
800 - " " carbide @ 7¢ per lb.	56.00	
24 - " picks @ 3.00	72.00	
24 - Mine shovels, D-handle, round point	60.00	
12 - Striking hammers, 4-lb. @ 2.00	24.00	
12 - " " 8-lb. 3.00	36.00	
1 - Cross buck saw	6.00	
1 - Level	4.00	
4 - Pipe wrenches 18" @ 4.50	18.00	
4 - " " 24" 6.00	24.00	
4 - Wrecking bars or spike pullers 36" @ 2	8.00	
2 - Steel squares @ 3.00	6.00	
2 - Claw hammers @ 2.50	5.00	
1 - keg nails, 10 p.	12.00	
1 - " " 16 p.	12.00	
1 - " " 20 p.	12.00	571.00
Core Boxes - 300 @ $4.00 ea.		1,200.00
Kitchen & Camp Facilities		
2 - Army dining tables @ $25	50.00	
20 - Chairs @ $2	40.00	
40 - Army cots, steel @ $4	160.00	
8 - Butane space heaters @ $20	160.00	
Kitchen utensils & dishes	75.00	485.00
Timber		
1920 board feet of 6x6 rough mine timber for approximately 20 sets in winze for Area E @ 15¢ per board feet		288.00
TOTAL COST of MATERIALS and SUPPLIES including items of equipment costing less than $50.00 each		$22,398.78

Form MP-103

Amerimex Mining Company
P. O. Box 626
Alpine, Texas

23. (i) Cost of power, water, utilities and any other items not provided for above.

Power will be produced by the Operator. Water will be hauled from nearby springs by company truck as previously described. Utilities will also be provided as outlined herein.

Transportation and communications to and from Alpine and El Paso for the purpose of purchasing needed parts, materials and supplies will probably necessitate an average monthly expense of about $150.00 for automobile expense, room and board, telegrams, long distance telephone calls, postage, stationery and other office supplies. Therefore, since the estimated operating time of the project is about 14 months - 14 x $150.00 $ 2,100.00

Form MF-103

Amerimex Mining Company
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23. (Continued)

RECAPITULATION

(a)	Total Labor Expense	$62,737.46	
(b)	Total Supervision Expense	18,022.68	$ 80,760.14
(c)	Total Repair Expense		780.00
(d)	Cost of Necessary Installation and Construction		16,300.00
(e)	Items of Equipment Costing $50.00 or more each		102,587.00
(f)	Cost of Equipment Rental		3,760.00
(g)	Rental Value of Equipment Owned by Operator		-
(h)	Materials, Supplies and Equipment costing less than $50.00 per item		22,277.78
(i)	Other Items not provided for above		2,100.00
	TOTAL COST OF PROJECT		$228,564.92

Operator's Equity in Equipment	$ 42,850.00
Cash Cost of Project	185,714.92
	$228,564.92

Form MF-103

Amerimex Mining Company
P. O. Box 626
Alpine, Texas Phone 541

24. TIME SCHEDULE of the project, stated in terms of months after project has been approved, showing progress expected to be accomplished and the money expected to be spent:

1st Month

Repair of roads from mine to camp and thence to source of water supply will be completed.

New roads will be bulldozed, dragged or bladed to working locations and to the locations to be diamond-drilled, where such road work is needed.

Leveling and excavating will be completed for equipment installation and building construction.

Concrete foundations will be poured for power plants, air compressors, hoists and water storage tanks.

Concrete floors will be poured for the combination powerhouse-compressorhouse-workshop-storeroom building.

Equipment, materials and supplies (contingent upon advance approval in writing by the Administrator) will be purchased and hauled to the mine; this includes the power plants, air compressors, hoist, cages, ore cars, water tanks, air receivers, air and water lines, fuel tanks, underground equipment and building materials.

Power plants, power lines, air compressors, air and water lines, hoist, air receivers, water tanks and fuel tanks will be installed.

Concrete foundations will be poured for rotary quicksilver furnace, crusher grizzly feeder and rock crusher, ore bins and dust collector-condenser installation.

Concrete floor will be poured for furnace house, condenser system, mercury collecting and bottling room - as well as for adjoining storerooms - based on dimensions taken from existing installation.

Purchase of equipment and Supplies	$54,850.00	$ 54,850.00
Less amount allowed Operator due to creditor's subordinating his interest to to that of the Government if approved by Administrator	42,850.00	
Total Cash	$12,000.00	
Additional equipment needed - listed herein under 23 (e) - contingent upon advance approval by Administrator		47,737.00
Forward		$102,587.00

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Amerimex Mining Company
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24. Time Schedule and Expenditures
1st Month (Continued)

	Forward	$102,587.00
Bulldozer rental for road, leveling and excavating 200 hrs @ $12.50 per hr.		2,500.00
Mine ventilation system purchase		630.00
Blasting supplies - total $5,162.00 ÷ 4		1,290.50
Air & water pipe, hose, valves & fittings		2,135.50
Drill Steel		1,028.40
Timken drill bits		400.00
Mine rail, fittings & accessories		880.00
Small tools, mine lamps & accessories		571.50
Kitchen & camp furniture & facilities		485.00
343 gals. butane for cooking & camp @ 9¢ f.o.b. mine		30.87
520 " " " water truck 9¢ "		46.80
520 " " " utility truck 9¢ "		46.80
260 " " " pickup truck 9¢ "		23.40
Truck fleet maintenance - repair and replacement, including tires, estimated average per month		100.00
Transportation and communications - estimated per month		150.00
Custom truck freight equipment and materials		1,200.00
Construction work on mine housing and equipment foundations		2,000.00
Installation of power plants, air compressors, receivers, tanks, air and water lines and electric circuits		750.00
Rewinding armature and field coils of 30 K.V.A. generator on stand-by electric generator direct-connected to Waukesha butane gas engine		480.00
Cleaning, renovating, lubricating and repainting all mechanical equipment		300.00
	Forward	$117,635.77

Form MF-103

Amerimex Mining Company
P. O. Box 626
Alpine, Texas Phone 541

24. Time Schedule and Expenditures
1st Month (Continued) Forward $117,635.77

Utility Labor Crew

1 - Carpenter	@ 13.00 x 26 days	$ 338.00	
1 - Utility truck driver	@ 10.83 x 26 days	281.58	
1 - " " " helper	@ 8.66 x 26	225.16	
1 - Water truck driver	@ 10.83 x 26	281.58	
1 - " " " helper	@ 8.66 x 26	225.16	
1 - Camp cook commissary attendant	@ 10.83 x 31	335.73	1,687.21

Supervision

1 - General Manager	@ 21.66 x 26	$ 563.16	
1 - Mine Superintendent	@ 17.33 x 26	450.58	
1 - Furnace Supervisor	@ 13.00 x 26	338.00	
1 - Power plant mechanical supervisor	@ 13.00 x 26	338.00	
1 - Accountant, Timekeeper & stock clerk	@ 10.83 x 26	281.58	1,971.32
	Total		$121,294.30

. . . . . .

Total	$121,294.30
LESS	
Amount allowed Operator due to Creditor's subordinating his interest to that of the Government if approved by Administrator	42,850.00
TOTAL CASH REQUIRED	$ 78,444.30

Form MF-103

Amerimex Mining Company
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Alpine, Texas Phone 541

24. Time Schedule and Expenditures (Continued)

2nd Month

The rotary quicksilver furnace, dust collectors, condenser system, ore bins, furnace house and other buildings and appurtenances situated at the Vivianna Mine will be dissembled and hauled by truck to the Fresno Mine where the furnace and condenser assembly will be installed on previously-poured foundations.

The furnace house and adjoining storerooms will be erected on previously-poured concrete foundations and floors.

One of the two additional houses for mine laborers, 24' x 60', containing 10 rooms, each 12' x 12', should be completed during the month either by contractor or on company account.

Diamond core drilling from the surface in Areas A-K is expected to be started and continued on a one-shift basis during the second month with 24 working days to complete 720 feet, or four holes to an average depth of 150 feet, and 120 feet of Hole 5. The cores taken will be carefully observed, recorded on a detailed log record and stored for future reference. Each hole will be numbered and carefully located on the map of the property.

Underground drifting, crosscutting, raising and winzing will be conducted in six or more working places and such work is expected to total 576 lineal feet of 5' x 7' drift or cross cut, or the equivalent in combined work including limited raising and winzing to follow ore occurrences and promising structures from the stoped area of the mine.

Included as a part of the previously-stated total expected to be accomplished will be 100 lineal feet of cross cut to Fault J.

Also included will be approximately 200 lineal feet of drift along the perimeter of collapsed Area E, of which 100 lineal feet will be completed in each direction from the present face unless ore persists into the fill rather than along the contact. This will complete the proposed drifting in Area E, leaving the proposed shaft station to be cut, headframe to be installed and sinking to the Del Rio-Georgetown contact to be completed.

Ore mined incidental to the exploration and development work will be hoisted and stored, or stored underground to be processed upon completion of furnace installation.

Custom truck freight on equipment, materials and supplies $ 600.00

Forward

Form MF-103

Amerimex Mining Company
P. O. Box 626
Alpine, Texas Phone 541

24. Time Schedule and Expenditures
2nd Month (Continued)

Forward		$ 600.00
Construction of Mine Housing		
Powerhouse-compressorhouse-storeroom and shop as a unit		2,000.00
Furnace house		2,500.00
Hoist house		500.00
Salvaged material from Vivianna will be used supplemented by only such new materials as may be necessary.		
Construction of house for mine laborers		3,000.00
Installation of remaining equipment including furnace and condenser system		750.00
343 gal. butane fuel for cooking & camp @ 9¢ fob mine		30.87
520 " " " " water truck 9¢ "		46.80
520 " " " " utility and ore truck "		46.80
260 " " " " pickup truck "		23.40
Truck Fleet maintenance		100.00
Transportation and communications		150.00
497 gal. butane fuel for surface diamond core drill one shift per day @ 9¢ per gal. f.o.b. mine		44.73
55 gal. lubricating oil for surface diamond core drill @ $1.10 per gal.		60.50
Maintenance, grease, parts & accessories for replacement on drill estimated to average per month		10.00
960 gal. butane for stand-by power plant & compressor		86.40
3,000 gal. diesel fuel for diesel-electric power plant and air compressor @ 14¢ per gal. f.o.b. mine		420.00
110 gal. lubricating oil for stationary equipment @ $1.10 per gal. f.o.b. mine		121.00
55 gal. rock drill oil @ 75¢		41.25
Grease, maintenance and repair of power plants, air compressors, etc. estimated to average $50.00 per mo.		50.00
Total		$10,581.75

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Amerimex Mining Company
P. O. Box 626
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24. Time Schedule and Expenditures
2nd Month (Continued)

	Forward	$10,581.75
Blasting supplies - total $5,162.00 ÷ 4		1,290.50
100 Core boxes @ $4.00 each		400.00
Utility Labor Crew		1,687.21
Surface Diamond Core Drill Crew - one shift		727.92
Underground Mine Crew - one shift		4,053.60
Power Plant & Compressor Crew - one shift		259.92
Supervisory Personnel		1,971.32
	Total	$20,972.22

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Amerimex Mining Company
P. O. Box 626
Alpine, Texas

24. Time Schedule and Expenditures (Continued)

3rd Month

The remaining house for mine laborers, 24' x 60', containing 10 rooms, each 12' x 12', should be completed during the third month.

Diamond core drilling from the surface in Areas A-K is expected to be continued on the basis of 2 shifts per day, approximately 24 working days to complete 1,440 feet of hole or 30 feet of Hole 5 and 9 additional holes to an average depth of 150 feet each, as well as 60 feet of Hole 15.

Underground drifting, crosscutting, raising and winzing in six or more working places will be continued on a one-shift per day basis for about 24 days during the month and is expected to result in a total of 576 lineal feet of 5' x 7' drift, cross cut or the equivalent to be accomplished as follows:

In Area E, 12 shifts will be used to cut the station for underground headframe, from which a winze will be sunk approximately 20 feet during the remaining 12 shifts of the month.

In Fault J Area, drifts will be driven 100 feet in each direction along the fault; and it is expected that this work will be completed in the 24 shifts during the month.

In the stoped area of the mine, it will probably be necessary to limit work to the three most promising faces or to stagger the work in following the ore or structures or in crosscutting toward objectives (determined by the diamond core drill) to explore and develop such ore occurrences as may be indicated. It is expected that underground work in this area will result in completion of about 288 lineal feet of 5' x 7' drift or cross cut; and it is expected that a substantial tonnage of ore will be mined and saved incidental to such work.

Surface prospecting in Areas J, G, H and in minor structures on the property is expected to be started in Area G, where good ore occurs in Buda limestone. It is expected that this work will progress each shift at an average rate of four lineal feet of 5' x 7' adit, drift, cross cut, or open cut or at an average rate each shift of two feet of prospect shaft 5' x 7', in cross section. Therefore, based on 24 working days during the period, it is expected that 96 feet of drift, cross cut or cut will be completed or 48 feet of prospect shaft will be sunk.

Furnacing of ore now broken and in bins and underground, and new ore produced incidental to the underground and surface exploration and development is expected to be started and continued on a basis of three shifts per day during the month, treating an average of about 25 tons of ore per day, containing an average of 10 pounds of recoverable mercury per ton. It is expected that about 7,750

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Amerimex Mining Company
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24. Time Schedule and Expenditures
3rd Month (Continued)

pounds of mercury will be produced with a market value of about $20,000.00; and it is believed that similar or better production can be sustained each succeeding month while ore reserves are being established by the exploration and development undertaken in this project.

Construction of the remaining incomplete house for mine laborers	$ 3,000.00
Compressor rental, 105 cu. ft., surface prospecting	210.00
994 gal. butane for surface diamond core drill @ 9¢	89.46
Maintenance of diamond core drill & engine each mo.	10.00
960 gal. butane for stand-by power plant & compressor	86.40
3,000 gal. diesel fuel for diesel-electric power plant and air compressor @ 14¢	420.00
Maintenance of power plants and air compressors	50.00
110 gal. lubricating oil for stationary equipment @ $1.10 per gal. fob mine	121.00
400 custom re-grinds of drill bits @ 12¢	48.00
7,500 gal. butane fuel for firing retary quicksilver furnace - three shifts each day - @ 9¢ f.o.b. mine	675.00
Maintenance, grease, repairs & replacements on furnace assembly - estimated to average per month	100.00
343 gal. butane for cooking & camp @ 9¢ per gal.	30.87
520 gal. " " water truck @ 9¢	46.80
520 gal. " " utility & ore truck @ 9¢	46.80
260 gal. " " pickup truck 9¢	23.40
Truck fleet maintenance, monthly average	100.00
Transportation and communications	150.00
720 gal. butane for portable air compressor used in surface prospecting @ 9¢	64.80
Forward	$ 5,272.53

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Amerimex Mining Company
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Alpine, Texas Phone 541

24. Time Schedule and Expenditures
3rd Month (Continued)

Forward		$ 5,272.53
Maintenance expense of portable compressor estimated monthly average		20.00
1,920 board feet of timber for winze in Area E to be supplemented by salvaged material @ 15¢ per board feet		288.00
Blasting supplies - total $5,162.00 +		1,290.50
Labor		
Utility Labor Crew - one shift	$ 1,063.41	
Surface Diamond Core Drill Crew - two shifts	1,455.84	
Underground Mine Crew - one shift	4,053.60	
Power Plant & Compressor Crew - three shifts	1,007.19	
Furnace Crew - three shifts	1,611.36	
Surface Prospecting Crew - one shift	1,143.36	
Supervisory Personnel	1,971.32	12,306.08
Total		$19,177.11

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Amerimex Mining Company
P. O. Box 626
Alpine, Texas Phone 541

24. Time Schedule and Expenditures (Continued)

4th Month

Diamond core drilling from the surface in Area A-K is expected to continue on the basis of 2 shifts per day during 24 working days to complete 1,440 feet, including 90 feet of Hole 15 and 9 additional holes to an average depth of 150 feet each, making a total of 24 holes for the area completed during the calendar month.

Underground work will be continued as follows:

Sinking of the winze in Area E will be continued on the basis of one shift per day, 24 days, at the rate of about 2 feet per shift; therefore, it is expected that an additional 48 feet of shaft will be sunk unless lateral ore extensions render other work preferable, in which instance approximately 96 lineal feet of drift or cross cut will be completed.

In Fault J Area, it is expected that 18 days of one shift each will be used to cut three diamond drill stations, and the remaining 6 working days of one shift each will be used to diamond drill an estimated distance of 222 feet, or one hole of 150 feet and about 72 feet on Hole 2.

In the vicinity of the stoped area of the mine, the underground crew (less 6 men delegated to full time work on the winze in Area E, if it is undertaken) will continue to drift, crosscut, raise or winze in developing ore bodies which may have been discovered; and it is believed that approximately 384 lineal feet of 5' x 7' drift, crosscut or the equivalent will be completed during the 24-day working period. It is also believed that upon completion of this period, enough commercial ore will have been established in this area to permit continued production while awaiting the results of other exploration undertaken as a part of the project.

Surface prospecting in Areas J, G, H and in minor structures will be continued on a one-shift basis for approximately 24 working days to complete 96 lineal feet of 5' x 7' cross cut or drift or about 48 feet of prospect shaft.

Ore produced incidental to underground and surface exploration and development is expected to provide sufficient ore of commercial grade to permit the continued furnacing of a minimum of 25 tons per day during 3 shifts worked every day of the month. It is expected that this work will produce about 7,750 pounds of marketable mercury, having a gross value of about $20,000.00.

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Amerimex Mining Company
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Alpine, Texas Phone 541

24. Time Schedule and Expenditures
4th Month (Continued)

Compressor rental on 105 cu. ft. machine used for surface prospecting, monthly	$ 210.00
994 gal. butane for surface diamond core drill @ 9¢	89.46
Maintenance of diamond core drill	10.00
960 gal. butane for stand-by power plant & air compressor @ 9¢ per gal. f.o.b. mine	86.40
3,000 gal. diesel fuel for power plant & air compressor @ 14¢ per gal. f.o.b. mine	420.00
Maintenance power plants and air compressors	50.00
110 gal. lubricating oil for stationary equipment @ $1.10 per gal. f.o.b. mine	121.00
400 custom re-grinds of drill bits @ 12¢ each	48.00
7,500 gal. butane fuel to fire rotary quicksilver furnace three shifts each day @ 9¢ per gal.	675.00
Maintenance, grease, repairs and replacements on furnace assembly, estimated monthly average	100.00
343 gal. butane for cooking @ 9¢ per gal.	30.87
1,300 gal. butane for trucks @ 9¢ "	117.00
Truck fleet maintenance, monthly average	100.00
Transportation & communications, monthly average	150.00
720 gal. butane for portable compressor for surface prospecting @ 9¢	64.80
Maintenance of portable compressor, monthly average	20.00
Blasting supplies - $5,162.00 ÷ 4	1,290.50
100 Core boxes @ $4.00 each	400.00
Forward	$ 3,983.03

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Amerimex Mining Company
P. O. Box 626
Alpine, Texas Phone 541

24. Time Schedule and Expenditures
4th Month (Continued)

Forward		$ 3,983.03
Labor		
Utility Labor Crew	$ 1,063.41	
Surface Diamond Core Drill Crew	1,455.84	
Power Plant & Compressor Crew - 3 shifts	1,007.19	
Underground Mine Crew	4,053.60	
Furnace Crew	1,611.36	
Surface Prospecting Crew	1,143.36	
Underground Diamond Core Drill Crew 6 days	181.98	
Supervisory Personnel	1,971.32	12,488.06
Total		$16,471.09

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Amerimex Mining Company
P. O. Box 626
Alpine, Texas Phone 541

24. Time Schedule and Expenditures (Continued)

5th Month

Diamond core drilling from the surface in Areas A-K will be completed when an additional 6 holes, averaging 150 feet each, have been drilled, which is expected to be accomplished within the first 15 working days of 2 shifts each, making a total of 30 holes, or 4,500 feet drilled in Areas A-K.

It is expected that commercial bodies of ore will have been delineated and sampled by diamond core drilling and by underground work accomplished in Areas A-K and in the vicinity of the stoped area and other underground workings of the mine.

Diamond core drilling from the surface in Area B will be started as soon as the drill can be moved to the new location; and drilling is expected to proceed at an average rate of 30 feet per shift, two shifts per day, for the remaining 9 working days of the calendar month to complete approximately 540 feet of hole or two holes 250 feet deep and 40 feet on Hole 3 in Area B.

Area E underground work will be continued unless the winze has reached the Del Rio-Georgetown contact, or unless the work previously done shows that the ore will not persist in any direction.

It is expected that 24 shifts of sinking will result in 48 additional feet of winze being sunk during this calendar month, making the total depth of the winze 116 feet, which should prove or disprove the structure.

Surface prospecting in Areas J, G, H and in minor structures will be continued on the basis of one shift per day during 24 working days in the month to result in completion of 96 lineal feet of 5' x 7' cross cut, drift or open cut, or about 48 feet of prospect shaft.

It is expected that this surface work will result in the discovery of ore in places which will be developed by underground work supplemented by diamond core drilling from the surface or underground.

In Fault J Area, underground diamond core drilling will be continued on a 2-shift per day basis for 24 working days and is expected to result in completion of 1,440 feet of hole, or 78 feet to complete Hole 2 to a depth of 150 feet and 9 additional holes to an average depth of 150 feet each plus 12 feet on Hole 11.

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Amerimex Mining Company
P. O. Box 625
Alpine, Texas Phone 541

24. Time Schedule and Expenditures
5th Month (Continued)

Compressor rental on 105 cu. ft. machine used in surface prospecting, per month		$ 210.00
110 gal. lubricating oil for stationary equipment		121.00
994 gal. butane for surface diamond core drill @ 9¢		89.46
Maintenance of diamond core drill		10.00
960 gal. butane for standby power plant & air compressor @ 9¢ per gal. f.o.b. mine		86.40
Maintenance of power plants & compressors, mo. average		50.00
55 gal. lubricating oil for surface diamond core drill and engine @ $1.10 per gal. f.o.b. mine		60.50
343 gal. butane for cooking & camp @ 9¢		30.87
1,300 gal. butane for trucks @ 9¢		117.00
Truck fleet maintenance, monthly average		100.00
Transportation & communications, monthly average		150.00
720 gal. butane for portable compressor used in surface prospecting @ 9¢		64.80
Maintenance of portable air compressor		20.00
Labor		
Utility Labor Crew - 1 shift	$1,063.41	
Surface Diamond Core Drill Crew - 2 shifts	1,455.84	
Power Plant-Compressor Crew - 2 shifts	519.84	
Surface Prospecting Crew - 1 shift	1,143.36	
Underground Diamond Drill Crew - 2 shifts	1,455.84	
Winze-Sinking Crew in Area E - 1 shift	1,351.20	
Supervisory Personnel	1,013.74	8,003.23
Total		$9,113.26

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Amerimex Mining Company
P. O. Box 628
Alpine, Texas Phone 541

24. Time Schedule and Expenditures (Continued)

6th Month

Diamond core drilling from the surface in Areas B, C, D, F and I is expected to proceed at the rate of 30 feet per shift, 2 shifts per day, or a total of 1,440 feet per month, based on an average of 24 working days to the calendar month.

Since 540 feet will have been completed in Area B of a total of 1,250 feet, 710 feet of hole will be required to complete the drilling of 8 holes to an average of 250 feet each in that area, leaving 730 feet to be drilled in Area C during the calendar month.

In Fault J Area, underground diamond drilling is expected to proceed on a 2-shift per day basis during 24 working days at an average rate of about 30 feet per shift or 60 feet per day, indicating that approximately 1,440 feet of hole will be drilled each month.

Surface prospecting in Areas J, G and H and on minor structures will be continued on a one-shift basis during 24 working days and is expected to complete an average of 96 lineal feet of 5' x 7' drift, cross cut or open cut or 48 feet of prospect shaft.

Compressor rental for surface prospecting 105 cu. ft. machine, per month	$ 210.00
Maintenance of portable compressor	20.00
994 gal. butane for surface diamond core drill @ 9¢	89.46
Maintenance of diamond core drill	10.00
960 gal. butane for stand-by power plant & air compressor @ 9¢ per gal. f.o.b. mine	86.40
343 gal. butane for cooking & camp @ 9¢	30.87
1,300 gal. butane for trucks @ 9¢	117.00
Truck fleet maintenance	100.00
Transportation & communications	150.00
720 gal. butane for portable compressor	64.80
Forward	$ 878.53

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Amerimex Mining Company
P. O. Box 626
Alpine, Texas Phone 541

24. Time Schedule and Expenditures
6th Month (Continued)

Forward		$ 878.53
Labor		
Surface Diamond Core Drill Crew - 2 shifts	$1,455.84	
Power Plant-Compressor Crew - 2 shifts	519.84	
Surface Prospecting Crew - 1 shift	1,143.36	
Underground Diamond Core Drill Crew - 2 shifts	1,455.84	
Utility Labor Crew	803.49	
Supervisory Personnel	1,013.74	6,392.11
Total		$7,270.64

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Amerimex Mining Company
P. O. Box 626
Alpine, Texas Phone 541

24. Time Schedule and Expenditures (Continued)

7th Month

Diamond core drilling from the surface in Area B having been completed and 730 feet of the total 1,250 feet required in Area C having been completed, it is expected that Area C will be completed by the drilling of 520 additional feet of hole.

Since it is expected that diamond core drilling from the surface will proceed on the basis of 2 shifts per day 24 days out of each calendar month and 30 feet of hole per shift or 60 feet per day is expected to be drilled, 920 feet of hole is expected to be drilled in Area D in addition to the 520 feet previously drilled in Area C to make the total of 1,440 feet.

In Fault J Area, underground diamond core drilling is expected to proceed for 9 days on the basis of 2 shifts per day to complete the diamond drilling in this area; and it is expected that 540 feet of hole will be completed during the period.

Surface prospecting in Areas G, J, H and in minor structures is expected to proceed on the basis of one shift per day during 24 working days and is expected to accomplish 96 lineal feet of drift, cross cut, open cut or 48 feet of prospect shaft.

Compressor rental for surface prospecting 105 cu. ft. machine, per month	$ 210.00
994 gal. butane for surface diamond core drill @ 9¢	89.46
Maintenance of diamond core drill	10.00
960 gal. butane for stand-by power plant & air compressor @ 9¢ per gal. f.o.b. mine	86.40
343 gal. butane for cooking & camp @ 9¢	30.87
1,300 gal. butane for trucks @ 9¢	117.00
Truck fleet maintenance	100.00
Transportation & communications	150.00
720 gal. butane for portable compressor @ 9¢	64.80
Maintenance of portable compressor	20.00
Forward	$ 878.53

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Amerimex Mining Company
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Alpine, Texas Phone 541

24. Time Schedule and Expenditures
7th Month (Continued)

Forward		$ 878.53
Labor		
Utility Labor Crew - 1 shift	$ 803.49	
Surface Diamond Core Drill Crew - 2 shifts	1,455.84	
Power Plant-Compressor Crew - 2 shifts, 9 days	194.94	
Surface Prospecting Crew - 1 shift	1,143.38	
Underground Diamond Core Drill Crew - 2 shifts, 9 days	545.94	
Supervisory Personnel	1,013.74	5,157.31
Total		$6,035.84

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Amerimex Mining Company
P. O. Box 626
Alpine, Texas

24. Time Schedule and Expenditures (Continued)

8th Month

Diamond core drilling from the surface in Area D is expected to be completed with the drilling of an additional 330 feet of hole; and in addition, it is expected that 1,110 feet of hole (comprising 4 holes to an average depth of 250 feet each and 110 feet of Hole 5) will be drilled in Area F.

Surface prospecting in Areas G, H, J and in minor structures is expected to be continued for the 24 working days of this calendar month on the basis of one shift per day; and it is expected that 96 lineal feet of drift, cross cut, or open cut or 48 feet of prospect shaft will be completed.

It is believed that surface prospecting will have resulted in the discovery of commercial bodies of ore which may be mined profitably from this time on. It is possible that the diamond core drilling of Areas B, C, D, F and I will have resulted in the discovery and development to some extent of bodies of ore of commercial importance, which will require the equipment and personnel previously allotted to surface prospecting. Therefore, it is expected that the surface prospecting phase of the project will be terminated upon conclusion of the month's work.

Compressor rental for surface prospecting 105 cu. ft. machine, per month	$ 210.00
994 gal. butane for surface diamond core drill @ 9¢	89.46
Maintenance of diamond core drill	10.00
343 gal. butane for cooking & camp @ 9¢	30.87
1,300 gal. butane for trucks @ 9¢	117.00
Truck fleet maintenance	100.00
Transportation & communications	150.00
720 gal. butane for portable compressor	64.80
Maintenance of portable compressor	20.00
100 Core boxes @ $4.00	400.00
Forward	$1,192.13

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Amerimex Mining Company
P. O. Box 626
Alpine, Texas Phone 541

24. Time Schedule and Expenditures
8th Month (Continued)

Forward		$1,192.13
Labor		
Utility Labor Crew - 1 Crew	$ 803.49	
Surface Diamond Core Drilling Crew - 2 shifts	1,455.84	
Surface Prospecting Crew - 1 shift	1,143.36	
Supervisory Personnel	1,013.74	4,416.43
Total		$5,608.56

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Amerimex Mining Company
P. O. Box 626
Alpine, Texas Phone 541

24. Time Schedule and Expenditures (Continued)

9th Month

Surface diamond core drilling will be continued at the rate of approximately 30 feet per shift, two shifts per day, during 24 working days for a total of 1,440 feet of core hole, including 140 feet in Area F to complete Hole 5 in that area. This leaves 1,300 feet which may be used in Area I, which will result in completion of 5 holes averaging 260 feet each.

994 gal. butane for surface diamond core drill @ 9¢		$ 89.46
Maintenance of diamond core drill		10.00
343 gal. butane for cooking & camp		30.87
1,300 gal. butane for trucks @ 9¢ per gal. f.o.b. mine		117.00
Truck fleet maintenance		100.00
Transportation & communications		150.00
Labor		
Utility Labor Crew - 1 shift	$ 803.49	
Surface Diamond Core Drill Crew - 2 shifts	1,455.84	
Supervisory Personnel	1,013.74	3,273.07
Total		$3,770.40

Form MF-103

Amerimex Mining Company
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Alpine, Texas Phone 541

24. Time Schedule and Expenditures (Continued)

10th Month

Surface diamond core drilling in Area H is expected to proceed at the rate of an average of 20 feet of hole per shift, two shifts per day during 24 days of each month until a total of 6 holes have been drilled to an average depth of 750 feet each in that area.

Therefore, 24 days, at 40 feet of hole per day, indicates that an average of 960 feet of hole will be drilled each calendar month until drilling in the area is completed, which will require a total of 225 shifts or 112½ working days or 4 calendar months and 16½ days, calculated herein as 5 calendar months with expected expenditures estimated the same for each subsequent month until the project is terminated at the end of the 14th month.

994 gal. butane for surface diamond core drill @ 9¢		$ 89.46
Maintenance of diamond drill		10.00
343 ga. butane for cooking & camp		30.87
1,300 gal. butane for trucks @ 9¢ per gal. f.o.b. mine		117.00
Truck fleet maintenance		100.00
Transportation & communications		150.00
Labor		
Utility Labor Crew - 1 shift	$ 803.49	
Surface Diamond Core Drill Crew - 2 shifts	1,455.84	
Supervisory Personnel	1,013.74	3,273.07
Total		$3,770.40

Form MF-103

Amerimex Mining Company
P. O. Box 626
Alpine, Texas Phone 541

24. Time Schedule and Expenditures (Continued)

11th Month

Expected Progress: 960 feet of drill hole, as outlined under 10th Month.

Material & other expense	$ 497.33	
Labor & Supervisory Personnel	3,273.07	
Total		$3,770.40

12th Month

Expected Progress: 960 feet of drill hole, as outlined under 10th Month.

Material & other expense	$ 497.33	
Labor & Supervisory Personnel	3,273.07	
Total		$3,770.40

13th Month

Expected Progress: 960 feet of drill hole, as outlined under 10th Month.

Material & other expense	$ 497.33	
Labor & Supervisory Personnel	3,273.07	
Total		$3,770.40

14th Month

Expected Progress: 960 feet of drill hole, as outlined under 10th Month.

Material & other expense	$ 497.33	
Labor & Supervisory Personnel	3,273.07	
Total		$3,770.40

Form MF-100
(March 1951)

U. S. DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Form approved.
Budget Bureau No. 42-R1026.

GENERAL TECHNICAL DATA FOR USE UNDER THE DEFENSE PRODUCTION ACT OF 1950

NOT TO BE FILLED IN BY APPLICANT

Docket No. dma 2202
Date received 11-1-51

RECEIVED NOV 1 1951 Defense Minerals Administration

Amerimex Mining Company
P. O. Box 626
Alpine, Texas

Telephone 541

Name and address of applicant

Date October 29, 1951

INSTRUCTIONS

This form is to be filed with Defense Minerals Administration, Department of the Interior, Washington 25, D. C. It should be accompanied by appropriate application form when a specific type of Government assistance is requested, in the form of (1) loan, (2) purchase contract, (3) Government guarantee of a private loan, (4) ~~XXXXXXXXXX XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX gation Deduction) of Internal Revenue Code, 1950, (5)~~ priorities or allocation of mining equipment, and maintenance, repair and operating supplies, and (~~6~~ 5) other forms of Government assistance that might arise under the Act. Submit four (4) signed copies of the form and accompanying papers. Name and address should be stamped or typed on each sheet of this form and all accompanying papers. *When a question is inapplicable it should be so stated on the form.* Additional sheets may be attached in answering any questions or in supplying additional information. (IF YOU CANNOT ANSWER A QUESTION, SO STATE.) If a question is answered elsewhere indicate where answered. It is not necessary to answer it again.

GENERAL TECHNICAL DATA

Supply the following information on separate sheets, arranged, numbered, and lettered as indicated:

1. Materials produced:
   (*a*) What are the chief mine, mill, or smelter products?
   (*b*) What are the byproducts, if any?
2. Name(s) and type(s) of mine(s), mill(s), smelter(s), refinery(ies), pit(s), quarry (ies), drilling operation(s). Include old names of property, if any. Show extent of workings, including the following:
   (*a*) Linear feet of shafts.
   (*b*) Linear feet of drifts and crosscuts.
   (*c*) Linear feet of tunnels or adits.
   (*d*) Linear feet of other mine openings (explain briefly).
   Indicate whether mine is flooded or not. Describe any pumping problems. Give size or productive capacity.
3. For each operation listed above supply the following:
   (*a*) Distance and direction from nearest town and shipping point.
   (*b*) Mining district.
   (*c*) Township, Section, Range.
   (*d*) County, State.
4. (*a*) State whether or not property is now in operation, and if in operation, by whom operated.
   (*b*) Are you operating this property as:
   - ☐ Owner.
   - ☐ Lessee.
   - ☐ Contractor.
5. Number of years in production 1938 - 1944
   If not in production or operation, estimated date when production will begin ______
6. Experience of operators:
   Describe the mining and general business experience of (*a*) the applicant, and (*b*) the person or persons who manage the project.
7. History:
   (*a*) Give a statement, as complete as possible, of previous exploration, development, operation, and production of property, with reasons for suspension of operation.
   (*b*) State briefly the known history and production of adjoining and neighboring properties.
   (*c*) Furnish any available (private) reports that may apply to this application, including results of mine examinations, recommended exploration and development, and metallurgical investigations.

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8. Names and addresses of Officers, Directors, or Partners, and in addition thereto, the five largest stockholders if applicant is a corporation.

Name and Address (a)	Official Title (If officer is also director indicate by "D") (b)	Total of Annual Salary, Commissions, Bonuses, Etc., Received From Applicant and Affiliates During Last Fiscal Year (c)	Estimated Net Worth Outside of Interest in Applicant (d)	Number of Shares Held in Applicant Corporation: Common (e)	Number of Shares Held in Applicant Corporation: Preferred (f)	Life Insurance Carried for Benefit of Applicant: Amount (g)	Life Insurance Carried for Benefit of Applicant: Net Cash Surrender Value After Loans (h)
R. N. Pulliam	D President	none	$50,000	10			
Box 626, Alpine, Texas							
L. M. Pulliam	D Sec.-Treas.	none	$60,000	980			
Box 626, Alpine, Texas							
George W. Rice	D Vice-Pres.	none		10			
30th Floor Gulf Bldg. Houston 2, Texas							
	Total		x x x x x	1000		x x x x x	x x x x x

If more lines are needed continue on separate sheet.

9. Capital Stock Issues:

For Corporate Applicants

Item	Authorized (a)	Outstanding (b)	Par Value (c)	Number of Shares Outstanding (d)	Dividend Rate Last Paid* (e)
Common stock	$ 1,000	$ 1,000	$ 1.00	1,000	none
Preferred stock	$	$	$		

*Indicate period covered.

10. Production: Production was about 4,000 flasks from 1939 to 1944 Operation has been suspended since 1944.

Item	Kind of Product (a)	1948 Total (b)	1949 Total (c)	1950 Total (d)	Present Average Monthly (e)
1. Quantity of product mined or quarried (Short, long, metric tons; barrels; pounds; etc.)					
2. Quantity of product processed (specify unit of measure and type of process)					
3. Quantity and grade of product sold or shipped (specify units of measure)					

11. Do you contemplate a change in the present average monthly rate of production? If so, state estimated maximum monthly production and basis of change.

12. Ore or Mineral Reserves:

(a) Describe the ore or mineral deposit briefly. Accompany the application by any available report on the geology and ore reserves.

(*b*) If deposit is other than placer:

(1) Submit assay plans and/or sections showing location and size of proved (measured) and probable (indicated) ore or mineral reserve.

(2) State the tonnage (indicate type of ton) and grade of each class of ore reserve, as above, and show how computed. Tabulated total ore reserve as follows:

TOTAL ORE OR MINERAL RESERVES

Ore or Mineral Reserve	Estimated Tons (a)	Metal or Mineral Content Per Ton (Grade) (b)	Gross Value Per Ton (c)	Recoverable Unit Value Per Ton (d)	Estimated Cost of Production Per Ton (e)
Measured (proved)					
Indicated (probable) Short Tons	64,800	.005% minimum	$27.10	$27.10	$13.59

(*c*) If placer:

(1) Give estimated total yardage and average marketable mineral content of each deposit.

(2) Submit map showing location of placer deposit and surrounding area, with all test holes or pits. Submit logs of each hole and test pit with depth and average value of each.

(3) Describe gravel, stating whether fine, medium or coarse; loose, tight, cemented, or frozen, and whether it contains stumps or boulders more than 1 foot in diameter; if so, how large, and in what proportion.

(4) Describe bedrock, giving type (granite, sandstone, shale, etc.) and state whether it is hard or soft, smooth, uneven or rough.

(5) Describe overburden, stating whether loose, tight, or cemented; fine or coarse textured; furnish estimate of average thickness and total amount.

(6) Tabulate the reserves using the form outlined above for ore or mineral reserves.

13. Access Roads:

Give road distances to shipping, supply and residence points, stating kind and condition of roads.

14. Water Supply:

State source and quantity of water available for operations and whether sufficient for all seasons of year.

15. Power:

State amount of power used, rate per hour, and source thereof.

16. Labor:

State number and classes (miners, muckers, millmen, etc.) of men employed during a recent representative payroll period.

17. Equipment and Facilities:

Describe present equipment on the property, including buildings. (State condition.) List major pieces of equipment now owned or controlled and in serviceable condition available for this operation.

18. Are there any particular conditions or circumstances affecting your operations that are not described above? If so, explain.

CERTIFICATION

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

Amerimex Mining Company
(Name of company)

By F. N. Pullman
(Signature of authorized official)

October 29, 1951
(Date)

President
(Title)

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

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Amerimex Mining Company
P. O. Box 626
Alpine, Texas

1. (a) Mercury has been the mine and furnace product.

   (b) There are no known by-products.

2. The mine was originally known as the Smith-Wilson Prospect. It was operated and became an important producer known as the Fresno Mine, the name under which it operated until 1944. The property is now known as the Buena Suerte Group of Mining Claims, but locally it is still known as the Fresno Mine.

   The mine is a lode mine where mercury ore has been mined from the surface in some places to depths of about 100 feet. The ore occurs as mantos and chimney-like deposits.

   The extent of mine workings is shown on the geologic map which is attached and made a part of this application.

   (a) Two principal entry and hoisting shafts are each single compartment with manway 4'2"x6'6" in the clear and 100 feet deep. There are other ventilation raises to the surface and a number of ore chutes from the 100-ft. haulage level to the stopes on the 60-ft. Level.

   (b) Total footage of drifts and cross cuts (size approximately 5'x7') is about 1,600 lineal feet.

   (c) There are no tunnels or adits.

   (d) The stoped area of the mine is approximately an average of 40 feet high by 300 feet long by 100 feet wide, including pillars.

   The mine is a dry mine, free of any ground waters at its present greatest depth of about 100 feet. Geologists have estimated the depth of the water table in the vicinity of the mine to be at an elevation of 2,175 ft., while the surface is usually about 2,900.

3. (a) The Buena Suerte Group of Mining Claims and the mine community of Buena Suerte are situated on the property generally known as the Fresno Mine, which is located in the extreme southeastern part of Presidio County. The property is approximately 103 miles southwest of Alpine, Brewster County, Texas, the nearest practical shipping point, communications and supply center. The road from Alpine to the mine via Terlingua consists of 60 miles of pavement on State Highway 118, which is under construction as a main entry to the Big Bend National Park, thence approximately 25 miles

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Amerimex Mining Company
P. O. Box 626
Alpine, Texas

3. (a) (Continued)

over County road to Terlingua and thence westward over county road a distance of 18 miles to the mine. It is probable that State Highway 118 will be completed to Terlingua or to a point in the vicinity at an early date, reducing the unpaved road to be traveled to about 18 or 20 miles.

The nearest shipping point would be Casa Piedra on the Santa Fe Railroad in Presidio County, Texas, a distance of about 40 miles by road from the mine; however, the terrain is such between the mine and Casa Piedra that construction and maintenance of a road would be virtually out of the question.

(b) The Fresno Mine marks the western extremity of the Terlingua Quicksilver District.

(c) The property consists of twelve (12) State of Texas Metallic Mineral Awards, each measuring 600 x 1500 feet and containing 20.66 acres each, comprising the total of 247.92 acres, more or less, in one contiguous block, including Buena Suerte Claims Nos 1 through 6, numbered M-29843 through M-29848 located in Section 106, Block 341, T. C. Ry. Co. and Buena Suerte Claims Nos 7 through 12, numbered M-29849 through M-29854, located in Section 108, Block G-5, M. K. & T. E. Ry. Co., both surveys being in Presidio County, Texas.

(d) The mining property is situated in Presidio County, Texas.

4. (a) The property is not now in operation.

(b) The applicant will operate the property under lease and purchase-option.

5. The mine operated on a very small scale from 1939 until 1941 when comparatively large scale production began and continued until 1944, during which time 4,000 flasks of mercury were reportedly produced; the mine was shut down due to disagreement between partner-owners.

The mine is not now in production, but it is believed that production of marketable mercury can be started within 60 days from the date operations are resumed with proper equipment and operating capital.

6. (a) The applicant company is a newly-formed corporation for the purpose of carrying on the mining operation and, consequently, has no previous record of experience.

(b) Robert N. Pulliam, 408 N. 9th Street, Alpine, Texas, will

6. (b) (Continued)

be General Manager of the project. Mr. Pulliam's family were among the pioneer ranchers and miners of the Big Bend Region of Texas, where the Fresno Mine is situated. He has been intimately acquainted with the geology, mining operations and personnel of the Terlingua Quicksilver District during most of his life.

Mr. Pulliam was President and General Manager of Llano Molybdenum Co., which operated the Kism or Honey Creek Mine in Llano County, Texas, under lease and purchase option for a short time in 1942. The company elected not to exercise its option, and the property was subsequently abandoned.

In February, 1943, Mr. Pulliam became Vice President and General Manager of Bobs Mining Company, a Texas corporation, organized to explore and develop the Maggie Mine property situated in Section 44, Block G-12, G. C. & S. F. Ry. Co., Brewster County, Texas. Mr. Pulliam had owned an interest in the property and had prospected it for a number of years before undertaking the operation.

Bobs Mining Company, under the direct management of Mr. Pulliam, conducted extensive underground exploration and development by shaft sinking, tunneling and winsing and by diamond drilling underground from February, 1943, until November, 1947, when the operation was suspended due to collapse of mercury prices.

Mr. Pulliam subsequently operated lead-silver mines in the Republic of Mexico as General Manager. This involved completely equipping two mine properties by bonding needed equipment into Mexico and hauling all necessary machinery, equipment, supplies and fuel a distance of approximately 100 miles by trucks to begin the operations. Subsequently, much other materials and supplies had to be hauled by truck from Chihuahua City a distance of more than 200 miles. The construction of housing, headframes, mine timbering and the selection and transportation of mine personnel presented some unusual problems as well as the operation of a comparatively large business in a country where laws and customs are entirely different to our own. Mr. Pulliam terminated this relationship of his own accord in 1949.

Since that time, Mr. Pulliam has been engaged in the rental of mining and contracting equipment while devoting considerable time to the study of the geology of the Terlingua Quicksilver District and the examination of various mines there and in West Texas and New Mexico.

Form MF-100

Amerimex Mining Company
P. O. Box 626
Alpine, Texas

7. History:

(a) Cinnabar was originally discovered on the Fresno Mine property in 1935 by a Mexican goatherder employed on the ranch of Harris S. Smith.

Mr. Smith and Homer M. Wilson, a mining engineer and geologist graduate, formed a partnership to prospect, explore and develop the property while carrying on their respective ranching interests. Both men were heavily obligated for their ranches and cattle, and extended droughts and other adversities had almost forced them out of business.

Outbreak of the beginning of World War II in Europe stimulated mercury prices; and with industry born of desperation, Smith and Wilson continued exploration and development. They undertook to concentrate their ores by simple flotation in a homemade flotation plant. They retorted the concentrates in a small homemade retort to produce small quantities of mercury. Experience soon proved that the flotation plant could not be operated profitably.

The mine run of ore continued to improve; and a larger factory-built retort was installed, which soon gave way to a used six-ton rotary furnace bought on credit and installed without blueprints or instructions. By the spring of 1941, the small furnace was producing a flask of mercury per day.

Just before the furnace was installed, Mr. Wilson suffered a heart attack which rendered him unable ever to resume his role as active partner; and he spent the remainder of his life until the time of his death in 1944 as a semi-invalid.

With income from production with the small furnace, Mr. Smith was able to meet the pressing obligations; and by July 4, 1942, the old second-hand mining equipment had been replaced with modern. A new 30-ton Cottrell rotary quicksilver furnace had been installed and put into operation. A mining community had been built consisting of ten well constructed rock houses for Mexican laborers, a rock commissary building, a rock schoolhouse, several sheetiron storerooms and comfortable quarters for white personnel. A mineral access road was built with Federal aid from Terlingua to the mine community, which had a population of about 200 people and was named Buena Suerte in May, 1943, when the U. S. Post Office was officially opened there.

The Fresno Mine continued production until 1944, when after the death of Mr. Wilson, Mr. Smith found it impossible to reach any practical operating agreement with the Wilson heirs. With great reluctance, he shut down the operation.

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Amerimex Mining Company
P. O. Box 626
Alpine, Texas

7. History: (a) (Continued)

Mr. Smith states that the Fresno Mine produced approximately 4,000 flasks of mercury from 1941 to 1944, parts of both years inclusive.

Mr. Smith states that he made every reasonable effort to reach some agreement with Mr. Wilson's heirs by which he could continue to operate the mine for their joint benefit. He failed in this and then made all reasonable efforts to buy his partner's interest. They refused to sell; so in desperation, he offered to sell them his interest for the same price he was willing to pay for theirs. They would neither buy nor sell. Further, they failed and refused to pay their prorata of taxes, State rental fees, State assessment work, watchman's salary, etc.

Mr. Smith was unwilling to carry the burden of expense for the partnership alone. The mining claims were forfeited to the State of Texas in 1946 for failure to pay the annual rental and for failure to do the required assessment work.

Mr. Smith subsequently filed in his own name new claims covering substantially the same area; however, the Wilson interests continued to hold their one-half undivided interest in the surface rights of Section 106, Block 341, T. C. Ry. Co., and in the buildings, furnace and other appurtenances.

Mr. Smith sold his one-half undivided interest in the surface and appurtenances and his entire ownership of the State Metallic Mineral Awards to Mr. and Mrs. E. G. Bledsoe on June 4, 1949. The Bledsoes executed a lease and purchase-option on the State Metallic Mineral Awards in favor of Amerimex Mining Company on August 25, 1951.

Mr. and Mrs. Bledsoe have expressed their willingness to execute a lease and purchase option providing for the operator's acquisition of their one-half undivided interest in and to the surface rights of Section 106, Block 341, T. C. Ry. Co., and the appurtenances thereto including buildings, machinery and equipment provided operator may within limited time obtain legal right to the acquisition or use of the one-half undivided interest in the previously described property, appurtenances and equipment owned by the heirs of the late Homer M. Wilson.

The Wilson interests have shown no disposition to sell or otherwise to make available for usage their undivided one-half interest in the furnace and other appurtenances; therefore, it is the intention of the operator to move onto the property a suitable furnace and other equipment, which he has available at the Vivianna Mine.

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Amerimex Mining Company
P. O. Box 626
Alpine, Texas

7. History: (Continued)

(b) There are no adjoining properties.

Production records of neighboring properties are not known due to wartime secrecy which prevailed during World War II; however, the Mariposa Mines, the nearest neighboring property, situated about 6 miles east of the Fresno Mine and in many respects similar to the Fresno property has reported production of from 17,000 to 30,000 flasks of quicksilver from 1899 to 1910. Production since that time is unknown, but it has been substantial. This property is not in operation at present.

(c) The following data is attached hereto:

A Geologic Report on the Fresno Mercury Mine, including results of mine examination and recommended exploration and development, by Professor W. N. McAnulty, who holds the Master of Science degree in Geology;

A large-scale detailed geologic and structural contour map of the most important area around the Fresno Mine, the underground workings, and showing the designated areas of recommended exploration and development;

A small-scale reconnaissance geologic map of the area around the Fresno Mine;

A small-scale plat showing the location of the Fresno Mine property, consisting of Buena Suerte Claims Nos. 1 through 12 and their relationship to the boundaries of the sections in which they are situated.

Amerimex Mining Company
Box 626, Alpine, Texas

Alpine, Texas
July 24, 1951

Mr. R. N. Pulliam
Alpine, Texas

Dear Mr. Pulliam:

Attached herewith is a geological report on the Fresno Mine and surrounding area, Presidio County, Texas, together with recommendations for an exploration program. It is hoped that this report will prove to be of value to you in developing the Fresno property.

For the information of all parties who may be interested in this report and the background of the writer, the following brief account of my academic and experience background is given below:

Bachelor of Science Degree, University of Oklahoma - 1938

Master of Science Degree in Geology, University of Okla. 1947

State Supervisor, Statewide Mineralogic-Paleontologic Survey in Texas (a project sponsored jointly by the Bureau of Economic Geology, University of Texas and the Work Projects Administration) 1939-1942.

Instructor in Geology at the University of Oklahoma 1946-1947

Associate Professor of Geology and Head of Department, Sul Ross State College, Alpine, Texas - 1947 to present.

Yours truly,

(signed W. N. McAnulty)
W. N. McAnulty

C O P Y

Amerimex Mining Company
Box 626, Alpine, Texas

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Amerimex Mining Company
Box 626, Alpine, Texas

GEOLOGIC REPORT ON THE FRESNO MERCURY MINE, TERLINGUA DISTRICT, PRESIDIO COUNTY, TEXAS. (With Notes on the Surrounding Area and the Geologic Occurrences of Mercury Ores.)

by

W. N. McAnulty

LOCATION

The Fresno Mine is situated on the west slope of a broad anticline which extends south-southeastward from the Solitario dome, approximately three miles south of the Solitario proper and about one-half mile east of Fresno Creek. The area embracing the mine lies within the so-called Terlingua-Solitario region which comprises about 400 square miles in the southern part of the Big Bend country of Texas (southern Presidio and Brewster counties). The mine is in Presidio County near the Brewster-Presidio boundary, (Terlingua quadrangle). It may be reached by taking a county road southwestward from Terlingua mining camp and thence west-northwest through the famous Mariposa mining area and on across the anticlinal structure on which the Mariposa mines are situated, thence northwestward along the southwest flank of this structure to the Fresno mining camp, Buena Suerte. The mine is a few miles north of a small settlement on the Rio Grande known as Lajitas. During the dry seasons (most of the year) the mine can be reached in a pickup truck or jeep from Marfa via the Fresno Canyon road. The Big Bend National Park adjoins the area on the south and east.

Amerimex Mining Company
Box 626, Alpine, Texas

GEOGRAPHY

Physical Features

This mountainous desert country presents an excellent example of topography resulting from differential erosion occurring under arid and complex structural conditions. Even though the annual average mean rainfall is less than 15 inches, running water is the chief erosional agency, mostly the very rapid run-off from torrential downpours.

In the immediate area in which the mining claims are situated the drainage is directed south-southwest off the broad anticline extending south-southeast from the Solitario domical uplift. Fresno Creek, the trunk stream, runs southward along the west flank of the Solitario and joins the Rio Grande about three miles southwest of the mine. The drainage pattern is clearly indicative of the structure. Rather deep canyons with a southwest trend have been carved in the massive Lower Cretaceous limestone (Georgetown formation) which is exposed over the axial portion and far down on the flanks of the large anticline on which the claims are located. Numerous large and small sinks, collapsed subterranean caverns, pock the surface of the Georgetown limestone. Faulting and laccolithic igneous intrusions are also factors, locally, in influencing the drainage pattern.

The terrain is rough with from 300 to 500 feet of relief being common. Areas away from the single county road are all but inaccessible except on foot or on horseback. There are a few unimproved ranch roads leading to windmills, tanks and pens which can be traveled with some difficulty in a truck or jeep.

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Climate and Vegetation

The average mean annual temperature for this section of the Big Bend country is approximately 70 degrees. During the summer months temperatures during the day average above 100 degrees, but the nights are usually much cooler. Daytime temperatures during the fall and winter months average about 75 degrees. Most of the rainfall comes during the hot summer months as thunder showers of short duration. The annual average rainfall is less than 15 inches.

The sparse vegetation includes a variety of hardy plants adapted to the desert environment. Among the varieties found are setol, lechuguilla, yuccas, cacti, creosote, ocotillo, catclaw and mesquite. Rough hills and slopes commonly support setol and lechuguilla, with most of the other types more frequently found in the valley flats and canyons. Little or no grass of any kind grows on the hills and slopes, nor is grass abundant even on the floors of the valleys and canyons.

GENERAL GEOLOGY OF THE DISTRICT

<u>Sedimentary Rocks</u> Except within the inner basin of the Solitario and the alluvial deposits along streams, all the sedimentary rocks in the area are Cretaceous in age, with both Lower and Upper Cretaceous being represented. The highly folded, faulted and metamorphosed Paleozoic sediments exposed in the Solitario basin appear to be an extension of the Paleozoics so well displayed in the Marathon Basin. These rocks range from Cambrian to Pennsylvanian in age. The most important features of the Cretaceous rocks are given in Table I. It

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Geologic Formations in the Terlingua-Solitaria Region

Age	Formation	Lithology	Thickness
Quarternary	Alluvial deposits	Clays, sands, silts & gravels	?
Tertiary	Intrusives	Syenitic laccoliths, plugs, sills & dikes	
	Flows, tuffs & conglomerates	Rhyolitic & basaltic flows & volcanic ash beds containing interbedded conglomerates	3000' +/-
Upper Cretaceous	Aguja	Upper part non-marine dark lignitic clay & silt with layers of lignite; lower part marine sandstones & silty clays. Lower Navarro & Upper Austin in age	600'
	Terlingua	Gypsiferous marl & clay with concretionary limestone & layers of calcareous sandstone. Lower part argillaceous flaggy limestone. Age - Lower Taylor and Austin	1000' +/-
	Boquillas	Flaggy limestone grading upward into thin beds of chalk & marl. Age - Eagle Ford	600' +/-
Lower Cretaceous	Buda	Whitish, dense brittle limestone	50-85'
	Del Rio	Clays, clay shales & thin-bedded limestone	100' +/-
	Devils River Georgetown Kiamichi Edwards Comanche Peak Glen Rose	Mostly massive, heavy-bedded limestone, lower part containing interbeds of marls, shales & sandstone	2000' +

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TABLE I (Cont'd)

Age	Formation	Lithology	Thickness
Lower	Travis Peak	Conglomerate & coarse sandstone. Exposed on flanks of the Solitario	80' +/-
Penn. to Ordov.		Strongly folded sedimentary rocks exposed in the Solitario	

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is the Cretaceous sedimentary rocks, particularly the Georgetown limestone, Del Rio shale and Buda limestone and the Tertiary intrusive rocks which are important in connection with mercury ore deposits.

Igneous rocks Lava flows of both acidic and basic character occur within the area. At the present time they are most extensive along the western and northern sides of the area, but, undoubtedly, lavas covered the entire Big Bend region at one time. Thick sections of volcanic tuff with interbedded conglomerates alternate with the lavas.

Intrusive igneous bodies in the form of plugs or necks, dikes, sills, laccoliths and possibly stocks are numerous and well exposed at many places. Laccoliths, of which there are several, are the largest of the intrusions, and of these the Solitario is the most important. The Solitario dome is a buried laccolith which has produced a circular dome about 9 miles in diameter and structural relief of several thousand feet.

There are several other high domes in the general area similar to the Solitario, but of lesser size, which probably sit astride laccolithic plutons, such as the Adobe Walls anticline for example. Packsaddle Mountain is a laccolith in which the igneous core has broken through the roof, as are also Mountain 4318 and Black Mesa dome. Uncovered laccoliths, i.e. masses of intrusive igneous rock from which practically all of the original sedimentary cover has been stripped by erosion include Agua Fria Mountain, Hen Egg Mountain, Indian Head, Willow Mountain, Sawmill Mountain, and possibly Wildhorse Mountain, Mountain 2661, and Bee Mountain.

In the eastern part of the area are many nearly circular anticlinal structures with much lower structural relief than these men-

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tioned above. The similarity of all of these suggest igneous intrusions. The Contrabando dome about two miles southwest of the Fresno mine probably falls in this category. North of the Contrabando dome along Fresno Creek, about one-half mile from the Fresno mine, is an unusually well exposed laccolith of syenodiorite. The original mass was ovoid in plan, being about two miles in length along the long dimension.

Dikes and sills are common throughout the region but are most numerous in the southeastern and east-central parts. They vary considerably in composition, ranging from acidic to basic. Several pipe-like (plugs or necks) igneous bodies occur in the District.

STRUCTURAL GEOLOGY OF THE DISTRICT

Much has been written on the structural geology of the Terlingua District and the Big Bend region and a full discussion of the subject is beyond the scope of this report. For the details and a more complete picture of the complex structural features the reader is referred to The University of Texas Bulletin No. 3401.

Many of the mines in the Terlingua District lie within the "Great Sunken Block" described by Udden in 1907. This large graben is bounded on the southwest by a great fault (Terlingua fault) which trends northwest-southeast and is very conspicuous southwest across Lang Draw Valley from Terlingua and at Santa Elena Canyon on the Rio Grande. The depressed area, about 39 miles wide, is bounded on the northeast by the axis of the Sierra del Carmen, on the north by the Corazones and Rosillos Mountains, and on the south by the Rio Grande. This block has been dropped 4000 to 6000 feet and is extensively folded and faulted due largely to intrusive vulcanism.

The settling decreases to the northwest and finally ends with the Solitario uplift. The Solitario proper, a circular dome some 9 miles in diameter and with considerable relief, is surmounted on the northwest end of a broad sweeping anticlinal structure which plunges south-southeast through the Terlingua District. It is upon this anticlinal structure that many of the productive mines are situated, including the Fresno mine. It seems probable that a batholith or stock underlies the Solitario uplift, a huge parent igneous body from which the numerous smaller intrusive bodies have moved out and upward to penetrate and deform the upper crust over a wide area, for there are literally hundreds of mappable intrusive igneous bodies in the region. Most of the structural features are the result of this intrusive vulcanism which took place during late Tertiary time.

The occurrences of mercury orebodies are closely related to this vulcanism and the resultant structural features. Also, the susceptibility of the Lower Cretaceous limestones in the area to the solvent action of ground water and perhaps solutions emanating from intrusive igneous bodies and the consequent development of a network of passageways, cavities and caverns which later collapsed and were filled with materials from overlying formations (shale, clay, limestone blocks and collapse breccia) is important in connection with the occurrences of orebodies. Most of the ore produced in the District has been taken from fill of collapsed sinks in the Lower Cretaceous limestones. Locally, numerous small faults associated with the collapse of these subterranean solution openings has further complicated an already complex structural condition.

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Amerimex Mining Company
Box 626, Alpine, Texas

FRESNO MINE

Historical

Cinnabar was discovered in August, 1935 in the area where the Fresno mine is now located, by a Mexican goatherder employed by the Fresno Canyon Ranch owned and operated by Harris S. Smith. A fifty-fifty partnership between Harris S. Smith and Homer M. Wilson, geologist and mining engineer, was formed to develop the property, and, after a difficult struggle with the many problems inherent to getting a new mine underway with limited capital, these men finally succeeded in getting operations on a continuous basis in June, 1939. Between 1939 and 1946 the mine produced approximately 4000 flasks (304,000 pounds) of metallic mercury. It was the most productive mine in the Terlingua District during World War II.

All operations ceased in 1946, not because of any lack of ore but because of partnership disagreements. Mr. Wilson died and afterwards no satisfactory working arrangements could be agreed on. However, these difficulties have now been solved and the property has been leased to R. N. Pulliam and his associates.

GEOLOGY OF THE AREA EMBRACING THE MINING CLAIMS

General Statement

Twelve claims in a block, each 600 x 1500 feet, six in Section 106, Block 341, and six in Section 108, Block G-5, make up the property. These claims are located on a local collapsed anticlinal bowing (nose) well down on the southwest flank of the major anticlinal structure which extends southeastward from the Solitario dome (the same structure upon which several of the most important

mines in the District are situated a few miles to the southeast). About one-half mile west on Fresno Creek is an exposed laccolith of syenodiorite, and about two miles to the southwest is a buried laccolith which has produced the low Contrabando dome. (See geologic map of area).

Stratigraphy

Sedimentary rocks of both Lower and Upper Cretaceous age are found at the surface in this area. The Georgetown limestone is the oldest formation outcropping and is exposed over the crest and far down on the flanks of the broad anticline. Far down on the flanks, and dipping rather steeply (average of 25°) are younger formations in normal sequence, namely, the Del Rio shale immediately above the Georgetown and followed upward in turn by the Buda limestone, and Boquillas formation. Locally, Tertiary tuffs and rhyolitic lavas rest on the Boquillas formation.

<u>Georgetown limestone</u> The term Devils River has been used in this part of the country to include all Lower Cretaceous formations from below the Del Rio through the Glen Rose. However, recent work done in the area shows that there are more than 400 feet of Georgetown limestone exposed in Santa Elena Canyon on the Rio Grande approximately 15 miles away, and it is likely that all of the Lower Cretaceous limestone exposed in the area of the claims should be assigned to this formation.

The formation consists of gray crystalline limestone and marly limestone in beds ranging from a few inches to several feet thick. The more massive beds stand out as ledges. Brown ovoid chert concretions are abundant. The numerous sinks visible on the surface and the

many filled caverns encountered in mining in the area show that the Lower Cretaceous limestones were very susceptible to solution activity by ground water. The ore produced from the Fresno mine, as well as most of the ore from other mines in the District, came from debris filled caverns, cavities, and subterranean passages in the Georgetown and possible other Lower Cretaceous limestones.

Del Rio shale Down on the flank of the broad anticline, where it has not been stripped off by erosion, this formation rests disconformably on the Georgetown limestone. It is composed of soft, sandy clay and shale, with some layers of brown, thinly laminated sandy limestone. It contains many limonite pseudomorphs after pyrite and numerous foraminifera (Haplostiche texana), as well as small oyster shells (Exogyra arietina). This formation is approximately 125 feet thick in the area of the claims.

The impervious Del Rio played an important role in stopping the advance of the mineral-bearing solutions and thereby contributed to the formation of ore deposits along the contact with the underlying Georgetown limestone.

Buda limestone Next above the Del Rio shale is the Buda limestone. It is a light gray or white, hard, sub-lithographic, thin to moderately bedded limestone, interbedded with thin seams of yellowish calcareous marl. It is about 80 feet thick in this area.

Boquillas formation This formation lies above the Buda and grades upward into the Terlingua formation. It is composed of flaggy limestone layers separated by beds of calcareous marl and clay. In this

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area the Bequillas contains fewer flags and more marl, clay and silt than in the country to the southeast. The formation is approximately 600 feet thick here.

Tertiary lava and tuff Where it has not been stripped off by erosion, rhyolitic volcanic tuffs and lavas rest on the tilted and truncated Bequillas surface. A nearly horizontal butte-like erosional remnant of tuff and lava caps a hill a few hundred feet northwest of the mine.

Structural Geology

Major structural features in the general vicinity are the Solitario dome some three miles to the north; the much lower and smaller Contrabando dome approximately two miles to the southwest; an uncovered laccolith on Fresno Creek about one-half mile west; and the broad curving anticline which extends southeastward from the Solitario dome. It is on a local anticlinal bowing far down on the southwest flank of this anticline that the claims are situated. Solution caverns developed over the crest of this nose in the Georgetown limestone collapsed and produced a complex series of slump blocks. Faulting associated with the collapse is very complex, with short faults trending in nearly all directions. Several relatively small slump blocks composed of a jumbled-up mixture of several overlying formations (Del Rio, Buda, Bequillas, and in some cases Tertiary volcanics) appear on the present surface as separate collapse-blocks within a larger depressed area. These individual slump blocks (see map) are probably all part of one large collapse into an irregular shaped solution void or interconnected voids.

Both the laccolith exposed along Fresno Creek to the west and the buried laccolith underlying Contrabando dome may have played rather important roles in connection with the structure and mineralization in the Fresno mine area. Forces accompanying these intrusions could have assisted the collapse and filling of subterranean solution voids in the Georgetown limestone, and these intrusives could have been the source of the mineral-bearing solutions which moved in along faults and fissures and deposited cinnabar where there were favorable traps such as the collapse-debris fills in solution cavities in the Georgetown limestone.

Mineralization

Although there may be minor occurrences of other mercury minerals present, cinnabar is the mercury mineral of economic importance in the Fresno mine area. The ore occurs in narrow fissure veins along joints and faults and as impregnations of collapse-breccia fillings in solution cavities in the Georgetown limestone. Impregnation type orebodies occur in the form of both "mantos" and "pipes". Gangue materials include calcite, gypsum, clay, some iron oxides and sulphides, and bituminous matter.

The Fresno mine area has all the known requisites for the occurrence of economic orebodies: anticlinal structure, openings in the rocks in the form of joints, faults and solution channels, igneous intrusive masses nearby, and impervious rocks to stop the upward movement of mercury-bearing solutions.

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Box 626, Alpine, Texas

FUTURE POSSIBILITIES OF FRESNO MINE AREA

The Fresno Mine was the leading producer in the Terlingua District during World War II, having produced some 4000 flasks of mercury between 1939 and 1946. It is the writer's opinion that in the future this mine may equal and perhaps exceed the production records of several of the older and much better known mines in the District, for the surface has hardly been "scratched" in the area of the Fresno Mine.

Practically all past production came from one small collapse-debris filled solution cavity and faulted zone, and there are several other similar structures in the immediate vicinity which have not been investigated. Any one of the other pipe-like collapse-debris areas appears to be just as favorable for the occurrence of economic ore-bodies as the area from which the ore from past operations was produced. In fact, one or two of them appear from surface observations to be even more favorable for production than the area mined.

RECOMMENDATIONS

I. Since there is still considerable furnace grade ore showing in the old workings, operations can be started immediately there and actual production of mercury can be started within a few days after mining is underway. The old workings are in good shape.

II. Within Areas A and K (see map), which adjoin the old workings on the south and southeast and northwest, respectively, drill a series of churn drill holes (5") spaced not less than 25 feet apart. (Check samples at intervals of one feet). These holes should be

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drilled to a depth of 150 feet. Extend this drilling out toward the vicinity of the furnace.

Any economic orebodies discovered within Areas A and K can be worked by extending underground tunnels out from the old workings if the ore is deep (60 to 100 feet), or by open pit if found at shallower depths.

III. Note that an underground tunnel penetrates the edge of Area E. This tunnel should be extended around the walls of this slumped area, or else at least four churn drills holes within and around the periphery of the pipe-like mass should be drilled to a depth of from 200-250 feet deep.

IV. Follow the exploration work outlined above with a similar drilling program in each of Areas B, C, D, F, and I. All of these areas are alike structurally and lithologically in that they are collapsed caverns filled with brecciated limestone and shale from formations which formerly rested above the Georgetown limestone and offer favorable conditions for the occurrence of mercury minerals.

V. The largest slumped block near the mine is Area H. Here, the Boquillas formation has been dropped down and is in contact with the Georgetown limestone. A number of cross faults cut this slumped area. Probably any orebodies of significance in this area will be at greater depth than in the lesser pipe-like slumps in the vicinity; however, the possibility of important orebodies at the Boquillas-Buda and Del Rio-Georgetown contacts should encourage the drilling of several deep (500-700 feet) churn drill holes over the area.

The major northeast-trending fault which bounds this down-dropped block on the southeast side should be investigated, as should the smaller faults within the block.

VI. Prospect pits, trenches, and open cuts should be located along faults G and J and along lesser faults trending in a northeasterly direction (shown on map but not designated by letter).

VII. Between the Fresno mine and the Solitario dome are three fairly large sunken areas very similar in appearance to the Fresno collapse. (See area map). One of these joins the Fresno claims on the north and the other two are not more than 2 to 3 miles away. These areas should be prospected by panning and perhaps a few shallow test pits. Southeast of the Fresno claims about 1-1/2 to 2 miles is a strike fault which has brought up a block of Georgetown limestone between Buda on one side and Del Rio on the other. This limestone block is highly mineralized and should be prospected. The Contrabando dome area has produced some ore from igneous "dikes" and plug-like masses and should be prospected further. There are slumped areas in the Georgetown limestone toward the axis of the Solitario anticlinal extension both north and south of the Fresno mine which should be investigated.

NOTES ON THE TERLINGUA MERCURY-PRODUCING DISTRICT

(from Texas Looks Ahead, Vol I, The Resources of Texas, 1944)

The only known occurrences of mercury in Texas are in the Terlingua District of southern Brewster and southeastern Presidio counties. Mining has been carried on in the Terlingua District since 1896. Production records are incomplete, but the estimated total for the District is between 150,000 and 200,000 flasks each containing seventy-six pounds of metallic mercury.

The mercury deposits are in a region of folded and faulted Cretaceous marine strata which are cut by a large number of Tertiary intrusive masses. The Cretaceous sedimentary rocks consist of thick limestone sections with some shales and sandstones. The intrusives are in part in the form of laccoliths and plugs but many narrow dikes and sills are found along the principal fractured zones throughout the region.

Localization of the orebodies has been in large measure controlled by anticlinal structures. The most productive group of mines centered around Terlingua and on the southeast-plunging end of the large Solitario anticline, and other ore deposits known on Mariscal and Christmas Mountains are similarly related to other anticlinal folds. Locally the structural features have been greatly complicated by extensive faulting and intrusive activity.

The ore minerals are mainly cinnabar and native mercury, although secondary mercury minerals occur commonly in nearly all of the deposits. The more common gangue minerals are calcite, gypsum, iron oxides and sulphides, and clay materials. Bituminous matter is often associated with the ores. The orebodies occur mainly in caverns and

fractured zones in favorable structural and host rock conditions in the Cretaceous limestones and shales and to a more limited extent in fractured intrusive rocks. The most productive horizon has been along and near the contact of the Georgetown limestone with the overlying Del Rio shale. Workable deposits have also been found in the Edwards, Bequillas and other Cretaceous horizons. At the Study Butte mine a considerable amount of the mined ore has been in Tertiary porphries. The richest orebodies yet discovered have been on the bottoms and walls of underground solution caverns within limestone beds.

The mines and prospects developed to date lie within an area extending about 40 miles in an east-west direction and about 20 miles in a north-south direction. The south and east limits of known mercury deposits are on Mariscal Mountain in the southern part of the Big Bend of the Rio Grande in Brewster County, and the north and west limits are respectively on Christmas Mountain and in Fresno Canyon in Presidio county. By far the greater part of the production has been obtained from a relatively small east-west elongated area centered near the mining town of Terlingua. The Chisos mine, opened in 1902, is the most extensively developed and has been responsible for most of the mercury production in Texas. Other mines within the District which have yielded a considerable amount of mercury ore include the Rainbow, Mariposa, Study Butte, Solitario, and Fresno. In recent years the Study Butte and Fresno mines have been the chief producers in the District.

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NOTES ON THE GEOLOGIC OCCURRENCES OF MERCURY ORES

Ore Minerals While mercury is sometimes found native in the form of quicksilver, the commonest ore mineral is cinnabar (HgS), which contains 86.2 per cent mercury. Altogether there are approximately 25 minerals which contain mercury; most of them are very rare. Some of the secondary quicksilver minerals such as native mercury, metacinnabarite (HgS) and calomel (HgCl) are apt to be present in the upper part of a mine. If limestone or calcite is present in the gangue rock, the oxychlorides such as eglestonite (Hg_4Cl_2O) and terlinguaite (Hg_2ClO) may be present.

Tenor of Ores The ores range in tenor from 0.3 to 8 per cent. Bodies of higher grade ore is sometimes encountered, but ores higher than 6 per cent are very rare. The average tenor for Pacific Coast ores is about 0.38 per cent; for Texas about 0.87 per cent. Deposits in Italy average about 0.65 per cent. The richest known deposits in the world are in Spain, which are said to average 6 per cent - the richest worked anywhere.

Origin of Orebodies Mercury ores are not confined to any particular kind of rock or to rocks of any particular geologic age. Quicksilver occurrences are, however, definitely associated with vulcanism and most of the deposits are found in regions of Tertiary and Quaternary volcanic activity where there has been no deep erosion to destroy the deposits which are usually formed relatively near the surface.

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According to a theory advanced by C. N. Schuette, quicksilver has its origin in deep-seated magmas, which of course, is the source of other metals also. These magmas follow the path of least resistance - along fractures and faults and other zones of weakness toward the surface of the earth. As the magmas move upward and fracture the crust by their own pressure, ore minerals escape and rise through these fractures toward the surface. It is believed that sulphur, water vapor or steam, and quicksilver are among the first constituents of such magmas to escape. It has been shown that these solutions are alkaline in nature. Where structural conditions are such that the alkaline carrier solutions are free to travel to the surface quickly through large open fissures they issue as hot springs without depositing any orebodies. Hot springs carrying mercury in solution are known as Steamboat Springs, Nevada, and Sulphur Bank, California. Also, should these ascending solutions be diluted by ground water near the surface no important ore deposition would result. On the other hand, if these mineral-bearing solutions were slowed down or stopped on their way to the surface by impervious gouge zones around faults, or by shales which seal passageways, the ore minerals would upon cooling be deposited - due to loss of pressure, or by precipitating agents such as bituminous matter or gaseous re-agents.

When the ascending solutions are checked to the point that deposition sets in, the ore minerals would be deposited in whatever

voids were present in inclosing rocks. Fractures, pore spaces, interstitial space in fault and collapse breccias form favorable receptacles for the ore. The following are considered to be major factors governing the occurrence of cinnabar:

(1) Structural control. Cinnabar deposits are concentrated in the upper parts of anticlinal structures, being similar in this respect to oil and gas.

(2) There must be openings in the rocks in which the ore can be deposited.

(3) An impervious bed, such as clay or marl, should lie above to prevent the carrier solutions from moving on up to the surface and escaping.

In the Terlingua District of Texas, mercury ore deposits occur in folded and shattered Cretaceous limestone. Most of the deposits are impregnations of cavities and caves which occur along faults or near the crackled crests of anticlines and are occupied by boulders and clay. The orebodies are related to anticlinal structures and the impervious Del Rio clay acted as an impervious barrier to ascending hydrothermal solutions. The ore is found most frequently in fissure veins, but some is found in breccias and lateral enrichment deposits.

W. N. McAnulty
(signed)

July 24, 1951

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Alpine, Texas

11. The mine operation has been shut down since 1944.

It is believed that with adequate financing and the proposed equipment installation, ore production can be brought to 60 tons per day; and furnace production can be maintained at 30 tons per day of ore averaging a minimum of about half of one percent recoverable quicksilver, providing for average daily production of quicksilver in the amount of approximately 300 pounds, on a minimum basis both as to grade of ore and volume of production.

Should the proposed exploration and development prove the existence of material bodies of commercial grade quicksilver ore at or near the surface comparable to a large part of the area previously mined, it may be possible to mine the ore by open pit methods at considerable saving in mining cost. This would necessitate increase in furnace capacity if justified by proven volume of ore reserves.

12. Ore or Mineral Reserves:

(a) The Fresno Mine ore bodies occur principally as cinnabar in breccia pipes and in irregular mantos or blanket-like deposits in subsidiary collapsed areas within the major collapsed area, which comprises the greater part of the Fresno property. The ore bodies which have been mined previously appear to have been from approximately 4 to 75 feet in thickness and, although very irregular, show a tendency to dip gently toward the west where the stoped area attains a depth of more than 100 feet, while the ore outcrops in the vicinity of Shaft No. 1.

The ore occurs where faults, fractures and solutions caverns have caused collapse and brecciation and have provided access for altering solutions and the mineralizer, which seems to have dropped its load where channels and porous or replaceable host rock exist beneath an impervious capping of clay or shale.

The principal producing horizon is the Georgetown Limestone beneath the capping of Del Rio Clay, and the next most favorable horizon is the Buda Limestone beneath the capping of Boquillas Shale, which also provides a suitable host rock for ore deposition to a limited extent.

Where the Boquillas-Buda contact is productive of ore, the Del Rio-Georgetown Limestone below is usually more productive. There are a number of unexplored structurally favorable places on the Fresno property which indicate the probability of ore occurrences at both the Boquillas-Buda and the Del Rio-Georgetown contacts.

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12. Ore or Mineral Reserves:
(a) (Continued)

The Geologic Report by Professor W. N. McAnulty dated July 24, 1961, together with the maps referred to herein under No. 7, Par. (a), is attached and made a part hereof. Attention is particularly called to Pages 12, 13, 14, 15 and 16 and to the large-scale geologic and structural contour map showing the areas of recommended development, the underground mine workings and the stoped areas. In this report, no attempt has been made to estimate the extent of ore reserves.

A copy of the log of 18 churn drill holes put down by the previous operator, Mr. Harris S. Smith, is attached and made a part hereof. The log shows that cinnabar was encountered in 13 out of the 18 holes drilled and that mineable ore was found in 8 of the holes.

In addition to the holes reported in the log record, seven additional holes were drilled, being numbered from 19 to 25, both numbers inclusive; however, the logs on these holes are believed to have been lost when Mr. Smith's home at the mine was destroyed by fire. These last 7 holes drilled are shown on a separate map to which the log record referred to in the preceding paragraph is attached. According to Mr. Smith's recollection, all of these last 7 holes showed ore.

It will be noted also that certain holes reported on the log record are not shown on the map. It is not known why all of the holes were not located on the map or why greater precautions were not taken to protect the log record of the holes drilled; however, this may be the result of the conflict and turmoil which prevailed among the owners at that time.

(b) The deposit is a lode-type mine, but no assay plans or sections have been made; however, the following may indicate something of the extent of probable ore reserves:

The large irregular opening adjacent to Shaft No. 1, now used as a manway, was originally stoped underhand from the surface when the original operators were mining ore to meet operating expenses while following the ore downward. Harris S. Smith, who mined and furnaced the ore at that time, states that the ore showing in the walls of Shaft No. 1 and the manway will average better than .005 per cent and that the ore previously mined from the open pits east of Shaft No. 1 averaged about .005 per cent.

?.05?

The log record of Churn Drill Hole No. 7 shows ore estimated at .005 per cent encountered at 24 feet with showings

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FRESNO MINE

CHURN DRILL LOG RECORD
Maintained by Harris S. Smith

Churn Drill Hole No. 1 - May 24, 1943

Del Rio Clay	70 ft.
Altered Lime	2 ft.
Entered into drift	72 ft.

No Hg showings

Drill Hole No. 2 June 4th 43

Clay	45
Buda lime	20
Altered lime	30
Unaltered Del Rio Clay	20
Clay and Limestone	12
Limestone - altered	30
Hard Limestone	11
No Hg showings	168

Drill Hole No. 3 June 18th 43

Clay	46
Altered clay (seepy)	6
Unaltered Clay (black)	80
Hard White Lime	10
No hg showing	142

Drill Hole No. 4 June 21, 43

Georgetown Lime	61
Altered Lime red-brown and coarse	59
Lost tools in cavern	120

No Hg showing

Drill Hole No. 5 Sept 8th 43

Clay	24
Altered lime	93
Depth of hole	117

Hg showing at 24 ft to 100 ft but not good enough to furnace

Drill Hole No. 6

Clay	135
Limestone	15
Depth of Hole	150

Hg showing at clay and lime contact

Drill Hole No. 7 Oct. 18, 1943

Clay	24
Altered lime & clay	70
Hard white lime	11
Total depth	105

Hg at 24 ft est ½ of 1% with showings getting leaner with depth

Drill Hole No. 8 Oct. 19, 1943

Altered limestone	90
Hard white lime	27
Depth of hole	117

Good Hg at 50 ft with showings becoming less to 90 ft

Drill Hole No. 9 Nov. 2, 1943

Clay	94
Clay & Lime boulders	100
Altered Limestone	16
Depth of hole	210

Hg showings from top to bottom though no mineable ore. Drilling contract called for holes 200 ft deep; otherwise this hole would have been drilled deeper.

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Fresno Mine - Chuck Drill Log Record

Drill Hole No. 10 - Dec. 9, 1943

Clay	28 ft
Altered limestone	130
Hard white lime	27
No Hg showings	185

Drill Hole No. 11 - Dec. 29, 1943

Clay	68
Altered lime & clay	115
Hard white lime	14
Total depth of hole	198

Hg showings through altered lime & clay in few colors in each panning made

Drill Hole No. 12 - Jan. 31, 1944

Clay	138
Altered clay & limestone	72
Hard white lime	20
Hg showings in altered	230

clay & lime, ie. few colors in each panning made.

Drill Hole No. 13 - Feb. 10, 1944

Clay	93
Altered lime & clay	72
Hard white lime	9
Total depth	174

Hg showings in altered lime & clay, ie. few colors in each panning made.

Drill Hole No. 14

Clay	65
(Water at 28 ft)	
Altered lime & clay	120
Hard white lime	10
Total	195

Hg in mineable value 138 to 154

Drill Hole No. 15

Clay	90 ft
Altered limestone	55
Clay	40
Altered lime	42
Total	227

Hg showings in limestone through the 55 and the 42 ft zones; hit water course and unable to drill farther. (Bear in mind drilling contract called for only 200 ft holes.

Drill Hole No. 16 Mar. 14, 44

Clay	55
Clay & Limestone boulders	40
Soft limestone	45
Unaltered clay (black)	10
Highly altered limestone	85
Total depth of hole	235

Hg showings in altered limestone, ie. few colors in each pan. Hit cave at 215 ft opening approximately 5 ft.

Drill Hole No. 17 Mar. 31,44

Clay	24
Altered limestone	171
Total depth of hole	195

Few cinnabar colors throughout all limestone but no ore for furnacing.

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Fresno Mine - Churn Drill Log Record

Drill Hole No. 18 - May 10, 1944

Clay & boulders	20
Gray limestone	15
Altered clay & lime	15
Altered limestone	15
Gray lime	10
Limestone & black clay	5
Unaltered clay (black)	25
Altered lime & clay	15
Altered limestone	5
Altered limestone	19
Cave	8
Altered lime	40
White lime	30
Altered lime	8
Total depth of hole	230

Beginning at 20 ft from the surface good mercury showing all the way to 192 ft with best ore showing at 30, 35, 50, 65, 125 and 130 ft.

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12. Ore or Mineral Reserves:
(b) (Continued)

getting leaner with depth. This hole is approximately 300 feet east of Shaft No. 1; and a straight line between the two points will pass through both of the surface pits which contain ore of about .005 percent.

The log record of Churn Drill Hole No. 8, located about 200 feet southeast of Shaft No. 1 and about 180 feet southeast of Churn Drill Hole No. 7, shows that "good" ore was encountered at 50 feet with showings becoming less to 90 ft.

Harris S. Smith stated that Churn Drill Hole No. 25 showed some very good ore almost from the surface to considerable depth, but since the log was lost when his home burned, he cannot provide more details. Mr. Smith stated that it had always been his intention to begin an open pit operation at Shaft No. 1 in the belief that at least the area bounded by Shaft No. 1, Churn Drill Hole No. 7, Churn Drill Hole No. 8, Churn Drill Hole No. 25 and thence back to the place of beginning, Shaft No. 1, comprised an irregular body of ore of .005 percent grade or better.

If the ore occurrences in the mine workings and in the churn drill holes previously described may be assumed to indicate a body of ore roughly over the entire area and of a thickness of about 40 feet as indicated by the stoped area and by exploratory drilling, there would be approximately 1,080,000 cu. ft. of ore of an estimated minimum weight of 120 lbs. per cu. ft., or a total weight of 64,800 short tons, estimated to contain an average of .005 percent or 10 lbs. of recoverable quicksilver worth $27.10. Therefore, if we assume that there are 64,800 tons of ore valued at $27.10 per ton, the gross value of ore thus calculated as probable reserve would be $1,756,680.00, of which approximately 50 percent could possibly be realized as net profit, since estimated total costs are calculated to average $13.50 per ton, based on the proposed scale of operations and work cycle.

There are several ore occurrences in the stoped area which are of mineable width and grade, but the extent of such ore occurrences is unknown.

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13. Access Roads:

The Fresno Mine is situated 18 miles by county-maintained dirt road from Terlingua, Texas, the old mining community, now virtually abandoned, which grew up around the famous Chisos Mine.

Terlingua is situated 36 miles south of Alpine, county seat of Brewster County, Texas, center of communications, transportation and shipping and principal source of fuel, materials and supplies for the Terlingua Quicksilver District.

The road from Alpine to Terlingua has been designated State Highway 118 and is to become one of the main access roads to the Big Bend National Park. Sixty miles of this road from Alpine has been asphalt paved, and funds have been allocated for construction of an additional 10 miles. The road is being built in 10 and 20 mile stretches, with each stretch fully completed before the next is begun.

Most of the white personnel employed in the Terlingua Quicksilver District make their permanent homes in Alpine, where their families may have city comforts and conveniences as well as excellent schools and a college.

The residences for all mine personnel must be built and maintained at the mine. There are eight well-built one and two-room frame houses on the Fresno property owned by the Lessors, which Lessee is privileged to use.

14. Water Supply:

The source of water for the Fresno Mine is assured by an easement incorporated in the Lease-Purchase Option Contract providing that Lessee shall have a right to the use of water from springs on Survey 167, Block 341, T.C. Ry. Co. and Survey 112, Block G-8, M.K. & T.E. Ry. Co., both surveys in Presidio County, Texas. Water for the previous operation, which included a community of 500 persons, was hauled by truck from the springs previously mentioned; however, as soon as ore reserves have been established to warrant the expenditure, it is contemplated that a pipe line will be laid from the springs to camp, a distance of from one to one and a quarter miles. According to Harris S. Smith, the former operator, the springs have always provided an abundance of water for mine and camp use, as well as to feed the stream for use by ranchers and candelilla wax plants operating downstream.

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15. Power:

At present, there is no source of power in the Terlingua Quicksilver District except that which the Operator may provide for his own needs with the use of stationery power plants. The government plans to construct a large dam somewhere in the Big Bend region at an early date which may provide a cheap source of hydro-electric power at some future time.

16. Labor:

Inapplicable. The mine has not operated since 1944.

17. Equipment and Facilities:

The equipment and buildings now on the property and the surface rights of the property (which are separate and apart from the minerals and mining rights) are owned as an undivided estate by Mr. and Mrs. E. G. Bledsoe, who own a one-half undivided interest, which they are willing to make available to the operator on suitable terms, and by the heirs of Homer M. Wilson, deceased, who own the other one-half undivided interest, which they appear unwilling to make available on any kind of reasonable basis as they have declined to accept any offer made; and they have declined to indicate any price acceptable to them, although they have no interest in the minerals.

This equipment includes a 30-ton capacity rotary-type Cottrell Quicksilver Furnace, installed and complete with metal condenser system, pyrometer and dust collector; but it is without a power supply, for which a 35-horsepower engine would be required. The installation is complete with grizzly, ore bin, jaw crusher, automatic feeder, etc.

In addition to the furnace described above, there is also the dissembled but renovated 10-ton rotary furnace, originally used on the property, complete with a new metal condenser system and dust collector.

Both of these furnaces are under a large sheetmetal shed, which was built to house both furnaces and their condenser systems. The shed has a concrete floor and a well arranged room for bottling and storing the quicksilver in flasks.

In addition to the furnaces and furnace shed previously described, the other properties owned as an undivided estate by the Bledsoes and Wilsons include 10 rock houses, consisting of a secluded residence for the furnace man (so that he might be able to sleep undisturbed in the daytime when the occasion demands), a large school building, a large commissary, office and post office building with a large cement-floored sheetmetal storeroom attached and

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17. Equipment and Facilities: (Cont'd)

seven very large residences for laborers, each consisting of quarters for several families.

There is also a large sheetmetal storeroom, which formerly housed the air compressor, a small shop and various parts and supplies; and there are other smaller storerooms and buildings which are part of the original installation and which are owned in part by the Wilson heirs and, consequently, are not available for use.

Available for use by the Operator are six frame residence houses of one and two rooms, each formerly used as residences by supervisory personnel. These residences are in good general repair but probably will require recovering with tar paper and re-roofing.

Also available for use by the Operator is a small bunk house for single personnel and a frame cookhouse and dining room combined.

The consideration for the use of the frame buildings previously described, which are owned privately by Mr. and Mrs. R. G. Bledsoe, is the agreement on the part of Operator that the properties will be placed in good repair and maintained throughout the time they are used, which may be until the success of the venture is assured and the Operator has built quarters.

The equipment listed as follows is owned or controlled - available for this operation - subject to existing indebtedness evidenced by notes in the total amount of $54,850.00, owed as follows: a note in the amount of $8,000.00 is owed to Wiley Blair, Jr., Colorado Springs, Colorado, and a note in the amount of $4,000.00 is owed to George A. Butler of Houston, Texas, liquidating agent for Bebs Mining Company; both of these obligations by definite agreement must be paid in full before the equipment can be moved and put into use.

A note in the amount of $42,850.00 with interest at 4% per annum to R. N. Pulliam, Alpine, Texas, payable with accrued interest in five equal installments with the first payment due on the 25th day of August, 1952, and successively thereafter until paid in full.

The equipment is in serviceable condition.

Beginning on the following page is the Statement of Appraiser with reference to machinery and equipment listed in detail thereafter.

COMPLETE REPAIR
AND MACHINE SHOP

ALONZO HORD

WELDING
OUR SPECIALTY

C. E. THAIN

MOTOR INN MACHINE SHOP

ALPINE, TEXAS

August 26, 1951

Amerimex Mining Company
P. O. Box 626
Alpine, Texas

Gentlemen:

In accordance with your request that I estimate the replacement value of certain mining machinery and equipment, I have listed generally the equipment and machinery and have set forth opposite each the amount which I believe to be the replacement cost. These estimates are based upon my knowledge of the selling price of similar machinery and equipment and upon the condition of this particular equipment, which I have personally operated and observed:

Power Plant

1 - D 13000 Caterpillar Diesel Engine direct-connected to Crocker-Wheeler Generator and exciter. Skid-mounted. In very good condition	$ 7,000.00
1 - Waukesha Engine direct-connected to Westinghouse Generator and exciter. Engine is in good condition but generator needs re-winding	1,850.00
1 - G. E. Control Panel with automatic voltage regulator, etc. New and in excellent condition	1,500.00
1 - Shop-made control panel with all needed controls and meters	1,000.00
2 - Steel fuel storage tanks, horizontal 5' x 10' with all fittings	1,000.00
1 - Transformer, G. E. 220 to 110 volts, 5 K.V.A.	100.00
Total	$12,450.00

Underground Equipment

1 - Diamond Drill, air-operated, with screw feed 24", E chuck, complete with column, rod-puller, tools and with various accessories	$ 3,000.00

Compressors

1 - Sullivan WJ-3, Angle Compound 2-stage Air Compressor, 290 cu. ft. per min., with Buda JH-4 butane engine. In good working order. Needs to be installed with fittings reassembled	$ 4,500.00
1 - Gardner-Denver 12" x 12" horizontal, estimated 400 cu. ft. per min. Old but in good condition. With 3' x 6' air receiver and with Allis-Chalmers 50 H.P. Electric Motor, starting switch, etc.	3,500.00
Total	$ 8,000.00

Hoist Equipment

1 - National Iron Co. No. 40, Mine Hoist, single drum 6-ft. in diameter designed to hoist in balance in two-compartment shaft or single otherwise, with Allis Chalmers 40 H.P. Electric Motor, with starting and reversing Cutter-Hammer Reversing switch control with rheostat and grids and with Trumbull starting switch	$ 4,000.00
2 - Standard steel mine cages	800.00
2 - Sheaves 36" diameter with accessories	150.00
Total	$ 4,950.00

Furnace and Accessories

1 - Rotary Quicksilver Furnace, 39'4" x 36" inside diameter, fire-brick lined, with condenser system, dust collectors, electric-powered, with bump feeder and all accessories	$18,000.00
1 - Blake Type Gates Iron Works Jaw Crusher 7" x 10" with multiple Vee Belt Drive with 10 H.P. Allis Chalmers Electric Motor and with shop-made shaker feeder grizzly	2,000.00
Total	$20,000.00

Water System

1 - Steel windmill, 30' tower, 6' diameter wheel Air Motor, with galvanized steel water tank, pipe, plunger rod, etc.	$ 300.00

Buildings and Surface Installations

1 - Large sheetmetal furnace house with storerooms, etc.
1 - Engine house with walls of stone and with roof of sheetmetal with doors and windows of heavy lumber containing work benches, shelves, etc.
1 - Hoist house of sheetmetal
1 - Engineer's office and storeroom with walls of stone but containing salvageable material in floors, roof, windows and doors.
1 - Blacksmith shop and storeroom of sheetmetal
1 - Large 8-room residence of adobe with considerable salvageable lumber in roof, floors, doors, windows, pantries, etc. and in adjoining garage and storerooms.

In addition to these buildings, there are two small headframes, electric light poles, steel and lumber in bins and other structures, as well as steel and lumber in accessible places underground.

Any estimate of such materials for salvage value depends to great extent upon the cost of salvage and the care with which the work is done. There is considerable material which can be salvaged and utilized in another mine operation; however, if used at its present location, the installations would be worth at least three or four times the salvage value which I estimate to be $ 6,150.00

TOTAL ESTIMATED REPLACEMENT VALUE $54,850.00

It is my considered opinion that the total value which I have estimated would approximate the actual cost which would be incurred to replace the machinery, equipment and materials which I have tried to describe only enough to permit identification.

Trusting that this is sufficient, I am

Sincerely,

C. E. Thain

C. E. THAIN

Form MF-100

Amerimex Mining Company
P. O. Box 628
Alpine, Texas Phone 541

17. Equipment and Facilities (Cont'd)

Power Plant

1 - Diesel-Electric Power Unit, Caterpillar Serial 4H-2454, SP, D-13000 Diesel Engine Serial 710483 direct-connected to Crocker-Wheeler Generator 102-S-8, Alt. 3 phase, 60 cycles, 125 K.V.A., 480 Volts, 150 Amps., direct-connected to 3 K.W. exciter Serial 700391, 900 R.P.M. Skid-mounted. In good condition.

1 - General Electric Control Panel Type VOJ, Serial 81542, No. A38839, with automatic Diaster Regulator. New condition.

1 - Control Panel - shop built with all needed meters and manual controls.

1 - Waukesha Engine, gasoline or butane, serial No. 13686, 40 H.P. direct-connected to Westinghouse Generator, Alt. 3 Phase, 60 cycles, 440 Volt, 30 K.V.A., 1200 R.P.M., Vee belt connected to exciter, skid-mounted. Engine is in good condition, but generator needs re-winding. To be used as stand-by equipment.

2 - Fuel Oil Storage Tanks, horizontal 5'x10' estimated capacity 1000 gal. each, complete with pipe and fittings.

1 - Transformer, General Electric, 220 to 110 Volt, 5 K.V.A. Serial 5579113.

Compressed Air Plant

1 - Sullivan WJ-3 Angle Compound Compressor, 11-6¾ x 8, stationary, displacement: at 327 R.P.M. minimum speed 286 C.F.M., actual 287 C.F.M.; at 400 R.P.M. 350 C.F.M., actual 290 C.F.M. maximum working pressure 125 lbs., weight 7000 lbs. approximately. With Buda Power Unit, Model JH-4, 6x7-1/8, for use with either gasoline or butane fuel, with 12" flat belt pulley, and 19' new leather belt for connecting with Sullivan Compressor listed above. This engine has been operated very little since it was completely overhauled and refitted with new radiator, magneto, water pump, oil filter, etc.

1 - Gardner-Denver Air Compressor, 12"x12" Horizontal Type, flat belt driven with 3'x8' air receiver and accessories. This is a single stage unit of about 400 cu. ft. capacity. It is old but in good condition. With Allis Chalmers 50 H.P. Electric Motor, 3-phase, 60 cycles, 440 volts. 696 R.P.M., 6.5 amps.

1 - Westinghouse Starting Switch 40-50 H.P., 3-phase, 60 cycles, 440 volts, with accessories. Serial No. 102524.

Form MF-100

Amerimex Mining Company
P. O. Box 628
Alpine, Texas Phone 541

17. Equipment and Facilities (Cont'd)

Hoisting Equipment

1 - National Iron Company No. 40 Mine Hoist, Serial No. 629, single drum, with Allis Chalmers 40 H.P. Electric Motor, Rotor Wound, Serial No. K-59662, 208 volts, amps. 9.6, 3-phase, 440 volts, 865 R.P.M. with Cutler Hammer Reversing Switch Control with Rheostat and Grids. Drum is 6 ft. in diameter and has on it approximately 700 ft. of 1¼-in. wire rope. Designed to hoist in balance in two-compartment shaft or single otherwise.

1 - Trumbull Starting Switch, Type C, 100 amps., 3 pole, 230 volts, Serial No. 40323.

2 - Standard Steel Mine Cages with safety dogs, complete. One with supply deck.

2 - Heavy Duty 36" Sheaves with boxes.

Furnace Installation

1 - Rotary Quicksilver Furnace, complete with tile condenser system dust collectors, bump feeder, electric motors, starting switches, etc. Tube is 39'4" x 36" inside diameter, fire brick lined, with butane gas burner, etc. Complete with lumber and steel framed sheetmetal house or shed covering.

1 - Blake Type Gates Iron Works Jaw Crusher 7" x 10" with multiple Vee Belts drive.

1 - Allis Chalmers 10 H.P. Electric Motor, 3-phase, 60 cycles, 440 volts, 860 R.P.M. Serial No. 9662.

1 - Westinghouse Starting Switch, Cat. C.F. - 352 Style 997554 - E, 60 Amps. for 20 H. P.

1 - Crusher Shaker Feeder on tracks with combination Grizzly to be used over ore bins and crusher.

Underground Equipment

1 - Diamond Drill, Longyear Prospector Serial No. 578, with 24" screw feed, size E chuck, complete with column, rod puller, various tools and accessories, and with about 500 feet of E drill rod, 300 feet of EX casing, water swivel, core barrels etc.

Form MF-100

Amerimex Mining Company
P. O. Box 626
Alpine, Texas Phone 541

17. Equipment and Facilities (Cont'd)

Surface Installations

Materials which can be salvaged from: two headframes, ore bins, ore chutes both on surface and underground, various residences, mine buildings and storerooms as well as various kinds of timber, structural steel, pipe, mine rail, etc. situated on another property.

Form MF-103
No. 7

Amerimex Mining Company
P. O. Box 626, Alpine, Texas

[illegible] LEASE

THIS INDENTURE, made and entered into this 8th day of August [illegible] 1955 by and between [illegible] Bledsoe and Elizabeth Bledsoe of Big Bend National Park, Brewster County, Texas, hereinafter (whether one or more) referred to as Lessor, and Amerimex Mining Company, a Texas Corporation whose principal place of business is Alpine, Brewster County, Texas, hereinafter referred to as Lessee.

WITNESSETH: 1. That in consideration of the covenants and agreements hereinafter set out, to be kept and performed by Lessee, Lessor does hereby lease unto Lessee for prospecting and mining for ten years from date hereof, the following described mining claims (for the purpose hereof considered as one parcel) 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, both numbers inclusive, out of survey 106, Block 241, T. C. Ry. Co., and six (6) awards being numbers M 29849 - M 29854, both numbers inclusive, out of Survey 108, Block G-5, W. N. & T.E. Ry. Co., said surveys being in Presidio County, State of Texas.

2. The Lessor hereby gives and grants to Lessee, for said term, the exclusive right and license to prospect and mine said claims under the laws of the State of Texas, Articles 5388 to 5403, inclusive, Revised Statutes of 1925, and subsequent amendments thereto.

3. IN CONSIDERATION THEREOF, Lessee agrees to pay unto Lessor a cash rental of One Hundred Dollars ($100.00) per month, payable on or before the 10th day of each month, or a certain royalty, hereinafter stipulated, whichever is greater, during each month of the life of this lease; and if said payment is royalty money, it shall be accompanied with a statement showing the amount and kinds of ore sold, to whom sold, and the price received for same; and if payment is royalty in kind in flasks it shall be valued as per the average of the New York and San Francisco market quotations on the value of quicksilver of the week in which delivery was made. Lessee shall pay Lessor royalty on all metals produced from said mining claims on the following basis:

a. All quicksilver taken from said premises shall be

extracted from the ore on said premises and an overriding royalty of five per cent (5%) of the gross production shall be paid by Lessee to Lessor, which royalty shall be put in flasks and delivered to the Lessor at the nearest or most convenient railway station to said mining claims, except that it shall be the privilege of the Lessor to authorize the Lessee in writing to make settlement by paying unto Lessor five per cent (5%) of the gross value of the production.

b. A royalty of five per cent (5%) of all monies received for any and all other minerals mined and sold from said claims shall be paid by Lessee to Lessor.

c. All rentals or royalties due Lessor shall be paid by check made to Lessors or their authorized agent and mailed to such address as may be supplied by Lessor in writing to Lessee.

d. A copy of all royalty settlements made to the Commissioner of the General Land Office of the State of Texas shall be furnished to Lessor by Lessee.

4. The Lessee will keep a correct account of minerals mined, the kind and weight thereof, to whom sold and the price received therefor, which books shall be open to the inspection of the Lessor at all reasonable times.

5. The Lessee shall mine said claims in good, thorough and workmanlike manner; the same as is usually conducted in said locality, and comply with all State and Federal Laws pertaining to mining.

6. Lessor shall have the right to enter upon said claims for inspection and examination, not unnecessarily interfering with the prospecting and mining operations.

7. At the expiration of the term hereinbefore fixed, this lease shall continue in force and effect for so long thereafter as the Lessee shall continue to pay a minimum cash rental or royalty fee in the sum of One Hundred Dollars ($100.00) per month.

8. The Lessee shall have the right to assign this lease.

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

the option of the Lessor.

10. Lessee may at any time, if he desires to do so, pay all royalties or rentals then due, surrender and terminate this lease by giving ten days written notice and thereupon he shall be relieved from all obligations hereunder with a like effect as if this lease had not been made.

11. The terms and conditions of this lease shall be binding upon and inure to the benefit of the heirs, legal representatives, and of the assigns of the parties hereto.

12. The Lessee agrees to perform the annual assessment work, make the required reports and affidavits, and pay the annual rental fees to the Commissioner of the General Land Office of the State of Texas as required by State Law for maintaining a valid title to said mining claims in the name of the Lessor; and a copy of such returns made and the receipts for the payments made shall be given to Lessor at the proper time.

13. Lessee agrees to pay all taxes assessed against the leased premises, whether so assessed by National, State, County or other political subdivision. In event Lessee shall fail to pay such taxes or other local obligations when due, the Lessor may pay the same, and the amount thereof so paid shall immediately become a lien upon the interests of the Lessee in the property, but in case Lessor does not desire to make such payments, he may declare a forfeiture of the entire lease as is herein provided.

14. So long as this lease is in force, the Lessee shall have an equal right, an equal right only, with all parties who now have, or with all parties who may at some future date have, 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. E. & T. E. Ry. Co., said surveys being in Presidio County, State of Texas.

15. In consideration of the foregoing lease, and the well and faithful keeping of the covenants thereof, the Lessee shall have the right to purchase said twelve (12) State of Texas Metallic Mineral Awards together with all improvements and singular rights and appurtenances thereto in anywise belonging to the Lessor, for the sum of

Amerimex Mining Company
Box 626, Alpine, Texas

Mining Lease

Seventy-Five Thousand Dollars ($75,000.00) to be paid out of royalties or rentals as previously described herein, or by cash, or by both, at any time within ten (10) years of the date hereof.

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

/s/ E. G. Bledsoe
E. G. Bledsoe

/s/ Elizabeth Bledsoe
Elizabeth Bledsoe

L E S S O R

AMERIMEX MINING COMPANY
L E S S E E

ATTEST:

/s/ L. M. Pulliam
L. M. Pulliam
Secretary

By /s/ R. N. Pulliam
R. N. Pulliam, President

THE STATE OF TEXAS }
COUNTY OF BREWSTER }

BEFORE ME, the undersigned authority, on this day personally appeared E. G. 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. 1951.

/s/ G. B. Crawford
Notary Public, Brewster County, Texas

My Commission Expires
June 1st - 1953

THE 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, and known to me to be the President of Amerimex Mining Company, and acknowledged to me that he executed the same for the purposes and consideration therein expressed in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 25th day of August A. D. 1951.

/s/ G. B. Crawford
Notary Public, Brewster County, Texas

My Commission Expires
June 1st - 1953

Amerimex Mining Company
Box 626, Alpine, Texas

Mining Lease

THE STATE OF TEXAS }
COUNTY OF BREWSTER }

BEFORE ME, the undersigned authority, on this day personally appeared L. M. Pulliam, known to me to be the person whose name is subscribed to the foregoing instrument, and known to me to be the Secretary of Amerimex Mining Company, and acknowledged to me that she executed the same for the purposes and consideration therein expressed in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 25th day of August A. D. 1951.

/s/ G. B. Crawford
Notary Public, Brewster County, Texas

My Commission Expires
June 1st - 1953

Alpine, Texas
July 24, 1951

Mr. R. N. Pulliam,
Alpine, Texas.

Dear Mr. Pulliam:

Attached herewith is a geological report on the Fresno mine and surrounding area, Presidio County, Texas, together with recommendations for an exploration program. It is hoped that this report will prove to be of value to you in developing the Fresno property.

For the information of all parties who may be interested in this report and the background of the writer, the following brief account of my academic and experience background is given below:

Bachelor of Science Degree, University of Oklahoma - 1938

Master of Science Degree in Geology, University of Okla. - 1947

State Supervisor, Statewide Mineralogic-Paleontologic Survey in Texas (a project sponsored jointly by the Bureau of Economic Geology, University of Texas and the Work Projects Administration) 1939-1942.

Instructor in Geology at the University of Oklahoma - 1946-1947

Associate Professor of Geology and Head of Department, Sul Ross State College, Alpine, Texas - 1947 to present.

Yours truly,

W. N. McAnulty

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GEOLOGIC REPORT ON THE FRESNO MERCURY MINE, TERLINGUA DISTRICT, PRESIDIO COUNTY, TEXAS. (With Notes on the Surrounding Area and the Geologic Occurrences of Mercury Ores.)

by

W. N. McAnulty

LOCATION

The Fresno mine is situated on the west slope of a broad anticline which extends south-southeastward from the Solitario dome, approximately three miles south of the Solitario proper and about one-half mile east of Fresno Creek. The area embracing the mine lies within the so-called Terlingua-Solitario region which comprises about 400 square miles in the southern part of the Big Bend country of Texas (southern Presidio and Brewster counties). The mine is in Presidio County near the Brewster-Presidio boundary, (Terlingua quadrangle). It may be reached by taking a county road southwestward from Terlingua mining camp and thence west-northwest through the famous Mariposa mining area and on across the anticlinal structure on which the Mariposa mines are situated, thence northwestward along the southwest flank of this structure to the Fresno mining camp, Buena Suerte. The mine is a few miles north of a small settlement on the Rio Grande known as Lajitas. During the dry seasons (most of the year) the mine can be reached in a pickup truck or jeep from Marfa via the Fresno Canyon road. The Big Bend National Park adjoins the area on the south and east.

GEOGRAPHY

Physical Features

This mountainous desert country presents an excellent example of topography resulting from differential erosion occurring under arid and complex structural conditions. Even though the annual average mean rainfall is less than 15 inches, running water is the chief erosional agency, mostly the very rapid run-off from torrential downpours.

In the immediate area in which the mining claims are situated the drainage is directed south-southwest off the broad anticline extending south-southeast from the Solitario domical uplift. Fresno Creek, the trunk stream, runs southward along the west flank of the Solitario and joins the Rio Grande about three miles southwest of the mine. The drainage pattern is clearly indicative of the structure. Rather deep canyons with a southwest trend have been carved in the massive Lower Cretaceous limestone (Georgetown formation) which is exposed over the axial portion and far down on the flanks of the large anticline on which the claims are located. Numerous large and small sinks, collapsed subterranean caverns, pock the surface of the Georgetown limestone. Faulting and laccolithic igneous intrusions are also factors, locally, in influencing the drainage pattern.

The terrain is rough with from 300 to 500 feet of relief being common. Areas away from the single county road are all but inaccessible except on foot or on horseback. There are a few unimproved ranch roads leading to windmills, tanks and pens which can be traveled with some difficulty in a truck or jeep.

Climate and Vegetation

The average mean annual temperature for this section of the Big Bend country is approximately 70 degrees. During the summer months temperatures during the day average above 100 degrees, but the nights are usually much cooler. Daytime temperatures during the fall and winter months average about 75 degrees. Most of the rainfall comes during the hot summer months as thunder showers of short duration. The annual average rainfall is less than 15 inches.

The sparse vegetation includes a variety of hardy plants adapted to the desert environment. Among the varieties found are sotol, lechuguilla, yuccas, cacti, creosote, ocotillo, catclaw and mesquite. Rough hills and slopes commonly support sotol and lechuguilla, with most of the other types more frequently found in the valley flats and canyons. Little or no grass of any kind grows on the hills and slopes, nor is grass abundant even on the floors of the valleys and canyons.

GENERAL GEOLOGY OF THE DISTRICT

Sedimentary rocks. - Except within the inner basin of the Solitario and the alluvial deposits along streams, all the sedimentary rocks in the area are Cretaceous in age, with both Lower and Upper Cretaceous being represented. The highly folded, faulted and metamorphosed Paleozoic sediments exposed in the Solitario basin appear to be an extension of the Paleozoics so well displayed in the Marathon Basin. These rocks range from Cambrian to Pennsylvanian in age. The most important features of the Cretaceous rocks are given in Table I. It

Geologic Formations in the Terlingua-Solitario Region

Age	Formation	Lithology	Thickness
Quaternary	Alluvial deposits	Clays, sands, silts & gravels	?
Tertiary	Intrusives	Syenitic laccoliths, plugs, sills & dikes	
	Flows, tuffs & conglomerates	Rhyolitic & basaltic flows & volcanic ash beds containing interbedded conglomerates	3000' + -
Upper Cretaceous	Aguja	Upper part non-marine dark lignitic clay & silt with layers of lignite; lower part marine sandstones & silty clays. Lower Navarro & Upper Austin in age	600'
	Terlingua	Gypsiferous marl & clay with concretionary limestone & layers of calcareous sandstone. Lower part argillaceous flaggy limestone. Age - Lower Taylor and Austin	1000' + -
	Boquillas	Flaggy limestone grading upward into thin beds of chalk & marl. Age - Eagle Ford	600' + -
Lower Cretaceous	Buda	Whitish, dense, brittle limestone	50-85'
	Del Rio	Clays, clay shales & thin-bedded limestone	100' + -
	Devils River Georgetown Kiamichi Edwards Comanche Peak Glen Rose	Mostly massive, heavy-bedded limestone, lower part containing interbeds of marls, shales & sandstone	2000' +

TABLE I (cont'd.)

Age	Formation	Lithology	Thickness
Lower Cretaceous	Travis Peak	Conglomerate & coarse sandstone. Exposed on flanks of the Solitario	50' +-
Penn. to Ordov.		Strongly folded sedimentary rocks exposed in the Solitario	

is the Cretaceous sedimentary rocks, particularly the Georgetown limestone, Del Rio shale and Buda limestone and the Tertiary intrusive rocks which are important in connection with mercury ore deposits.

Igneous rocks. - Lava flows of both acidic and basic character occur within the area. At the present time they are most extensive along the western and northern sides of the area, but, undoubtedly, lavas covered the entire Big Bend region at one time. Thick sections of volcanic tuff with interbedded conglomerates alternate with the lavas.

Intrusive igneous bodies in the form of plugs or necks, dikes, sills, laccoliths and possibly stocks are numerous and well exposed at many places. Laccoliths, of which there are several, are the largest of the intrusions, and of these the Solitario is the most important. The Solitario dome is a buried laccolith which has produced a circular dome about 9 miles in diameter and structural relief of several thousand feet.

There are several other high domes in the general area similar to the Solitario, but of lesser size, which probably sit astride laccolithic plutons, such as the Adobe Walls anticline for example. Packsaddle Mountain is a laccolith in which the igneous core has broken through the roof, as are also Mountain 4318 and Black Mesa dome. Uncovered laccoliths, i.e. masses of intrusive igneous rock from which practically all of the original sedimentary cover has been stripped by erosion include Agua Fria Mountain, Hen Egg Mountain, Indian Head, Willow Mountain, Sawmill Mountain, and possibly Wildhorse Mountain, Mountain 2661, and Bee Mountain.

In the eastern part of the area are many nearly circular anticlinal structures with much lower structural relief than those men-

tioned above. The similarity of all of these suggest igneous intrusions. The Contrabando dome about two miles southwest of the Fresno mine probably falls in this category. North of the Contrabando dome along Fresno Creek, about one-half mile from the Fresno mine, is an unusually well exposed laccolith of syenodiorite. The original mass was ovoid in plan, being about two miles in length along the long dimension.

Dikes and sills are common throughout the region but are most numerous in the southeastern and east-central parts. They vary considerably in composition, ranging from acidic to basic. Several pipe-like (plugs or necks) igneous bodies occur in the District.

STRUCTURAL GEOLOGY OF THE DISTRICT

Much has been written on the structural geology of the Terlingua District and the Big Bend region and a full discussion of the subject is beyond the scope of this report. For the details and a more complete picture of the complex structural features the reader is referred to The University of Texas Bulletin No. 3401.

Many of the mines in the Terlingua District lie within the "Great Sunken Block" described by Udden in 1907. This large graben is bounded on the southwest by a great fault (Terlingua fault) which trends northwest-southeast and is very conspicuous southwest across Long Draw Valley from Terlingua and at Santa Elena Canyon on the Rio Grande. The depressed area, about 39 miles wide, is bounded on the northeast by the axis of the Sierra del Carmen, on the north by the Corazones and Rosillos Mountains, and on the south by the Rio Grande. This block has been dropped 4000 to 6000 feet and is extensively folded and faulted due largely to intrusive vulcanism.

The settling decreases to the northwest and finally ends with the Solitario uplift. The Solitario proper, a circular dome some 9 miles in diameter and with considerable relief, is surmounted on the northwest end of a broad curving anticlinal structure which plunges south-southeast through the Terlingua District. It is upon this anticlinal structure that many of the productive mines are situated, including the Fresno mine. It seems probable that a batholith or stock underlies the Solitario uplift, a huge parent igneous body from which the numerous smaller intrusive bodies have moved out and upward to penetrate and deform the upper crust over a wide area, for there are literally hundreds of mappable intrusive igneous bodies in the region. Most of the structural features are the result of this intrusive vulcanism which took place during late Tertiary time.

The occurrences of mercury orebodies are closely related to this vulcanism and the resultant structural features. Also, the susceptibility of the Lower Cretaceous limestones in the area to the solvent action of ground water and perhaps solutions emaninating from intrusive igneous bodies and the consequent development of a network of passageways, cavities and caverns which later collapsed and were filled with materials from overlying formations (shale, clay, limestone blocks and collapse breccia) is important in connection with the occurrences of orebodies. Most of the ore produced in the District has been taken from the fill of collapsed sinks in the Lower Cretaceous limestones. Locally, numerous small faults associated with the collapse of these subterranean solution openings has further complicated an already complex structural condition.

FRESNO MINE

Historical

Cinnabar was discovered in August, 1935 in the area where the Fresno mine is now located, by a Mexican goatherder employed by the Fresno Canyon Ranch owned and operated by Harris S. Smith. A fifty-fifty partnership between Harris S. Smith and Homer M. Wilson, geologist and mining engineer, was formed to develop the property, and, after a difficult struggle with the many problems inherent to getting a new mine underway with limited capital, these men finally succeeded in getting operations on a continuous basis in June, 1939. Between 1939 and 1946 the mine produced approximately 4000 flasks (304,000 pounds) of metallic mercury. It was the most productive mine in the Terlingua District during World War II.

All operations ceased in 1946, not because of any lack of ore but because of partnership disagreements. Mr. Wilson died and afterwards no satisfactory working arrangements could be agreed on. However, these difficulties have now been solved and the property has been leased to R. N. Pulliam and his associates.

GEOLOGY OF THE AREA EMBRACING THE MINING CLAIMS

General Statement

Twelve claims in a block, each 600 x 1500 feet, six in Section 106, Block 341, and six in Section 108, Block G 5, make up the property. These claims are located on a local collapsed anticlinal bowing (nose) well down on the southwest flank of the major anticlinal structure which extends southeastward from the Solitario dome (the same structure upon which several of the most important

mines in the District are situated a few miles to the southeast). About one-half mile west on Fresno Creek is an exposed laccolith of syenodiorite, and about two miles to the southwest is a buried laccolith which has produced the low Contrabando dome. (See geologic map of area).

Stratigraphy

Sedimentary rocks of both Lower and Upper Cretaceous age are found at the surface in this area. The Georgetown limestone is the oldest formation outcropping and is exposed over the crest and far down on the flanks of the broad anticline. Far down on the flanks, and dipping rather steeply (average of 25°) are younger formations in normal sequence, namely, the Del Rio shale immediately above the Georgetown and followed upward in turn by the Buda limestone, and Boquillas formation. Locally, Tertiary tuffs and rhyolitic lavas rest on the Boquillas formation.

Georgetown limestone. - The term Devils River has been used in this part of the country to include all Lower Cretaceous formations from below the Del Rio through the Glen Rose. However, recent work done in the area shows that there are more than 400 feet of Georgetown limestone exposed in Santa Elena Canyon on the Rio Grande approximately 15 miles away, and it is likely that all of the Lower Cretaceous limestone exposed in the area of the claims should be assigned to this formation.

The formation consists of gray crystalline limestone and marly limestone in beds ranging from a few inches to several feet thick. The more massive beds stand out as ledges. Brown ovoid chert concretions are abundant. The numerous sinks visible on the surface and the

many filled caverns encountered in mining in the area show that the Lower Cretaceous limestones were very susceptible to solution activity by ground water. The ore produced from the Fresno mine, as well as most of the ore from other mines in the District, came from debris filled caverns, cavities, and subterranean passages in the Georgetown and possible other Lower Cretaceous limestones.

Del Rio shale. - Down on the flank of the broad anticline, where it has not been stripped off by erosion, this formation rests disconformably on the Georgetown limestone. It is composed of soft, sandy clay and shale, with some layers of brown, thinly laminated sandy limestone. It contains many limonite pseudomorphs after pyrite and numerous foraminifera (Haplostiche texana), as well as small oyster shells (Exogyra arietina). This formation is approximately 125 feet thick in the area of the claims.

The impervious Del Rio played an important role in stopping the advance of the mineral-bearing solutions and thereby contributed to the formation of ore deposits along the contact with the underlying Georgetown limestone.

Buda limestone. - Next above the Del Rio shale is the Buda limestone. It is a light gray or white, hard, sub-lithographic, thin to moderately bedded limestone, interbedded with thin seams of yellowish calcareous marl. It is about 80 feet thick in this area.

Boquillas formation. - This formation lies above the Buda and grades upward into the Terlingua formation. It is composed of flaggy limestone layers separated by beds of calcareous marl and clay. In this

area the Boquillas contains fewer flags and more marl, clay and silt than in the country to the southeast. The formation is approximately 600 feet thick here.

Tertiary lava and tuff. - Where it has not been stripped off by erosion, rhyolitic volcanic tuffs and lavas rest on the tilted and truncated Boquillas surface. A nearly horizontal butte-like erosional remnant of tuff and lava caps a hill a few hundred feet northwest of the mine.

Structural Geology

Major structural features in the general vicinity are the Solitario dome some three miles to the north; the much lower and smaller Contrabando dome approximately two miles to the southwest; an uncovered laccolith on Fresno Creek about one-half mile west; and the broad curving anticline which extends southeastward from the Solitario dome. It is on a local anticlinal bowing far down on the southwest flank of this anticline that the claims are situated. Solution caverns developed over the crest of this nose in the Georgetown limestone collapsed and produced a complex series of slump blocks. Faulting associated with the collapse is very complex, with short faults trending in nearly all directions. Several relatively small slump blocks composed of a jumbled-up mixture of several overlying formations (Del Rio, Buda, Boquillas, and in some cases Tertiary volcanics) appear on the present surface as separate collapse-blocks within a larger depressed area. These individual slump blocks (see map) are probably all part of one large collapse into an irregular shaped solution void or interconnected voids.

Both the laccolith exposed along Fresno Creek to the west and the buried laccolith underlying Contrabando dome may have played rather important roles in connection with the structure and mineralization in the Fresno mine area. Forces accompanying these intrusions could have assisted the collapse and filling of subterranean solution voids in the Georgetown limestone, and these intrusives could have been the source of the mineral-bearing solutions which moved in along faults and fissures and deposited cinnabar where there were favorable traps such as the collapse-debris fills in solution cavities in the Georgetown limestone.

Mineralization

Although there may be minor occurrences of other mercury minerals present, cinnabar is the mercury mineral of economic importance in the Fresno mine area. The ore occurs in narrow fissure veins along joints and faults and as impregnations of collapse-breccia fillings in solution cavities in the Georgetown limestone. Impregnation type orebodies occur in the form of both "mantos" and "pipes". Gangue materials include calcite, gypsum, clay, some iron oxides and sulphides, and bituminous matter.

The Fresno mine area has all the known requisites for the occurrence of economic orebodies: anticlinal structure, openings in the rocks in the form of joints, faults and solution channels, igneous intrusive masses nearby, and impervious rocks to stop the upward movement of mercury-bearing solutions.

FUTURE POSSIBILITIES OF FRESNO MINE AREA

The Fresno mine was the leading producer in the Terlingua District during World War II, having produced some 4000 flasks of mercury between 1939 and 1946. It is the writer's opinion that in the future this mine may equal and perhaps exceed the production records of several of the older and much better known mines in the District, for the surface has hardly been "scratched" in the area of the Fresno mine.

Practically all past production came from one small collapse-debris filled solution cavity and faulted zone, and there are several other similar structures in the immediate vicinity which have not been investigated. Any one of the other pipe-like collapse-debris areas appears to be just as favorable for the occurrence of economic ore-bodies as the area from which the ore from past operations was produced. In fact, one or two of them appear from surface observations to be even more favorable for production than the area mined.

RECOMMENDATIONS

I. Since there is still considerable furnace grade ore showing in the old workings, operations can be started immediately there and actual production of mercury can be started within a few days after mining is underway. The old workings are in good shape.

II. Within Areas A and K (see map), which adjoin the old workings on the south and southeast and northwest, respectively, drill a series of churn drill holes (5") spaced not less than 25 feet apart. (Check samples at intervals of one foot). These holes should be

drilled to a depth of 150 feet. Extend this drilling out toward the vicinity of the furnace.

Any economic orebodies discovered within Areas A and K can be worked by extending underground tunnels out from the old workings if the ore is deep (60 to 100 feet), or by open pit if found at shallower depths.

III. Note that an underground tunnel penetrates the edge of Area E. This tunnel should be extended around the walls of this slumped area, or else at least four churn drill holes within and around the periphery of the pipe-like mass should be drilled to a depth of from 200-250 feet deep.

IV. Follow the exploration work outlined above with a similar drilling program in each of Areas B, C, D, F, and I. All of these areas are alike structurally and lithologically in that they are collapsed caverns filled with brecciated limestone and shale from formations which formerly rested above the Georgetown limestone, and offer favorable conditions for the occurrence of mercury minerals.

V. The largest slumped block near the mine is Area H. Here, the Boquillas formation has been dropped down and is in contact with the Georgetown limestone. A number of cross faults cut this slumped area. Probably any orebodies of significance in this area will be at greater depth than in the lesser pipe-like slumps in the vicinity, however, the possibility of important orebodies at the Boquillas-Buda and Del Rio-Georgetown contacts should encourage the drilling of several deep (500-750 feet) churn drill holes over the area.

The major northeast-trending fault which bounds this down-dropped block on the southeast side should be investigated, as should the smaller faults within the block.

VI. Prospect pits, trenches, and open cuts should be located along faults G and J and along lesser faults trending in a northeasterly direction (shown on map but not designated by letter).

VII. Between the Fresno mine and the Solitario dome are three fairly large sunken areas very similar in appearance to the Fresno collapse. (See area map). One of these joins the Fresno claims on the north and the other two are not more than 2 to 3 miles away. These areas should be prospected by panning and perhaps a few shallow test pits. Southeast of the Fresno claims about 1 1/2 to 2 miles is a strike fault which has brought up a block of Georgetown limestone between Buda on one side and Del Rio on the other. This limestone block is highly mineralized and should be prospected. The Contrabando dome area has produced some ore from igneous "dikes" and plug-like masses and should be prospected further. There are slumped areas in the Georgetown limestone toward the axis of the Solitario anticlinal extension both north and south of the Fresno mine which should be investigated.

NOTES ON THE TERLINGUA MERCURY-PRODUCING DISTRICT

(from Texas Looks Ahead, Vol I, The Resources of Texas, 1944)

The only known occurrences of mercury in Texas are in the Terlingua District of southern Brewster and southeastern Presidio counties. Mining has been carried on in the Terlingua District since 1896. Production records are incomplete, but the estimated total for the District is between 150,000 and 200,000 flasks each containing seventy-six pounds of metallic mercury.

The mercury deposits are in a region of folded and faulted Cretaceous marine strata which are cut by a large number of Tertiary intrusive masses. The Cretaceous sedimentary rocks consist of thick limestone sections with some shales and sandstones. The intrusives are in part in the form of laccoliths and plugs but many narrow dikes and sills are found along the principal fractured zones throughout the region.

Localization of the orebodies has been in large measure controlled by anticlinal structures. The most productive group of mines centered around Terlingua and on the southeast-plunging end of the large Solitario anticline, and other ore deposits known on Mariscal and Christmas Mountains are similarly related to other anticlinal folds. Locally the structural features have been greatly complicated by extensive faulting and intrusive activity.

The ore minerals are mainly cinnabar and native mercury, although secondary mercury minerals occur commonly in nearly all of the deposits. The more common gangue minerals are calcite, gypsum, iron oxides and sulphides, and clay materials. Bituminous matter is often associated with the ores. The orebodies occur mainly in caverns and

fractured zones in favorable structural and host rock conditions in the Cretaceous limestones and shales and to a more limited extent in fractured intrusive rocks. The most productive horizon has been along and near the contact of the Goergetown limestone with the overlying Del Rio shale. Workable deposits have also been found in the Edwards, Boquillas and other Cretaceous horizons. At the Study Butte mine a considerable amount of the mined ore has been in Tertiary porphries. The richest orebodies yet discovered have been on the bottoms and walls of underground solution caverns within limestone beds.

The mines and prospects developed to date lie within an area extending about 40 miles in an east-west direction and about 20 miles in a north-south direction. The south and east limits of known mercury deposits are on Mariscal Mountain in the southern part of the Big Bend of the Rio Grande in Brewster County, and the north and west limits are respectively on Christmas Mountain and in Fresno Canyon in Presidio county. By far the greater part of the production has been obtained from a relatively small east-west elongated area centered near the mining town of Terlingua. The Chisos mine, opened in 1902, is the most extensively developed and has been responsible for most of the mercury production in Texas. Other mines within the District which have yielded a considerable amount of mercury ore include the Rainbow, Mariposa, Study Butte, Solitario, and Fresno. In recent years the Study Butte and Fresno mines have been the chief producers in the District.

NOTES ON THE GEOLOGIC OCCURENCES OF MERCURY ORES

Ore Minerals. - While mercury is sometimes found native in the form of quicksilver, the commonest ore mineral is cinnabar (HgS), which contains 86.2 per cent mercury. Altogether there are approximately 25 minerals which contain mercury; most of them are very rare. Some of the secondary quicksilver minerals such as native mercury, metacinnabarite (HgS) and calomel (HgCl) are apt to be present in the upper part of a mine. If limestone or calcite is present in the gangue rock the oxychlorides such as eglestonite (Hg_4Cl_2O) and terlinguaite (Hg_2ClO) may be present.

Tenor of ores. - The ores range in tenor from 0.3 to 8 per cent. Bodies of higher grade ore is sometimes encountered, but ores higher than 6 per cent are very rare. The average tenor for Pacific Coast ores is about 0.38 per cent; for Texas about 0.87 per cent. Deposits in Italy average about 0.65 per cent. The richest known deposits in the world are in Spain, which are said to average 6 per cent--the richest worked anywhere.

Origin of orebodies. - Mercury ores are not confined to any particular kind of rock or to rocks of any particular geologic age. Quicksilver occurrences are, however, definitely associated with vulcanism and most of the deposits are found in regions of Tertiary and Quaternary volcanic activity where there has been no deep erosion to destroy the deposits which are usually formed relatively near the surface.

According to a theory advanced by C. N. Schuette, quicksilver has its origin in deep-seated magmas, which of course, is the source of other metals also. These magmas follow the path of least resistance--along fractures and faults and other zones of weakness toward the surface of the earth. As the magmas move upward and fracture the crust by their own pressure, ore minerals escape and rise through these fractures toward the surface. It is believed that sulphur, water vapor or steam, and quicksilver are among the first constituents of such magmas to escape. It has been shown that these solutions are alkaline in nature. Where structural conditions are such that the alkaline carrier solutions are free to travel to the surface quickly through large open fissures they issue as hot springs without depositing any orebodies. Hot springs carrying mercury in solution are known at Steamboat Springs, Nevada, and Sulphur Bank, California. Also, should these ascending solutions be diluted by ground water near the surface no important ore deposition would result. On the other hand, if these mineral-bearing solutions were slowed down or stopped on their way to the surface, by impervious gouge zones around faults, or by shales which seal passageways, the ore minerals would upon cooling be deposited--due to loss of pressure, or by precipitating agents such as bituminous matter or gaseous re-agents.

When the ascending solutions are checked to the point that deposition sets in, the ore minerals would be deposited in whatever

voids were present in inclosing rocks. Fractures, pore spaces, interstital space in fault and collapse breccias form favorable receptacles for the ore. The following are considered to be major factors governing the occurrence of cinnabar:

(1) Structural control. Cinnabar deposits are concentrated in the upper parts of anticlinal structures, being similar in this respect to oil and gas.

(2) There must be openings in the rocks in which the ore can be deposited.

(3) An impervious bed, such as clay or marl, should lie above to prevent the carrier solutions from moving on up to the surface and escaping.

In the Terlingua district of Texas mercury ore deposits occur in folded and shattered Cretaceous limestone. Most of the deposits are impregnations of cavities and caves which occur along faults or near the crackled crests of anticlines and are occupied by boulders and clay. The orebodies are related to anticlinal structures and the impervious Del Rio clay acted as an impervious barrier to ascending hydrothermal solutions. The ore is found most frequently in fissure veins, but some is found in breccias and lateral enrichment deposits.

W. N. McAnulty
July 24, 1951

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

P. O. Box #431
Joplin, Missouri

June 30, 1954

Airmail
Special Delivery

Mr. C. O. Mittendorf, Administrator
Defense Minerals Exploration Adm.
Washington 25, D. C.

Re: Docket DMA-2202X (mercury)
Project Contract Idm-E468
Amerimex Mining Co.
Alpine, Texas

Dear Mr. Mittendorf:

With reference to the June 25 telegram I received from you, attached herewith is a self-explanatory copy of the Texas Employers' Insurance Association's reply (just arrived) to the plea I made at your request for postponement of its suit for $621.20 overdue Workmen's Compensation premium.

Also enclosed herewith are copies of a letter received this morning from the U. S. Treasury's Austin Office with executed Forms of "Notice of Levy" and "Warrants For Distraint" on the above-mentioned company for $1,170.35 delinquent payroll taxes.

Copies of this transmittal letter are being sent to the two above-cited agencies to serve as acknowledgments of my receipt of their letters. In the interest of coordination, however, I believe you would not wish for me to make unilateral committments or confirm plans since, as I understand it, that would involve the auditing aspects of the terminal settlement now in process under the subject project contract which largely have been placed in the hands of the DMEA Contract Administration and Audit Division. Therefore, I trust your Office or that of Mr. Chambers' will want to make, or at least prepare, the promptly needed replies to the letters attached herewith.

I will be pleased to undertake any action, however, that you advise is proper in my function as the Field Team Executive.

Respectfully yours,

Clinton C. Knox

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

CCK/vks

Enclosure

cc: Mr. Mittendorf (1)
Mr. Nowotny (1)
Mr. Smith (1)
Mr. Chambers (1)
Mr. Finch (1)
Mr. Pulliam (1)
Docket File (1)

Mr. Mittendorf

C
O
P
Y

TEXAS
EMPLOYERS' INSURANCE ASSOCIATION

Walton O. Head
Vice President & General Counsel
J. Kirby Smith
Assistant General Counsel

P. O. Box 2759
Dallas 21, Texas

June 28, 1954

United States Department of the Interior
Defense Minerals Exploration Administration
P. O. Box 431
Joplin, Missouri

Attention Mr. Clinton C. Knox

Docket DMA-2202X (mercury)
Amerimex Mining Company
T.E.I.A. Policy No. 38908

Dear Sir:

Your letter of June 26 was received too late to avoid the filing of suit which was accomplished on June 7. Ordinarily, today would be the last day for the filing of an appearance to prevent default judgment. We are entirely in accord with your expression that there are pleasanter ways to effect settlement than by litigation.

If the Government will withhold $621.20 for our account from any settlement with Amerimex Mining Company, we will take no further action in the pending suit and will take our chances on the amount of the settlement being adequate to cover. We further agree in line with Mr. Mittendorf's wire to continue the suspense of all further action in line with the agreement expressed above until July 3.

In view of the fact that a copy of this letter is being forwarded to Mr. Pulliam, President of the Amerimex Mining Company, we wish to point out for his benefit that such dividends as may be due this account are acquired by reason of resolution passed by the Board of Directors. There is no certainty in this connection that an account in arrears will be considered for dividend purposes.

The amount due at this time is not the $621.20 agreed to above, but in addition thereto, there is $55.90 interest, $62.12 attorneys' fees and $8.75 court costs and sheriff's fee. We will look to the dividend and then the suit for any amounts due over and above the face amount of the note to be withheld by the Government and any insufficiencies.

If these agreements work out as they should, we will omit the charge for attorneys' fees expressed in the note.

We would like confirmation of this plan from Mr. Knox and Mr. Pulliam so that we will all be in thorough agreement.

Yours very truly,

/s/ J. Kirby Smith
J. KIRBY SMITH

JKS/jls
cc Amerimex Mining Company
Box 626, Alpine, Texas

Mr. Millarden

Austin, Texas

DIR:AUS:C:DAR:WRN:gp

June 25, 1954

RECEIVED
MINERALS TECHNOLOGY
DIVISION

JUN 30 1954

BUREAU OF MINES
JOPLIN, MO.

Mr. Clinton E. Knox
Executive Officer
Defense Minerals Exploration Adm.
U. S. Department of the Interior
P. O. Box 431
Joplin, Missouri

In re: Amerimex Mining Company
DMEA Contract No. IDM-E 468
Alpine, Texas

Dear Mr. Knox:

Attached will be Form 668a, Notice of Levy, and copies of Forms 69, Warrants for Distraint, on the above-listed organization which owes this agency unpaid Federal taxes in the amount as shown on the above documents.

In letter of May 29, 1954 from Mr. R. M. Pulliam, President of Amerimex Mining Company, it was stated that you were authorized to pay directly to the District Director of Internal Revenue the amount as reflected on the enclosed Forms 668a. In this connection, we will appreciate your cooperation in complying with his authorization to offset sufficient funds due the corporation to liquidate the federal taxes due.

Your assistance in this matter will be indeed appreciated.

Yours very truly,

W. R. NOWOTNY, Acting Assistant Chief,
Delinquent Accounts & Returns Branch
Collection Division

Encl.
WRN:gp

Form 668-A
U. S. TREASURY DEPARTMENT
INTERNAL REVENUE SERVICE
Revised Nov. 1952

LEVY

UNITED STATES INTERNAL REVENUE,

Austin District,

State of Texas

To Defense Mineral Exploration Administration
(Name of person holding property, moneys, etc., belonging to taxpayer)

At P. O. Box 431, Joplin, Missouri

You are hereby notified that there is now due, owing, and unpaid from Amerimex Mining Company, P. O. Box 626, Alpine, Texas
(Insert name and address of taxpayer)
to the United States of America the sum of

Eleven Hundred Seventy Dollars and 35/100 dollars ($1,170.35)
(Insert amount of tax, penalties, and interest due)
as and for an internal revenue tax.

You are further notified that all property, rights to property, moneys, credits and/or bank deposits now in your possession and belonging to the aforesaid taxpayer and all sums of money owing from you to the said taxpayer are hereby seized and levied upon for the payment of the aforesaid tax, together with penalties and interest, and demand is hereby made upon you for the amount necessary to satisfy the liability set forth above from the amount now owing from you to the said taxpayer, or for such lesser sum as you may be indebted to him, to be applied in payment of the said tax liability.

Dated at Austin, Texas

this 25 day of June, 19 54

R. L. PHINNEY
District *Director of Internal Revenue.*

By W. R. NOWOTNY
Internal Revenue Agent.

16—31997-5

INTERNAL REVENUE CODE
Chapter 36, Subchapter C—Distraint

AUTHORITY TO DISTRAIN

Sec. 3690. If any person liable to pay any taxes neglects or refuses to pay the same within ten days after notice and demand, it shall be lawful for the collector or his deputy to collect the said taxes, with such interest and other additional amounts as are required by law, by distraint and sale, in the manner provided in this subchapter, of the goods, chattels, or effects, including stocks, securities, bank accounts, and evidences of debt, of the person delinquent as aforesaid.

PROPERTY EXEMPT FROM DISTRAINT

Sec. 3691. (a) ENUMERATION.—There shall be exempt from distraint and sale, if belonging to the head of a family—

(1) SCHOOL BOOKS AND WEARING APPAREL.—The school books and wearing apparel necessary for such family; also

(2) ARMS.—Arms for personal use;

(3) LIVESTOCK.—One cow, 2 hogs, 5 sheep and the wool thereof, provided the aggregate market value of said sheep shall not exceed $50;

(4) FODDER.—The necessary food for such cow, hogs, and sheep, for a period not exceeding thirty days;

(5) FUEL.—Fuel to an amount not greater in value than $25;

(6) PROVISIONS.—Provisions to an amount not greater than $50;

(7) HOUSEHOLD FURNITURE.—Household furniture kept for use to an amount not greater than $300; and

(8) BOOKS AND TOOLS OF TRADE OR PROFESSION.—The books, tools, or implements, of a trade or profession, to an amount not greater than $100.

(b) APPRAISAL.—The officer making the distraint shall summon three disinterested householders of the vicinity, who shall appraise and set apart to the owner the amount of property herein declared to be exempt.

LEVY

Sec. 3692. In case of neglect or refusal under section 3690, the collector may levy, or by warrant may authorize a deputy collector to levy, upon all property and rights to property, except such as are exempt by the preceding section, belonging to such person, or on which the lien provided in section 3670 exists, for the payment of the sum due, with interest and penalty for nonpayment, and also of such further sum as shall be sufficient for the fees, costs, and expenses of such levy.

SURRENDER OF PROPERTY SUBJECT TO DISTRAINT

Sec. 3710. (a) REQUIREMENT.—Any person in possession of property, or rights to property, subject to distraint, upon which a levy has been made, shall, upon demand by the collector or deputy collector making such levy, surrender such property or rights to such collector or deputy, unless such property or right is, at the time of such demand, subject to an attachment or execution under any judicial process.

(b) PENALTY FOR VIOLATION.—Any person who fails or refuses to so surrender any of such property or rights shall be liable in his own person and estate to the United States in a sum equal to the value of the property or rights not so surrendered, but not exceeding the amount of the taxes (including penalties and interest) for the collection of which such levy has been made, together with costs and interest from the date of such levy.

(c) PERSON DEFINED.—The term "person" as used in this section includes an officer or employee of a corporation or a member or employee of a partnership, who as such officer, employee, or member is under a duty to perform the act in respect of which the violation occurs.

(NOTE.—The authority and duties of collectors and their deputies are now vested in directors of internal revenue and internal revenue agents, respectively, pursuant to Reorganization Plan No. 1 of 1952, and orders issued thereunder.)

U. S. GOVERNMENT PRINTING OFFICE 16—31997-6

Form 69
U. S. TREASURY DEPARTMENT
INTERNAL REVENUE SERVICE
(Revised Nov. 1952)

WARRANT FOR DISTRAINT

No. .....

	DATE	DEBITS	CREDITS	UNPAID BALANCE
Amerimex Mining Company P. O. Box 626 Alpine, Texas		$128.72 .85		$129.57

FUT 1954-Feb-300944 1953 Tax	DATE OF FIRST NOTICE 3-10-54	Penalty of 5 percent	$ 6.47
		Interest from 3-10-54 to 7-10-54	2.59
	DATE OF SECOND NOTICE	TOTAL	$ 138.63
		Additional interest	
ACCOUNT NUMBER AND REMARKS	3-25-54	TOTAL	$ 138.63

TO W. R. Nowotny, *Internal Revenue Agent.*

WHEREAS, in pursuance of the provisions of the acts of Congress relating to internal revenue, the above-named person or persons is or are liable to pay the tax or taxes assessed against him, or them, in the amount or amounts named above, together with penalties and interest prescribed by law for failure to pay said tax or taxes when the same became due; AND WHEREAS, 10 days have elapsed since notice served and demand made upon said person or persons for payment of said tax or taxes; AND WHEREAS, said person or persons still neglect or refuse to pay the same: You are hereby commanded to levy upon, by distraint, and to sell so much of the goods, chattels, effects, or other property or rights to property, including stocks, securities, and evidences of debt, of the person or persons liable as aforesaid, or on which a lien exists for the tax or taxes, as may be necessary to satisfy the tax or taxes, with such additional amounts, including interest, as are shown in the statement above, and also such further sum as shall be sufficient for the fees, costs, and expenses of the levy; but if sufficient goods, chattels, or effects are not found, then you are hereby commanded to seize and sell in the manner prescribed by law so much of the real estate of said person or persons, or on which a lien exists for the tax or taxes, as may be necessary for the purposes aforesaid. You will do all things necessary to be done in the premises and strictly comply with all requirements of law, and for so doing this shall be your warrant, of which make due return to me at this office on or before the sixtieth day after the execution hereof.

Witness my hand and seal at Austin, Texas

this 2 day of April, 1954

..... (SEAL)
District *Director of Internal Revenue.*

Austin, Texas District

16—60587-2

RETURN OF INTERNAL REVENUE AGENT

I HEREBY CERTIFY that, pursuant to the herein warrant of distraint, I proceeded to levy upon and sell the property herein described in order to satisfy the taxes, penalties, and interest herein stated and required by law, and that all the provisions of law were strictly complied with; that the property was sold at public auction, after due notice, to the highest bidder at the prices herein stated:

Date of notice of sale .....

Description of property levied upon .....

.....

Notice of sale:

By publication in newspaper at .....

By posting notice at following places .....

.....

Name of purchaser .....

Amount received from sale . . . . . $.....

Cost of levy and sale . . . . . _____

Net proceeds . . . . . $.....

The gross proceeds, amounting to $....., are herewith enclosed.

Dated at ....., 19.....

.....
Internal Revenue Agent.

Section 3691, IRC, provides that there shall be exempt from distraint and sale, if belonging to the head of a family, the schoolbooks and wearing apparel necessary for such family; also arms for personal use; one cow, two hogs, five sheep and the wool thereof, provided that the aggregate market value of said sheep shall not exceed fifty dollars; the necessary food for such cow, hogs, and sheep, for a period not exceeding 30 days; fuel to an amount not greater in value than twenty-five dollars; provisions to an amount not greater than fifty dollars; household furniture kept for use to an amount not greater than three hundred dollars; the books, tools, or implements of a trade or profession, to an amount not greater than one hundred dollars; and the officer making the distraint shall summon three disinterested householders of the vicinity, who shall appraise and set apart to the owner the amount of property herein declared to be exempt.

U. S. GOVERNMENT PRINTING OFFICE 16—60587-2

Surname 700

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

FLKnouse
Ellis
Chamberlin
Selfridge
Burton
Hefelmann

JUN 29 1954

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

Re: Docket No. DMEA-2202 (Mercury)
Contract No. Idm-Eh68
Amerimex Mining Company
Fresno Mine
Presidio County, Texas

Dear Mr. Knox:

There are enclosed two copies of a letter from the N. J. Crowley Tar Products Company, dated June 14, 1954, concerning extending the time for the disposal of equipment purchased for the subject project until the latter part of July. We see no objection to this proposal and have allowed them until July 31, 1954, to dispose of the equipment. However, the Government will not participate in the expense of the attorneys' time nor for their travel.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GCS)

Enclosures 2

APPROVED:

J. H. Hedges

Member, Bureau of Mines (JHB)

D. M. Larrabee

Member, Geological Survey (JHB)

FLKnouse/am
6-21-54
cc to: Admr. Reading File
Operating Committee
Docket
Messrs. H.M.Meyer, Rm. 2623
Benj. Gildersleeve, Rm. 5221
700
Mr. Knouse

R.C.K.

FILE COPY
SURNAME:

Chambers

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

JUN 29 1954

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

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

Dear Mr. Jennings:

This is in reply to your letter dated June 14, 1954, in regard to the disposal of equipment jointly purchased by the American Mining Company and the Government for the above-cited project. Because the Government paid 75 percent of the purchase price it has a 75 percent interest in the equipment.

Your request that the Government withhold this sale of the project property until the latter part of July, 1954, has my approval. Our Executive Officer for that Region, Mr. Clinton C. Hanz, P. O. Box 431, Joplin, Missouri, has been informed of this agreed delay. While the Government agrees to delay the sale until July 31, 1954, to give your Company an opportunity to recover as much of the purchase price of the equipment as possible, it cannot, however, share any of the costs of the attorneys' proposed trip to El Paso, Texas, for the purpose of assisting in the disposal of the property.

Sincerely yours,

C. O. Mittendorf (fw)

Administrator

Copy to: Mr. R. M. Pulliam

FIKnouse/sm;JLChambers/wb
June 28, 1954
cc to: Admr. Reading File
Operating Committee
Docket
Messrs. H. M. Meyer, Rm. 2623
Benj. Gildersleeve, Rm. 5221
E. Wm. Ellis
J. L. Chambers
DMEA Field Team, Region VI (2)

Surname 700

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

F. L. Knouse
Ellis
Chapman
Farrar
Hedges
Selfridge
Butler
Johnson

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

Re: Docket No. DMA-2202 (Mercury)
Contract No. Idm-4468
Amerimex Mining Company
Fresno Mine
Presidio County, Texas

Dear Mr. Jennings:

This is in response to your letter dated June 14, 1954, concerning the disposal problem of the equipment jointly purchased by the subject company and the Government for the captioned project.

I have noted your plan to send your attorneys from Houston to El Paso, Texas, to try and dispose of the equipment that you estimate will require until the end of July. I have no objection to extending the time for the disposal of this equipment until July 31; however, the Government will not participate in the expense for the attorneys' time nor for their traveling expense.

Sincerely yours,

Administrator

Copy to: Mr. R. N. Pulliam

FLKnouse/am
6-21-54
cc to: Admr. Reading File
Operating Committee
Docket
Messrs. H.M.Meyer, Rm. 2623
Benj. Gildersleeve, Rm. 5221
Code 700
F. L. Knouse
DMEA Field Team, Region VI (2)

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

P. O. Box #431
Joplin, Missouri

June 28, 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 Company
Alpine, Texas

Dear Mr. Selfridge:

With reference to your May 17 letter to me, the original and two copies of the Operator's Final "Geology and Engineering" Report, as received today, are transmitted herewith. The last copy is being retained in the Field Office file.

In the light of the Operator's Interim Report, maps, etc., supplemented by the report by Mr. A. N. Fletcher, Consulting Geologist, obtained by the Field Team May 25, 1953, acceptance of the first above-mentioned Operator's Final Report, as such, is hereby recommended.

Then every effort will be made to complete the Field Team's Final Report on the subject project and have it in your hands by mid-July.

Sincerely yours,

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

CCK/vks

Enclosures

cc: Operating Committee (2)
Mr. Finch (1)
Docket File (2)

RECEIVED
MINERALS TECHNOLOGY
DIVISION
JUN 28 1954
BUREAU OF MINES
JOPLIN, MO.

Docket DMEA-2202
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas

JUN 23 1954

OPERATOR'S FINAL REPORT

At the suggestion of DMEA Officials, this Report covering certain geological and engineering aspects of operations under the subject Contract is being submitted in advance of the Final Report dealing with liquidation and financial settlement, which cannot be completed until disposition has been made of jointly-owned equipment, materials and supplies.

Operations under the subject Contract began January 12, 1953, and continued without interruption until August 19, 1953.

Suspension of operations on August 19, 1953, was forced by failure of DMEA to release reimbursements anticipated by the Operator for the month of June.

Until August 7, the Operator was blissfully ignorant as to why the reimbursement for June had not been received and was unaware that properly documented disbursements which had been made, reported, certified and reimbursed by DMEA could be retroactively disallowed and withheld from current reimbursements to the destruction of the Project.

During the Interim Audit, August 7 through 11, many exceptions were taken on the basis of far-reaching interpretations of the Contract not previously understood by the Operator and not previously applied by those DMEA Officials who audited and certified the Monthly Reports.

Since the Operator had no funds except the expected reimbursements for June, July and August, it was apparent that unless all or substantially all of the anticipated reimbursements were received, it would not be possible to complete the Project.

The Auditor and the Field Team were shown bank notice of extensive overdrafts, and the Operator explained that unless all or substantially all of the June reimbursement claimed was received by August 14, the Operator could not meet the payroll for that period and would be obliged to suspend operations pending final settlement of the Interim Audit Disallowances and formal Reclaim.

When no funds were received on August 14, mine work was suspended effective August 19, and only a skeleton crew continued work for the remainder of the month, preparing for a long

suspension of work. Of this crew, two men were retained at half of their regular salaries to protect and preserve the jointly-owned equipment, materials and supplies until December 1, 1953. Since that date, only one watchman has been retained to look after the property.

EXPLORATION

Exploration completed under the subject Contract has been reported previously during each month of the operation; however, in retrospect, vastly different significance appears in consideration of some of the work accomplished; and a summary of the results of each project may be informative.

Project No. 1

This project seemed to have promise from its start, and intermittent showings along good structural trends seemed to occur anew as hopes waned, continuing to justify work until the footage had been exhausted without success.

Project No. 3

Project No. 3 Drift, driven S. 80° E a distance of 136' 6", encountered mercury showings 14 feet from the place of beginning. These slight, irregular showings occurred where the work encountered and followed a series of small parallel fractures and an old water course into which Del Rio clay had slumped to form a V-like fold along the back of the drift, while the walls were principally Georgetown limestone. The mineralization, which was most irregular and erratic, occurred intermittently along the structure 14 feet from the beginning of Project 3 Drift, a distance of 102 feet, to within 20 feet of the face of the drift.

Crosscut 3A was driven N 14° E from a point 53 feet from the start of Project No. 3 Drift a distance of 35 lineal feet following a zone of structural weakness manifested by fracturing and alteration of the Georgetown limestone and a slumping of the Del Rio clay similar to the structure followed by Project 3 Drift but more pronounced and better mineralized. This structure followed by Crosscut 3A terminated against a solid limestone fault wall trending about S 80° E.

The 3A Raise was driven almost vertically from a point 35 feet from the start of Crosscut 3A along the limestone fault wall

a distance of 25 feet where mineralization seemed confined to small paper-thin seams in Del Rio clay and halos of alteration around Georgetown boulders in a narrow contact zone between the Del Rio clay and the vertical limestone fault wall.

3B Crosscut was driven N 38° E a distance of 40 feet from a point 110 lineal feet from the start of Project No. 3 Drift in an effort to intersect Churn Drill Hole No. 8. The first 10 or 12 feet of this work was in slightly fractured limestone showing very little mineralization. At that point, the small fractures opened and another slumped zone was encountered, which terminated 32 feet from the start of 3B Crosscut against the same limestone fault wall which cut off the mineralization in 3A Crosscut.

3B Raise was driven from a point 32 feet from the start of 3B Crosscut vertically 23 feet along the fault wall following irregular mineralization, and 3B Sub-level was driven from the top of 3B Raise along the fault wall some 32 feet west and 12 feet east in an effort to follow mineralization along the contact, but the irregular showings seemed to cease altogether.

Exclusive of the 14 lineal feet of Project No. 3 Drift before mineralization was encountered and 20 feet at the end when no mineralization persisted, as well as some 88 feet where Crosscut 3A was extended into limestone beyond the fault wall in an effort to cut parallel fractures, totaling 122 lineal feet deducted from the total footage of 452 feet of exploratory mine openings driven in Project No. 3, it will be noted that 330 lineal feet of 5' x 7' exploratory mine opening was completed in what might be called the mineralized area. Therefore, at 35 cubic feet per lineal foot, 11,550 cubic feet was broken in so called mineralized ground; and allowing 1/6 for increased volume due to breakage, we have 13,475 cu. ft. weighing an estimated 120 pounds per cubic foot, or a total of 1,616,000 pounds, or 808 tons.

Therefore, 808 tons of muck were removed from the workings in exploring the mineralized area of Project No. 3. In addition to this, an estimated 200 tons of rock was scaled from the walls in Projects 3A and 3B, making an estimated total of 1,008 tons of material moved out of the Project 3 Area, out of which was sorted approximately 373 tons of material finally fed to the furnace.

The muck from workings in the Project No. 3 Area was hand-sorted <u>four</u> times and was reduced by approximately 2/3 of its original volume to produce a furnace test material containing an average of 3.6 pounds of mercury per ton. The muck was first sorted at the

working face. That believed to contain mineral was dumped in the old stope, and the waste was discarded.

One or two hand-sorters stayed busy throwing waste out of the mineral dump accumulated in the old stope, and when the "ore" was hoisted to the surface and dumped on the grizzly over the surface bin, the trammer again sorted out waste. When the material was drawn out of the surface bin, trucked to the furnace bin and dumped on the grizzly there, two sorters broke up the large boulders, sorted out waste and fed the material through the jaw crusher.

Mineralization in the Project No. 3 area seems to have been generally confined to the local structures previously described and appears not to penetrate the walls on either side, back or floor of existing mine workings except as small isolated splotches in a few places.

There is no ore reserve, and there is nothing to deserve description as a "discovery".

The mineral showings encountered in Project No. 3, occurring as they do in association with the large fault evident by projection of the many points where it is cut by underground workings, illustrated on the map submitted with Operator's Proposed Amendment dated November 11, 1953, seem to justify further exploration in the area to the east.

Project No. 6

Underground work around the periphery of the sink disclosed several encouraging showings on the 100-foot Level, but it appeared likely that considerably greater depth would have to be attained to reach the Del Rio-Georgetown Contact within the sink fill. Because of bad ventilation and the cost of sinking an interior shaft, plans were made and approved for diamond drilling the sink from the 100-foot Level. The drilling was never done because the project was suspended and never resumed.

Project No. 7

This project proved to justify no further work after one lateral diamond drill hole failed to cut any structure of interest.

Project No. 8

This project was amended to permit the drilling of a vertical fan of diamond drill holes from the designated underground

station. Drilling proved the existence of a deep, wide clay breccia-filled fault or sink structure, but the fill was so badly broken and loose that it was not possible to drill far into the fill or to recover core satisfactorily. Casing failed to provde a solution to the problem.

Project No. 12

This project - which originally provided for trenching on the surface with a bulldozer and for as much as 288 lineal feet of shaft, adit or cuts - was subsequently amended to permit the sinking of a shaft on the site of Churn Drill Hole No. 7 after surface bulldozer trenching had failed to be productive because of the hardness of the Del Rio Clay, which defied cutting to adequate depth with the dozer blade.

Shaft No. 12 showed good indications of mineralization at 30 to 35 feet in depth against the limestone fault wall where the Del Rio clay lay against it. The shaft had attained a depth of 49 feet with a 12-ft. drift from the crosscut driven 14 feet from the shaft bottom to the limestone contact.

The Del Rio clay in which the shaft was sunk contained large boulders of limestone of various sizes which gave much trouble in either over-breaking or failing to break and sticking out in the shaft, necessitating removal. There were also unaccountable loose areas in the clay which caused over-breakage.

Nothing which could properly be described as ore was found in Project No. 12 Shaft.

Summarizing all exploratory work completed under the subject Contract, it may be said that Projects 3, 6, 8 and 12 appear to have resulted in sufficient encouragement to warrant considerably more exploration; but there is no ore reserve, and there is no occurence of probable or possible ore of grade or quantity to warrant any tonnage estimate.

PRODUCTION

The Operator had a lease on the mine property; but since the surface rights, the buildings, the ore bins and the furnace are owned as a separate estate in which the mine owners own but a one-half undivided interest, it was necessary to obtain a separate

lease from each of the joint owners before the Operator was privileged to use these facilities. The leases were finally concluded on March 20, 1953, at a total cost of $350.00 per month paid exclusively by the Operator.

The Operator acquired the leases because he wanted to run some large-scale production tests, as it is common knowledge in the Terlingua District that mercury ore is so erratic in its occurence and as to grade that sampling and assaying are not reliable.

The bins and chutes were filled with low grade ore owned by the Lessors and such ore did not become the property of the Operator until acquired under leases on the surface, buildings and equipment - in no way connected with the DMEA Project.

It was necessary to empty the bins and chutes before new material could be put into them and furnaced. This was discussed with the Field Team, and Operator was assured that the Government would have no interest in "ore" previously mined.

The "Furnace Schedule," Schedule No. 1 attached herewith, shows the source and estimated tonnages of "ore" furnaced and the total tonnage and production therefrom based on carefully maintained records posted daily throughout the furnace operation.

From this record, it will be seen that a total of 609.2 short tons of material were furnaced, of which 251.9 tons sorted from Project 3 muck in July and 120.8 tons sorted from muck and scaled from walls in Project 3, 3A and 3B during August, totaling 372.7 tons, were all that could be attributed to the Exploration Project.

Since the month of July shows 40 tons of "ore" from production and 251.9 tons from the Project 3 exploration, this should provide a fair average on which to estimate mercury content of Project No. 3 "ore" despite the fact that the material from Drift No. 25 was probably of better grade. The average per-ton mercury content of all "ore" treated for July is 3.6 pounds per ton, or 1.2 pounds per ton if it is taken into account that an estimated 2 tons were discarded to produce one ton of "ore" containing 3.6 pounds of metal.

The "Statement of Production and Sales", Schedule No. 3 attached, shows: the number of flasks sold, the date of each sale,

the unit price paid, name and address of each buyer, total amount paid and the total costs deducted after the "ore" left the mine portal.

The costs deducted are for hauling, smelting and refining, cost of mercury flasks, freight and insurance, sales commissions paid, sale communications expense, and royalties paid to the State of Texas and to the Lessors.

After these deductions, net proceeds in the amount of $613.80 is shown on production with a gross value of $8,913.00; however, if the cost of mining, tramming and hand sorting is taken into account, it is apparent that a serious loss was sustained.

Only 19 flasks at most were produced from Project No. 3 muck, and the remainder resulted principally from high grade fines and ore in bins mined in 1944 and in no way a result of the DMEA Project. Had the entire production been derived from Project No. 3 the loss obviously would have been proportionately greater, and it seems that the furnace production tests prove beyond reasonable doubt that even if a substantial occurence of ore of the same grade as that removed during exploration existed in the Project 3 area, averaging 1.2 pounds per ton, production cannot be economically feasible now or in the forseeable future. However, it is not believed possible to make any estimate as to grade or quantity of any ore occurence resulting from the exploration work.

Docket DMEA-2202
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas

Operator's Final Report

CONCLUSION

From the production tests described herein on the basis of factual recorded information, it is apparent that only the mercury mineralization encountered in the Project No. 3 Area can be described as significant.

It appeared for a time that the area bounded by Project No. 3 Drift, Crosscut 3A and Crosscut 3B formed an orebody, but subsequent scaling of the walls in 3A and 3B showed that mineralization was confined to the small local structures and failed to persist on both sides of the mine workings.

As previously stated, it was necessary to hand-sort the muck from Project No. 3 area four times in order to save 1/3 of it to be tested in the furnace; and the furnace tests proved this "ore" to contain only 3.6 pounds of mercury per ton after sorting, or approximately 1.2 pounds of mercury per ton before hand-sorting. There is, therefore, nothing to indicate that ore of present or future commercial importance was discovered, and no reserve can be estimated as to grade or quantity.

The absence of ore is confirmed by the Geological Reports of Mr. A. R. Fletcher, E. M., whose Reports dated May 14, 1953, and September 12, 1953, make no mention of ore reserves or ore discoveries, except to say in the Report of May 14, 1953, that there is no ore.

Mr. Fletcher has served as Consulting Geologist and Ore Buyer for Cia. Metalurgica de Penoles, the Mexico subsidiary of American Metals Company, for many years and has done Geological Consultation in the Terlingua Quicksilver District since he was first retained by the late Howard E. Perry in the early 1930's to geologize the Chisos, Rainbow and Mariposa Mines.

The absence of ore is further confirmed by the samples taken by Mr. Williams, former DMEA Executive Officer, whose samples reported in his letter dated May 15, 1953, were cut from carefully selected best showings which covered no appreciable area are as set forth on the attached "DMEA Sample Tabulation."

Such samples cannot be representative because of the erratic occurence of cinnabar and because the samples are usually cut from the spots where bright red showings of cinnabar in pods and seams attract attention. Tonnage samples, however, actually

Docket DMEA-2202
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas

Operator's Final Report

run through the furnace provide indisputable proof of "ore value" on an actual operating basis.

The fact remains that there is no discernible tonnage which can be estimated as to grade or quantity in keeping with accepted engineering practices.

Therefore, since the small production from 373 tons of muck saved from exploration produced an average of 3.6 pounds of mercury per ton worth a gross value of $2.50 per pounds, the following results would be apparent:

Tons in which DMEA may have interest	373
Pounds of Hg. per ton	3.6
Total pounds Hg.	1,342.8
Average price per pound received on sale	$2.50
Total Gross Receipts from Production incidental to Exploration and Furnace Tests	$3,356.00

The attached Statement of Production and Sales shows Operator's costs not including mining, sorting or handling of the "ore" underground.

If it is the purpose of DMEA to add to the Operator's loss on the cost for having conducted these tests, should the Operator presume that he must comply?

The leases have been forfeited because the Operator had no funds with which to retain them.

It is respectfully requested that Certification of this Project be set aside; reference is made to our letter addressed to Mr. C. O. Mittendorf, Administrator, dated January 21, 1954, in which many of the facts stated herein are outlined.

Thanking you for your careful consideration, assuring you of our willingness and ability to substantiate the statements made, and certifying the foregoing to be true and correct to the best of my knowledge and belief, I am

Sincerely,

R. N. Pulliam
General Superintendent

June 23, 1954

Docket DMEA-2202
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Schedule No. 1

FURNACE SCHEDULE

Produced From	Number Tons Ore	Number Flasks
Furnace Ore Bin - Mined 1944	90	
Surface Bin " "	25	23
High Grade Fines in Old Stope Mined in 1944	39.5	—
Totals for June, 1953	154.5	23
Sorted Out of Project No. 3 Muck	251.9	14
Drift No. 25, Mined 1944	40	—
Totals for July, 1953	291.9	14
Maggie Mine High Grade Ore - Mined 1947	4	5
Large Sample Mined from Old Stope near Project 1	38	
Sorted out of Project No. 3 Muck	40.8	5
Large-Scale Samples 3A and 3B	80	—
Totals for August, 1953	162.8	10
TOTALS	609.2	47

Docket DMEA-2202
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Schedule No. 2

DMEA SAMPLE TABULATION

From Joplin DMEA Letter 5-15-53

Assay No.	Sample No.	Hg. Content %	Where Cut
645171	3-A-W1	0.47%	46' in Project No. 3
172	3-1-W2	0.10%	Project 3- ?
173	3-3-W3	0.64%	54' in Proj. 3
174	3-4-W4	0.08%	Proj. 3 "
175	6-L1-W5	0.17%	Proj. 6 Left

From Assay Report dated 7-9-53

651136	W-1	0.01	S.E. Corner Shaft 12-22'
137	W-2	0.01	Proj. 1 Raise
138	W-3	0.06	West Wall 3A Cross Cut
139	W-4	0.09	West Wall 3B Cross Cut
140	W-5	0.22	East Wall 3B Cross Cut

Docket DMEA-2202
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Schedule No. 3

STATEMENT OF PRODUCTION AND SALES

Number Flasks	Date Sold	Price Per Flask	Buyer	Total Value
6	7-20-53	$191.00	Mine & Smelter Supply Co. El Paso, Texas	$1,146.00
6	7-23-53	191.00	" " "	1,146.00
25	7-31-53	189.00	American Meter Co. Erie, Pa.	4,725.00
6	8-7-53	190.00	Mine & Smelter Supply Co.	1,140.00
4	8-21-53	189.00	" " "	756.00
	Total Sales of Mercury			$8,913.00

DEDUCTIONS - Cost of Operations from Mouth of Mine

Hauling		$1,315.67	
Smelting and Refining		6,080.37	
Marketing Expense			
Cost of Flasks 47 @ $1.50 ea.	$ 70.50		
Freight & Insurance	249.46		
Sales Commissions Paid	47.25		
Sales Communications	19.61	386.82	
Total Deductions			7,782.86
Net Value			$1,130.14

ROYALTIES

The State of Texas 6.25% of Net Value	$ 70.69	
E. G. & Elizabeth Bledsoe 5% of Total Sales of Mercury	445.65	
Total Royalties		516.34
Net Proceeds before any cost for Mining or Hand-Sorting Underground		$ 613.80

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
[redacted]

P. O. Box #431
Joplin, Missouri

June 28, 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 Company
Alpine, Texas

Dear Mr. Selfridge:

With reference to your May 17 letter to me, the original and two copies of the Operator's Final "Geology and Engineering" Report, as received today, are transmitted herewith. The last copy is being retained in the Field Office file.

In the light of the Operator's Interim Report, maps, etc., supplemented by the report by Mr. A. N. Fletcher, Consulting Geologist, obtained by the Field Team May 25, 1953, acceptance of the first above-mentioned Operator's Final Report, as such, is hereby recommended.

Then every effort will be made to complete the Field Team's Final Report on the subject project and have it in your hands by mid-July.

Sincerely yours,

Clinton C. Knox

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

CCK/vks

Enclosures

cc: Operating Committee (2)
Mr. Finch (1)
Docket File (2)

RECEIVED
MINERALS TECHNOLOGY
DIVISION

JUN 28 1954

BUREAU OF MINES
JOPLIN, MO.

June 23, 1954

Mr. Clinton C. Knox, Executive Officer
DMEA Field Team, Region VI
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 the copy of your letter of June 21.

In accordance with the suggestion contained in your letter of June 17, I have prepared and am inclosing herewith the narrative part, pertaining to "Geology and Engineering", of the Operator's Final Report. I have prepared this to the best of my understanding as to what may be desired.

I presume that a number of questions will possibly arise which may not have been fully answered, and I assure you that I shall be happy to try to provide upon request any additional information which you or anyone else may desire.

We are continuing our circulation of bid invitations in an effort to dispose of the jointly-owned equipment at the best possible price.

With kindest personal regards, I remain

Sincerely,

R. N. Pulliam, President
AMERIMEX MINING COMPANY

RNP:L
Incl: Final Report
(Narrative)

RECEIVED
MINERALS TECHNOLOGY
DIVISION
JUN 28 1954
BUREAU OF MINES
JOPLIN, MO.

Docket DMEA-2202
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas

JUN 23 1954

OPERATOR'S FINAL REPORT

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Operations under the subject Contract began January 12, 1953, and continued without interruption until August 19, 1953.

Suspension of operations on August 19, 1953, was forced by failure of DMEA to release reimbursements anticipated by the Operator for the month of June.

Until August 7, the Operator was blissfully ignorant as to why the reimbursement for June had not been received and was unaware that properly documented disbursements which had been made, reported, certified and reimbursed by DMEA could be retroactively disallowed and withheld from current reimbursements to the destruction of the Project.

During the Interim Audit, August 7 through 11, many exceptions were taken on the basis of far-reaching interpretations of the Contract not previously understood by the Operator and not previously applied by those DMEA Officials who audited and certified the Monthly Reports.

Since the Operator had no funds except the expected reimbursements for June, July and August, it was apparent that unless all or substantially all of the anticipated reimbursements were received, it would not be possible to complete the Project.

The Auditor and the Field Team were shown bank notice of extensive overdrafts, and the Operator explained that unless all or substantially all of the June reimbursement claimed was received by August 14, the Operator could not meet the payroll for that period and would be obliged to suspend operations pending final settlement of the Interim Audit Disallowances and formal Reclaim.

When no funds were received on August 14, mine work was suspended effective August 19, and only a skeleton crew continued work for the remainder of the month, preparing for a long

suspension of work. Of this crew, two men were retained at half of their regular salaries to protect and preserve the jointly-owned equipment, materials and supplies until December 1, 1953. Since that date, only one watchman has been retained to look after the property.

EXPLORATION

Exploration completed under the subject Contract has been reported previously during each month of the operation; however, in retrospect, vastly different significance appears in consideration of some of the work accomplished; and a summary of the results of each project may be informative.

Project No. 1

This project seemed to have promise from its start, and intermittent showings along good structural trends seemed to occur anew as hopes waned, continuing to justify work until the footage had been exhausted without success.

Project No. 3

Project No. 3 Drift, driven S. 80° E a distance of 136' 6", encountered mercury showings 14 feet from the place of beginning. These slight, irregular showings occurred where the work encountered and followed a series of small parallel fractures and an old water course into which Del Rio clay had slumped to form a V-like fold along the back of the drift, while the walls were principally Georgetown limestone. The mineralization, which was most irregular and erratic, occurred intermittently along the structure 14 feet from the beginning of Project 3 Drift, a distance of 102 feet, to within 20 feet of the face of the drift.

Crosscut 3A was driven N 14° E from a point 53 feet from the start of Project No. 3 Drift a distance of 35 lineal feet following a zone of structural weakness manifested by fracturing and alteration of the Georgetown limestone and a slumping of the Del Rio clay similar to the structure followed by Project 3 Drift but more pronounced and better mineralized. This structure followed by Crosscut 3A terminated against a solid limestone fault wall trending about S 80° E.

The 3A Raise was driven almost vertically from a point 35 feet from the start of Crosscut 3A along the limestone fault wall

Contractor's Final Report

construction of work. Of this sum, two men were retained as part of their regular salaries to protect and preserve the totally-owned equipment, materials and supplies until December 1, 1948. Since that date, only one watchman has been retained to look after the property.

EXPLANATION

Explanation completed under the subject contract has been received gradually during each month of the operation; however, in retrospect, vastly different significance appears in connection of some of the work accomplished; and a summary of the results of such projects may be informative.

Project No. 1

While projects seemed to have resulted from the start, and international shortage along road structural trends seemed to count error on hopes named, continuing to justify work until the footage had been exhausted without success.

Project No. 2

Project No. 2 Drift, Station 9. 800 ft. distance of 1500 ft. encountered recently shortage in test from the place of beginning. Those slight, transverse shortage occurred where the work encountered and followed a series of small vertical fractures and at the water course into which Del Rio clay had changed to form a 4-inch fold about the base of the drift, while the walls were particularly damage-able lamestone. The mineralization, which was more transparent and crystalic, occurred intermittently along the structure in fact from the beginning of Projects 2 Drift, a distance of 1500 feet, to within 40 feet of the face of the drift.

Project 2A was driven 1 140 ft from a point 40 feet from the north of Project No. 2 Drift a distance of 2A Lateral feet following a zone of structural weakness manifested by fracturing and alteration of the Georgetown limestone and a situation of the Del Rio clay similar to the structure followed by Project 2 Drift but more pronounced and better mineralized. This structure terminated by intersect of terminated against a solid limestone fault wall trending about 1 800 S.

The 2A raise was driven almost vertically from a point 40 feet from the start of crosscut 2A along the limestone fault wall

a distance of 25 feet where mineralization seemed confined to small paper-thin seams in Del Rio clay and halos of alteration around Georgetown boulders in a narrow contact zone between the Del Rio clay and the vertical limestone fault wall.

3B Crosscut was driven N 38° E a distance of 40 feet from a point 110 lineal feet from the start of Project No. 3 Drift in an effort to intersect Churn Drill Hole No. 8. The first 10 or 12 feet of this work was in slightly fractured limestone showing very little mineralization. At that point, the small fractures opened and another slumped zone was encountered, which terminated 32 feet from the start of 3B Crosscut against the same limestone fault wall which cut off the mineralization in 3A Crosscut.

3B Raise was driven from a point 32 feet from the start of 3B Crosscut vertically 23 feet along the fault wall following irregular mineralization, and 3B Sub-level was driven from the top of 3B Raise along the fault wall some 32 feet west and 12 feet east in an effort to follow mineralization along the contact, but the irregular showings seemed to cease altogether.

Exclusive of the 14 lineal feet of Project No. 3 Drift before mineralization was encountered and 20 feet at the end when no mineralization persisted, as well as some 88 feet where Crosscut 3A was extended into limestone beyond the fault wall in an effort to cut parallel fractures, totaling 122 lineal feet deducted from the total footage of 452 feet of exploratory mine openings driven in Project No. 3, it will be noted that 330 lineal feet of 5' x 7' exploratory mine opening was completed in what might be called the mineralized area. Therefore, at 35 cubic feet per lineal foot, 11,550 cubic feet was broken in so called mineralized ground; and allowing 1/6 for increased volume due to breakage, we have 13,475 cu. ft. weighing an estimated 120 pounds per cubic foot, or a total of 1,616,000 pounds, or 808 tons.

Therefore, 808 tons of muck were removed from the workings in exploring the mineralized area of Project No. 3. In addition to this, an estimated 200 tons of rock was scaled from the walls in Projects 3A and 3B, making an estimated total of 1,008 tons of material moved out of the Project 3 Area, out of which was sorted approximately 373 tons of material finally fed to the furnace.

The muck from workings in the Project No. 3 Area was hand-sorted <u>four</u> times and was reduced by approximately 2/3 of its original volume to produce a furnace test material containing an average of 3.6 pounds of mercury per ton. The muck was first sorted at the

Contractor's Final Report

a distance of 1.5 feet there intermediation zones combined to create open-pit zones in both the clay and layer of alluvium around depressions be ldere in a manner confined were between the top of the clay and the vertical limestone fault wall.

Excavation was carried a 100 ft. a distance of 1.5 feet from a vertical fault. Based fact was the start of trenches 1a. Starting at a point to the intersection Dwell Hole 1a. 6. Also start at an 18 feet of total work was in slightly fractured limestone showing very little mineralization. At that point, the small trenches opened into another altered zone was encountered, which terminated at 7 feet from the start of 5ft transect against the same limestone fault wall which cut off the mineralization in the Overburden.

Starting was driven from a point at 1 feet from the start of 1ft transect vertically 25 feet along the fault wall following intermediate mineralization, and 5ft mid-level was driven from the to of 5ft holes along the fault wall zone 15 feet west and 12 feet east in an effort to follow mineralization along the contact, but the mineralization shortage seemed to cease altogether.

Inactivity of the 5a Mineral Test of Project 1a. 6 Delta. Leaching mineralization was encountered and to test at the end when no mineralization occurred, as well as some 5ft feet where Transect 6 was extended into limestone beyond the fault wall in an effort to cut possible fractures, totaling 115 linear feet excluded from the total footage of 225 feet of exploratory mine operations during in projects No. 6, 7a will be noted that 225 linear feet of 1 x 2 exploratory mine opening was conducted in which might be called the mineralized area. Therefore, at 25 cubic feet per linear foot, 1,,,

working face. That believed to contain mineral was dumped in the old stope, and the waste was discarded.

One or two hand-sorters stayed busy throwing waste out of the mineral dump accumulated in the old stope, and when the "ore" was hoisted to the surface and dumped on the grizzly over the surface bin, the trammer again sorted out waste. When the material was drawn out of the surface bin, trucked to the furnace bin and dumped on the grizzly there, two sorters broke up the large boulders, sorted out waste and fed the material through the jaw crusher.

Mineralization in the Project No. 3 area seems to have been generally confined to the local structures previously described and appears not to penetrate the walls on either side, back or floor of existing mine workings except as small isolated splotches in a few places.

There is no ore reserve, and there is nothing to deserve description as a "discovery".

The mineral showings encountered in Project No. 3, occurring as they do in association with the large fault evident by projection of the many points where it is cut by underground workings, illustrated on the map submitted with Operator's Proposed Amendment dated November 11, 1953, seem to justify further exploration in the area to the east.

Project No. 6

Underground work around the periphery of the sink disclosed several encouraging showings on the 100-foot Level, but it appeared likely that considerably greater depth would have to be attained to reach the Del Rio-Georgetown Contact within the sink fill. Because of bad ventilation and the cost of sinking an interior shaft, plans were made and approved for diamond drilling the sink from the 100-foot Level. The drilling was never done because the project was suspended and never resumed.

Project No. 7

This project proved to justify no further work after one lateral diamond drill hole failed to cut any structure of interest.

Project No. 8

This project was amended to permit the drilling of a vertical fan of diamond drill holes from the designated underground

station. Drilling proved the existence of a deep, wide clay breccia-filled fault or sink structure, but the fill was so badly broken and loose that it was not possible to drill far into the fill or to recover core satisfactorily. Casing failed to provde a solution to the problem.

Project No. 12

This project - which originally provided for trenching on the surface with a bulldozer and for as much as 288 lineal feet of shaft, adit or cuts - was subsequently amended to permit the sinking of a shaft on the site of Churn Drill Hole No. 7 after surface bulldozer trenching had failed to be productive because of the hardness of the Del Rio Clay, which defied cutting to adequate depth with the dozer blade.

Shaft No. 12 showed good indications of mineralization at 30 to 35 feet in depth against the limestone fault wall where the Del Rio clay lay against it. The shaft had attained a depth of 49 feet with a 12-ft. drift from the crosscut driven 14 feet from the shaft bottom to the limestone contact.

The Del Rio clay in which the shaft was sunk contained large boulders of limestone of various sizes which gave much trouble in either over-breaking or failing to break and sticking out in the shaft, necessitating removal. There were also unaccountable loose areas in the clay which caused over-breakage.

Nothing which could properly be described as ore was found in Project No. 12 Shaft.

Summarizing all exploratory work completed under the subject Contract, it may be said that Projects 3, 6, 8 and 12 appear to have resulted in sufficient encouragement to warrant considerably more exploration; but there is no ore reserve, and there is no occurence of probable or possible ore of grade or quantity to warrant any tonnage estimate.

PRODUCTION

The Operator had a lease on the mine property; but since the surface rights, the buildings, the ore bins and the furnace are owned as a separate estate in which the mine owners own but a one-half undivided interest, it was necessary to obtain a separate

lease from each of the joint owners before the Operator was privileged to use these facilities. The leases were finally concluded on March 20, 1953, at a total cost of $350.00 per month paid exclusively by the Operator.

The Operator acquired the leases because he wanted to run some large-scale production tests, as it is common knowledge in the Terlingua District that mercury ore is so erratic in its occurence and as to grade that sampling and assaying are not reliable.

The bins and chutes were filled with low grade ore owned by the Lessors and such ore did not become the property of the Operator until acquired under leases on the surface, buildings and equipment - in no way connected with the DMEA Project.

It was necessary to empty the bins and chutes before new material could be put into them and furnaced. This was discussed with the Field Team, and Operator was assured that the Government would have no interest in "ore" previously mined.

The "Furnace Schedule," Schedule No. 1 attached herewith, shows the source and estimated tonnages of "ore" furnaced and the total tonnage and production therefrom based on carefully maintained records posted daily throughout the furnace operation.

From this record, it will be seen that a total of 609.2 short tons of material were furnaced, of which 251.9 tons sorted from Project 3 muck in July and 120.8 tons sorted from muck and scaled from walls in Project 3, 3A and 3B during August, totaling 372.7 tons, were all that could be attributed to the Exploration Project.

Since the month of July shows 40 tons of "ore" from production and 251.9 tons from the Project 3 exploration, this should provide a fair average on which to estimate mercury content of Project No. 3 "ore" despite the fact that the material from Drift No. 25 was probably of better grade. The average per-ton mercury content of all "ore" treated for July is 3.6 pounds per ton, or 1.2 pounds per ton if it is taken into account that an estimated 2 tons were discarded to produce one ton of "ore" containing 3.6 pounds of metal.

The "Statement of Production and Sales", Schedule No. 3 attached, shows: the number of flasks sold, the date of each sale,

Operator's Final Report

Leases from each of the joint owners before the Operator was invited to use these facilities. The leases were finally consolidated on March 31, 1958, at a total cost of $800.00 per month which evaluated by the Operator.

The Operator acquired the leases has been in contact to grant some large-scale exploration tests, as it is common knowledge, the Operator Mining Market Report only has to be careful in the conversion and on the whole that geology and analysis are not reliable.

The plans and chronos were filled with low grade ore owned by the landowner and so ore did not become the property of the Operator until acquired under leases on the surface, buildings and equipment - in no way connected with the 'RRA' project.

It was necessary to equip the plans and chronos before raw materials could be put into them and processed. Like the chronos with the plant here, and Operator was assured that the government would have no interest in "ore" already daily mined.

The "Summary Schedule," Schedule No. 1 provided herewith, shows the tonnage and estimated tonnages of "ore" processed and the total tonnage and production figures for the operation based on generally satisfactory results obtained daily throughout the Operator operations.

From this record, it will be seen that a total of 7[illegible],9 short tons of material were processed, of which 8[illegible] tons came from Project 3 mock in July and 1[illegible],3 tons came from Project 3 mock in July and 1[illegible],3 tons came from Project 3 mock in July and 1[illegible],3 tons came from Project 3, 4a and 5a during August, total 1[illegible],9 tons, were all that could be attributed to the "Operation Project".

Since the month of July there 40 tons of "ore" from Operation and 8[illegible],2 tons from the Project 3 concentration, which should provide a fair average on which to estimate recovery contents of Project No. 3 "ore" despite the fact that the material from Project No. 3a was probably of better grade. The average recovery content of all "ore" treated for July in 7.3 pounds per ton, or 3.6 pounds per ton if it is taken into account that on estimated 8 tons were discarded to produce one ton [illegible] of "ore" containing 6.5 pounds of metal.

The "Statement of Production and Sales", Schedule No. 3 attached, shows: the number of Tiania sold, the date of each sale,

the unit price paid, name and address of each buyer, total amount paid and the total costs deducted after the "ore" left the mine portal.

The costs deducted are for hauling, smelting and refining, cost of mercury flasks, freight and insurance, sales commissions paid, sale communications expense, and royalties paid to the State of Texas and to the Lessors.

After these deductions, net proceeds in the amount of $613.80 is shown on production with a gross value of $8,913.00; however, if the cost of mining, tramming and hand sorting is taken into account, it is apparent that a serious loss was sustained.

Only 19 flasks at most were produced from Project No. 3 muck, and the remainder resulted principally from high grade fines and ore in bins mined in 1944 and in no way a result of the DMEA Project. Had the entire production been derived from Project No. 3 the loss obviously would have been proportionately greater, and it seems that the furnace production tests prove beyond reasonable doubt that even if a substantial occurence of ore of the same grade as that removed during exploration existed in the Project 3 area, averaging 1.2 pounds per ton, production cannot be economically feasible now or in the forseeable future. However, it is not believed possible to make any estimate as to grade or quantity of any ore occurence resulting from the exploration work.

Operator's Final Report

CONCLUSION

From the production tests described herein on the basis of factual recorded information, it is apparent that only the mercury mineralization encountered in the Project No. 3 Area can be described as significant.

It appeared for a time that the area bounded by Project No. 3 Drift, Crosscut 3A and Crosscut 3B formed an orebody, but subsequent scaling of the walls in 3A and 3B showed that mineralization was confined to the small local structures and failed to persist on both sides of the mine workings.

As previously stated, it was necessary to hand-sort the muck from Project No. 3 area four times in order to save 1/3 of it to be tested in the furnace; and the furnace tests proved this "ore" to contain only 3.6 pounds of mercury per ton after sorting, or approximately 1.2 pounds of mercury per ton before hand-sorting. There is, therefore, nothing to indicate that ore of present or future commercial importance was discovered, and no reserve can be estimated as to grade or quantity.

The absence of ore is confirmed by the Geological Reports of Mr. A. R. Fletcher, E. M., whose Reports dated May 14, 1953, and September 12, 1953, make no mention of ore reserves or ore discoveries, except to say in the Report of May 14, 1953, that there is no ore.

Mr. Fletcher has served as Consulting Geologist and Ore Buyer for Cia. Metalurgica de Penoles, the Mexico subsidiary of American Metals Company, for many years and has done Geological Consultation in the Terlingua Quicksilver District since he was first retained by the late Howard E. Perry in the early 1930's to geologize the Chisos, Rainbow and Mariposa Mines.

The absence of ore is further confirmed by the samples taken by Mr. Williams, former DMEA Executive Officer, whose samples reported in his letter dated May 15, 1953, were cut from carefully selected best showings which covered no appreciable area are as set forth on the attached "DMEA Sample Tabulation."

Such samples cannot be representative because of the erratic occurence of cinnabar and because the samples are usually cut from the spots where bright red showings of cinnabar in pods and seams attract attention. Tonnage samples, however, actually

Operator's Final Report

CONCLUSION

From the production tests described herein on the basis of recent recorded information, it is apparent that only the ore mineralization encountered in the Project No. 2 Mine can be described as significant.

It appeared for a time that the area bounded by Project No. 2 Drift, Crosscut 2A and Crosscut 3A could be orebody, but subsequent sampling of the walls in 2A and 3A showed that mineralization was confined to the small local stringers and failed to persist on both sides of the mine workings.

As previously stated, it was necessary to hand-sort the muck from Project No. 2 some four times in order to save 1/3 of it to be tested in the furnace; and the furnace tests proved this "ore" to contain only 3.4 pounds of recovery per ton after sorting, or approximately 1.2 pounds of recovery per ton before hand-sorting. There is, therefore, nothing to indicate that any of measure or future commercial importance was discovered, and no reserve can be estimated as to grade or quantity.

The absence of ore is confirmed by the geological reports of Mr. R. Fletcher, E. M., whose Reports dated Jan 14, 1959, and September 22, 1959, make no mention of ore recovered or ore discovered, except to say in the Report of May 14, 1959, that there is no ore.

Mr. Fletcher has served as Consulting Geologist and has longer for the Metalurgicos de Mexico, the Mexico subsidiary of American Metals Company, for many years and has done technical consultation in the Terlingua Quicksilver District since he was first retained by the late Morris . Henry in the early 1950's to reclassify the Ojinos, Rainbow and Terlingua Mines.

The absence of ore is further confirmed by the samples taken by Mr. Villaseñor, former Mexican Executive Officer, whose samples reported in his letter dated May 16, 1959, were out from carefully selected best stringers which covered no appreciable area as had been on the extended "Mexia Jasper Intrusion."

Such samples cannot be representative because of the erratic occurrence of cinnabar and because the samples were usually cut from the more visible bright red stringers of cinnabar in pure red jasper attract attention. Tonnage samples, however, generally

run through the furnace provide indisputable proof of "ore value" on an actual operating basis.

The fact remains that there is no discernible tonnage which can be estimated as to grade or quantity in keeping with accepted engineering practices.

Therefore, since the small production from 373 tons of muck saved from exploration produced an average of 3.6 pounds of mercury per ton worth a gross value of $2.50 per pounds, the following results would be apparent:

Tons in which DMEA may have interest	373
Pounds of Hg. per ton	3.6
Total pounds Hg.	1,342.8
Average price per pound received on sale	$2.50
Total Gross Receipts from Production incidental to Exploration and Furnace Tests	$3,356.00

The attached Statement of Production and Sales shows Operator's costs not including mining, sorting or handling of the "ore" underground.

If it is the purpose of DMEA to add to the Operator's loss on the cost for having conducted these tests, should the Operator presume that he must comply?

The leases have been forfeited because the Operator had no funds with which to retain them.

It is respectfully requested that Certification of this Project be set aside; reference is made to our letter addressed to Mr. C. O. Mittendorf, Administrator, dated January 21, 1954, in which many of the facts stated herein are outlined.

Thanking you for your careful consideration, assuring you of our willingness and ability to substantiate the statements made, and certifying the foregoing to be true and correct to the best of my knowledge and belief, I am

Sincerely,

R. N. Pulliam

R. N. Pulliam
General Superintendent

June 23, 1954

Docket DMEA-2202
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Schedule No. 1

FURNACE SCHEDULE

Produced From	Number Tons Ore	Number Flasks
Furnace Ore Bin - Mined 1944	90	
Surface Bin " "	25	23
High Grade Fines in Old Stope Mined in 1944	39.5	—
Totals for June, 1953	154.5	23
Sorted Out of Project No. 3 Muck	251.9	14
Drift No. 25, Mined 1944	40	—
Totals for July, 1953	291.9	14
Maggie Mine High Grade Ore - Mined 1947	4	5
Large Sample Mined from Old Stope near Project 1	38	
Sorted out of Project No. 3 Muck	40.8	5
Large-Scale Samples 3A and 3B	80	—
Totals for August, 1953	162.8	10
TOTALS	609.2	47

Docket DMEA-2202
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Schedule No. 2

DMEA SAMPLE TABULATION

From Joplin DMEA Letter 5-15-53

Assay No.	Sample No.	% Hg. Content	Where Cut
645171	3-A-W1	0.47%	46' in Project No. 3
172	3-1-W2	0.10%	Project 3- ?
173	3-3-W3	0.64%	54' in Proj. 3
174	3-4-W4	0.08%	Proj. 3 ?
175	6-L1-W5	0.17%	Proj. 6 Left

From Assay Report dated 7-9-53

651136	W-1	0.01	S.E. Corner Shaft 12-22'
137	W-2	0.01	Proj. 1 Raise
138	W-3	0.06	West Wall 3A Cross Cut
139	W-4	0.09	West Wall 3B Cross Cut
140	W-5	0.22	East Wall 3B Cross Cut

Docket DMEA-2202
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Schedule No. 3

STATEMENT OF PRODUCTION AND SALES

Number Flasks	Date Sold	Price Per Flask	Buyer	Total Value
6	7-20-53	$191.00	Mine & Smelter Supply Co. El Paso, Texas	$1,146.00
6	7-23-53	191.00	" " "	1,146.00
25	7-31-53	189.00	American Meter Co. Erie, Pa.	4,725.00
6	8-7-53	190.00	Mine & Smelter Supply Co.	1,140.00
4	8-21-53	189.00	" " "	756.00
	Total Sales of Mercury			$8,913.00

DEDUCTIONS - Cost of Operations from Mouth of Mine

Hauling		$1,315.67	
Smelting and Refining		6,080.37	
Marketing Expense			
Cost of Flasks 47 @ $1.50 ea.	$ 70.50		
Freight & Insurance	249.46		
Sales Commissions Paid	47.25		
Sales Communications	19.61	386.82	
Total Deductions			7,782.86
Net Value			$1,130.14

ROYALTIES

The State of Texas 6.25% of Net Value	$ 70.69	
E. G. & Elizabeth Bledsoe 5% of Total Sales of Mercury	445.65	
Total Royalties		516.34
Net Proceeds before any cost for Mining or Hand-Sorting Underground		$ 613.80

Departm[illegible]of the Interior

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

Defense Minerals Exploration Admin.
14X4401(01) Revolving Fund,
Defense Production Act, Interior (Allocated
Working Fund to the Office of the Secy.)

Chambers
F Z Kronce
Ellis
Selfridge
J Johnson
Rutin

JUN 2[illegible] 1954

2202

MR. CLINTON C. KNOX
EXECUTIVE OFFICER
DMEA FIELD TEAM, REGION VI
P. O. BOX 431
JOPLIN, MISSOURI

REURIET JUNE 21, 1954 AND PULLIAM'S JULY 19, 1954. IT IS PLANNED TO MAKE SETTLEMENT ON AMERIMEX MINING COMPANY WITHIN 30 DAYS. PLEASE ADVISE TEXAS EMPLOYERS' INSURANCE ASSOCIATION AT DALLAS OF THIS INTENT AND ADVISE THAT GOVERNMENT WILL WITHHOLD MONIES FOR ITS ACCOUNT FROM AMERIMEX IF A SUFFICIENT BALANCE IS LEFT IN THE ACCOUNT. ASK THE ASSOCIATION TO POSTPONE ITS SUIT FOR JULY 2 OR 3 FOR TIME BEING.

C. O. Mittendorf (fw)

C. O. MITTENDORF, ADMINISTRATOR

JLChambers/wb
June 25, 1954

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

R.C.G.

Mr. Mittendorf

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
[redacted]

P. O. Box #431
Joplin, Missouri

June 26, 1954

AIRMAIL
Texas Employers' Insurance Association
Employers' Insurance Building
Dallas, Texas

Re: Docket DMA-2202X (mercury)
Amerimex Mining Company
Box 626
Alpine, Texas

Dear Sirs:

Upon being notified by the above-cited company that you were bringing suit to collect payment on the $621.20 note, I advised the Washington Office of the Defense Minerals Exploration Administration.

In response, I have now received the following telegram which I believe you will find self-explanatory:

"Clinton C. Knox, EXECUTIVE OFFICER
DMEA FIELD TEAM REGION VI PO BOX 431 JOPLIN MO
HEURLET JUNE 21 1954 AND PULLIAMS JUNE 19 1954 IT IS PLANNED TO MAKE SETTLEMENT ON AMERIMEX MINING COMPANY WITHIN 30 DAYS PLEASE ADVISE TEXAS EMPLOYERS INSURANCE ASSOCIATION AT DALLAS OF THIS INTENT AND ADVISE THAT GOVERNMENT WILL WITHHOLD MONIES FOR ITS ACCOUNT FROM AMERIMEX IF A SUFFICIENT BALANCE IS LEFT IN THE ACCOUNT ASK THE ASSOCIATION TO POSTPONE ITS SUIT FOR JULY 2 OR 3 FOR TIME BEING

C O MITTENDORF ADMINISTRATOR"

I sincerely hope that you can find it within your power to postpone that threatened suit for July 2 because I am confident that a pleasanter and more equitable way for all parties concerned to affect the settlement, can be found within the next 30 days.

Your kind consideration in this matter will be greatly appreciated. Please do not hesitate to write if there is anything further that I can do.

Very respectfully yours,

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

CCK/vks

cc: Mittendorf (2)
Roberts (1)
Smith (1)
Pulliam (1)
Docket File (1)

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

JUN 25 1954

Mr. Donald T. Finch
DMEA Auditor
224 New Customhouse Building
Denver 2, Colorado

Re: Amerimex Mining Company
Docket No. DMEA-2202
Contract Idm-E468
Presidio County, Texas

Dear Mr. Finch:

I am sending you a copy of a proposed letter drawn by this office for the Operating Committee. Although the Operating Committee has not as of this date passed on the letter it is believed that it will do so early next week.

The copy of the proposed letter is sent to you for information and to direct your attention to the urgency of the situation when you receive Amendment No. 3 to the contract.

Sincerely yours,

(Signed) J. L. Chambers

6-25

Jay L. Chambers, Chief
Contract Administration
and Audit Division

Enclosure

JLChambers/wb
June 25, 1954

Copy to: Docket
Admr. Reading File
Mr. Chambers

Surname 700

F L Knouse
Ellis

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

June 23, 1954

Memorandum

To: Acting Assistant Solicitor

From: Ernest Wm. Ellis, Chief
Rare and Misc. Metals Division

Subject: Combined agreement including terms of proposed Amendment No. 3 (in file) and revised contract termination
Docket No. DMEA-2202 (Mercury)
Contract No. Idm-E468
Amerimex Mining Company

Please prepare an agreement which combines a revised termination to the contract and includes the provisions in the proposed draft of Amendment No. 3 in the file. The effective date of this agreement should precede, if you approve, the termination notice issued January 5, 1954.

Ernest Wm. Ellis

FLKnouse/am
cc to: Docket file
Code 700 contract file
FLKnouse

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
[redacted]

P.O. Box #431
Joplin, Missouri

June 21, 1954

Memorandum

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

From: C. C. Knox, Executive Officer, DMEA Field Team, Reg. VI.

Subject: Current status - DOcket DMA-2202X (mercury)
Amerimex Mining Company
Contract Idm-E468
Presidio County, Tex.

So that your office and that of the Contract Administration & Audit Div., may remain abreast of all aspects of the case of the subject contract terminal settlement in process, copies of another letter received today from the Operator, are enclosed herewith which I believe are self-explanatory.

Any comments, advice, or suggestions the Washington offices might wish to offer, will be welcomed.

Clinton C. Knox
Clinton C. Knox

CCK/vks

Enclosure

cc Operating Committee (1)
Mr. Chambers
Mr. Finch
Mr. Pulliam
Docket File

C
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AMERIMEX MINING COMPANY
INCORPORATED

Box 626
ALPINE, TEXAS

June 19, 1954

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

Re: Docket DMA-2202 (mercury)
Contract Idm-E468
Presidio County, Texas

Dear Clint:

Thank you for the copy of the letter from Mr. George C. Selfridge, Chairman, Operating Committee, dated June 9, for the copy of your reply dated June 15, 1954, and for your letter dated June 17, 1954, just received.

I shall prepare and submit to you as soon as possible the narrative part of the Final Report pertaining to engineering and geology.

No person in all this world is more anxious to complete the disposal of jointly-owned equipment and bring about final settlement of the DMEA contract than I am. I have been here for almost a year without an income trying to wind up the DMEA Contract and the affairs of this company without money or assistance.

The Fresno Mine owners have told me they are not interested in bidding on the equipment and did not even want a list.

In a letter dated June 14, 1954, from Mr. W. J. Jennings of Crowley Tar Products Co., New York, to Mr. C. O. Mittendorf, Mr. Jennings indicated that their Houston Attorney, Mr. B. B. Patterson, believes he may be able to interest someone in El Paso in submitting a "worthwhile bid" when he makes a trip there sometime in July. For this reason, he asks that action be deferred until 'about the end of July'.

I have sent bid invitations to all of the buyers and users of mining equipment in El Paso of whom I have knowledge, but most of the established mines of the area are now shut down and the others are apparently not interested in expanding operations or buying used equipment, materials and supplies.

Joy Manufacturing Company in El Paso expressed no interest in buying back the slusher-scraper or the jacklegs but have been trying to help find buyers for them. They referred one company from Socorro, New Mexico, to me; but they apparently lost interest and never did submit a bid after I told them that DMEA required the best bid out of at least three.

Joy Manufacturing Company did offer to take back the diamond bits and reaming shells, allowing list price less 30% on all good stones recovered and $2.00 per carat for scrap. They also advise that someone who could use the bits in drilling would probably pay better; and since they will presumably pay the price quoted at any time, it seems it would be better to explore the market thoroughly before making such a deal.

Except for dealers who will pay nothing, it seems to me that when anyone buys mining equipment, it is because they have a need for it; and if they need it, they are unwilling to wait to get it.

Some people have recently contacted me, indicating that they may be interested in buying all of the equipment for a lump sum if they are able to get a lease on some property in the Terlingua District where they expect to launch an exploration program. They expect to be able to make a bid by the end of the month, but perhaps I may hear no more from them. They would not even consider the Fresno property.

I, too, thought the bid invitation form certainly lacked sales appeal, but since it is an exact copy insofar as possible, of the form used for sale of Government surplus, I felt certain that any less in the way of formality and protective clauses would be subject to criticism or leave me personally "holding the bag". If Government experts had settled on such a form, I thought it must be the one in general use and acceptable to all concerned.

I suppose that unless DMEA can in some way satisfy Texas Employers' Insurance Association, they will take a judgment on July 2 or 3 when the case is called in the Dallas Court. Then, I suppose they will ask that the judgment be enforced by seizing something and selling it. Unless I can sell something in accordance with the procedure prescribed by DMEA before that time and pay the obligation, I cannot prevent their doing so.

It is a tough assignment - trying to please DMEA and my associates while endeavoring to be fair to the Company's creditors - when neither the Company nor I have any funds with which to do anything.

Several local people have told me they intend to bid on various items. They have no objection to the bid form. They simply have not bid, and it seems that casual inquiry does not induce action. Four years of drought and declining cattle prices have left most of the people around here very low on cash, and there is no mining within several hundred miles although six mines were operating in the Terlingua District during 1942 when prices were low, when there was no DMEA Program and when there was no 23% Depletion Allowance.

Sincerely,

/S/ Bob
R. N. Pulliam, President
AMERIMEX MINING COMPANY

RNP:L

AIRMAIL

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
[redacted]

P. O. Box #431
Joplin, Missouri

June 17, 1954

Airmail

Memorandum

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

From: Clinton C. Knox, Executive Officer, DMEA Field Team, Region VI

Subject: Operator's Report on status of liquidation and request for release of funds - Re: Docket DMA-2202X (mercury)
Amerimex Mining Co.
Contract Idm-E468
Presidio County, Texas

Attached herewith are copies of the subject documents from the Operator and my acknowledgement thereto, all of which I believe are self-explanatory.

Although I claim to know nothing of accounting or contract law, I understood that we had stretched the limit when releasing $2,519 to the Operator last February.

May I suggest, however, that you might consider the Government morally obligated, and possibly legally entitled under Article 8 (b) of the subject contract, promptly to pay directly the $621.20 to the Texas Employers' Insurance Association and the $1,080.43 to the Director of Internal Revenue (see my letter of June 15 to you).

Clinton C. Knox
Clinton C. Knox

CCK/vks
Enclosures

cc Operating Committee
Mr. Chambers
Mr. Finch
Mr. Waldrop
Docket file (2)

DMEA Operating Committee

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
[redacted]

P. O. Box 431
Joplin, Missouri

June 17, 1954

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

Re: Docket DMA-2202X (mercury)
Amerimax Mining Co.
Contract Idm-E468
Presidio County, Texas

Dear Bob:

This is to acknowledge receipt of your letter of June 12 and 13.

From the latter I gathered that you are as dissatisfied as I with Morse Bros. bid for only two of the items offered for sale. I also see no advantage of disposing of just the slusher and welder at such a ridiculously low price and yet being left with all the rest of the things. I had hoped some of the local men or the Fresno mine owners could make a much more reasonable offer for the lot but if it must be sold piece by piece I believe they should be the first given simple invitations to make such offers. Would Joy Manufacturing Co. possibly take the slusher, diamond drill bits, Jack-legs, etc. back?

As for your letter concerning the citation served on your company for the Texas Employers' Insurance Association, I am at a loss to give a reply favorable to you since it is my understanding that I now do not have authority to release any funds during the terminal settlement under the subject contract when action is entirely in the hands of the Contract Administration and Audit Division of DMEA. I have, however, sent copies of your letters and the Citation to Washington and to Mr. Finch and I believe I can assure you that a prompt decision, or any possible relief or advice soon will be forthcoming.

I am sure you appreciate the fact that a prompt liquidation of the jointly owned property, submittal of that statement and claims

for whatever costs you have incurred, probably would strengthen your position substantially as would possibly to some extent even the receipt of your final 'engineering and geologic' report alone. I am in sympathy with you, however, particularly regarding the difficulties encountered in property disposal at that mine at this time. Never-theless, until acceptable liquidation and cost statements are available, the amount percentagewise, being withheld under Article 8 (a) of your contract, will appear to the Washington Office and to me as a hypothetical figure.

Very sincerely yours,

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

CCK/vks

cc: Operating Committee (2)
Mr. Chambers
Mr. Finch
Mr. Waldrop
Docket File

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
[redacted]

P. O. Box #431
Joplin, Missouri

June 15, 1954

Mr. George C. Selfridge, Chairman
Operating Committee
Defense Minerals Exploration Adm.
Washington 25, D. C.

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

Dear Mr. Selfridge:

With regard to mention of the Amendment No. 3 draft in your letter of June 9, 1954, I concurred with Mr. Finch's opinion thereon, given in his letter to Mr. Chambers last February 26. Therefore, since we were all in agreement that your draft of that amendment was substantially the same as ours, I did not realize that any further comments and recommendations were expected beyond those previously expressed in my February 13 justification Memo to you. Perhaps I should have replied so to your March 4 letter and also should have called to your attention the fact that the effective date of Amendment No. 2, you inserted, should be June 18, 1954. I was sure, however, the Legal Counsel would catch that anyhow. 1959?

With regard to disposal of equipment and supplies, the subject Operator early last year was furnished a copy of the form letter attached to DMEA Circular 30 and I discussed it with him on several occasions. I also thought that the 'Invitation to Bid' which the operator reported to have circulated to dealers and users from Denver, Colorado, to Houston, Texas, seemed somewhat cumbersome as an effort toward stimulating buyer interest but Mr. Pulliam informed me when he was in Joplin on May 7, that 'Invitation to Bid' had been prepared in the form used by the Government in obtaining bids on surplus disposal which he preferred. It begins to appear doubtful, however, that anyone will be interested in buying all the salvable equipment and materials at that remote Fresno mine. I have no doubt that Mr. Pulliam will

make an acceptable sale of the items which local ranchers, etc. might wish to use there individually, but those items which can be used only for mining are of little value unless hauled to a possible market area.

For your information and comments, copies of letters received from the subject Operator on June 7, are enclosed herewith. If only one bid is obtained on the entire lot to be disposed of, and that bid appears reasonable and is acceptable to the Operator, should I approve the immediate sale on short notice when requested by the Operator?

From the attached copy of the Operator's May 29 letter to the Director of Internal Revenue, DMEA apparently is authorized to pay the delinquent Federal taxes directly. In a telephone conversation with Mr. Chambers last February, I understood that could be done (also see my March 22 letter to Mr. Bobbitt, U. S. Treasury Department, Austin, Tex.)

I agree with you that because of certain questions which remain unresolved the final report of the Operator may shed some light as also may that of the Field Team, and every effort will be made to have both of those reports submitted to you as soon as possible, even though the liquidation cannot be affected and stated until sometime later.

Very sincerely yours,

Clinton C. Knox

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

CCK/vks

enclosure

cc: DMEA Operating Committee (1)
Don Finch - Denver (1)
Docket File -(3)

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AMERIMEX MINING COMPANY
INCORPORATED

Box 626
ALPINE, TEXAS

June 4, 1954

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

Re: Contract Idm-E468
Amerimex Mining Co.
Fresno Mine
Presidio County, Tex

Dear Clint:

Inclosed are two copies of our letter dated May 29, 1954, addressed to the Director of Internal Revenue, which is self-explanatory.

Last week, a representative of Morse Brothers Machinery Company came here and inspected the equipment materials and supplies owned by Amerimex and the Government. He stated that he would prepare and submit a bid during this week; however, he indicated that he would limit the time for acceptance or rejection to approximately 48 hours. I have asked him not to limit the time so drastically with the understanding that I would get him a decision as quickly as possible. I do not have any idea as to what his decision may be or how much will be offered, but we have had no other real interest evidenced.

Thank you for the copy of your letter dated May 28, 1954. If you receive any information which you are privileged to divulge, we shall be pleased to hear from you.

With all good wishes, I remain

Sincerely,

/s/ Bob
R. N. Pulliam, President
AMERIMEX MINING COMPANY

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May 29, 1954

Director of Internal Revenue
U. S. Treasury Department
Austin 8, Texas

Re: War. #53 Nov 10769
Quarter 9-30-53
War. #300944
1953 Unemployment Tax

Dear Sir:

In accordance with the request of Mr. Walberg, Collection Officer who visited me in Alpine May 28, 1954, there is inclosed herewith a copy of the financial statement of Amerimex Mining Co. as of this date submitted in order that you may understand the financial circumstances of this Company and the reason we have been unable to remit the two delinquent tax items:

Warrant No. 53 Nov. 10769 covering withheld taxes for the quarter ending 9-30-53	$950.86
Plus 5% penalty	47.54
Total	$998.40
Warrant No. 300944 54 Federal Unemployment tax for period 1953	129.57
Plus 5% penalty	6.47
Total	136.04

In the capacity of President of Amerimex Mining Company, a Texas corporation, I authorize the Defense Minerals Exploration Administration to pay directly to the Director of Internal Revenue out of the funds which are being withheld by that Agency pending terminal settlement of DMEA Contract No. Idm-E468 taxes as set forth above.

In view of the fact that our inability to meet these taxes at the time they became due resulted from the unjustified withholding of reimbursements due us which we had every right to anticipate and since this money has been and still is in the possession of an agency of the Federal Government, we believe that it would be serious injustice to impose upon us the interest and penalty which would ordinarily accrue.

Any consideration which you may accord us in this matter will be deeply appreciated, and if it is necessary for us to make formal application for adjustment of such tax or penalty, kindly provide us with proper forms at your convenience.

It has been our desire to conduct our business in such manner as to preclude any possible misunderstanding or difficulty with respect to a Government agency or other creditor, and we are exceedingly grateful for the courtesy and consideration accorded us by each representative of your Department with whom we have had occasion to come in contact.

Sincerely,

R. N. Pulliam, President
AMERIMEX MINING COMPANY

RNP:L
Incl.

CC - Mr. M. G. Walberg
Collection Officer
Box 1327
Pecos, Texas

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

AMERIMEX MINING COMPANY
Incorporated

STATEMENT OF CONDITION
May 29, 1954

A S S E T S

Cash			$ 69.60
Deposits			10.00
Furniture			100.00
Trucks		$5,383.34	
Less reserve for depreciation		2,691.67	2,691.67
Equipment, Materials & Supplies of Salvageable value in which DMEA owns 75% equity	$8,299.85		
Less reserve for depreciation	4,149.92	4,149.93	
Less reserve for 75% equity owned by DMEA		3,112.44	1,037.49
Receivable			
Reimbursement (75%) Claimed of DMEA for Operational Period and for Terminal Period thus far			10,363.15
Total assents			$14,271.91

LIABILITIES AND NET WORTH

Liabilities			
Accrued salaries		2,279.92	
Accounts Payable			
Director of Internal Revenue	1,134.44		
Other	6,085.21	7,219.65	
Mortgages Payable - trucks		1,036.46	
Total Liabilities			10,536.03
Capital			
Common stock		1,500.00	
Surplus		2,235.88	3,735.88
Total Liabilities and Capital			14,271.91

NOTE:

This is to certify that the foregoing statement was compiled to show the estimated present value of our equity in assets and the unpaid accounts and other liabilities as they now exist. In accordance with DMEA requirments, the equipment in which the Government owns a 75% equity is being offered for sale to the highest bidder, and its true value cannot be determined until a sale has actually been consumated.

6/14/54

N.J.

CROWLEY TAR PRODUCTS CO.

271 MADISON AVENUE,
NEW YORK 16

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DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUN 15 1954

June 14, 1954

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

Attention: Mr. C. O. Mittendorf

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

Dear Mr. Mittendorf:

In connection with the proposed sale of equipment assets in the above venture, we have been informed by Mr. R. N. Pulliam that very little interest has been shown on the part of prospective buyers. Therefore, in consideration of our joint interest with the Government in conservation of the assets, we respectfully request that action be deferred by you until about the end of July, enabling our attorneys in Houston to make a trip to El Paso where they believe they may be able to interest certain parties in submitting a worth while proposal for purchasing the bulk of the equipment.

Would appreciate your early word on this.

Yours faithfully,

W. J. Jennings
Secretary

WJJ:m

cc: Mr. Bennett B. Patterson
Houston, Texas

Mr. George Rice, Houston, Texas

Mr. R. N. Pulliam, Alpine, Texas

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AMERIMEX MINING COMPANY
INCORPORATED
Box 626
ALPINE, TEX.

June 13, 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
Fresno Mine
Presidio County, Texas

Dear Clint:

Enclosed is a copy of the letter and bid just received from Morse Brothers Machinery Co. of Denver. They bid $300.00 for the Joy Electric Slusher-Scraper Assembly which cost $1,560.00 and is in new condition. They bid $150.00 on the Lincwelder Assembly which cost $498.01 and is in new condition also.

Several others have indicated that their bids will be forthcoming very soon, but to date no other bids have been received.

There is no kind of activity in the Terlingua District. Practically all of the personnel with know-how are gone. The man-made and natural hardships are so great that few have the courage or resources to try mining.

Local financial difficulties have taken practically all local people out of the market for anything but necessities of life.

I am continuing to make every effort to find a market for the equipment, materials and supplies of Amerimex; and as soon as any other bids are received, I shall send them to you.

With best regards, I remain

Sincerely,

/s/ Bob
R. N. Pulliam, President
AMERIMEX MINING COMPANY

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Incl.

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June 12, 1954

Mr. Tom Roberts, District Manager
Texas Employers' Insurance Association
526 E. Yandell Boulevard
El Paso, Texas

Dear Mr. Roberts: Re: Policy No. 38908

Citation was served today indicating that Texas Employers' Insurance Association has instituted suit against this Company for collection of a promissory note dated November 15, 1953, and due January 15, 1954, in the amount of$621.20 with interest at the rate of 6% per annum and for 10% attorney's fees upon the principal and interest.

There is one mistake in your petition which I am sure both you and I will agree is an error. The Defendant did not refuse to pay you at any time. We want to pay you. We are anxious to pay you and each of our other few creditors at the earliest time possible.

As previously explained to you, Amerimex Mining Company operated under a Defense Minerals Exploration Contract whereby the Government was to have paid 75% of exploration expenses and acquired 75% equity in all equipment, materials and supplies which the Government participated in the purchase of.

By the terms of the DMEA Contract, the Government may withhold 10% of the total sum it may have been called upon to provide under the Contract. In the case of Amerimex, this sum which could be legally withheld pendingterminal settlement of the Contract is $6,000.00; however, the Government had made certain Interim Audit exceptions of sums previously approved, certified and paid to us for which we filed formal Reclaim. According to the Auditor who made the disallowances, practically all were reinstated, and the sum of our claims which we expect DMEA to pay upon terminal settlement is $8,284.62 plus 75% of essential expenses incurred from December 18, 1953, until terminal settlement.

As a prerequisite to terminal settlement, the Government requires that all equipment, materials and supplies be sold at the best price available in order that the Government may recover its 75% share of the proceeds therefrom.

In accordance with this contractual requirement, the equipment, materials and supplies have been offered for sale, and some bids on certain items have been received. We have been told by several persons who have examined the equipment that they will make bids very soon.

It has been our intention to pay you and our other creditors at the earliest possible moment that proceeds from the sale of equipment and release of funds by the Government would make it possible.

During approximately 7 months' operations, our premiums to you totalled $3,651.78, based on a rate of 9.09% on all employees except the commissary attendant, whose rate was 2.81%.

During this time, you were not called upon to pay a claim of any kind; and according to your statement, we are entitled to a substantial premium refund which would almost equal the note owed to you in the amount of $621.20.

Would you be so kind as to advise how much we have coming to us as a refund?

Is there any reason why we could not pay you only the difference between the amount we owe you and the amount which you may owe us?

When a firm or a person is doing everything possible to pay you at the earliest time the money can be obtained with which to pay you and other legitimate creditors, why do you prefer to sue and add unnecessary cost on the total of a note given to you as added evidence of good faith?

When I did business with your firm several years ago under the name of the Bobs Mining company and as long as funds were available under the present Contract, you were paid with reasonable punctuality; and since my earliest contact with your firm, I praised its policies and its personnel - sometimes in the face of bitter criticism. I would never have believed you or your company to be capable of a low blow such as this unnecessary and unwarranted suit.

Sincerely,

R. N. Pulliam, President
AMERIMEX MINING COMPANY

RNP=L

cc Mr. J. Kirby Smith
Employers Insurance Bldg
Dallas, Texas

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AMERIMEX MINING COMPANY
INCORPORATED

Box 626
ALPINE, TEX.

June 12, 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
Fresno Mine
Presidio County, Texas

Dear Clint:

Inclosed is the copy of a Citation served on Amerimex pursuant to the Petition of Texas Employers' Insurance Association for collection of a note in the amount of $621.20 issued in payment of premium on Workmen's Compensation Insurance.

I gave these people the note at the request of Tom Roberts, Manager of the El Paso Office to assure him of our good faith and sincere desire to pay as soon as funds were made available by terminal settlement of our DMEA contract.

At the time the note was given, I had hoped and believed that final settlement of the DMEA contract and release of our funds would be completed before the maturity date of the note.

Furthermore, Mr. Roberts told me that we would have a substantial premium refund on the basis of our perfect safety record, which resulted in no claim being filed for compensation.

Despite the fact that premium refund (in which the Government will participate) is due us, Texas Employers' Insurance Association prefers to sue on the entire value of the note issued in payment of the premium because Amerimex did not have and has not subsequently had the money with which to pay this obligation without breaking its Contract with DMEA, and acting in bad faith toward the few other creditors of the Company.

Would it be possible for you to authorize release of enough money with which to pay this obligation and thus spare us the unnecessary and unwarranted cost of this suit?

If you cannot authorize release of the money, could you persuade these people to defer action until final settlement can be accomplished so that we can pay them?

Thanking you for response at your earliest convenience, I remain

Sincerely,

/s/ Bob
R. N. Pulliam, President
Amerimex Mining Company

RNP/L

Surname
Docket file

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F. L. Krause
Ellis
Boyer
Hoffman
Talbert
Selbridge
F. Johnson
Mitchenday

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

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

JUN - 9 1954

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

Dear Mr. Knox:

This is in response to your letter of May 28, 1954, concerning the final reports of the Operator and Field Team and other related questions.

As regards review of the questions raised by the Operator referred to in our letter to Mr. R. N. Pullium of March 1, 1954, we are of the opinion these questions would be resolved when Amendment No. 3 is executed. A rough draft of this proposed amendment was sent to you with our letter of March 4, 1954, for your comments and recommendations prior to the final drafting of the amendment by this office. The question of the "Notice of Termination of Exploration Project Contract" would be included in and resolved in this amendment.

Because of certain questions in connection with this project which remain unresolved, we shall require that the final report of the Operator for this project be submitted as the report may shed some light on the questions.

A certification of discovery or development under this form of contract covers production from all the land described in the contract for the period described in the contract. This was explained in the Administrator's letter dated March 5, 1954, addressed to Mr. W. J. Jennings, Secretary, N. J. Crowley Tar Products Company, and we see no reason to nullify the certificate of discovery or development.

With regard to the disposal of equipment and supplies purchased for the project, the obligations of the Operator to dispose of these items are outlined in DMEA Circular 30, dated January 28, 1953. You will note in paragraph 2 of the form letter attached to the circular the steps that an operator should take in disposing of

R.C.S.

such property, including advertising (in newspapers and periodicals), posting notices in public places, canvassing users of and dealers in such property, and negotiating with original vendors. The Operator should furnish you with evidence of his efforts to do at least some of these things. The copy of the invitation to bid which we reviewed seemed somewhat cumbersome as an effort toward stimulating buyer interest.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (SAB)

APPROVED:

J. H. Hedges

Member, Bureau of Mines (SAB)

T. P. Thayer

Member, Geological Survey (SAB)

FLKnouse/HCRubin/gla
6-4-54
cc to: Admr. Reading File
Operating Committee
Docket
Messrs. H.M.Meyer, Rm. 2623
B. Gildersleeve, Rm. B-242A, GSA
H. C. Rubin
Code 700
F.L.Knouse

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FILED
9:35 A.M.
Jun 7, 1954
Ed H. Steger, Clerk County Court of
Dallas County Court at Law No. 2
By /s/ Deputy

No. 104584-B

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

To said Honorable Court:

The petition of Texas Employers' Insurance Association, plaintiff, complaining of Amerimex Mining Company, Defendant, would respectfully show the following:

Texas Employers' Insurance Association is a quasi-public corporation duly incorporated and existing under and by virtue of the laws of the State of Texas, with its principal office and place of business in Dallas, Dallas County, Texas; defendant is a Texas corporation with offices at Alpine, Texas, where service of process may be had.

On the 15th day of November, 1953, defendant executed and delivered to plaintiff its promissory note, bearing date on such day and year, and thereby promised plaintiff to pay it, or its order, three (3) months after date, the sum of Six Hundred Twenty-one and 20/100 Dollars ($621.20), with six percent (6%) per annum interest thereon from said date and ten percent (10%) attorney's fees upon the principal and interest, if placed in the hands of an attorney for collection or suit should be brought thereon, after maturity, a true copy of such note being attached hereto and incorporated herein by this reference the same as if fully copied herein.

Plaintiff, being from such date to the present date the legal owner and holder of such note, on the 15th day of February, 1954, after such note was due and payable, made demand of defendant to pay the same, and defendant refusing, placed such note after such maturity in the hands of the undersigned attorney for collection, agreeing with him to pay him the said amount of attorney's fees for his services in connection with such note, which is a reasonable amount therefor.

Though repeated demands have been made by plaintiff upon defendant to pay such note, interest and attorney's fees, the defendant has failed and refused, and still fails and refuses, to pay the same or any part thereof, to plaintiff's damage in the sum of Six Hundred Twenty-one and 20/100 Dollars ($621.20) plus interest and attorney's fees as provided.

Premises considered, plaintiff prays that defendant be cited to appear herein, and that on final hearing it have judgment in such amount, together with interest thereon from this date at the rate of six percent (6%) per annum for costs, and for general relief.

/s/ J. Kirby Smith
J. KIRBY SMITH
Attorney for Plaintiff
Employers Insurance Building
Dallas, Texas
RAndolph 9331

C O P Y

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Form No. 412 Citation

THE STATE OF TEXAS

To

Amerimex Mining Company, Defendant, in the hereinafter styled and numbered cause:

You are hereby commanded to appear before the County Court of Dallas County, at Law No. 2, Dallas County, Texas, to be held at the Courthouse of said County in the City of Dallas, Dallas County, State of Texas, at or before 10 o'clock A.M. on the Monday next after the expiration of twenty days from the date of service hereof, and answer the plaintiff's petition in writing.

in cause No. 104584-B, Styled,
Texas Employers' Insurance Association, a quasi-public corporation duly incorporated

Plaintiff, vs.
Amerimex Mining Company, a Texas Corporation
Defendant, filed in said Court on the 7th day of June A.D. 1954, a copy of which accompanies this citation.

TO THE SHERIFF OR ANY CONSTABLE SERVING THIS WRIT:

If this Citation is not served within ninety days after date of its issuance, it shall be returned unserved.

HEREIN FAIL NOT, but have you then and there this writ, showing how you have executed the same.

WITNESS: ED H STEGER, Clerk of the County Court of Dallas County, at Law No. 2, Dallas County, Texas.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, at Dallas, Texas, this 7th day of June A.D. 1954.

ED H STEGER

Clerk County Court, Dallas County at Law No. 2

Dallas, Texas

By Edyth Brand Deputy,
Edyth Brand

C O P Y

(Served June 12, 1954)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
[redacted]

P. O. Box #431
Joplin, Missouri

May 28, 1954

Mr. George C. Selfridge, Chairman
Operating Committee
Defense Minerals Exploration Adm.
Washington 25, D. C.

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

Dear Mr. Selfridge:

Referring to the request in your letter to me on May 17, 1954, other pressing work has prevented completion of the Field Team's Final Report on the subject project since my letter to the Operating Committee on February 26. Every effort will be made, however, to complete that report for submission to you before June 30.

The date on which the Operator's Final Report will be submitted still is impossible to predict. I assumed that the suggestion in my February 13 Memo for the Government to waive the requirement for the Operator's Final Report under this particular contract, was rejected. Therefore, when Mr. Pulliam, former President of the Amerimex Co., visited this office on May 7, I again urged that the Operator as soon as possible dispose of the jointly owned project property, submit a royalty settlement statement, and have the required Final Report prepared.

I share the concern Mr. Pulliam then expressed: 1) about the proposed legal drafting and approval of No. 3 Amendment; 2) about the results of reviewing "the many factors involved in the termination" of which Mr. Pulliam and presumably the Field Team were to have been advised as per the March 1 letter from Washington to Mr. Pulliam; 3) about the 'Certification' describing "the nature of said discovery.....broadly" as including all the "mercury mineralization.....in irregular fractures along the contact zone.....on lands described", which in no way properly is limited to the actual single small mercury-bearing deposit of possible significance which the project #3 work partially indicated as shown on the map I prepared with my August 27 Interim Project Inspection Report; and, 4) about not having received a single bid on the jointly owned project property as per the attached copy of Mr. Pulliam's May 18 letter to me.

I do not expect the Operator's Final Report will serve any useful purpose to the Government but I did suggest that Mr. Pulliam also could present therein the possible justifications for the proposed Government's adjustment of royalties due, amendment of the 'Certificate of Discovery' and other proposed changes Mr. Pulliam requested which I advised would have to be submitted formally to me in writing.

In the interest of co-ordination, I thought perhaps you would like to give me any available results of the above-mentioned review of the factors involved in this project contract termination, and other information, DMEA Policy, or advice that would be helpful for completion of my Final Report.

Sincerely yours,

Clinton C. Knox

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

CCK/vks

Enclosure

c.c. Mr. Finch - Denver
Mr. Pulliam
Operating Committee (2)
Docket File

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AMERIMEX MINING COMPANY
Incorporated

Box 626
Alpine, Texas

May 18, 1954

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

Re: Contract Idm-E468
Amerimex Mining Co.
Fresno Mine
Presidio County, Texas

Dear Clint:

It is regretable that we did not have opportunity to see you again before leaving Joplin; however, the people who were interested in exploring the possibilities of leasing the Fresno property were unable to reach an agreement with the owners.

It had been my hope that they would lease the property and buy the equipment, materials and supplies in one lump-sum purchase, thus permitting immediate conclusion of the affairs of the Amerimex.

These people are endeavoring to acquire another property in the District; and if they are successful, I feel confident that they would make an immediate offer for the equipment, materials and supplies on which bid proposals have been sent to dealers and users from Denver, Colorado, to Houston,Texas. To date, not one offer has been received.

The Terlingua Quicksilver District where 7 mines were running in 1942 is now devoid of life or even active interest despite the fact that mercury is at the highest price in history and DMEA offers to participate in exploration cost to the extent of 75%. Something is seriously and dangerously wrong with our economy.

I do not believe that it would be possible to sell the equipment, materials and supplies to anyone in this area for as much as it would cost you to drive down here unless someone wants to mine.

I am continuing to send out lists and requests for bids, and I am trying to encourage someone to undertake work in the District and to buy the equipment at fair value.

Thanking you for your pleasant hospitality and with best wishes, I remain

Sincerely,

/s/ Bob
R. N. Pulliam, President
AMERIMEX MINING COMPANY

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SALE OF MINING EQUIPMENT, MATERIALS AND SUPPLIES

Liquidation of Defense Minerals Exploration Administration Project

INVITATION, BID and ACCEPTANCE

DATE OF INVITATION

Offered By: Amerimex Mining Company
Address: P. O. Box 626
Alpine, Texas
Phone 2617

Page No.: 1

Number of pages: 12

INVITATION

Bids will be received in two copies at the above address for purchase and removal of the property listed below and on continuation sheets numbered pages 4 through 12 subject to the General Sale Terms and Conditions set forth herein.

The property described herein may be inspected by appointment or between the hours 8:00 a.m. and 5:00 p.m. on Monday through Saturday by contacting R. N. Pulliam, P. O. Box 626, Telephone No. 2617, Alpine, Te x., who will accompany or direct potential bidders to the Fresno Mine where practically all of the property is located and where an employee of the Company will remain on duty until all property has been disposed of.

For the information of potential bidders, the Fresno Mine is situated 100 miles southwest of Alpine, Texas, via approximately 80 miles of State Highway No. 18, thence some 20 miles via well maintained County road. Local custom truckers charge $75.00 per load of approximately 5 to 7 tons of cargo hauled to or from the property and Alpine, the nearest railroad terminal.

Property must be removed by the successful bidder within ten (10) calender days after notice of award, unless otherwise agreed in writing as a special condition, time to be computed from the date of mailing or otherwise furnishing said notice.

BID	DATE OF BID:

In compliance with the above invitation and subject to all the General Sales Terms and Conditions on the following pages No. 2 and 3 and any special conditions, the undersigned offers and agrees, if this bid be accepted within _____calender days after date (30 calender days if no period be specified by bidder) to purchase any or all of the items described herein upon which prices are quoted, at the price set opposite each item.

Name and Address of Bidder

Signature of Person Authorized to Sign this Bid

Title

ACCEPTANCE BY

Date of Acceptance

Accepted as to Items Numbered:

Name of Contracting Company:

Name and Title of Contracting Officer:

GENERAL SALES TERMS AND CONDITIONS

1. INSPECTION - Bidders are invited and urged to inspect the property to be sold prior to submitting bids. Property will be available for inspection at the places and times specified in the Invitation. In no case will failure to inspect constitute grounds for a claim or for the withdrawal of a bid.

2. CONDITION OF PROPERTY - All property listed herein is offered for sale "as is" and "where is", and without recourse against the Seller. If it is provided herein that the Seller shall load, then "where is" means f.o.b. conveyance at the point specified in the Invitation. The description is based on the best available information, but the Seller makes no guaranty, warranty, or representation, expressed or implied, as to quantity, kind, character, quality, weight, size or description of any of the property, or its fitness for any use or purpose, and no claim will be considered for allowance or adjustment or for rescission of the sale based upon failure of the property to correspond with the standard expected; this is not a sale by sample.

3. CONSIDERATION OF BIDS - The Seller reserves the right to reject any or all bids, to waive any technical defects in bids and, unless otherwise specified by the Seller or by the Bidder, to accept any one item or group of items in the bid, as may be in the best interest of the Seller. Unless otherwise specified, bids must be submitted on the basis of the unit specified for the item in the Invitation, and bids may be submitted on any or all items. In case of error in the extension of prices in the bid, the unit prices will govern.

4. BID GUARANTEE - The Bidder agrees that (1) the bid will not be withdrawn within the time specified for acceptance (30 calender days if no period be specified by the Bidder) and will during that time remain firm and irrevocable, and that (2) the Bidder will pay to the Seller the purchase price of the property in accordance with the bid if accepted. In the event of any default by the Bidder or any failure by the Bidder to comply with all terms and conditions of this contract, any deposit made by the Bidder may be applied by the Seller to any loss, cost and expense occasioned to the Seller thereby, including any loss, cost and expense incurred in selling the property and including any difference between the amount specified in the bid and the amount for which the Seller may sell the property, if the latter amount be less than the former.

5. PAYMENT - Payment of the balance of the purchase price, if a deposit has been made, or otherwise of the full purchase price, shall be made by cash, or by certified check, cashier's check, bank draft, postal or express money order, payable to the Seller. Unless otherwise specified by the Seller, payment of the full purchase price, subject to any adjustment for variation in quantity or weight pursuant to Condition No. 8, must be made prior to the date specified for removal and prior to delivery of any property. If any such adjustment is necessary, then payment must be completed, unless otherwise specified by the Seller, immediately subsequent to adjustment. If the successful Bidder fails to make full and final payment as herein provided, the Seller reserves the right, upon written notice to the successful Bidder, to sell or otherwise dispose of any orall of such property in the Seller's possession and to charge the loss, if any, to the account of the defaulting Bidder. The original Purchaser will in no way be released from full compliance with the terms and conditions of the sale by his resale of the property.

6. TITLE - Title to the items of property sold hereunder shall vest in the Purchaser as and when full and final payment is made, unless otherwise specified by the Seller, and except that if the contract provides that loading will be performed by the Seller, title shall not vest until such loading and such payment are completed.

7. DELIVERY AND REMOVAL OF PROPERTY - The Purchaser shall be entitled to obtain the property upon vesting of title of the property in him, unless otherwise specified in the Invitation to Bid. Delivery shall be at the designated location, and the Purchase shall reimburse the Seller for any damage to Seller's property caused by the removal operations of the Purchaser. If the Purchaser fails to remove the property within the specified time, the Seller shall have the right to charge the Purchaser and collect upon demand a reasonable storage charge if the property is stored on premises owned or controlled by the Seller or store the property elsewhere for the Purchaser's account, and all costs incident to such storing, including the handling and moving charges, shall be borne and paid by the Purchaser; in addition to the foregoing rights, the Seller may, after the expiration of ten (10) days after the date specified for removal, and upon ten (10) days' written notice (calculated from the date of mailing) to the Purchaser (which ten (10) days' written notice may be, at the option of the contracting officer be included either partly or wholly in the ten (10) days specified above or may be in addition thereto), resell the property, applying the proceeds therefrom against the storage and any other costs incurred for Purchaser's account. Any details regarding removal of the property as may not be provided for herein, shall be arranged with the contracting officer, which arrangement shall be reduced to writing.

8. ADJUSTMENT FOR VARIATION IN QUANTITY OR WEIGHT - Any variation between the quantity or weight listed for any item and the quantity or weight of such item tendered or delivered to the Purchaser will be adjusted on the basis of the unit price quoted for such item; but no adjustment for such variation will be made where an award is made on a "price for the lot" basis.

9. RISK OF LOSS - (1) After mailing notice of award, and prior to passage of title to the Purchaser, the Seller will be responsible for the care and protection ofthe property and any loss, damage, or destruction occurring during such period will be adjusted by the contracting officer. (2) After passage of title to the Purchaser, and prior to the date specified for removal, the Seller's responsibility will be limited to the exercise of reasonable care for the protection of the property. (3) After the date specified for removal of the property, all risk of loss, damage or destruction from any cause whatsoever shall be borne by the Purchaser.

10. LIMITATION ON SELLER'S LIABILITY - In any case where liability of the Seller to the Purchaser has been established, the extreme measure of the Seller's liability shall not, in any event, exceed refund of the purchase price or such portion thereof as the Seller may have received.

11. VERBAL MODIFICATIONS - Any oral statement by any representative of the Seller, modifying or changing any conditions of this contract, is an expression of opinion only and confers no right upon the Purchaser.

12. DEFINITIONS- (1) The term "contracting officer" as used herein shall include his duly appointed successor and his duly authorized representative. (2) The term "Seller" as used herein means the person or firm offering the described property for sale.

13. INSTRUCTIONS TO BIDDERS - Bids should be filled out in ink, indelible pencil or typewriter.

Bidder must show total amount bid on last sheet on which a bid is entered.

SALE OF MINING EQUIPMENT, MATERIALS AND SUPPLIES
Liquidation of Defense Minerals Exploration Administration Project

INVITATION, BID and ACCEPTANCE

Item No.	Description of Property	Quantity No. of Units	To be supplied by Bidder: Price Bid Per Unit	Total Price Bid Dollars	Cents
1	Electric Slusher-Scraper Assembly consisting of:				
	Joy Double-Drum Electric Slusher Hoist, Model S-211 Shop 25015 with built-in 5 HP Fairbanks Morse Electric Motor #A-89947, 220/440 Volts, 3-Phase, 60-Cycle, Amperes full load 15.8/7.9, Motor speed 1735, capacity 100 lbs. pull, Hoisting speed 150 ft. per min. full load	1			
	Magnetic Line Starter, 220 or 440 Volt, 5 HP with pushbutton station	1			
	Turntable Mounting for S-211 Hoist	1			
	Joy Amsco Scraper 26" Weight 260 lbs.	1			
	Joy 50-D, 8" Sheave Blocks ball-bearing, quick-opening type with standard hooks	2			
	Joy Eyebolts No. 212-SB	2			
	Joy Wedges No. 212-SB	2			
2	Joy Jack Legs, Jal-48, Shop Nos. 30892 & 30893 with fittings complete for mounting 57 drills	2			
3	Duplex Steam or Air Pump 3"x2"x4", Fairbanks Morse, Shop #768602	1			
4	Gould Portable Centrifugal Water Pump with single cylinder gasoline engine #4670	1			
5	Condor Homoflex Suction Hose 2"x15', with nipple wired in	1			
6	Skil Portable Electric Rotary Hand Saw, Model #107 with 10" blade, 3½" cut, Ser. #894328, 115-Volt, 18-Amps. Complete with steel-carrying case	1			
7.	Black & Decker Vibro Centric Valve Seat Grinder, 110-Volt A.C. Type B, Ser. #1678013 with heavy duty stone dressing tool, Type A and with assorted stones in oak carrying case	1			

Item No.	Description of Property	Quantity No. of Units	To be Supplied by Bidder: Price Bid Per Unit	Total Price Bid Dollars	Cents
8	Lincoln Arc Welder, Lincwelder 180-Amp. D. C. Powered by 2-cylinder air-cooled gasoline engine, weighing a total of 520 lbs excluding weight of convenient 2-wheel trailer on which unit is mounted, Type S-7072, Ser. #A-277966 with following accessories:	1			
	Welding Cable No. 1 - 50'	1			
	A. W. Jackson Rod Holder	1			
	Welding Helmets #401	2			
	Welding Lens #S.V. 10	2			
	Welding Lugs S-225	3			
	Welding Goggles #305	1			
9	Aluminum Water Tanks 1200-gal. estimated cap.	3			
10	Aluminum Water Tank Army Surplus wink tank	1			
11	Kaiser Alloy Steel Plate 3/16" x 72" x 240" weight 918 lbs.	1			
12	Pipe, old for construction 3" without threads in various lengths	370 ft.			
13	Pipe, new black 1-1/4"	987 ft.			
14.	Servel Refrigerator #BR1118, 13 cu. ft. cap. with deep freeze compartment. Bought new in 1953	1			
15.	Servel Regrigerator Model U.M.1100, Ser. #101623, 11 cu. ft. cap. 2-door, old style but in excellent condition	1			
16	Dining Tables, 10-place with stools attached	2			
17	Kitchen Range, Norge 4-burner, with oven, for butane-gas	1			
18	Skil Electric Bench Grinder 1/4-HP, Speed 2850/3450, 115 Volts, 50/60 cycle, 4.2 amps., Max. wheel diameter 6", Ser. #W2719499	1			

Item No.	Description of Property	Quantity No. of Units	To be Supplied by Bidder: Price Bid Per Unit	Total Price Bid Dollars	Cents
19	Carpenter Squares, steel	2			
20	Cross-Cut Hand Saws, Atkins	2			
21	Timber Saw, 36"	1			
22	Timber 2-Man Saw, 72"	1			
23	Bandit Tool for making metal hose clamps	1			
24	Bandit Band 3/8" about 75 ft. long	1 Roll			
25	Bandit Buckles 3/8", about 50	1 Lot			
26	Level, all steel shafting level 24"	1			
27	Toledo Pipe Dies with stock #31, 1/2", 3/4", 1", 3-way	1 Set			
28	Toledo Pipe Dies with rachet stock, #00 3/8" to 3/4"	1 Set			
29	Toledo Pipe Dies #1A with ratchet stock #1A, Ser. #66340, 1", 1-1/4", 1-1/2" & 2"	1 Set			
30	Greenfield Screw Plate in Wooden Case, Little Giant #5 with adjuwtable taps & dies N.C. 1/4"to 3/4"	1 Set			
31	Tube Benders for copper & brass tubing	1 Set			
32	Tube Flaring Tool, 3/8" to 3/4", Imperial Brass Co	1 Set			
33	Tube Cutter #174F, Imperial Brass Co	1			
34	Steel Tape 100-Ft	1			
35	Toledo Pipe Cutter 4"	1			
36	Grease Pump, Alemite for transmission and differential lubrication	1			
37	Suction Oil Gun, Alemite with attachments	1			
38	Oil measuring can, 1-gal. with flexible spout	1			
39	Gasoline cas, 5-gal. Safety Type	2			
40	Alemite Grease Gun	5			

SALE OF MINING EQUIPMENT, MATERIALS AND SUPPLIES
Liquidation of Defense Minerals Exploration Administration Project

INVITATION, BID AND ACCEPTANCE

Item No.	Description of Property	Quantity No. of Units	To be supplied by bidder: Price Bid Per Unit	Total Price Bid Dollars	Cents
41	Foot Adz 4" blade, 30" handle	1			
42	Mueller, 15-pound	1			
43	Blasting Machine, 50-cap Apache Power Co	1			
44	Galvanometer in leather case with shoulder strap for testing electric blasting circuits	1			
45	Adjustable Cutting Dies for Greenfeild Little GiantNo. 5 1/2", 9/16", 5/8", 11/16" 7/8", 1" N. C. Thread	1 set			
46	Lot consisting of: 1 Pipe Tap, Greenfield 1") 1 " " " 3/4") 1 " " " 1/2")	1 Lot			
47	C-Clamps No. 408, 12"	2			
48	Tinners Snips	1 Pr			
49	Hi Lo Salamander, oil-burning shop heater, self-contained	1			
50	Bausch & Lomb Magnifying Glass 5X, 10X & 20X Plastic frame	1			
51	First Aid Kit	1			
	Coleman gasoline lanterns:-				
52	1-Burner	2			
53	2-Burner	1			
54	Butane Hot Plate, 2-burner	1			
55	Lot consisting of: 1 Blacksmith Bit 1/4") 1 " " 5/16") 1 " " 3/8") 1 " " 7/16") 1 " " 1/2")	1 Lot			
56	Pump Oil Cans	3			
57	Large Screen Funnels	2			
58	Filter Funnel	1			
59	Brunton Pocket Transit with leather belt case	1			
60	Bracket Attachment for Brunton to tripod (No tripod is included)	1			
61	Wemco Transformer Oil	5 Gal			

Item No.	Property description	Quantity No. of Units	To be Supplied by Bidder: Price Bid Per Unit	Total Price Bid Dollars	Cents
62	#6 Solid TBWB Elec Wire MHD	218 lbs			
63	#6 Stranded TW Black Electric Wire	1000 ft.			
64	#4 Stranded RH Black Electric Wire	125 ft.			
65	#6 Stranded RR Ruasheath Electric Wire	250 ft.			
66	#16 Galvanized Wire, 50 lbs.	1 roll			
67	Packard High Tension Cable	100 ft.			
68	Lead-Headed Roofing Nails	70 lbs.			
69	Blacksmith Forge & Blower Canedy Ott Mfg. Co., portable	1			
70	Blacksmith Vises, 4" jaws	2			
71	Anvil, 50-lb. Vulcan	1			
72	Blacksmith Forge, (old) uses compressed air	1			
73	Toledo Pipe Vise #3, 4"	1			
74	Machinist Vise, Record 5" jaws	1			
75	Safety Hook, Laughlin, for hoisting cable w/safety snap	1			
76	Mine Windlass, all steel 6-ft	1			
77	Mine Windlass, wood 4-ft	1			
78	Crow Bars, heavy 5' pinch point	4			
79	Blacksmith Tongs	3			
80	Shovel Handles, D-Type	6			
81	Shovels, D-Handle, Round Point #2 (new)	6			
82	Shovels, D-Handle, Round Point #2 (used)	10			
83	Shovels, Long handle, round Point #2 (used)	2			
84	Drift Picks 6-lb w/handles	13			
85	Drift Pick Handles	3			
86	Striking hammers 4-lb w/handles	4			
87	Striking hammers, 8-lb "	6			
88	Railroad Picks with handles	2			

Item No.	Description of Property	Quantity No. of units	To be Supplied by Bidder: Price Bid Per Unit	Total Price Bid Dollars	Cents
89	Bullard Safety Hats, phos.	7			
90	" " " gray	20			
91	Respirators, Dustfoe #2 (new)	18			
92	Mine Lamps, Big Boy 808 carb.	12			
	Tinkin Rock Bits SH (new)				
93	1-1/2"	192			
94	1-5/8"	117			
95	1-3/4"	121			
96	1-7/8"	42			
	Drill SteeL, Timkin H-Thread:				
97	1" Hex x 8'	1 Pc			
98	1" Hex x 6'	7 Pcs			
99	1" Hex x 5'	6			
100	1" Hex x 4'	5			
101	1" Hex x 3'	6			
102	1" Hex x 2'	6			
103	1" Hex x 1'	2			
104	Hole Blowers	2			
	Drill Steel, IR-Thread, Type E:				
105	1" Hex x 6'	1 Pc			
106	1" Hex x 4'	3 Pcs			
107	1" Hex x 2'	2			
108	Jackbits, Carset Carboloy IR-Thread 1/3-4" TYIXCS 4 (used)	2			
109	Air Line Lubricator	4			
110	Air Hose 1" x 50'	4			
111	Air Hose 1" x 24'	4			
112	Air Hose 3/4" x 36'	2			
113	Air Hose 1/2" x 110'	1			
114	Air Hose 3/4" x 10'	4			
115	Water Hose Tonka 1½" x 30' (new)	1			
116	Water Hose 3/8" x 10'	1			
117	Black Pipe 2"	262 ft			
118	Galvanized Pipe 2"	435 ft.			
119	Galvanized Pipe 1"	210 ft.			
120	Black Pipe 3/4"	315 ft.			
121	Black Pipe 1/2"	105 ft.			

SALE OF MINING EQUIPMENT, MATERIALS AND SUPPLIES
Liquidation of Defense Minerals Exploration Administration Project

INVITATION, BID and ACCEPTANCE

Item No.	Description of Property	Quantity # of Units	Price Bid Per Unit (To be supplied by Bidder)	Total Price Bid Dollar	Total Price Bid Cents
122	Lot consisting of: 2½" Globe Valve, Brass 1) 2" " " " 5) 1½" " " " 1) 1" " " " 4) 3/4" " " " 6) 1/2" " " " 2)	1 Lot			
123	Lot consisting of: 2" Gate Valve, Brass 2) 1½" " " " 2) 1" " " " 5) 3/4" " " " 4)	1 Lot			
124	Lot consisting of: 2" Air Cocks, Brass Seat 2) 1" " " " " 3) 3/4" " " " " 3) 1/2" " " " " 3)	1 Lot			
125	Lot consisting of: 1¼" Check Valve, all brass - 1) 1" " " " " 1)	1 Lot			
126	Lot consisting of: 2" Unions, Galvanized 20) 2" Tees 6) 2" Street Ells 90° Galv. 2) 2" Ells 90° 10) 2" Ells 45° 12)	1 Lot			
127	2"x12"x16' Douglas Fir #1	6 pcs.			
128	Lot consisting of: 1½" x 1¼" Bushings 10) 1½" Tees 8) 1½" St. Ells 90° & 45° 6)	1 Lot			
129	Lot consisting of: 1" Unions 24) 1" Tees 10) 1" Ells 45° 12) 1" Ells 90° 6) 1" Short Nipples 2)	1 Lot			
130	3/4" Unions, Galvanized	4			
131	Lot consisting of: 1/8"x1¼"x6' Steel Strap 1 pc) 1/2"x4"x20' Flat Steel 1 pc) 1/4"x4"x17'6" " " 1 pc) 1/2"x20' Mild round steel 2 pcs) 1/2"x17' " " " 1 pc) 1/2"x15' " " " 1 pc)	1 Lot			
132	Lot consisting of: Fleetwood Electric Welding Rod) 1/8 x 5 30 lbs.) 1/8 x 7 30 lbs) 5/32 x 5 30 lbs) 5/32 x 7 30 lbs)	1 Lot			

INVITATION, BID and ACCEPTANCE

Item NO.	Description of Property	Quantity # of Units	To be supplied by bidder: Price Bid Per Unit	Total Price Bid Dollars	Cents
133	Rigid Pipe Wrench 36"	1			
134	" " " 24"	3			
135	" " " 18"	2			
136	" " " 14"	2			
137	Diamond Core Bit, EX Bevel Wall truco R-Quality #RD 7814, 8.21 cts. Bortz at 9.00 plus blank & setting $7.50. Total Cost $81.39 (never used)	1			
138	Diamond Core Bit, EX Bevel Wall Truco R-Quality #2765H, 9.92 cts. Bortz at 9.00 plus blank & setting charges 7.50. Total cost 96.78 (used but good)	1			
139	Reaming Shell, EX Double Tube, Ring Type, R-Quality #RD 7817, 3.94 cts. Bortz at 9.00 plus blank & setting 7.50. Total cost 52.91 (usedbut good)	1			
140 c	Diamond Core Bit, AX, R-Quality #RV 2116, 11.00 cts, Bortz at 9.00 plus blank & setting charge 9.00. Total cost 108.00 (used but good)	1			
141	Reaming Shell, AX Double Tube, Ring Type, R-Quality, #RD7821, 5.20 cts. Bortz at 9.00 plus blank & setting charge 19.00. Total cost 66.10 (used but good)	1			
142	EX Core Drill Rod, 1-ft	1			
143	EX Core Drill Bushings	3			
144	EX Core Drill Carboloy Bits	2			
145	EX Core Drill Barrell Head	1			
146	EX Core Drill Rod Coupling to "A"	1			
147	AXCore Barrel, S. T. 2'	1			
148	AX Core Barrel, Double Tube 5'	1			
149	EX Fishtail Bit	1			
150	EX Cross Chopping Bit	1			
151	AX Core Boxes, Love Corrugated Cardboard Type	15			
152	EX Core Boxes, Love Corrugated Cardboard Type	50			
153	Core Storage Trays 30" x 10'	5			

SALE OF MINING EQUIPMENT, MATERIALS AND SUPPLIES
Liquidation of Defense Minerals Exploration Administration Project

INVITATION, BID and ACCEPTANCE

To be Supplied by Bidder

Item No.	Description of Property	Quantity # Units	Price Bid Per Unit	Total Price Bid Dollars	Cents
154	Lot consisting of:				
	Kitchen Utensils & Supplies)				
	3 Butcher Knives)				
	1 Paring Knife)				
	2 Coffee Pots)				
	1 Bread Board)				
	1 Enamel Pot)				
	1 Food Chopper)				
	1 Blue Roaster)				
	5 Wash basines)				
	4 Blue Bread Pans)				
	1 Tub, Galvanized)				
	2 Buckets ")				
	1 Sauce Pot)	1 Lot			
	3 Bread Pans)				
	1 Dutch oven 16")				
	2 Dippers)				
	1 Ice Pick)				
	1 Beater)				
	1 Grater)				
	1 Knife Hone)				
	1 Flour Sifter)				
	1 Long Fork)				
	1 Rolling Pin)				
	1 Dish Pan)				
	1 Potato Masher)				
	1 Can Opener)				
	24 Tin plates)				
	3 Salt & Pepper Sets)				
	2 Stew pots)				
	2 Storage Cans)				
	24 Stainless Steel Knives)				
	24 " " Forkes)				
	24 " " Spoons)				

TOTAL OF AMOUNTS BID

TOTAL BID FOR ENTIRE LOT (Optional)

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

F. L. Knouse
Ellis
Selfridge.
F. L. Johnson
R. C. Hendry

MAY 17 1954

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

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

Dear Mr. Knox:

Please advise when we may expect to receive the final reports of the Operator and the Field Team for the subject project.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (GCS)

APPROVED:

J. H. Hedges
Member, Bureau of Mines (JHH)

Philip W. Guild
Member, Geological Survey (PWG)

FLKnouse/gla
5/17/54
cc to: Administrator reading file
Operating Committee
Docket
Code 700
FLKnouse

R.C.H.

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

Defense Minerals Administration
RECEIVED
APR 7 1954

2202

[redacted]
P.O. Box #431
Joplin, Missouri

April 5, 1954

Mr. Robert N. Pulliam, President
Amerimex Mining Co.
Box 626
Alpine, Tex.

Re: Contract Idm-E468
Amerimex Mining Co.
Buena Suerte (Fresno Mine)
Presidio County, Tex.

AIRMAIL

Dear Bob:

Your letter of April 1 is hereby acknowledged. I was glad to hear from you at last, and the available information you requested on the recently expanded DMEA program - DMEA Order-1 Amended - is enclosed herewith, along with the requested 10 Application Forms, MF-103.

Your DMEA contract, now in process of terminal settlement, stipulates under Article 11, that: "If the Operator, within 90 days after receipt of written notice from the Government, fails ... to dispose of such property, the Government may itself enter upon the land, take possession of, and remove and dispose", etc. I see no objection, however, to delaying that action as you asked in the letter, for say 30 days until you have had time to submit and receive a decision on the new applications you propose to make to DMEA.

You may rest assured that the further explorations proposed in your letter will be held in strictest confidence, within DMEA as you suggested, so far as Mr. Harris Smith, or anyone else is concerned for that matter.

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

Sincerely yours,

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

CCK/vks

c.c. DMEA Operating Committee (2)
Mr. Don T. Finch
Docket File

~~Mr. Selfridge's copy~~ Docket Copy

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

XXXXXXXXXXXXXXX
P. O. Box 431
Joplin, Missouri

RECEIVED
MAR 25 1954

March 22, 1954

Mr. Colon H. Bobbitt, Acting Chief
Delinquent Accounts & Returns Branch
Collection Division
U. S. Treasury Department
Austin, Texas

Re: DIR:C:DAR:AUS:CHB:rb
Docket DMEA-2202X (mercury)
Contract Idm-E468
Amerimex Mining Co.
Fresno Mine
Box 626, Alpine, Texas

Dear Sir:

This is to acknowledge your letter of March 9, 1954, informing me of the subject Operator's indebtedness to your department in the amount of $1,007.90 for unpaid Federal taxes. Copies of your letter and this reply are being furnished each of the officials listed below, to be taken into account as each eventually becomes entailed in the terminal settlement of the subject project contract with the Defense Minerals Exploration Administration:

Mr. C. O. Mittendorf, Administrator, D.M.E.A., Interior Bldg., Washington 25, D. C.
Mr. G. C. Selfridge, Chairman, Operating Committee, D.M.E.A. Interior Bldg., Washington 25, D. C.
Mr. J. L. Chambers, Chief, Contract Administration and Audit Div., D.M.E.A., Interior Bldg., Washington 25, D.C.
Mr. D. T. Finch, DMEA Auditor, c/o U. S. Bureau of Mines, 224 New Customhouse, Denver 2. Colo.
Mr. E. L. Waldrop, Regional Finance Officer, U. S. Bureau of Mines, 514 Barfield Bldg., Amarillo, Texas
Mr. H. N. Pulliam, President, Amerimex Mining Co., Box 626, Alpine, Tex.

In compliance with your request to be advised of the status of the Operator's claim that $11,374.55 yet is due from the Government, the actual amount is expected to be very considerably

less than that, but determination of the exact amount being withheld yet is subject to the disposal of all salvable, jointly owned equipment, materials, and supplies remaining to be sold since the project work was suspended on August 19, 1953, and then further subject to final audit by the Government before the terminal settlement will be possible.

Under the terms of the subject contract whereby the Government would participate in 75 percent of the incurred exploration project costs, those reimbursement payments to the Operator for the acceptable exploration costs incurred through July, 1953, in accordance with an Interim Audit made on August 9, 1953, totaled $43,612.20. Upon the unauthorized suspension of all project work on August 19, 1953, the Government elected to withhold further payments on the Operator's Vouchers not exceeding the 10 percent permitted under the terms of the subject contract, until the Operator's final engineering and geologic report, and final accounting on the project work had been accepted and the final audit could be completed by the Government.

The DMEA Administrator issued the Operator a "Notice of Termination" of the subject contract on January 5, 1954, instructing disposal of equipment, etc., in which the Government owned an equity.

Based on a more recent investigation at the project site by the DMEA Auditor and myself, however, the DMEA Operating Committee instructed that I could safely authorize the Bureau of Mines' Regional Finance Officer to schedule for release to the Operator an additional $2,519.45 on March 1, 1954. Perhaps the subject Operator has remitted the unpaid Federal taxes to you by this time. If not, I believe sufficient funds yet are being withheld by the Government to cover those taxes, the royalties due the Government on mercury produced from the exploratory project workings, the Government's equity in salvage sales, and the furnishing of acceptable final Operator's reports. I will be glad to notify you, if you desire, before authorizing scheduling of any further disbursements to the subject Operator.

Very sincerely yours,

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

CCK/vim
Enclosure
c.c. Mr. Mittendorf
Mr. Selfridge (2)
Mr. Chambers
Mr. Finch
Mr. Waldrop
Mr. R. N. Pulliam, Box 626, Alpine, Tex.
Docket DMA-2202X

C
O
P
Y

U. S. TREASURY DEPARTMENT
OFFICE OF THE DIRECTOR OF INTERNAL REVENUE
AUSTIN, TEXAS

March 9, 1954

DIR:C:DAR:AUS:CHB:rb

Executive Officer
Defense Minerals Exploration Administration
Department of the Interior
221 West 3rd Street
Joplin, Missouri

Dear Sir:

Amerimex Mining Company, Inc., Box 626, Alpine, Texas, is indebted to our office in the amount of $1007.90 for unpaid Federal taxes. This corporation has informed us that they are unable to meet this obligation because they have not received reimbursement from your agency for an amount of $11,374.55.

It will be appreciated if you will advise us the status of the claim. Your courtesy in this matter will aid us in determining the necessary action to take in the collection of our account.

Yours very truly,

/s/ Colon H. Bobbitt
COLON H. BOBBITT, Acting Chief
Delinquent Accounts & Returns Br.
Collection Division

Surname:
Chambers
J. L. Kenner
Ellis

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

MAR 22 1954

DMEA-2202
AMERIMEX MINING CO.

Texas Employers' Insurance Association
526 East Yandell Boulevard
El Paso, Texas

Attention: Mr. Tom Roberts
District Manager

Gentlemen:

This is in reply to your letter of March 8, 1954 in regard to a contract between the Amerimex Mining Company of Alpine, Texas, and the Defense Minerals Exploration Administration, Washington, D. C.

On March 1, 1954 we sent a telegram to Mr. Clinton C. Knox, Executive Officer of Region VI, located in Joplin, Missouri, authorizing a partial payment of $2,500.00 to the Amerimex Mining Company on their contract.

In the operation of the exploration project a misunderstanding developed between the Amerimex Mining Company and the Government as a result of certain deviations in the contract on the part of the Company, which may result in some disallowances for expenses incurred. It is believed, however, that upon final settlement a balance will be due the Amerimex Company of some three to four thousand dollars. It is difficult to determine at this point the approximate date of final settlement because of the necessity of disposing of equipment, as well as the time it will take to finish the audit, but it should not take more than sixty days.

Sincerely yours,

C. O. Mittendorf

Administrator

JLChambers/wb
March 19, 1954

Copy to: Docket - DMEA-2202
Admr. Reading File
Mr. Ellis
Mr. Chambers

R.C.S. 3-23-54

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

MAR 19 1954

Mr. Donald T. Finch
DMEA Auditor
224 New Customhouse Building
Denver 2, Colorado

Re: Docket DMA-2202X (Mercury)
Amerimax Mining Company
Presidio County, Texas
Contract No. Idm-2468

Dear Mr. Finch:

Reference is made to your letter of March 8, 1954, in regard to certain questions of audit re the above-cited contract.

Unless further information from the Executive Officer of Region VI reveals justifications not heretofore given, there will be no waiver of equipment other than the trucks purchased under this contract. The payments on the arc welder therefore may be allowed on approval of Mr. Knox. It is our understanding that Mr. Knox will assist in disposing of the equipment purchased for the project in which the Government has an interest.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

JLChambers/wb
March 19, 1954

Copy to: Docket
Admr. Reading File
Mr. Chambers

HOMER R. MITCHELL
CHAIRMAN OF THE BOARD

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 11 1954

A. F. ALLEN
PRESIDENT

TEXAS EMPLOYERS' INSURANCE ASSOCIATION

CREATED BY EMPLOYERS' LIABILITY ACT TO INSURE EMPLOYERS AT COST

EL PASO
DISTRICT

EL PASO, TEXAS

526 E. YANDELL BLVD.
PHONE 3-4401

Amer-2202

March 8, 1954.

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

Att: Mr. C. O. Mittendorf, Administrator

Re: Amerimex Mining Company
Alpine, Texas.

Gentlemen:

On January 1, 1953, the Amerimex Mining Company requested that we write Workmen's Compensation insurance for them, and advised us that their operations were to be conducted subject to a Defense Minerals Exploration Administration contract. We subsequently issued the policy and covered these operations until October 16, 1953, when it became necessary to cancel the policy because the monthly premiums were too delinquent.

Mr. R. N. Pulliam, the president of Amerimex Mining Company, advised us that the Defense Minerals Exploration Administration had fallen down in their commitments and that he was negotiating with your Government Agency to recover monies due Amerimex Mining, at which time, he would reimburse us for the unpaid premium of $621.20.

We have contacted Mr. Pulliam repeatedly, and he tells us that your Government Agency has still not settled with him, so we are taking this means of advising you of our interest in any settlement which may be pending.

I hope that you can advise us at an early date as to the status of your negotiations with Amerimex Mining Company.

Yours very truly,

Tom Roberts

TOM ROBERTS
DISTRICT MANAGER

TR/bm

CC: Mr. Clinton C. Knox, Executive Officer
Defense Minerals Exploration Administration

Surname
Docket copy

700

Ellis
Selfridge

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

MAR 5 1954

Hon. Lyndon B. Johnson
United States Senate
Washington 25, D. C.

Re: Docket No. DMEA-2202 (Mercury)
Contract No. Idm-1468
Amerimex Mining Company
Fresno Mine
Presidio County, Texas

My dear Senator Johnson:

Reference is made to your inquiry of February 19, 1954, concerning the captioned project. I have delayed answering your communication for reasons explained by Mr. Ernest Wm. Ellis of our Agency to Mr. Jack Hight of your office in a telephone conversation on February 24.

We are returning the two enclosures forwarded with your letter. Also attached is a copy of letter sent this date to Mr. W. J. Jennings, Secretary, N. J. Crowley Tar Products Company, to whom Mr. Pulliam referred in his letter to me of February 15, with reference to the certification of discovery or development issued by the Defense Minerals Exploration Administration on January 8, 1954.

I will further advise you when we have reached a full determination of the matters now under consideration respecting a final settlement of this project.

Sincerely yours,

E. O. Mitterdorf (for)

Administrator

Enclosures 3

EWEllis/gla
3-4-54
cc to: Adm. Reading File
Docket
Messrs. H.M.Meyer, Rm. 3623
A.R.Kinkel, Jr. Rm. B-242A, GSA
Code 700
F.E.Johnson, Rm.4624
DMEA Field Team, Region VI (2)

R.C.H.
3-5-54

Surname
Doc[illegible] copy

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

Mr. W. J. Jennings, Secretary MAR 5 1954
N. J. Crowley Tar Products Co.
271 Madison Avenue
New York 16, New York

Re: Docket No. DMEA-2202 (Mercury)
Contract No. Idm-2168
Ameriman Mining Company
Fresno Mine
Presidio County, Texas

Dear Mr. Jennings:

This acknowledges receipt of your letter dated February 19, 1954, in reference to the captioned project.

It is noted that you presume this Agency made its own independent investigation on which it based the certification of discovery or development. It is also noted that you state your records do not show how the Government reached the conclusion it did in respect to the matter and that you lack information as to what evidence the Government used as the basis of said document.

First of all, I should like to refer you to Article 9 of the exploration contract: Payment by Operator - (a): "If, at any time, the Government considers that a discovery or a development from which production may be made has resulted from the exploration work, the Government . . . may so certify in writing to the Operator." The decision for such certification rests with the Government and, by nature of it, is for the sole interest of the Government. It does not necessarily follow that production can be made under present conditions. However, if there is a possibility of mining and marketing the reserve indicated by the exploration work within 10 years following the contract date it is our policy to issue a certification of discovery or development.

Before arriving at a decision to issue a certification of discovery or development, a complete report is made by the Field Team which arrives at its conclusions after a field examination. Such information is for the sole use of the Government. In the case of the Fresno Mine it is believed there is a substantial reserve of mercury-bearing material which may or may not be mined within the time limit set forth in the contract. If no mercury is produced and sold within 10 years following the date of the contract, there would

R.C.J. 3-5-54

be no royalties due. However, if mercury is produced and sold, 5 percent of the net returns from the sale of the metal will be due and payable to the Government. In this respect we note that as a result of the work accomplished under the subject contract there has been some production of mercury from the Fresno Mine upon which 5 percent of the sales returns are presently due.

At this writing we are doing everything within our power to come to an equitable agreement with the Operator in concluding the project. However, in the best interest of the Government, we believe it inadvisable to nullify the certification of discovery or development.

I trust this letter clarifies the point in question.

Sincerely yours,

C. O. Mittendorf

Administrator
EWEllis/gla
3-4-54

Copy to: Mr. R. N. Pullian

Hon. Lyndon B. Johnson
United States Senate

cc to: Adm. Reading File
Docket
Messrs. H. M. Meyer, Rm. 3623
A. R. Kinkel, Jr., Rm. B-242A, GSA
Code 700
IMEA Field Team, Region VI (2)
F. E. Johnson

FILE COPY
SURNAME:

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

MAR 4 1954

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

Re: Docket No. DMEA-2202 (Mercury)
Amerimax Mining Company
Fresno Mine
Presidio County, Texas
Contract No. Idm-8468

Dear Mr. Knox:

Reference is made to a telephone call Friday, February 26, 1954, made by Mr. J. L. Chambers of this office to you in regard to the above cited project.

As a result of conferences held by several administrative officers of DMEA to study the Amerimax Mining Company project in light of a preliminary audit report made by Mr. Donald T. Finch of the Contract Administration and Audit Division, it was decided that a further advance of some $2,500.00 to the Operator would be an equitable act. While Mr. Finch's preliminary audit suggested a balance due the Operator of a little over $5,000.00, a study of the items of proposed disallowances has led to the conclusion that there will be a greater amount than $5,000.00 due the Operator.

This conclusion does not in any way reflect upon the findings of the Auditor for the reason that his findings were in line with proposals made by telephone to him and the Executive Officer of Region VI by the Chiefs of the Rare and Miscellaneous Metals Division and the Contract Administration and Audit Division. These proposals were made on the basis of information at hand. Further information received from the Executive Officer, however, indicates that a larger amount is due the Operator and will be paid on the final conclusion and settlement of the project.

This office took under consideration the proposed amendment sent to it by the Executive Officer. The purpose of the proposed amendment was to clarify certain misunderstandings resulting from Amendments Nos. 1 and 2 and to confirm certain oral arrangements made between the Operator and the Field Team of Region VI which were made in the interest of both the Operator

R.C. 3-4-54

and the Government. This office has also considered the preliminary audit report in view of the proposed amendment, and our findings are outlined in this letter. We shall discuss the preliminary audit report in its relation to the proposed amendment in the order of items given in the preliminary audit report, as follows:

I. Operator's Explain for Prior Disallowances

A. Approval subject to amendment submitted for consideration

1. Excess Labor Underground Rehabilitation - $658.32. It is recognized that underground rehabilitation is an item which, in the first place, should have been distributed under items 2, 3, and 4 of Exhibit I and not under item 5. The proposed amendment properly classifies this item so that the money expended for it may be paid under the appropriate classifications. The Washington Office, therefore, agrees with the Executive Officer of the Region and the Auditor.

2. Excess Supervision Underground Rehabilitation - $713.17. This item, also, was classified erroneously in the contract, and the proposed amendment corrects this classification so that supervision for the work may be charged to item 2.

3. Compressor Rental - $405.00. The proposed new amendment merely confirms what was intended in prior amendments, and this item is included merely to carry out the purpose of prior amendments.

4. Repairs to Equipment - $188.32. There is no need to include this item in the proposed amendment since it is not restricted by any maximum and, therefore, can be allowed by the Executive Officer as a payment if, in his opinion, he deems it a necessary and reasonable cost to the project.

B. Approval based on letter from Executive Officer

All the items under this heading, in the total amount of $1,627.38, are allowable under the contract provided the Executive Officer deems them to be necessary and reasonable expenses for the exploration work.

C. Explained Items Disallowed

These six items amount to $1,958.42. The Washington Office agrees that the pro rata share of truck licenses is an

allowable cost of the project. It also believes that items 4 and 5, Travel Expenses, and June Long Distance Telephone Calls, are items for the sole decision of the Executive Officer of the Region. In regard to the other three items mentioned under C, the Washington Office believes they should be disallowed.

II. Disallowed by Final Audit Pending Clarification

There are nineteen of these items listed totaling $6,445.68. With the exception of those mentioned below, the Washington Office believes the disallowances should stand. These which are questioned are discussed as follows:

1. Labor subsequent to August 19, 1953 - $556.50. It is believed that the Operator should be reimbursed for watchmen or caretakers in reasonable amounts from August 19 to January 5, the date of termination of the contract. Only such costs, however, should be considered for reimbursement as were actually incurred.

6. Fuel, Gas & Oil, subsequent to August 19, 1953 - $58.70. If such supplies were necessary to cleaning up or closing the project or caring for it while in suspension, they should be allowed either in part or in entirety, depending upon actual consumption.

9. Equipment rental, subsequent to August 19, 1953 - $1,345.53. If such equipment was actually rented and paid for by the company, other than any equipment which might be owned by Mr. Pullism, himself, or his wife, it would seem equitable that the Operator be reimbursed therefor.

10. Equipment purchases (Installment payment beginning September, 1953) - $857.00. Arrangement has been made with the Operator that the Government shall not pay any installments on the purchased trucks after September 1, 1953. The Government has waived its equity in the trucks, thereby making this item a responsibility of the Operator after September 1, 1953.

17. Air Transport, Long Distance Telephone, and Travel Expense, Pullism - $130.46. The Washington Office believes these are items which must be determined as necessary or unnecessary to the project by the Executive Officer.

18. Accounting, subsequent to August, 1953 - $120.00. This item is another which should be determined by the Executive Officer.

As stated above, the remainder of these nineteen items proposed for disallowance by the Auditor has the concurrence of the Washington Office.

III. Property Subject to Liquidation

The two trucks listed under this heading should be removed from property subject to liquidation as a result of the Government waiving its interest in them as stated above.

For your further information, we are including with this letter a rough draft of a proposed amendment to the contract which is intended to clarify the contract and its Amendments Nos. 1 and 2, and which we believe will allow for the payment of costs outlined in this letter. When actually issued, this amendment may be stated in a little different form in order to conform to certain policies governing the making of amendments by the Washington Office; but the substance will not be changed unless you find defects which, in your opinion, may not permit you to successfully and equitably settle the contract with the Operator.

A copy of this letter is being sent to Mr. Donald T. Finch, Auditor, for his information. The Chief of the Contract Administration and Audit Division, in a covering letter, is advising Mr. Finch to communicate with you if, in his opinion, the proposed amendment is not sufficiently clear for him to make the final audit in the light of instructions and suggestions given in this communication.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (24B)

APPROVED:

J. H. Hedges

Member, Bureau of Mines (24B)

D. M. Larrabee

Member, Geological Survey (24B)

Copy to: Docket
Admr. Reading File
Operating Committee
Mr. Bishop
Mr. Kinkel
Mr. Ellis
Mr. Finch
Mr. Chambers

Enclosure

FILE COPY
SURNAME:
800

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

MAR 3 1954

Mr. Donald T. Finch
DMEA Auditor
224 New Customhouse
Denver 2, Colorado

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

Dear Mr. Finch:

Reference is made to your letter of February 17, 1954, in regard to audit problems relating to the above cited contract.

I have just prepared a letter for the Operating Committee to send to Mr. Clinton C. Knox, Executive Officer of Region VI, setting forth the position of the Washington Office on your preliminary statement in the above mentioned letter. This letter is self-explanatory and becomes the official viewpoint of the Washington Office. A copy is enclosed for your use.

You can readily see that some of the points in your letter of February 17th have been discussed from a viewpoint similar to your letter of February 26, 1954. This is particularly true in regard to the payment of such items as expenses for watchmen or caretakers, and equipment rental during the period from August 19, 1953, to the termination date of the project.

Of course, judgment has to be used in determining the amounts of such costs, keeping in mind their necessity. The question of why the Operator did not terminate such rentals when it became clear that he could not operate the project any longer will have a bearing on allowing these costs. He has acknowledged himself that the financial position of the Company was such that he could not proceed further with the exploration. Since it appears that the Government most probably will owe him less than $7,000.00 he cannot justifiably argue that the Company's poor financial status resulted from the Government's not contributing its part currently. In fact, a review of the application of the Company for this contract shows that the Company had no money to start with.

I merely mention some of these points to show that a great responsibility rests on the judgment of the Executive Officer in making decisions on some of the claims presented by the Operator as being necessary and reasonable for the exploration work.

For your information, I am also sending you a copy of a letter written by Mr. Pullian to Mr. Knox and Mr. Knox's reply thereto in regard to the disposition of certain accounts.

As soon as Mr. Knox approves the proposed Amendment No. 3 it will be immediately issued and upon acceptance by the Operator you will be notified. At the time of this notification it might be necessary for you and Mr. Knox to meet in Amarille for a final conference on the audit. We are anxious that this account be closed as early as possible.

Sincerely yours,

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

Enclosures

JLChambers/ama
March 3, 1954

Copy to: Docket
Admr. Reading File
Mr. Chambers

Surname
Docket copy

700

FLKnouse
Ellis
Rmbrs
Hofflund
Chambers
DeLuzge
Johnson

JLChambers/
FLKnouse/glm 2-26-54

MAR 1 1954 DMEA - Department of the Interior

14X3923.970 Working Fund, DMEA

R. N. PULLIAM, PRESIDENT
AMERIMEX MINING COMPANY
BOX 626
ALPINE, TEXAS

REURTEL FEBRUARY 24, DMEA-2202, AMERIMEX MINING COMPANY HAVE AUTHORIZED RELEASE OF TWENTY-FIVE HUNDRED DOLLARS APPLICABLE TO FINAL SETTLEMENT STOP THE GOVERNMENT HEREBY WAIVES ITS INTEREST IN THE TWO TRUCKS AS OF SEPTEMBER 1, 1953, WITH NO GOVERNMENT OBLIGATION FOR THE TRUCKS THEREAFTER, AS AGREED IN YOUR TELEPHONE CONVERSATION FEBRUARY 25 WITH MR. ELLIS.

C. O. Mittendorf

C. O. MITTENDORF, ADMINISTRATOR

cc to: Adm. Reading File
Docket
Messrs. JLChambers, Rm. 4542
JLHofflund, Rm. 4627
FLKnouse
Code 700
DMEA Field Team, Region vi (2)

R.G.B. 3-1-54

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Docket Copy

706

F. L. Knouse
Ellis
Chambers
Selfridge
FK Johnson

MAR 1 1954

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

Re: Docket No. DMEA-2202 (Mercury)
Contract No. Idm-8468
Fresno Mine
Presidio County, Texas

Dear Mr. Pulliam:

This letter will serve to confirm the contents of my telegram to you dated February 26, 1954, which was as follows:

> REURTEL FEBRUARY 24, DMEA-2202, AMERIKMEX MINING COMPANY HAVE AUTHORIZED RELEASE OF TWENTY-FIVE HUNDRED DOLLARS APPLICABLE TO FINAL SETTLEMENT STOP THE GOVERNMENT HEREBY WAIVES ITS INTEREST IN THE TWO TRUCKS AS OF SEPTEMBER 1, 1953, WITH NO GOVERNMENT OBLIGATION FOR THE TRUCKS THEREAFTER, AS AGREED IN YOUR TELEPHONE CONVERSATION ON FEBRUARY 25 WITH MR. ELLIS.

In order to expedite payment we have released one of your vouchers which is a little less than $2500.00.

Presently we are reviewing all of the many factors involved in the termination of the subject project. Upon completion of said review I will be glad to advise you of our findings.

I trust you will accept this short letter as an acknowledgement of receipt of recent correspondence which will be answered in due time.

Sincerely yours,

C. O. Mittendorf (for)

Administrator

FLKnouse/EWEllis/gla
2-26-54
cc to: Adm. Reading File
Docket File
Messrs. HMMeyer, Rm. 3623
ARKinkel, Jr., B-242A, GSA Bldg.

R. C. L. 3-1-54
J. L. Chambers
FLKnouse
EWEllis
DMEA FT, Reg. VI(2)

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 1 - 1954

224 New Customhouse
Denver 2, Colorado

February 26, 1954

Air Mail

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

Re: Amerimex Mining Company
Alpine, Texas
Contract No. Idm-E468
Docket No. DMA 2202X

Dear Mr. Chambers:

Mr. Talbert has reviewed the rough draft of the proposed Amendment No. 3 to the subject exploration contract which is returned to your office with this letter.

This draft of the amendment is substantially the same as the pencil copy prepared in Alpine and mailed to Washington by Mr. Knox, who also attached a typewritten copy to his letter dated February 13, 1954.

You will recall the operator recessed the exploration operations on August 19, 1953, without authorization from the DMEA Field Team. Your attention, however, is directed to the Notice of Termination dated January 5, 1954, which provides for sundry costs subsequent to the date of the notice.

The answers to your specific questions concerning the sufficiency of amounts for certain categories of costs as provided in the rough draft of Amendment No. 3 are based on the assumption that the operator's claims for costs incurred subsequent to August 19, 1953, are invalid with the possible exception of costs of liquidation which should be nominal in amount.

Question No. 1; Paragraph 8, proposed Amendment:

Is the provision of $10,000.00 for Total Salaries of the Superintendent, the General Foreman, and the Master Mechanic, sufficient?

Answer No. 1:

Yes, as shown by the following analysis:

Acceptable salaries of Superintendent, General Foreman and Master Mechanic for the period January 10 to August 19, 1953:

Charged to Supervision (includes portion applicable to Underground Rehabilitation	$7,894.92
Charged to Initial Rehabilitation and Repairs (surface only)	155.98
Charged to New Buildings & Improvements	185.99
Total Acceptable Charges for Supervision	$8,236.89

Question No. 2: Paragraph 10(b), Proposed Amendment:

Is the provision of $2,000.00 for Total Underground Rehabilitation of shafts and mine workings sufficient?

Answer No. 2:

Yes, as shown by the following analysis taken from Special Note No. 3, Page 5, of Interim Audit Report.

Cost of Underground Rehabilitation

Timber	$ 172.93
Miscellaneous Materials and Supplies	34.57
Labor	813.17
Supervision	895.82
Total Cost of Underground Rehabilitation per Operator's Side Records	$1,916.49

Question No. 3: Paragraph 2(d), Proposed Amendment:

Is provision of $470.00 per month for Compressor Rent sufficient?

Answer No. 3:

Yes.

Question No. 4: Item A-(4), Finch Letter February 17, 1954:

Does the Executive Officer of the DMEA Field Team, Region VI, concur in the allowance of Repairs to Equipment other than newly acquired equipment?

Answer No. 4:

Yes. See Item No. 7, Page 5, of Knox letter dated February 13, 1954. Based on Mr. Talbert's discussion in Denver, February 25, 1954, it is understood this item can be accepted without amendment to the exploration contract. The item, therefore, would be transferred from Section A to Section B, Page 2, of Finch letter dated February 17, 1954.

Question No. 5: Section B, Page 2, Finch Letter February 17, 1954:

Does the Executive Officer of DMEA Field Team, Region VI, concur in the allowance of the Operator's Reclaimed Items shown in Section B, Finch letter February 17, 1954?

Answer No. 5:

Yes. See copy of Knox letter to Finch dated February 1, 1954, attached to letter from Knox to Operating Committee, dated February 13, 1954.

Question No. 6: Section C, Page 2, Finch Letter February 17, 1954:

Does the Executive Officer, DMEA Field Team, Region VI, concur in the Re-disallowance of Items Reclaimed as shown in Paragraph C, Finch letter dated February 17, 1954?

Answer No. 6:

Yes. Mr. Knox, Executive Officer, collaborated in the review of these items:

Items C(1) to C(4) disallowed by previous audit.

Items C(4) to C(6) disallowed by Certifying Officer upon recommendation of Field Team by Mr. Knox as Supervising Engineer.

Question No. 7: Items to be Disallowed by Audit:

Does the Executive Officer concur in the items to be disallowed by audit as listed on pages 2 and 3 of Finch letter dated February 17, 1954?

Answer No. 7:

Yes, subject to the clarification of the Government's position relative to the allowance, if any, of the items claimed by the operator subsequent to August 19, 1953. This clarification has been requested by Mr. Knox and Mr. Talbert makes reference to the problem in his letter to Mr. Chambers dated February 26, 1954. Also see next to last paragraph in Finch letter dated February 17, 1954.

In the interest of coordination, a copy of this letter is being sent to Mr. Knox at Joplin.

Yours very truly,

Donald T. Finch

Donald T. Finch
Auditor

Enclosure

Copy to: Mr. Clinton C. Knox
P. O. Box 431
Joplin, Missouri

DTF:ld

sub
chron

COPY: Operating Committee

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.
P. O. Box #431
Joplin, Missouri

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 1 - 1954

February 26, 1954

Mr. Edgar L. Waldrop
Regional Finance Officer
U. S. Bureau of Mines
514 Barfield Building
Amarillo, Texas

Re: Contract Idm-R468
Amerimex Mining Co.
Fresno Mine
Presidio County, Tex.
Docket DMA-2202X (mercury)

Dear Ed:

Resulting from a DMA conference in Washington yesterday, Mr. Chambers telephoned me this morning to relate the tentative decisions that had been reached with respect to the findings and recommendations submitted by Mr. Finch and myself during our terminal investigations and cost audit at the subject project about a month ago.

In that telephone conversation, Mr. Chambers assured me that on the basis of the present tentative figures, I now can authorize you to extend some necessary interim financial relief to the Operator by scheduling an immediate payment of about $2,500 to the Amerimex Co. That amount in my opinion and in the opinion held in Washington as stated by Mr. Chambers, now safely can be released from the funds being withheld, pending the terminal settlement transactions, as stipulated under Article 8 of the subject contract.

Therefore, I hereby rescind the instructions Bill Williams telegraphed to you on last November 30, cautioning you not to certify the August MF-104 voucher of the Amerimex Co., which he previously had approved and submitted to you. At this time, however, I am approving the Government participation payment on only $3,359.26 of the project costs claimed in that August MF-104 Report (pending the final audit adjustments) or an interim payment of $2,519.45 to the Operator, based on the following itemization:

<u>Authorized advance for August MF-104 Cost Report (2-26-54)</u>

Labor.....$2,050.79 ($-109.10 as per my Memo 11-25-1953)
Supervision..... None (leave for final audit adjustments)
Operating Supplies:
Explosives..... 109.76 ($-329.80 for returns to dealer for credit 12-16-53)
Other supplies.. 494.78 ($-19.88 as per my Memo 11-25-1953)

Equipment:

Rental.....	None	(leave for final audit adjustments)
Purchase.....	$222.28	(installment payments to be allowed)
Payroll taxes.....	119.96	(requires final audit adjustments)
Work. Comp.....	274.69	($-55.95 as per my Memo 11-25-1953)
Travel, etc.....	None	(to be considered in final audit)
Accounting.....	87.00	(tentatively as claimed)

TOTAL..... $3,359.26 x 75% = $2,519.45

I wish to emphasize that the above figures are merely for the purpose of this authorized instantaneous release of some funds to the Operator and all are subject to the final audit adjustments upon proper disposal of salvable jointly owned property and rendering of acceptable Final Reports and liquidation statement by the Operator. As I understood in the telephone conversation with Mr. Chambers, some of the above-mentioned allowable cost items may be adjusted upward in the final audit report and prior DMEA regulation may be relaxed slightly so that I can be authorized to allow certain justifiable costs incurred after the project work was suspended.

As you may know, in January the Operator submitted Reports for each month through 1953, the originals of which I gave to Mr. Finch. I suppose he still has your originals of each of the Monthly Reports prior to September, so I am enclosing for your use now one of the Washington Office copies of the August Report under discussion here. I will appreciate having you post the usual Voucher data in the lower right corner of the ME-104, and upon its return I will forward both Washington copies, which I find is in the file here.

Please call me if there is anything I can do to help expedite this release of funds.

Very sincerely yours,

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

CCK/vks

cc: Operating Committee (2)
Mr. D. T. Finch
Mr. Chambers
Mr. Pullian
Docket file

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
[redacted] C.
P.O. Box 431
Joplin, Missouri

Release Minor
MAR 1 - 1954

February 25, 1954

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

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

Dear Mr. Pulliam:

My approval of your disposition of items as listed in your letter of request dated February 11, 1954, hereby is given with the understanding that the appropriate credit slips, etc., or certified copies thereof, will be submitted with the necessary documentation supporting your final liquidation statement, subject to audit.

I did not understand the significance of "Their bookkeeping error...$0.09", you listed, and as I recall you told Mr. Finch and I that whenever the balance of the unused cement is returned, the Alpine Lumber Co. eventually may wish to adjust the credit given for the 30 sax cement at $1.45 which is apparently higher than the original purchase price.

Very truly yours,

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

CCK/vks

cc: Operating Committee (2)
Mr. D. T. Finch
Docket File

C
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P
Y

AMERIMEX MINING COMPANY
INCORPORATED

Box 626
Alpine, Texas

Defense Minerals Administration
RECEIVED
MAR 1 - 1954

February 11, 1954

Mr. Clinton C. Knox, Executive Officer
Defense Minerals Exploration Administration
U. S. Department of the Interior
221 W. 3rd Street
Joplin, Missouri

RE: Docket DMEA-2202 (Mercury)
Contract Idm-E468
Fresno Mine
Presidio County, Texas

Dear Mr. Knox:

Your approval is requested of disposition of the following items returned for credit, applied on account or sold at cost prior to December 31, 1953:

8-31	Alpine Lumber Co.		
	30 Sax Cement at 1.45	$ 53.50	
	80 " " " 1.26	100.80	$143.30
	Their bookkeeping error		.09
12-16	Magnolia Petroleum Co.		
	1 1/55 Mobiloil		47.30
12-16	Brewster County Motors		
	9 Cs (450 lb) 30% Giant Gel.	100.80	
	20 CS (1000 lb) 40% " "	229.00	329.80
10-31	Texas Employers Insurance Assn.		
	Cost Discount	227.46	
	Deposit Premium	445.00	
	Refiguring of Premium on basis of reduction for cook's wages, etc.	108.05	780.51
12-31	Carl E. Thain		
	Sale of Cement		
	16 Sax at 1.26		20.16
8-31	Correction		
	Reserve for Taxes - SS	12.06	
	" " " Unemploy.	16.26	28.32

Very truly yours,

/s/ R. N. Pulliam
R. N. Pulliam, President
AMERIMEX MINING COMPANY

RNP:L

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 1 - 1954

February 26, 1954

Operating Committee
Defense Minerals Exploration Adm.
Interior Building
Washington (25) D. C.

RE: Contract Idm-E468
Amerimex Mining Co.
Fresno Mine
Presidio County, Texas
Docket DMA-2202X (mercury)

Dear Sirs:

Referring again to your letter of February 2, I am preparing the report on the completed Amerimex project work, as time permits, and in the light of my final examination of the Fresno Mine on February 5. This report also must take the form of an Interim Field Team Report, however, in accordance with your Memorandum No. 14, because equipment disposal, termination transactions, and audit adjustments yet are to be settled. Except for the information we thought you needed immediately, submitted in my informal Memo to you on February 13 and in Finch's letter to Chambers on February 17, actually very few additional details remain to be stated in this report I am preparing, that was not related previously in my Interim Report submitted to you last September 8.

It is not possible yet to predict when the Operator's Final Report will be received but instructions have been given to dispose of jointly owned property and prepare the report. As you perhaps recall, I have suggested that the Government waive the contract requirement for the "geological and engineering" portion of that report.

My point by point comments and recommendations, you invited with respect to Mr. Pulliam's 7-page letter to the Administrator on January 21, follows:

(1) Mr. Mittendorf's February 11 letter to Crowley Tar Products evidently took care of the first point satisfactorily to the utmost.

2) I think all the concerned parties agree that production is not economically feasible at this time from the mercury-bearing-material evidenced from the exploration project work. I have no doubt, however, that an experienced mercury ore

miner could (and possibly soon will) produce thereabouts despite the inherent difficulty in calculating tangible ore reserves in that or any other property in that particular mining district.

Based on my understanding of DMEA Circular 26 (Supplement No. 2), the sampling results, my calculation of indicated reserves, and the estimated 20 flasks of mercury produced from the exploration project workings as previously given in my above-mentioned Interin Inspection Report, I concur with W. P. Williams' recommendation resulting in the "discovery" certification. I do not agree that it was a "Discovery of ore" as he stated in the November 18 letter to you. I will continue to stand on my previous statement in the above-mentioned September 8 Interim Report: "3,400-ton, marginal appearing reserve, indicated in cross-cuts and raises on Project #3, and estimated on the basis of the weighted average content of 3.6 pounds of mercury per ton, as reported from the seven check samples we cut there". I believe there is 'reasonable likelihood of production within 10 years', if furnacing methods can be developed for handling the clayey type of mercury-bearing material predominating in that and the other such reserves indicated and inferred on the Fresno property.

Legally under the contract, I suppose the Government was required to certify a "discovery" and is entitled to collect royalty on possibly all the 43 flasks of mercury produced last year as stated in the January 8 letter from Selfridge to Williams. No one now can seggregate or verify the exact amounts produced from each of the four sources mentioned in the Operator's 7-page letter under discussion here, but the Field Team admittedly was aware of those sources.

(3) Regardless of the Operator's contention that the furnacing operations were for test purposes only which evidently aggravated the financial crisis before the project work was suspended, no permission for a test as such was ever requested from the Field Team and my letter to Mr. Pulliam on April 6, 1953, pertaining to the subject of production, made no mention of permitting such a test whereby regulations would be relaxed so that the Government would not be entitled to its royalty payments under the contract. Of course in an eventual ore settlement sheet the Operator may be forced to submit, the handling, furnacing, and marketing charges are expected to exceed the value of the production.

(4) The balance of the items covered by Mr. Pulliam's 7-page letter, has been adequately covered in my February 13 Memo to you and Mr. Finch's February 17 letter to Chambers.

It is regrettable that net disallowances totaling some $4,600, as a result of the August Interim Audit, and about $4,300, as a result of Field Team administration in approving the Operator's June, July, and August Project Cost Reports, all were allowed to fall suddenly upon the Operator at a critical time when the embryo development and production operations also evidently were in a financial crisis.

Actually the Operator's financial outlay at the moment on tentatively acceptable exploration project expenditures totals roughly $16,000 instead of the $39,000 mentioned on the last page of the Operator's letter. On the basis of the preliminary figures available from the recent audit, funds in excess of that permitted by the contract, are not being withheld by DMEA, as charged in the Operator's letter. Evidently the Operator is not convinced, however, that "the Government cannot participate in any costs incurred during the recessed period". I am doubtful that that ruling is equitable or legal, but stringent interpretation leads me to believe that the installment-payments on equipment after suspension of the work also cannot be participated in since the Operator elected to incur those costs by that method.

I realize this sheds no new light on the case for you and I regret that I did not make this reply to your letter promptly, but I had anticipated that by this delay I could be in possession of more conclusive facts on the case.

Very sincerely yours,

Clinton C. Knox

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

CCK/vks

c.c. Operating Committee
Mr. D. T. Finch
Docket File

CLASS OF SERVICE

This is a full-rate Telegram or Cablegram unless its deferred character is indicated by a suitable symbol above or preceding the address.

WESTERN UNION

W. P. MARSHALL, PRESIDENT

(44)

Defense Minerals Administration
RECEIVED
FEB 25 1954

SYMBOLS

DL=Day Letter
NL=Night Letter
LT=Int'l Letter Telegram
VLT=Int'l Victory Ltr.

The filing time shown in the date line on telegrams and day letters is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination

WP062 LONG DL PD=ALPINE TEX 24 245PMC= 45

C O MITTENDORF, ADMINISTRATOR DEFENSE MINERALS EXPLORATION ADMN=US DEPT OF THE INTERIOR=

REFER DOCKET DMEA 2202 CONTRACT IDM E468 AND OUR TELEGRAM DATED JANUARY 21, 1954. PAYMENT DEMANDED ON PAST DUE TRUCK INSTALLMENTS. PLEASE AUTHORIZE IMMEDIATE RELEASE OF OUR FUNDS WITHHELD IN EXCESS OF MAXIMUM NECESSARY TO PROTECT GOVERNMENTS INTEREST SO FUNDS MAY BE USED TO PROTECT EQUITIES AND CONCLUDE CONTRACT. WHO IS RESPONSIBLE FOR DISASTROUS DELAY AND WITHHOLDING FUNDS TO CAUSE OUR RUIN? WHY PLEASE?=

AMERIMAX MINING COMPANY R N PULLIAM PRESIDENT=

CMEA 2202 E468 21 1954=

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

3/2/54 gla

COPY: Operating Committee

Defense Minerals Administration
RECEIVED
MAR 1 - 1954

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

XXXXXXXXXXXXXXX
P.O. Box #431
Joplin, Missouri

February 24, 1954

Mr. Robert N. Pulliam, President
Amerimex Mining Co.
Box 626
Alpine, Texas

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

Dear Bob:

My answers here to questions in your letter dated February 10, 1954, were prepared to the best of my ability and I honestly believe are equitable under the present circumstances. Naturally my answers are from a practical engineering standpoint, conditioned in the light of my understanding of the intent of the contract, the various DMEA regulations, instructions, and ruling that have been furnished during the past. I certainly am not in the position, nor am I qualified to make legal interpretations for you from phrases in the contract, and no such official decisions yet have been forthcoming concerning the possible terminal settlements that may be made, as Mr. Finch and I tried to outline on February 5.

I am fully aware of the wide gap between your interpretation of the contract in support of your claims of exploration project costs incurred through December, 1953, and the latest written opinions which were received from the Washington Office upon learning of the unauthorized suspension of all project work on August 19, and mentioned among other things that failure to complete the specified work within the time fixed would be a breach of the contract thus possibly making the operator liable for repayment of all the Government's contributions. You were to be advised furthermore that the Government "cannot participate in expenses incurred while your project is in a suspended or recessed state", as quoted from the former Field Team Executive's letter to you on November 27, 1953.

As directed earlier by DMEA, Williams had mailed the letter on February 11, 1953 (copy attached) notifying you of the method of eventual disposal of the equipment, materials, and supplies in which costs the Government was about to begin participating. All Field Team approvals of your claims of project costs incurred for drilling supplies, rail, pipe, small tools, building supplies, fuels, timber, kitchen utensils, and the other items as listed in Exhibit "A" of the contract, followed sending the above-mentioned letter to you.

Furthermore, as quoted from another letter from Williams to you on December 14, 1953: "Whether or not any property is considered 'expendable' by the Operator, it is not expended as far as theGovernment is concerned if it has any salvage value. If an item has no salvage value, the Government may, in a proper case, waive its interest. However, the Government will not in all cases waive its interest merely because the property has little or no salvage value".

The claims of costs incurred for the unusually large amount of small tools, etc., needed on that particular project, partially purchased from yourself, was approved by the Field Team in good faith at the time, but as a matter of fact the use of those articles was of very short duration and they mostly appear yet to be in salvable conditions. Therefore, from a practical viewpoint, particularly now since the Amerimex Co. likely may have no further mining use for those articles purchased in the 'small tools, kitchen utensils', and other supply categories listed under Exhibit "A" to the contract, I cannot conscientiously consider such "a proper case" for waiving the Government's equity. In other words, I believe any of the things the Government participated in purchasing for the project, which you now feel is worth hauling off that particular property, may be considered to have some salvage value. Should your company wish to retain any of that property, or in effect sell it to itself, it may do so, as explained in the third paragraph of the letter of which a copy is attached herewith.

The above-mentioned letter also stated that "every reasonable effort" must be made to realize full value from your disposition of the property, which covers your questions in general about obtaining bids, etc. Because it apparently will be my duty to ascertain that every <u>reasonable</u> effort has been made to realize full value from your disposition of the property, and in turn advise you if the Government will approve thereof, I thought the detailed suggestions I made as to how your request for my approval might be documented, were to your advantage. In view of the statement under Article 7 (d) of the contract: "The Operator shall keep and preserve said records and accounts for at least 3 years after.....termination of this contract", Mr. Finch and I felt that it was our duty,

and also to your advantage, to make sure that all the liquidation transactions also were documented in a manner acceptable to the General Accounting Office. As you probably know, all disbursements of Government funds are subject to audit by that agency.

Therefore, I think you will agree that it is very reasonable, and probably will prove simpler in the long run, to obtain at least three bonafide written bids on the property you can dispose of for the joint account. Being written on someone's letterhead would not necessarily make them bonafide bids. Naturally if the bid is retracted in writing before the sale is made, no confusion is apt to arise as to whether you sold to the highest bidder. If the necessary documentation is in order, I expect to be in a position to give the Government's approval by return mail.

In our conversations there recently, I understood that you did not intend to solicit bids from certain sources, including the landowners who appeared to me might be in the logical position now to offer the highest bid. Therefore it was suggested that the Government also has the right to "join in the sale" or solicit bids. I see no reason, however, why a reasonable time limitation could not be set for the sale, if you wish. You may rest assured that I will not unnecessarily hold up the Government's approval ofany tentative sale you affect, provided it is clearly evident to everyone concerned that every reasonable effort had been made to realize the full value.

In accordance with the notice of contract termination, issued January 5, 1954, costs incurred by you thereafter shall be for your sole account, "except for (a) such necessary and reasonable costs and expenses as may be incurred in preserving and disposing of.....equipment, or other items", etc. There again, it is apparent that I will be required to certify what is necessary and reasonable, when your terminal liquidation statement is being audited.

I do not anticipate that a large expenditure will be necessary, however, to sell and sever from the Fresno Mine the salvable property in which the Government owns an equity. "Necessary and reasonable", apparently must be the watchwords in approving all your final settlements and report.

In answer to your questions concerning advertising, etc. they are mentioned specifically as being permitted in the letter of which a copy is attached hereto.

Mr. Finch and I are making every effort to expedite an equitable settlement of your project contract. Please do not hesitate to write for any assistance or advice that I may be able to give. I will notify you immediately when any decision is received regarding your terminal settlement.

With best personal regards to you and Mrs. Mullins,

I remain

Very sincerely yours,

Clinton C. Knox
Executive Officer
DNA Field Team, Region VI

CCK/vks

c.c. Operating Committee (2)
D. T. Finch
Docket file

P.S. You will note the Field Team's change of address to Box 451. While I was down there the DNA office was moved on Feb. 1, to my desk in the U.S. Bureau of Mines, Rm. 204, Postoffice Building, Joplin, Mo. (phone 470).

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 1 - 1954

C
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P
Y

Joplin, Missouri
February 11, 1953

Mr. R. N. Pulliam, President
Amerimex Mining Co.
P. O. Box #626
Alpine, Texas

Re: Docket No. DMEA-2202X
Contract No. Idm-E468
Amerimex Mng. Co. (Mercury)
Presidio County, Texas

Dear Mr. Pulliam

By the terms of your exploration project contract with the Government, the Government acquires an interest in any property paid for or purchased with funds contributed jointly by theOperator and the Government. Such property includes: all facilities, buildings, fixtures, equipment, or other items costing more than $50 each; materials and supplies considered in groups or categories (such as pipe, or explosives, or rails, or drill steel), if the original cost of the remaining categories of materials or supplies exceeded $50; and equities in any installment-purchase contract or rental-purchase contract.

It is your responsibility to make the best possible disposition of the property for the benefit of the Government. Every reasonable effort must be made to realize its full value. By the terms of your contract, it is necessary to accomplish such disposition of property, you are required to dismantle it, sever it from the land, and remove it for the purposes of sale. Reasonable efforts to accomplish the sale might include (1) advertising in newspapers, periodicals, and posting notices in public places; (2) canvassing users or dealers in such property; and (3) negotiating with the original vendor for accepting the return of the property.

Should you wish to retain the property, or in effect sell it to yourself, you may do this only after having first made every reasonable effort toprocure a price higher than you yourself are willing to pay. In the case of an incompleted installment-purchase or rental-purchase agreement, the contract itself is the property to be disposed of. You are not authorized to complete the purchase of the equipment covered by such incompleted contracts for your own account without reference to the Government's interest. Consultation should be had with the Government's agents with respect to the disposition of equities in any installment-purchase or rental-purchase contracts.

In a proper case the Government will approve of and join in the sale of property for the joint account of the Operator and the Government. You are requested to advise this office in advance of the proposed disposition of any such property so that we may advise you if the Government will approve thereof.

Upon completion of the exploration project or any termination of the exploration project contract, your final report should include a detailed statement of the disposition you have made of the property. Proceeds from sales of property, or credit for its value if you are allowed to retain it for your own account, should be indicated in your final monthly report, on Form MF-104, by the insertion of suitable credits in the "Monthly Total" column.

The Government will withhold from your final voucher or vouchers such sums as it deems necessary to cover its equity in property, until you have rendered your final reports and final account, and the final auditing and settlement of the contract has been made.

Very truly yours,

W. P. Williams
Acting Executive Officer, DMEA
Field Team, Region VI

/jd

cc - Operating Committee

C O P Y

AMERIMEX MINING COMPANY
INCORPORATED

Box #626
Alpine, Texas

DEPARTMENT OF THE INTERIOR
Bureau Minerals Administration
RECEIVED
MAR 1 - 1954

February 10th, 1954

Mr. Clinton C. Knox
Executive Officer
Defense Minerals Exploration Administration
221 W. Third Street
Joplin, Missouri

RE: Docket DMEA-2202 (mercury)
Contract Idm-E468
Fresno Mine
Presidio County, Texas

Dear Mr. Knox:

In studyin; the copy of the captioned DMEA Contract in our files, it is noted that Article II states in part as follows:

> "All facilities, buildings, fixtures, equipment, or other items costing more than $50.00 each, paid for or purchased with funds contributed jointly by the Operator and the Government, although title may be taken in the name of the Operator, shall belong to the Operator and the Government jointly, in proportion to their respective contributions, and upon completion of the work or termination of the Contract shall be disposed of promptly by the Operator for the joint account of the Government and the Operator.....".

Is it true that this clause of the Contract is construed by DMEA to mean not "items costing more than $50.00 each" but actually means groups of items costing more than $50.00 collectively.

It is understandable how such a phrase might be construed to include pipe, rail, explosives, hoisting cable, drill steel, rock bits, etc , but how the meaning can be stretched to include tools and kitchen utensils, etc., is very hard to understand.

If either construction had been the intent, it seems that the Contract could very easily have been written to convey accurately the meaning by simply having deleted the words "costing more than $50 00 each."

I do not believe that any operator wants to argue about the Government's right to recover its prorata share of cost to which it has contributed, but by what right does DMEA construe every clause of the Contract and interpret every condition to the disadvantage of the Operator?

An agency of the Government shall have no more right to brush aside its contractual obligations than an individual would have.

I understand that it will be necessary for me to obtain at least three bids in writing on letterheads from each bidder on each item, broad category or the entire lot and submit such bids to you, whereupon you are to try to find a buyer who will offer a better price than the best offer made to us.

Potential buyers are not going to make offers in writing without a time limitation.

How much time will be required for you to confirm or reject bids?

What if an individual who has not attained such eminence that he has a letterhead wants to make a bid, should a bid be accepted over his signature?

What if I am able to submit three bids for one or more items and you are able to find a better offer, but by the time I hear from you, I have a better offer?

What if either you or I have three offers and we are ready to deliver to the highest bidder who then refuses to buy, do we seek another offer or do we sell to the next high bidder?

It is apparent that clerical, accounting and stenographic work as well as actual supervision and labor will be necessary to sell and sever from the property the equipment, materials and supplies put there by the Operator. As I understand it, salaries and other expenses necessary for the preservation and disposition of the property in which the Government owns an interest and the cost of reports, accounts and winding up and settlement actions will be participated in by the Government. Is that correct?

Do such allowable expenses include: mimeographing lists of equipment offered for sale, newspaper or magazine advertisements, travel expense to El Paso and other nearby potential markets, my salary on the usual monthly basis while carrying out this purpose, essential salvage labor at the mine, supervision by the Master Mechanic at his established rate of pay, etc.?

As you know, we have no funds except those held by DMEA which we expect to receive as payment of Reclaim on Interim Audit and Field Team disallowances and as reimbursements for the months of August, September, October, November and December, totaling $11,374.55.

When we were forced to suspend actual exploration operations on August 19, a skeleton crew composed of the MasterMechanic and one laborer devoted the remainder of the month to collecting, cleaning, assembling and preserving the equipment, materials and supplies in preparation for temporary suspension, and early resumption of operations.

We have not abandoned hope of resuming operations until denial of our Proposed Amendment dated December 24, 1953, was received.

Meanwhile, through the months of September, October, November and December, we were without funds with which to resume operations, to return rented equipment to its owner or with which to terminate the operation even if we had known that termination would be necessary and had Government approval for doing so. Consequently, we had no alternative but to comply with the terms of the DMEA Contract by keeping watchmen on the property and incurring other expenses essential to the protection and preservation of the Government's interest in equipment, materials and supplies.

We now urgently need release of a substantial part of our funds being withheld by DMEA in order to finance prompt efficient liquidation of the property so that complete abandonment may be accomplished at the earliest possible time to relieve both the Operator and the Government of further expense and responsibility. This would permit final settlement at the earliest possible time and would save every cent possible for our creditors whose trust in us individually and in our Government will be badly shaken if they are forced to sustain a loss.

For many reasons, it is very important that we have specific answers to the questions raised because we do not want to make any mistake. Any loss sustained by us could be the difference between paying all that we owe or in being unable to do so. Any unnecessary delay in final settlement can result in litigation by a creditor, and such delay at least adds to the interest and penalty being charged to our account by the U. S. Department of Internal Revenue on the tax account which we owe them out of the much larger sumw hich DMEA has been owing us for a similar length of time.

Any definite replies which you may be able to give to the questions raised will be genuinely appreciated; and if you can do anything to aid in the early release of our funds, it will help in bringing this unhappy venture to an early conclusion.

Thanking you, I remain

Sincerely,

/s/ R. N. Pulliam
R. N. Pulliam, president
Amerimex Mining Company

RNP:L

AMERIMEX MINING COMPANY

INCORPORATED

BOX 626

ALPINE, TEXAS

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 25 1954

February 22, 1954

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

Re: Docket DMEA-2202 (Mercury)
Contract Idm-E468
Fresno Mine
Presidio County, Texas

Dear Sir:

In a letter dated January 21, 1954, we undertook to give you a clear portrayal of the facts and circumstances of our relationship with Defense Minerals Exploration Administration under the subject Contract.

In a telegram dated January 21, 1954, we advised you of the extreme urgency of our financial situation and requested your assistance.

You acknowledged receipt of our letter on January 29, 1954, stating that you wanted to give us a prompt reply but that it would be necessary for various members of your Agency to review the entire question which would require a little time.

As you know, on January 28, 1954, Mr. C. C. Knox, DMEA Executive Officer and Mr. Donald Finch, Auditor, arrived here where they remained until February 5, presumably making a detailed review and audit of our Reclaim of Interim Audit and Field Team disallowances and subsequent Monthly Reports.

When these men departed after remaining here eight days, they stated that they could give us no official information since they had been unable to get any definite decisions from Washington.

Of course, we have no way of knowing on what authority or under what circumstances within the Department the Interim Audit and Field Team disallowances were made on our project, nor do we know why our funds were suddenly withheld and the Interim Audit made when we were within about one month of completion of the project.

The fact remains that the same Mr. Knox and Mr. Finch, accompanied by Mr. W. P. Williams (who was not present on the

recent visit) comprised the group who made the retroactive Interim Audit and Field Team disallowances which forced suspension and ultimate destruction of the project with consequent loss of all that had been invested by both the Operator and the Government.

If these men acted on their own authority based on some odd interpretations of the Contract or if the action was taken by the Washington Office based on the portrayal of our situation by these men, the most charitable appraisal which we can make is that we are not inspired to feel confidence in results possibly achieved by their recent visit, and we cannot help wondering if this will be a part of the review on which your decisions are dependent.

On February 13, 1954, we again wrote to you inclosing a copy of our letter of the same date to the Internal Revenue Service of the U. S. Treasury Department explaining the urgency of prompt action in the release of a part of our funds being withheld by your Agency.

While we are forced to await your decisions, ruinous expenses continue to accrue, and each passing day poses greater threat to our ultimate solvency.

We have never sought any unusual right or privilege, but we do firmly believe that we have previously provided ample justification which can be confirmed by unprejudiced investigation to warrant your taking the following action promptly enough to remedy our situation:

1. Rescind the unjust and improper Certification of our project which we proved by actual production tests <u>not</u> to have resulted in a discovery or development from which commercial production is possible.

2. Reinstate, Certify and pay immediately those sums justly reclaimed for Interim Audit and Field Team disallowances totaling $5,892.16, most of which on a practical common sense basis could have been adjusted by simple bookkeeping entries without destruction of the project.

3. Certify and pay reimbursements which have been justly claimed by the Operator for reasonable and necessary expenses totaling $9,273.90 incurred in complying with the specific terms of the Contract for August and for the subsequent months of September, October, November and December since the Operator was forced to suspend operations by unwarranted action of DMEA, whose interests and equities he has been obliged to protect and preserve.

Instead of waiting until 90 days have elapsed from January 5, 1954, the date of termination of our Contract, so that the Government will be justified in formally coming in with a Court Order and liquidating our project at maximum cost to the Government, to us and to our creditors or instead of waiting until the U. S. Treasury Department (who is presumably already holding the money due us) or some other creditor forecloses and seizes some of our jointly-owned assets so that we may eventually be impoverished to the point of being unable to meet our obligations, why will you not release at least a part of our funds and thus permit us to conclude the Contract at minimum expense and without greater embarrassment?

Our records show that the Government owes us $11,374.55 as of the end of December, 1953, plus 75% of costs and expenses incurred since that time in compliance with the terms of the Contract.

It appears to us that the Contract provides that you may withhold a maximum of $6,000.00, and we believe that you should release without delay $5,374.55, which should enable us to meet expenses necessary to sell and remove the jointly-owned assets and to wind up all business under the Contract without unnecessary delay.

Kindly advise us as to your intentions at the earliest possible time in order that we may plan accordingly.

Respectfully,

R. N. Pulliam

R. N. Pulliam, President
AMERIMEX MINING COMPANY

RNP:L

LYNDON B. JOHNSON
TEXAS

United States Senate
Office of the Democratic Leader
Washington, D. C.

FEB 23 1954
DOCKET FILE

February 19, 1954

DMEA-2202

Dear Sir:

I am enclosing a communication which I have received from one of my constituents. I will appreciate your giving serious consideration to this problem, based on its merits.

Please let me have as prompt a reply as possible, returning the enclosure, in order that I can inform the writer.

Sincerely,

Lyndon B. Johnson

Lyndon B. Johnson

P. S. Please address reply to Lyndon B. Johnson, U. S. Senate, Washington, D. C. If additional information is required, please telephone Mr. Jack Hight, NA 8-3120, extension 1660.

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

c
o
p
y

AMERIMEX MINING COMPANY
Incorporated
Box 626
Alpine, Texas

February 15, 1954

(Rubber stamps:)
Received
Feb 16 1954
- - -
Department of the Interior
Defense Minerals Administration
Received
Feb 23 1954
- - -

Honorable Lyndon B. Johnson
United States Senate
Washington, D. C.

Re: Docket DMEA-2202 (Mercury)
Contract Idm-E468
Fresno Mine
Presidio County, Texas

Dear Senator Johnson:

Inclosed is a copy of our letter of this date to the Defense Minerals Exploration Administration with further reference to the captioned DMEA Contract about which we wrote to you February 9 and 13.

Thanking you for your attention and assuring you of our gratitude for any assistance which you may be able to render us, I remain

Sincerely,

/s/ R. N. Pulliam

R. N. Pulliam, President
AMERIMEX MINING COMPANY

RNP:L
Incl.

Attached to this was cc of Mr. Pulliam's letter February 15, 1954, original of which is in the docket file.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 19 1954

N.J.
CROWLEY TAR PRODUCTS CO.
271 MADISON AVENUE,
NEW YORK 16

DOCKET FILE

February 18
1 9 5 4

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

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

Attention: Mr. C. O. Mittendorf
Administrator

Dear Sirs:

Thank you for your letter of February 11 on the above subject.

It seems to us that all Mr. Pulliam did in his letter to you August 4 was to voice an opinion that there was a "discovery in the Mine". In fact, to quote him: "We believe that the exploration thus far completed has resulted in a discovery ...".

However, from the file that we have here we are not able to ascertain that your decision in letter dated January 8 to Amerimex Mining Company was based solely upon Mr. Pulliam's statement of August 4. We presume that your Administration made its own independent investigation, but there is nothing in the record that we have to show how the Government reached the conclusion it did.

Would you therefore kindly inform us what evidence the Government used in basing the certification of "Discovery".

Very truly yours,

Secretary

WJJ:m

cc: Amerimex Mining Company
Mr. R. N. Pulliam

(Copy made for Division contract file)

2/24/54 gla

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 19 1954

224 New Customhouse
Denver 2, Colorado

February 17, 1954

Air Mail

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

Re: Amerimex Mining Company, Alpine, Texas
Contract IDM-4468, Docket M.A 2202A
Mercury

Dear Mr. Chambers:

I have just returned to the Denver office from Tucson, Arizona, and this is the first opportunity I have had to give you a condensed report of the trip to Alpine, Texas.

It was our understanding of the telephone call on February 5, 1954, from Mr. Ellis, that definite rulings on the Government's position were not available at that time because of the necessity for further legal analysis of the situation.

Subsequent to the telephone call a conference was held with Mr. and Mrs. Pulliam.

At the request of Mr. Knox I reviewed with the Pulliams the recommended amendment which had been mailed to Washington. The operator's reclaim was also reviewed together with the tentative disallowances resulting from the audit.

It was made very clear to the Pulliams that the amendment had not been approved and as a result many of the other items of discussion were tentative only. They were advised that as soon as the matter was clarified and liquidation of the property approved the preparation of the final audit would proceed.

Mr. Pulliam was very critical of the DMEA operation, but apparently held no personal animosity toward Mr. Knox or myself.

During the discussion he was asked if the premature engaging in production had been a contributing cause to the reported financial embarassment of the company. He would not agree to this premise, but did volunteer that the company lost approximately $13,000.00 as the result of production activities. It was also in-

teresting to note his statement that the Crowley Tar Products Company had advised him not to address any more collect telephone calls to its office.

The following is a summary of the items discussed with the Pulliams:

Operator's Reclaim for Prior Disallowances

(A) Approval subject to amendment submitted for consideration

1.	Excess Labor Underground Rehabilitation	$658.32
2.	Excess Supervision Underground Rehabilitation	713.17
3.	Compressor Rental	405.00
4.	Repairs to Equipment	188.32
	TOTAL	$1964.81

Allow
Take care of by [illegible]

(B) Approval based on letter from Executive Officer

1.	Wages, Compressor Tender, January, 1953	$132.00
2.	Wages, Timekeeper Stock Clerk, transferred from Supervision to Labor (Man acted as Utility Top Man)	1119.92
3.	June, 1953, Supervision	188.00
4.	June, 1953, portion of wages of Timekeeper Stock Clerk applicable to exploration	189.40
	TOTAL	$1627.32

(C) Reclaimed Items redisallowed

1.	Overpayment to Vincente J. Molinar	$ 3.20	Disallow
2.	Portion of Supervision, April and May, applicable to preparation for production	315.00	Disallow
3.	Truck licenses	107.80	Allow
4.	Travel expenses	63.97	?
5.	June long distance	58.06	?
6.	June and July, Oversize Shaft	1410.39	Disallow
	TOTAL	$1958.42	

Disallowed by Final Audit pending Clarification

1.	Labor subsequent to August 19, 1953 (date of unauthorized recess)	$556.50	Allow
2.	Supervision subsequent to August 19, 1953	1209.44	$232.26
3.	Technical Services, September, 1953, for new application	172.07	Out

4.	Explosives returned for credit	$329.80	Out
5.	Other Supplies received after August 19, 1953	2.96	Allow
6.	Fuel, Gas & Oil, subsequent to August 19, 1953	56.70	Allow
7.	Oil returned for credit	47.30	Out
8.	Equipment rental, June, applicable to production	73.00	Out
9.	Equipment rental, subsequent to August 19, 1953	1345.53	?
10.	Equipment purchases (Installment payment beginning September, 1953)	857.00	If pd allow
11.	New Buildings (Cement returned or sold)	163.55	Out
12.	Truck Insurance, 5/12 of annual premium	73.34	?
13.	Workmen's Compensation, excess charge	131.47	Out
14.	Workmen's Compensation, deposit credit by Insurance Company	145.00	Out
15.	Workmen's Compensation, cost-discount credited by Insurance Company	227.46	Out
16.	Deduction of premium on Cook's Wages	102.05	Out
17.	Air Transport, Long Distance Telephone, and Travel Expense, Sullivan	130.46	Out
18.	Accounting, subsequent to August, 1953	120.00	Out
19.	Overside Shafts and Drifts, August, 1953	394.05	Out
	TOTAL	$6445.68	

Summary

Total claimed by Operator, December 22-1954		$73,315.66
Tentative Disallowances		8,404.10
Balance before Liquidation		$64,911.56
75% of $64,911.56	$48,683.67	
Payments by Finance Officer	43,612.20	
Balance due subject to Liquidation Adjustment		$ 5,071.47

Property Subject to Liquidation

G.M.C. Truck, Cost	$3,110.00	
Balance due, August 31, 1953	1,288.08	
Equity, August 31, 1953		$1,821.92
Fork Pickup, Cost	$1,960.37	
Balance due, August 31, 1953	798.80	
Equity, August 31, 1953		1,161.57
Welder, Cost	$ 481.95	
Balance due, August, 1953	96.45	
Equity, August 31, 1953		385.50
Other Machinery and Equipment		3,564.01

Total Machinery and Equipment	$6,934.00
Pipe (Cost)	1,163.31
Track (Cost)	124.60
New Buildings and Improvements (Cost)	1,329.34
Initial Rehabilitation (Cost)	449.67
Diamond Bits (Cost)	689.76
Drill Steel (Cost)	692.44
Electrical Wire and Fittings (Cost)	379.12
Kitchen Utensils (Cost)	253.47
Gasoline (Estimated Cost)	100.00
Total Estimated Cost of Liquidation Items	$12,115.71
75% of $12,115.71	$9,086.78

The foregoing estimated cost of property subject to liquidation is reflected in order to show that the potential balance due the operator is not an excessive withholding at the present time.

It is hoped this letter will give you a better picture of the situation as it was when I left Alpine.

It is my understanding that I will be advised through Mr. Knox of the details of an accepted liquidation, copy of approved amendment, and also the Government's position relative to the allowance, if any, of the items claimed by the operator subsequent to August 19, 1953. When this information is received I can then proceed with the completion of the Audit Report. I told Mr. Knox the Audit Report would not be released until I also received notice that the required final reports had been received and accepted.

If you desire anything further on the matter from me at the present time, please let me know.

Yours very truly,

Donald T. Finch,
Auditor

D.T.:ld

Copy to: Mr. Clinton C. Knox
221 West 3rd Street
Joplin, Missouri

700

Docket
Surname
F L Knouse
H E Johnson

FEB 17 1954

Hon. Lyndon B. Johnson
United States Senate
Washington 25, D. C.

Re: Docket No. [illegible] (Mercury)
Contract No. [illegible]
American Mining Company
Private mine
Franklin County, Texas

My dear Senator Johnson:

This is in reply to your letter dated February 12, 1954, and the enclosed communication from the subject company.

The original of the attached letter dated January 21, 1954, from Mr. R. H. Pullian was received by this office on January 26. As this letter draws to my attention various questions that will require a review of the entire case, a little time will elapse before such a review can be completed. Mr. Pullian was advised accordingly by letter dated January 28, 1954, and a copy of this letter is attached.

We are also attaching a copy of a letter sent to Mr. Pullian dated February 11, 1954, addressed to Mr. W. J. Jennings, Secretary, H. J. Crowley Tar Products Company, 271 Madison Avenue, New York 16, New York, concerning various questions in Mr. Pullian's letter.

When a review of this case is completed we will advise you further of our findings.

We are, herewith, returning the enclosures to you as requested.

Sincerely yours,

C. O. Mittendorf

Administrator

FLKnouse:fcs 2-17-54
cc to: Docket
Adm. Reading File
FT. Reg.
HMMeyer, Rm. 3623
ARKinkel, Rm. B-242A GSA
Code 700

Enclosures

Mr. Knouse

R.C.L. 2-17-54

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.
[redacted]
P.O. box #431
Joplin, Missouri

Defense Minerals Administration
RECEIVED
FEB 18 1954

February 17, 1954

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

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

Dear Bob:

I wish to acknowledge hereby receipt of your letter dated February 9, 1954, formally notifying me that due to inability to meet monthly rental payments, the Amerimex Mining Co., has found it necessary to surrender to the property owners, the leasehold described in the subject contract.

I also want to acknowledge receipt of your lengthy letter dated February 10, 1954, in which you asked various questions regarding disposal of equipment, supplies, and materials in which the Government owns an equity. I desired to give you a prompt reply but because I realize that it is very important that you have specific answers to each of the questions you raised, a little more time will be required to properly complete the detailed reply being prepared.

Very respectfully yours,

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

CCK/vks

c.c. Operating Committee (2)
Mr. Finch
Amerimex file

AMERIMEX MINING COMPANY

INCORPORATED

BOX 626

ALPINE, TEXAS

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 16 1954

February 15, 1954

DOCKET COPY

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

Re: Docket DMEA-2202 (Mercury)
Contract Idm-E468
Fresno Mine
Presidio County, Texas

Dear Sir:

This is to acknowledge receipt of the copy of your letter dated February 11, 1954, to Mr. W. J. Jennings, Secretary, N. J. Crowley Tar Products Company, with reference to Certification Notice dated January 8, 1954, under the captioned Exploration Project Contract.

In your letter you mention that the Operator considered that a discovery had been made and so informed you in a letter dated August 4, 1953.

I wrote the letter to which reference is made in a moment of extreme optimism before the cost of production tests had been compiled and before the grade of ore from various sources had been calculated.

The facts pertaining to production tests are fully explained in my letter to you dated January 21 asking that the unwarranted Certification be rescinded because these tests proved beyond reasonable doubt that commercial production is not economically feasible from any discovery resulting from the exploration.

The allocations used in calculating the cost of the production tests were prescribed by the DMEA Field Team and by the Auditor during the Interim Audit from August 7 through 11 and reflect a substantial loss despite the fact that in contrast to actual operations, there was no mining or handling cost on ore already mined and in the bins before we leased the property nor was there mining cost on ore sorted out of the muck from exploration.

Since the Certification has obviously been made in error, in my letter dated January 21, you were requested to make

a thorough and careful reinvestigation; and I have no doubt whatsoever that such an investigation by an unprejudiced capable engineer who has knowledge of mercury will result in rescinding Certification of the property.

We cannot believe that it is the purpose of DMEA unjustly to Certify a property as having resulted in a discovery from which production may be made when such production is not economically feasible.

Had commercial production been possible from the property, it would not have been necessary for the Operator to surrender the mining lease and abandon the property, as he now has been forced to do.

Thanking you for the fair and honorable treatment which we believe we may expect from an agency of our Government, I remain

Sincerely,

R. N. Pulliam

R. N. Pulliam, President
AMERIMEX MINING COMPANY

RNP:L

AMERIMEX MINING COMPANY

INCORPORATED

BOX 626

ALPINE, TEXAS

Defense Minerals Administration
RECEIVED
FEB 15 1954

February 13, 1954

Dmea-2202

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

Dear Mr. Mittendorf:

Inclosed for your further information is a copy of our letter dated February 13 to the Internal Revenue Service of the U. S. Treasury Department which is with reference to the captioned Contract.

Also inclosed is a copy of a letter to the Texas Employers Insurance Association which you will find self-explanatory.

The subject Company has no funds except those due from the Government.

The writer has been working since August without compensation and now has only the hope of being able to liquidate and conclude the affairs of the Company in an orderly and honorable manner. Unfortunately, this cannot be done without release of a substantial part of the funds due.

Furthermore, the Company can no longer continue to pay the cost and expense necessary for the protection and preservation of the equipment, materials and supplies in which the Government has an interest.

If a substantial part of our funds can be released promptly, the writer will make every reasonable effort to conclude the affairs of the Company at the earliest possible time and render a final statement to the Government.

In addition to this obligation owed the Internal Revenue Service and the account payable to Texas Employers' Insurance Association, other obligations are owed the Texas Employment Commission, The First National Bank in Alpine on truck installments, Wesley Roberts and Carl E. Thain for

$1,007.90

labor and watchman service. These urgently require prompt payment.

Sincerely,

R. N. Pulliam, President
AMERIMEX MINING COMPANY

RNP:L
Incls.

CC - Mr. Clinton C. Knox, Executive Officer
Defense Minerals Exploration Administration
U. S. Department of the Interior
221 W. 3rd Street
Joplin, Missouri

Department of the Interior
Defense Minerals Administration
RECEIVED
FEB 15 1954

February 13, 1954

Re: WFT
53 Nov. 10769
Qtr. 9/30/53
74 1180050

U. S. Treasury Department
Internal Revenue Service
P. O. Box 55
El Paso, Texas

Gentlemen: Attention: Mr. Vaughan Clark

This is to acknowledge receipt of your Final Notice, notifying Amerimex Mining Company that a warrant for distraint has been issued authorizing your seizure and sale of property of the Company to satisfy your claim for taxes in the amount of $950.86 plus penalty in the amount of $47.54 and interest in the amount of $9.50, totaling $1,007.90.

As stated in our letter dated January 19, 1954, to your Director in Austin, we have incurred expenses totaling $15,166.06 under DMEA Contract Idm-E468, Docket No. 2202, of which we are entitled to reimbursement in the amount of $11,374.55 from Defense Minerals Exploration Administration, an agency of the United States Government which by the terms of its Contract with Amerimex Mining Company is obligated to pay 75% of costs incurred in compliance with the terms of the aforementioned Contract.

The Company has no funds except those held by the Government. Defense Minerals Exploration Administration has been asked either to release enough of our funds that we can pay our obligations or to send some authorized person here to pay such obligations and liquidate our business under the Contract.

Until funds are released in some manner by DMEA or until equipment, materials or supplies in which the Government owns 75% interest can be sold with DMEA approval, the Company has no means of paying anything to anyone.

I have worked without compensation since August. My purpose is to conclude the affairs of this Company in an orderly and honorable manner.

It does not seem fair or right to me that persecution should be carried on simultaneously by two branches of our Federal Government - one by withholding funds rightfully belonging to us and the other by demanding immediate payment of an obligation which we do not deny or disclaim but which we cannot pay because

the money is being withheld by the same U. S. Treasury who is demanding that we pay them.

If you were in our position, what would you do?

Sincerely,

R. N. Pulliam, President
AMERIMEX MINING COMPANY

RNP:L

Carbon Copy to:

Director of Internal Revenue
U. S. Treasury Department
Austin 8, Texas

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

Mr. C. C. Knox, Executive Officer
Defense Minerals Exploration Administration
U. S. Department of the Interior
221 W. 3rd Street
Joplin, Mo.

Defense Minerals Administration
RECEIVED
FEB 15 1954

February 13, 1954

Mr. Tom Roberts, District Manager
Texas Employers' Insurance Association
526 E. Yandell Boulevard
El Paso, Texas

Dear Mr. Roberts:

Thank you for your letter dated February 6, 1954, reminding me that I agreed to write to Defense Minerals Exploration Administration advising them of the obligation owed your firm by Amerimex Mining Company unless we had received settlement by February 1 so that we could pay you.

As a matter of fact, I had not forgotten or neglected my promise to you. On January 20, I telegraphed the Executive Officer, Defense Minerals Exploration Administration, Joplin, Missouri; and on January 21, I telegraphed Mr. C. O. Mittendorf, Administrator, Defense Minerals Exploration Administration, U. S. Department of the Interior, Washington, D. C., requesting in each message that our funds be released immediately or that a Government representative arrive here promptly to meet our obligations and to assist in removal and disposition of jointly-owned property.

On January 28, the Regional Executive Officer and the Auditor arrived here where they remained until February 5 making an audit and detailed report of our operation, which we understand to be prerequisite to release of our funds and final Contract settlement. While here, these gentlemen were unable to get any definite commitments out of Washington by telephone, but they assured us that we would be advised fully within the next few days.

We have written letters to the DMEA Administrator explaining the circumstances and urging immediate release of part of the $11,374.55 claim being withheld by DMEA.

It is our belief that some of our money will be released very soon; and as promptly as it is possible to do so, you will be paid.

In the meantime if you wish to write to either of the DMEA officials whose names and addresses I have given herein, please feel free to do so.

Thanking you for the patience you have shown and with best personal regards, I remain

Sincerely,

R. N. Pulliam, President
AMERIMEX MINING COMPANY

RNP:L

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

Mr. Clinton C. Knox, Executive Officer
Defense Minerals Exploration Administration
U. S. Department of the Interior
221 W. 3rd Street
Joplin, Missouri

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

FEB 15 1954

February 13, 1954

Memorandum

To: DMEA Operating Committee

From: Clinton C. Knox, Executive, DMEA Field Team, Region VI

Subject: Justification for suggested Amendment No. 3, Project Contract Idm-E468, Amerimex Mining Co., Alpine, Texas, Docket DMA-2202X (mercury)

Upon urgent requests, Mr. Donald T. Finch, DMEA Auditor, and I rushed to Alpine, Texas, on Jan. 28 to meet the emergency which had arisen from the subject Operator's demands for immediate administrative decisions which belatedly would release withheld funds needed for orderly termination of the subject project contract. After a preliminary recheck-audit of all the project cost claims disallowed through July, 1953 (see the Operator's Reclaim submitted to the Field Team on December 15), those also disallowed on the August MF-104 Report received by the Field Team on Nov. 12 but on which payment to the Operator yet is being withheld, and the Operator's MF-104 Reports submitted to the Field Team on Jan. 25 covering project cost claims for each of the months through December 1953, following the unauthorized suspension of all project work on Aug. 19, 1953, Finch and I prepared in long hand the suggested draft of the long-needed Contract Amendment No. 3 which was submitted to Washington on the night of Jan. 30 (see attached copy).

Based on our interpretations of the contract, prior amendments thereto, the August Interim Audit Report, the terminal auditing, the Interim Field Team Inspection Reports, all DMEA administrative regulations, rulings, and instructions (also the July 23 and Oct. 27 letters from Selfridge to Williams), the Operator's Monthly MF-104 Reports, and Reclaim statement, justification for each of the contract changes in the suggested Amendment No. 3 appeared self-evident. In preparing that suggested draft to the very best of our ability, we were careful to make sure that none of those suggested contract and amendment changes under the present circumstances would permit deviation from making the most equitable settlement for all parties concerned as could possibly be affected at this late date. Since I understand those apparent justifications are not clear to the Washington Office, I will endeavor to give herewith the point by point highlights of our reasoning in the various suggestions made

for Amendment No. 3. I recall in my telephone conference with the Washington Office on Jan. 25, Mr. Knous indicated that we need not concern ourselves unduly with the legal phraseology of the amendment he suggested, and that a prompt and equitable settlement was urgent.

Virtually having completed the final examination of the Fresno Mine, inventory of the property there in which the Government has an equity (both afforded after the conference with Mrs. Bledsoe, one of the landowners), and the detailed terminal audit, a rather turbulent summary conference was held with Mr. and Mrs. Pulliam following the telephone call from E. W. Ellis on Friday, Feb. 5. Then as suggested in that call we left Alpine and I returned to Joplin to prepare this requested justification for Amendment No. 3. Mr. Finch clearly stated to Mr. and Mrs. Pulliam the position that the Government apparently will take, subject to written confirmation from Washington and based on the understanding that all costs claimed after the starting of the unauthorized recess of the project work on Aug. 19, would be disallowed in accordance with the Oct. 27 letter from Selfridge to Williams. He stressed that the audit data reviewed with Mr. and Mrs. Pulliam was unofficial until our position was confirmed but was in line with our understanding of the information obtained by telephone from Chambers and Ellis on Feb. 2. The detailed audit figures are believed to be complete and broken down throughout 1953 so as to be applicable to any eventual decision that might be handed down from Washington. The connection was very weak in our telephone conference with Ellis and Chambers in Washington on Feb. 2, and has not been confirmed, but we understood that the Government's equity in the trucks could be waived as of the end of August and all costs incurred by the Operator after Aug. 19 would be disallowed. It is urged that the Operator be so informed officially as soon as possible in order that Mr. Pulliam can make timely preparations to protect the installment payments he made through November and possibly arrange the payments for watchmen, Internal Revenue, State Compensation Insurance, etc.

Mr. Pulliam raised no serious objections to items in our suggested draft of Amendment No. 3 but heaped all his caustic comments with implied legal and political threats, upon the failures to receive timely administrative decisions which allegedly brought about the circumstances which forced him to recess the project on Aug. 19. He also was very bitter about the Certification that a "Discovery" had been made. Although he was the only available representative of the Operator, he stated that he has received no salary since August and has not been consulted recently by the New York officials of the Amerimex Co., so might not assume that he is representing the Operator since August. He also stated that if the "Certification" is not repealed, he and Mrs. Pulliam would

do everything in their power to prevent another Operator from producing on the property. The lease of the Amerimex Co. has been surrendered to the owners because of inability to pay the required monthly rentals since Jan. 1. Verbal permission was given by Mrs. Bledsoe to remove property owned by the Government and the Amerimex Mining Co., within a reasonable length of time. She stated, that another operation is expected to start on the property within 3 months. I gave Mr. Pulliam verbal instructions regarding disposal of all salvageable jointly owned equipment, supplies, and materials in accordance with Government regulations. In general, in this particular case, I would not approve Government waiver of equity in anything worthwhile hauled away from the property but will consider waiving materials and supplies abandoned on the property as having no salvageable value to the Government. Mr. Pulliam did not approve of my suggestion to recommend that the Government waive the necessity for the Operator's "final engineering and geological report". A qualified person is not available to prepare that report, a report by Mr. Pulliam would not add any value to the data already available to the Government, and thus would not justify its cost but I will not waive that stipulation of the contract, however, unless the Washington office so orders and the Operator requests it.

The following refers to items of the suggested Amendment No. 3 in their order:

(1) Amendment No. 1 is to be rescinded in the light of the project cost audits and operational circumstances which in retrospect now permit rewriting to fit needs previously approved, to make an equitable settlement, and still to affect a saving to the Government. Replacing the original equipment available for rent by the 2 jackhammers on March 1 was one saving. Allowing continuation of the rental on the Joy portable compressor at $470 per month prevented paying rentals of $855.00 per month plus installation costs on the stationary compressor and power plants originally intended for use on the project. These savings were not taken into account in disallowances made in the Interim Audit Report (page 9). By March 1, it was evident that the project work was not to reach the large-scale operations originally contemplated.

Likewise, the need for the stationary electric hoist provided for in the contract never arose which would have justified part of the power plant costs.

(2) Changes in the "Equipment to be purchased" were previously justified satisfactory and resulted in savings to the Government as was contemplated (Interim Audit Report, page 10).

(3) Amendment No. 2 is merely to be rephrased in accordance with the former Executive Officer's stated intent in his drafting of that amendment and in accordance with the administrative decisions that the Field Team thus have given the Operator for the work done on Projects #3 and 12. The Operator should not be further penalized for the unfortunate phrasing of Amendment No. 2. In effect my suggestions for Amendment No. 3 merely clarifies the intended increase of the allowable maximum on Project #3 from 210 to 460 feet as actually was driven with prior approval of the Field Team Executive.

There apparently was little reason for the references to Project #12 in Amendment No. 2 because that prospect shaft virtually was sunk from the bulldozed prospect trench as stipulated in the contract under Project #12. I have suggested a rephrased version for Amendment No. 3, however, because a 14-foot X-cut and a 12-foot drift was actually driven from the bottom of that 49-foot prospect shaft on Project #12, as shown in the map prepared by Williams and submitted with his Interim Inspection Report, dated Oct. 15, 1953. That exploration was done on the strength of Amendment No. 2 and with the approval of the former Executive Office so an equitable settlement with the Operator should not be denied now.

No justification could be found, however, for breaking that shaft and X-cut so much oversize with the resulting unreasonable costs which were partly disallowed by the Field Team (see Operator's Reclaim). Anlyses of the Operator's cost distribution figures indicated erroneous allocations on the MF-104A Reports which along with the fact that no caving had taken place (see attached copy of Feb. 1 Memo from Knox to Finch) refutes the Reclaim statement that the Field Team had allowed only $31.12 per foot for the cross of the shaft sinking.

(4) The extension in time of the contract was previously approved.

(5) The suggested change in the "Supervision" as specified by the contract will affect an equitable settlement in accordance with the Interim Audit Report (page 4) and as further clarified in the attached copy of the Feb. 1 Memo from Knox to Finch.

(6) Labor costs for "New Buildings", etc., ~~are~~ to be transferred in the contract estimates as per the Interim Audit Report (page 11) merely satisfied a bookkeeping technicality which prevented an equitable settlement because of obscurity in the original contract form (see July 23 letter from Selfridge to Williams).

(7) Surprisingly, repair costs claimed by the Operator have been very reasonable, and therefor are to be allowed. As an example of the phrasing needed in drafting the original proposed contract, I used the phrase "Repairs - - - newly purchased equipment" because the dismantled, abandoned state of Mr. Pulliam's equipment at that time caused fear of great repair costs to the project. My instructions 2 years ago were to draft that proposed contract with Mr. Pulliam's tentative approval but also to fit it within the framework of the suggestions and recommendations with the letter from Frank Johnson to Dave Gallagher on May 19, 1952.

That was a large order, particularly in view of the fact that the proposed contract also had to be tailored closely to fit Mr. Pulliam who I knew as a typical Texas "mine operator", and to fit the exploration difficulties that had always been encountered in that Texas mercury mining district. Perhaps if the necessarily complex contract had been administered as closely as it was written, Mr. Pulliam would have learned "poor boy's ways" earlier, and still be operating effectively. The favorable possibilities of the property certainly justified making a real exploration effort but when an industry has died, the "know-how" is soon lost and the costs of revival attempts are expected to be great.

(9) Costs of materials for "Underground Rehabilitation" was erroneously set up as a separate item in the originally proposed contract because of special conditions found in the Fresno Mine. Now that I understand "Underground Rehabilitations" is to be considered as an exploration charge by DMEA, virtually a simple bookkeeping transfer is suggested for Amendment No. 3 to permit an equitable settlement as per the Interim Audit Report (page 5).

(10) If the suggested Amendment No. 3 is adopted, obviously it must be made effective as of Jan. 11, 1953, the date that the project work was started.

I hope that the foregoing explanations, however boring to you, will help expedite a prompt and equitable terminal settlement of the subject project contract. In the meantime a regular Memorandum Report of my Investigations of the Amerimex case from Jan. 28 to Feb. 8, is being prepared.

Receipt of your letter of Feb. 2 is also hereby acknowledged. While I would like to give a prompt reply to the requests therein, I believe you would rather that I give the matter further study.

Just now I am confronted with more letters from Mr. Pulliam dated Jan. 29, Feb. 9, and 10, which require acknowledgments and answers to questions. Copies of them are attached with the hope that you will furnish comments and recommendations in the matters. Undoubtedly I am not qualified to answer many questions arising in this particular case - probably should have legal counsel at my elbow from now on if an equitable settlement is to be affected.

Clinton C. Knox

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

CCK/vks

c.c. Operating Committee
Finch

Suggested
Amendment No. 3
Exploration Project Contract Idm-E468
Docket DMA-2202X (Mercury)
Amerimex Mng Co.
Presidio County, Tex.

Contract Idm-E468, dated December 18, 1952, between the United States of America and the Amerimex Mining Co., of Alpine, Texas, is hereby amended as follows:

Amendment No. 1 is hereby rescinded.

The specified list of "Equipment to be rented" on page 5 Article 4 (b) in Exhibit "A" of the contract is hereby amended to include permission to rent the following additional pieces of equipment:

1 - Used Sullivan L-57 drifter with clamp, arm, and column mounting complete, at $75.00 per month for 1-2/3 months.
1 - Jackhammer, with cradle mount, for 1-2/3 months at $50.00 per month.

To be replaced by rentals beginning March 1, 1953, including:

2 - Jackhammers at $40.00 each per month.
1 - New Portable Joy WK-80 Air Compressor, cap. 315 C.F.M. with Caterpillar D-318 Engine #50019 at $470.00 per month.

The following items are deleted from the foregoing referenced list of "Equipment to be rented":

1 - 315 C.F.M. Compressor, 6 mos. at $335.00 per mo.
1 - Power plant 125 KVA, 6 mos. at $400.00 per mo.
1 - Power plant 30 KVA, 6 mos. at $120.00 per mo.

The specified list of "Equipment to be purchased" on page 5 Article 4C of Exhibit "A" of the contract is hereby amended as follows:

Delete:

1 Heavy jackhammer.....$365.00
1 Drifter..... 750.00
1 Column, arm, clamp and other drill mount accessories..... 250.00

Add:

2 JAL-48 Jack Legs equipped with backhead attachments for jackhammers, at..... 195.00 each
1 Lincoln Arc Welder, 180 amp. D.C., 25 watt, portable unit with gasoline motor and accessories complete..... 481.95

Amendment No. 2 is hereby rescinded.

The line on Page 2 in Exhibit "A", to the contract, under Project #3 stating: "No additional work on Project #3 is permitted by this contract" is deleted and the following additional work is hereby authorized:

Driving of extensions from the originally authorized 210 feet of exploratory mine openings amounting to an additional 250 feet of drifting, crosscutting, and raising on project #3 is hereby authorized.

Following the second paragraph in Exhibit "A" on Page 3, under Project #12, include the following:

One of the prospect shafts may be sunk at the location of drill hole No. 7 and justifiable exploratory crosscuts or drifts may be driven from that shaft.

Article 3 of the Contract form is amended by deleting "6 months" and inserting "12 months".

Delete all "Supervision" under Item 2 in the "Estimated Costs of Explorations", page 4 of Exhibit "A" to the contract, and insert the following:

Total supervision consisting of the services of a Superintendent, General Foreman, and Master Mechanic - - $9,900.00

Delete item (6) "New Buildings, improvements, and installations" as written under "Estimated Costs of the Explorations", and substitute the following:

(6) New Buildings, improvements, and installations: Construction materials, labor, and supervision to build power, compressor and hoisting plants, and to set water tanks, etc. - - - - - - - - - $1,495.00

Delete under item (7) "Miscellaneous", page 6 "Exhibit A" to the contract the following:

"Repairs and maintenance of trucks and other newly purchased equipment" and substitute the following:

"Reasonable repairs to trucks and other operating equipment".

Following Item (8) "Contingencies - none", add the following as item No. 9:

(9) Underground Rehabilitation of shafts and mine workings:

Underground Rehabilitation of Shafts and mine workings is provided under Item (2) Labor and Supervision, and (3) Operating Materials and Supplies, page 4, of Exhibit "A" to the contract.

An allowable maximum for labor, supervision, and materials for underground Rehabilitation in the amount of $1,925.00 is, however, hereby established.

The effective date of this amendment is January 11, 1953.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be required to contribute or the percentage of costs which the Government may be required to contribute.

UNITED STATES OF AMERICA

Signed:_____ By_____
Clinton C. Knox
Executive Officer
DMEA Field Team, Region VI

AMERIMEX MINING CO,

Signed:_____ By_____

C
O
P
Y

February 1, 1954

Memorandum

To: Donald T. Finch, DMEA Auditor

From: Clinton C. Knox, Executive Officer, DMEA Field Team, Region VI

Subject: Reclaim of prior disallowances submitted Dec. 15, 1953 by the Amerimex Mining Co., Alpine, Tex., DMEA project Contract Idm-E468, Docket DMA-2202X (mercury)

1. Reclaim of $132.00 for wages of the Compressor Tender, employed during January, 1953, only in the early phases of the subject project, should be allowed. When the former Executive Officer instructed that disallowance be made in the August Interim Audit Report, he was under the impression that such services were unnecessary to the operation of the project.

Based on the Operator's Reclaim statement and on a review of the facts which supported the Field Team in the original approval of many of the cost items claimed in the Operator's January MF-104 Report, the services of the Compressor Tender are considered to have been essential in that early stage of the project operations. The Supervising Engineer was permitted to make the initial Field Team inspection of the project, following which his recommendations were virtually the sole tangible supports for the items in that cost report which were approved by the Field Team, including the "Compressor Tender" item under discussion here.

2. Reclaim for wages of the "Timekeeper-Stock Clerk", amounting to $1,119.92 in the supervision cost disallowances made in the Interim Audit Report, plus 64 percent of $295.00, or $189.40, likewise disallowed by the Field Team in the Operator's June, 1953, MF-104 Report, should be allowed as an acceptable labor cost of the project on the following grounds:

Investigation proved that the "Timekeeper-Stock Clerk" actually functioned satisfactorily on the multitude of miscellaneous tasks which were necessary for the operation of such an exploration project and therefore should have been classed properly as general utility labor as indicated in the Operator's Reclaim statement.

The rate of pay was considered very reasonable but claimed as a supervision cost, disallowance had to be made because the Operator had not required the "Timekeeper Stock Clerk" to perform such duties in an acceptable manner, which admittedly should not have consumed much of his time on such a small-scale project as was recognized in the original drafting of the proposed project contract.

3. Reclaim of other salaries for Supervision, disallowed by the Field Team in the Operator's June MF-104 Report because no distribution

had been made to Production Costs, should be allowed on the basis of the following computations:

Operator's MF-104 claim for June project supervision:

R. N. Pulliam, Supt.	$600.00
Jess Corneilson, Foreman	360.00
Bernard J. Socha, Timekeeper, etc.	295.94
Total claimed	$1,255.94

The Field Team in approving the claim was forced to apply the following arbitrary allocation:

Supervision salaries disallowed as ~~a~~ production charges:

R. N. Pulliam, Supt. (1/2 of June salary)	$300.00
J. R. Corneilson, Foreman (1/3)	120.00
Bernard J. Socha, Timekeeper, etc. (none)	295.94
Total disallowed	$715.94
Less: Allowance for Master Mechanic (not claimed) Carl Thain (1/2 of June salary)	-225.00
Net Field Team disallowance	$490.94

Therefore total Supervisory salaries allowed on the June claim amounted to $765.00.

The Operator's Reclaim for June project supervision was calculated as follows:

R.N. Pulliam (total June salary)	$600.00
Carl Thain " " "	450.00
B. J. Socha " " "	295.94
Sub total to be allocated	$1,345.94

Allocation formula used:

Total man-hours of all employed labor supervised	- 6,050
Total man-hours of labor on exploration project	- 3,874
3,874/6,050 = 64 percent of $1,345.94 =	$861.40

J. R. Corneilson, Mine Foreman (tot. June sal.)-$360.00

Allocation formula used:

Total man-hours of mine labor supervised	- 4,733
Total man-hours of mine labor on exploration project	- 3,655
3,655/4,733 reported as 77.5 percent of $360.00--	$279.00

Amended claim for Supervisory salaries	$1,140.40
Less amount allowed by Field Team	765.00
Net amount in Operator's Reclaim	-375.40
Recommended transfer to labor charge (see preceeding item 2)	
64.4 percent of Timekeeper's salary of 295.94 (in June)	189.40
Balance of Reclaim to be allowed as Supervision	$186.00

4. Reclaim of oversize shaft disallowances that the Field Team made on the Operator's June and July MF-104 Reports, cannot be justified under the contract stipulations. At no time has the Operator requested a contract amendment which would have permitted sinking the shallow prospect shaft larger than the specified 5 x 7-foot size, and the reexamination at this time again showed positively that sinking of a larger shaft was not warranted. Although the walls of the large-size shaft which was sunk to 49 feet in depth, yet are virtually unsupported by any of the timbers, no rock or clay had fallen from August 19, 1953, when the work was discontinued, up to Febr. 4, 1954, when the reexamination was made.

Clinton C. Knox
Executive Officer
Field Team, Region VI

LYNDON B. JOHNSON
TEXAS

United States Senate
Office of the Democratic Leader
Washington, D. C.

February 12, 1954

FEB 15 1954

Answered 2/17/54

Dear Sir:

I am enclosing a communication which I have received from one of my constituents. I will appreciate your giving serious consideration to this problem, based on its merits.

Please let me have as prompt a reply as possible, returning the enclosure, in order that I can inform the writer.

Sincerely,

Lyndon B. Johnson

Lyndon B. Johnson

P. S. Please address reply to Lyndon B. Johnson, U. S. Senate, Washington, D. C. If additional information is required, please telephone Arthur C. Perry, NA 8-3120, extension 186.

Mr. C. O. Mittendorf, Administrator
Defense Minerals Exploration Administration
United States Department of the Interior
Washington 25, DC

140

FILE COPY
SURNAME:

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

Rewritten:

FEB 11 1954

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

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

Dear Mr. Jennings:

Your letter dated February 3 to me referred to the Certification of a Discovery or Development dated January 8, 1954, under the subject Exploration Project Contract, and also to a letter dated December 24, 1953, from the Acting Administrator to the Amerimex Mining Company denying a proposal for additional exploratory work under said project. Your letter concludes that these two positions appear to be inconsistent.

The subject contract provided that:

> "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. . ."

As the Government considered that a discovery or development from which production may be made had resulted from the exploration work performed under the contract, the Government so certified on January 8, 1954. The Operator also considered that a discovery had been made and so informed me in a letter dated August 4, 1953.

The Operator's application for additional exploration work was a matter for separate consideration. The Acting Administrator's letter dated December 24, 1953, stated that:

> "A careful study of your proposal . . . indicates that the probability of disclosing minable ore reserves of acceptable grade by the

R.C.G. 2-11-54

proposed exploration program is not sufficiently promising to justify the additional Government participation . . ." (Emphasis supplied.)

The denial of such proposal was based only on the unlikelihood that another discovery or development might result from the proposed new exploration work. It in no way negatived the consideration that a discovery or development had resulted from the work that already had been performed.

Moreover, since May 15, 1953 (by Amendment No. 2 to DMEA Order-1), mercury has not been on the list of eligible metals or minerals for which Government aid for exploration is available under the Defense Production Act of 1950, as amended. After that date, exploration projects may be extended by additional work only where necessary to complete them or to achieve the original purpose of the contract. Under these criteria, as a discovery already had been made in the subject case, an extension of the exploration program was not justified.

We trust that this letter serves to clarify for you the two actions to which you referred.

Sincerely yours,

C. O. Mittendorf

Administrator

FLKnouse/HCRubin/ep/emd
2/9/54
Copy to: Docket
Adm. R. File C. O. Mittendorf
Operating Comm.
Mr. R. N. Pulliam, President, Amerimex Mining Co.
Box 626, Alpine, Texas
Mr. H. M. Meyer, B.M.
Mr. A. R. Kinkel, Jr., USGS
DMEA Field Team, Reg. VI (2)
E. W. Ellis
J. L. Hofflund
H. C. Rubin
chron.
pending

February 9, 1954

Memorandum

To: L. T. McElvenny, Chief, Mining Branch, Rolla, Missouri

From: C. C. Knox

Subject: Supplement to report for week ending Feb. 6, 1954, Project 6970.1, DMEA Field Team Activities

Due to unforeseen delay while the various terms, suggested by Mr. Finch, DMEA Auditor, and myself for an equitable terminal settlement with the Amerimex Co., are being reviewed most carefully by the Legal Counsel and the other Washington officials, I was instructed by telephone from the Administrator's Office on last Friday morning that I might as well return to Joplin upon completing the detailed audit, the final Field Team examination of the Fresno Mine, and inventory of the jointly owned property. Therefore, after a rather turbulent summary conference with the Operator, but in which no serious objections were raised, however, concerning the suggested contract amendment drafted by Finch and I, I left Alpine Saturday morning, arriving in Joplin late Sunday night Febr. 7, instead of the 10th, as I had advised you in my last Weekly Report.

Just now I must concentrate on preparing a report and detailed justification for each of the items in our suggested contract amendment and equitable terminal settlement. The Final Report by Sherwin Kelly on his geophysical contract work completed on our Racine project is being reviewed, however, and as soon as possible I will prepare the comment requested in your Feb. 3 Memo.

/Rest of memo. and attachments concern administrative changes in Joplin office./

s/ Clinton C. Knox

CCK/vks

cc L. T. McElvenny, Chief, Mining Branch, Rolla, Mo.
Dr. Seibel
"Cap" Ellis (Administrator's Office)

[redacted]
Joplin, Missouri
February 9, 1954

Mr. G. M. Kintz, Chief
Accident Prevention and Health Div., Reg. VI
U.S. Bureau of Mines
Room 1602, 114 Commerce Street
Dallas 2, Texas

Re: DMEA Contract Idm-E468
Amerimex Mining Co.
Buena Suerte, Texas
Docket: DMA-2202X
(mercury)

Dear Mr. Kintz:

I wish to express thanks for your efforts after I visited your office on January 27, and for your letter to me on February 1. I assure you that the data contained therein will be held in strictest confidence.

That data clearly reassured me, however, that the prospect shaft sinking specifications in the D.M.E.A. contract with the Amerimex Mining Co. were not in violation of any safety regulation of the State of Texas or the Employers Insurance Association.

With best personal regards, I remain

Very respectfully yours,

Clinton C. Knox
Executive Officer,
DMEA Field Team, Reg. VI

:vks

c.c. Operating Committee
L. T. McElvenny
Dr. C. W. Siebel

[redacted]
Joplin, Missouri
February 9, 1954

Mr Edgar Baker
251 East College Avenue
Batesville, Arkansas

Dear Mr. Baker:

In compliance with requests in each of two post cards from you, dated February 4 and 5, application forms MF-103 are enclosed herewith.

With respect to the manganese exploration work you have proposed, no change has been made in the Defense Minerals program since last May, 25. I believe upon your request then, Mr. Williams sent the detailed information about the program. In case you should again need that information, additional application forms, or any assistance we can give in preparing your application, please do not hesitate to communicate with me.

Very respectfully yours,

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

:vks
Encs.

c c. Operating Committee

N.J.
CROWLEY TAR PRODUCTS CO.
271 MADISON AVENUE,
NEW YORK 16

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 4 1954

DOCKET FILE

February 3
1 9 5 4

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

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

Attention: Mr. C. O. Mittendorf
Administrator

Dear Sirs:

Mr. R. N. Pulliam of Alpine, Texas has sent us copy of your letter addressed to Amerimex Mining Company dated January 8 enclosing Certification by the Government of a Discovery or Development Under the above Exploration Project Contract.

Mr. Pulliam has also sent us copy of your Administration's letter dated December 24, signed by Mr. Frank E. Johnson, Acting Administrator, in which Amerimex is told that the probability of disclosing minable ore reserves by a newly proposed exploration program is not sufficiently promising to justify Government additional participation.

There seems to be considerable inconsistency between the two statements. In the one case, further Government participation is declined because you say the probability of disclosing minable ore is not sufficiently promising. In the other statement you declare that the Government considers there has been a discovery or development and that mercury mineralization occurs in a specific zone.

We are a party at interest in the original undertaking and would appreciate your clearing up what appears to be a contradiction of facts or of policy in the matter.

Very truly yours,

Secretary

WJJ:m

cc: Mr. R. N. Pulliam

700

DOCKET
SURNAME

FEB - 2 1954

Mr. Clinton C. Knox
Executive Officer
DMEA Field Team, Region VI
222 West 3rd Street
Joplin, Missouri

Re: Docket No. DMEA-2202 (Mercury)
Contract No. Idm-1463
Amerimax Mining Company
Fresno Mine
Presidio County, Texas

Dear Mr. Knox:

Enclosed are two copies of a letter directed to the Administrator, under date of January 21, 1954, by Mr. R. N. Pulliam, President, Amerimax Mining Company, concerning the captioned project. We should like to receive any comments you may wish to make and your recommendations in this matter. Please also advise when we may expect to receive the Final Field Team and Operator's reports.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (2/3)

Enclosure

APPROVED:

J. H. Hedges

Member, Bureau of Mines (2/3)

s/Philip W. Smith

Member, Geological Survey (2/3)

Knouse/Ellis/foc 1-29-54
cc to: Adm. Reading File *
Operating Committee *
Docket
Messrs. HMMeyer, Rm. 3623 *
ARKinkel, Rm. B-242, GSA *
Chambers *
Ellis *
Knouse

* with copy incoming letter attached

UNITED STATES
DEPARTMENT OF THE INTERIOR

BUREAU OF MINES

P. O. BOX ~~100~~ 431
~~ROLLA~~, MISSOURI
Joplin,

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB - 2 1954
DOCKET FILE

c/o Holland Hotel
Alpine, Tex.
Jan. 30, 1954

Mr. C. O. Mittendorf, Adm.
D.M.E.A.
Washington 25, D. C.

Re: Contract Idm-E468
Amerinacy Mng. Co.

attention: E. W. Ellis

Dear Sir:

As suggested to me in a telephone conference with Ellis, Knous, and Chambers on Monday Jan. 25, Finch and I as quickly as possible prepared the enclosed very rough draft of a suggested Amendment #3 to the subject contract. We hope this will cure all the ills arising from the contract and previous amendments.

We apologize for not having this information typed but stenographic services are not available.

We are hastening to air mail this tonight in hopes that it can be reviewed there before we call your office as we plan to do at 3 P.M. Tuesday Feb. 2.

Sincerely yours,
Clint Knous

(Copy made, with attachedment, for Division contract file)

Suggested Rough Draft Prepared by
Clinton C Khoy and [illegible] T. Finch.
Amendment No. 3
Exploration Project Contract No. I d M - E 468
Docket D M A - 2202 X (Memo)

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB - 2 1954

Americex Mining Co.
Presidio County, Texas

Contract I d M-E 468, dated December 18, 1952, between the United States of America and the Americex Mining Co. of Alpine, Texas, is hereby amended as follows:

Amendment No. 1 is hereby rescinded.

The specified list of "Equipment to be rented" on Page 5, Article 4 B of Exhibit "A" of the Contract is hereby amended to include permission to rent the following additional pieces of equipment

1. Used Drifter, Sullivan L-57, Ser #101471 Clamp ~~[illegible]~~ and shell #V-179 5630 and Column and arm Sullivan type U 30-6069 @ 75.00 per month for 1 2/3 months.

1 Jackhammer with Cradle mount for 1 2/3 months @ $50.00 per month.

Beginning March 1, 1953 - 2 Jackhammers @ $40.00 each per month.

1 - New Air Compressor, Portable Joy WK 80, Cap. 315 C F M with Caterpillar D-318 Engine # 50019 @ $470.00 per month.

The following items are deleted from the foregoing referenced list of "Equipment to be Rented"

1 - 315 C.F.M. Compressor 6 mos @ $335.00 per Month.

1 - Power Plant 125 KVA 6 mos @ $400.00 per Month

1 - Power Plant 30 KVA 6 mos @ 120.00 per Month.

The specified list of "Equipment to be Purchased" on Page 5, Article 4c of Exhibit A of the Contract is hereby amended as follow:

Delete:	1 heavy Jack Hammer	$365.00
	1 Drifter	750.00
	Column, Arm, Cradle, and other drill accessories	250.00
Add:	2 - JAL-48 Jack Legs Equipped with attachments for L-57 @ $195.00 each	390.00
	1 - Lincoln Arc Welder, 180 amp. D.C. 25 Watt, portable unit with gasoline Motor and accessories complete	481.95

Amendment No. 2 is hereby rescinded.

The line in Exhibit A, on Page 2, under Project No. 3 stating "No additional work on Project No. 3 is permitted by this Contract", is deleted and the following Additional Work is authorized:

An additional 250 ft of Drifts, Crosscuts and Raises on project No. 3 is hereby authorized.

Following the second paragraph in Exhibit A on Page 3, under Project No. 12 include the following:

One of these prospect shafts may be located at old churn drill hole No. 7 and exploratory cross cuts or drifts may be driven therefrom.

Article 3 of the Contract form is amended by deleting "6 months" and inserting "12 months".

Delete Item 2 "Supervision" of Estimated Costs of Explorations, Page 4 of Exhibit A to the Contract and insert the following:

Total Supervision consisting of the services of a Superintendent, General Foreman

and Master Mechanic $9 900.00

Delete item 6, New Buildings, improvements and Installations as written under Estimated Costs of the Explorations and substitute the following:

New Buildings, improvements and installations:

Construction Materials, labor and supervision for foundations for Power, Compressor, Hoisting Plant and Water tanks $1495.00

Following Item 8 Contingencies - None Add the following as item No. 9:

(9) Underground Rehabilitation of Shafts and Mine Workings:

Underground Rehabilitation of Shafts and mine workings is provided for under items (2) Labor and Supervision and (3) operating Materials and supplies page 4 of Exhibit A to the Contract.

An allowable maximum for labor, supervision and Materials for Underground Rehabilitation in the amount of $1925.00 is, however, hereby established.

The effective date of this amendment is January 11, 1953.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the government may be required to contribute, or the percentage of the costs which the Government may be required to contribute.

Delete Under item (7) Miscellaneous Page 6 of Exhibit A to the Contract the following: "Repairs and Maintenance of Trucks and other newly purchased equipment" and substitute the following:

"Reasonable Repairs to Trucks and other operating equipment".

C
O
P
Y

AMERIMEX MINING COMPANY
Incorporated
Box #626
Alpine, Texas

January 29, 1954

Director of Internal Revenue
Austin 8, Texas

Dear Sir: C 74 1180050

Inclosed herewith is Form 940, Annual Federal Tax Return of Employees, showing $128.72 as the amount of tax payable to your office.

Due to the fact that this Company has no funds other than those due it from Defense Minerals Exploration Administration, representing 75% claimed on Exploration expenses totaling approximately $15,000.00, It is not possible to include the remittance herewith.

As soon as final settlement has been received from DMEA, the amounts owed for taxes will be paid without delay.

Sincerely,

R. N. Pulliam, President
AMERIMEX MINING COMPANY

RNP:L

cc - Defense Minerals Exploration Administration
U.S. Deptartment of the Interior
221 West Third Street
Joplin, Missouri

February 9, 1954

Mr. Clinton C. Knox
Executive Officer
Defense Minerals Exploration Administration
United States Department of the Interior
Joplin, Missouri

Re: Docket DMEA-2202 (Mercury)
Contract Idm-E468
Presidio County, Texas

Dear Mr. Knox:

This is to advise that the Operator has found it necessary to surrender the leasehold described in the captioned Contract because of inability to meet monthly rental payments.

Surrender of the leasehold was without consideration running to the Operator or to any Officer, Director or Stockholder of the operating Company or to any other person of whom we have knowledge. Complete abandonment by the Operator and by all persons concerned in such capacity awaits only the disposition and removal of equipment, materials and supplies placed on the property by the Operator.

As you know from observation on the property and from your study of the records and accounts of the Operator, production tests conducted by the Operator prove beyond reasonable doubt that commercial production is not economically feasible from any discovery or development resulting from the exploration.

Sincerely,

R. N. Pulliam, President
AMERIMEX MINING COMPANY

RNP:L

RECEIVED
MINERALS INFORMATION
DIVISION
FEB 12 1954
BUREAU OF MINES
ROLLA, MO.

February 10, 1954

Mr. Clinton C. Knox
Executive Officer
Defense Minerals Exploration Administration
U. S. Department of the Interior
221 W. Third Street
Joplin, Missouri

Re: Docket DMEA-2202 (Mercury)
Contract Idm-E468
Fresno Mine
Presidio County, Texas

Dear Mr. Knox:

In studying the copy of the captioned DMEA Contract in our files, it is noted that Article 11 states in part as follows:

> "All facilities, buildings, fixtures, equipment, or other items costing more than $50.00 each, paid for or purchased with funds contributed jointly by the Operator and the Government, although title may be taken in the name of the Operator, shall belong to the Operator and the Government jointly, in proportion to their respective contributions, and upon completion of the work or termination of the Contract shall be disposed of promptly by the Operator for the joint account of the Government and the Operator, ..."

Is it true that this clause of the Contract is construed by DMEA to mean not "items costing more than $50.00 each" but actually means groups of items costing more than $50.00 collectively?

It is understandable how such a phrase might be construed to include pipe, rail, explosives, hoisting cable, drill steel, rock bits, etc.; but how the meaning can be stretched to include small tools and kitchen utensils, etc. is very hard to understand.

If either construction had been the intent, it seems that the Contract could very easily have been written to convey accurately the meaning by simply having deleted the words "costing more than $50.00 each."

I do not believe that any operator wants to argue about the Government's right to recover its prorata share of cost to which it has contributed, but by what right does DMEA construe every clause of the Contract and interpret every condition to the disadvantage of the Operator?

An agency of the Government should have no more right to brush aside its contractual obligations than an individual would have.

I understand that it will be necessary for me to obtain at least three bids in writing on letterheads from each bidder on each item, broad category or the entire lot and submit such bids to you, whereupon you are to try to find a buyer who will offer a better price than the best offer made to me.

Potential buyers are not going to make offers in writing without a time limitation.

How much time will be required for you to confirm or reject bids?

What if an individual who has not attained such eminenece that he has a letterhead wants to make a bid, should a bid be accepted over his signature?

What if I am able to submit three bids for one or more items and you are able to find a better offer, but by the time I hear from you, I have a better offer?

What if either you or I have three offers and we are ready to deliver to the highest bidder who then refuses to buy, do we seek another offer or do we sell to the next high bidder?

It is apparent that clerical, accounting and stenographic work as well as actual supervision and labor will be necessary to sell and severe from the property the equipment, materials and supplies put there by the Operator. As I understand it, salaries and other expenses necessary for the preservation and disposition of the property in which the Government owns an interest and the cost of reports, accounts and winding up and settlement actions will be participated in by the Government. Is that correct?

Do such allowable expenses include: mimeographing lists of equipment offered for sale, newspaper or magazine advertisements, travel expense to El Paso and other nearby potential markets, my salary on the usual monthly basis while carrying out this purpose, essential salvage labor at the mine, supervision by the Master Mechanic at his established rate of pay, etc.?

As you know, we have no funds except those held by DMEA which we expect to receive as payment of Reclaim on Interim Audit and Field Team disallowances and as reimbursements for the months of August, September, October, November and December, totaling $11,374.55.

When we were forced to suspend actual exploration operations on August 19, a skeleton crew composed of the Master Mechanic and one laborer devoted the remainder of the month to collecting, cleaning, assembling and preserving the equipment, materials and supplies in preparation for temporary suspension and early resumption of operations.

We had not abandoned hope of resuming operations until denial of our Proposed Amendment dated December 24, 1953, was received.

Meanwhile, through the months of September, October, November and December, we were without funds with which to resume operations, to return rented equipment to its owner or with which to terminate the operation even if we had known that termination would be necessary and had Governmental approval for doing so. Consequently, we had no alternative but to comply with the terms of the DMEA Contract by keeping watchmen on the property and incurring other expenses essential to the protection and preservation of the Government's interest in equipment, materials and supplies.

We now urgently need release of a substantial part of our funds being withheld by DMEA in order to finance prompt, efficient liquidation of the property so that complete abandonment may be accomplished at the earliest possible time to relieve both the Operator and the Government of further expense and responsibility. This would permit final settlement at the earliest possible time and would save every cent possible for our creditors whose trust in us individually and in our Government will be badly shaken if they are forced to sustain a loss.

For many reasons, it is very important that we have specific answers to the questions raised because we do not want to make any mistake. Any loss sustained by us could be the difference between paying all that we owe or in being unable to do so. Any unnecessary delay in final settlement can result in litigation by a creditor, and such delay at least adds to the interest and penalty being charged to our account by the U. S. Department of Internal Revenue on the tax account which we owe them out of the much larger sum which DMEA has been owing us for a similar length of time.

Any definite replies which you may be able to give to the questions raised will be genuinely appreciated; and if you can do anything to aid in the early release of our funds, it will help in bringing this unhappy venture to an early conclusion.

Thanking you, I remain

Sincerely,

R. N. Pulliam, President
AMERIMEX MINING COMPANY

RNP:L

Surname
DOCKET COPY

700

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

FLKnouse
Ellis

JAN 29 1954

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

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

Dear Mr. Pulliam:

This will acknowledge receipt of your letter dated January 21, 1954, bringing to my attention various questions you raise concerning the captioned project.

I desire to give you a prompt reply on the matters you have presented. However, a review of the entire question by various members of this Agency will be necessary and will require a little time. When the findings are completed I will convey our decision to you at the earliest possible date.

Sincerely yours,

C. O. Mittendorf

Administrator

FLKnouse/EWEllis/gla
1-29-54
cc to: Adm. Reading File
Docket
Messrs. HMMeyer, Rm. 3623
ARKinkel, Jr., Rm. B-242A, GSA
Ellis
Knouse
DMEA Field Team, Region VI (2)

4-1

AMERIMEX MINING COMPANY

INCORPORATED

BOX 626
ALPINE, TEXAS

Department of the Interior
Defense Minerals Administration
RECEIVED
JAN 26 1954

January 21, 1954

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

Re: Docket DMEA-2202 (Mercury)
Contract Idm-E468
Fresno Mine
Presidio County, Texas

Dear Sir:

We have recently received from your office the following communications:

Under date of December 24, 1953, denial of our Proposed Amendment providing for additional exploratory work under the subject contract at an estimated cost of $96,900.00 for the reason

> "....the probability of disclosing minable ore reserves of acceptable grade by the proposed exploration program is not sufficiently promising to justify the additional Government participation which you have requested."

Under date of January 5, 1954, letter of transmittal and formal "Notice of Termination of Exploration Project Contract under the Terms of Contract before the Completion of the Work" on the ground that we failed to prosecute operations pursuant to the terms of the Contract.

Under date of January 8, 1954, letter of transmittal and "Certification by the United States of America of a Discovery or Development under an Exploration Project Contract," stating in part as follows:

> "....to establish and fix the Government's percentage royalty on production and its lien thereon and on the land described in the contract, the Government considers and therefore certifies that discovery or development from which production may be made has resulted from the exploration work."

It is respectfully suggested that error must have been made in Certification of our project as a discovery resulting from the exploration work from which production may be made.

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We protest Certification of our Exploration Project because such Certification is believed to be unfair and not justified by the facts.

Production is not possible from any discovery or development resulting from the exploration work.

DMEA Bulletin No. 12651, "Questions and Answers on the Mineral Exploration Program", sent to us by your Department in Paragraphs 10 and 11, Page 3, defines "Production" as meaning "Commercial Production" and defines "a valid discovery" as a discovery "successful enough so that the ore may be mined commercially". These definitions are certainly those understood by the Operator as used in the context of the Contract.

Since production in some quantity is doubtlessly possible at some cost from any mineralized property, "production" must mean "commercial production" or production which would be at least self-sustaining.

Production tests made by the Operator prove beyond reasonable doubt that production is not economically feasible from any discovery or development resulting from the exploration work. The accounts and records of the Operator, which show the disbursements allocated and designated as prescribed by the DMEA Auditor and Field Team, prove that the production tests resulted in serious loss to the Operator despite the present high price of mercury.

The minerals tested were derived from the following sources known to the DMEA Field Team:

1. Mineral mined in 1944 by the previous operator and left in bins owned as a separate estate by separate owners, apart from the mineral estate; and mineral mined in 1944 and left in the old underground bins, chutes and stopes, neither mined nor produced under the Contract.

2. Mineral sorted out of the muck from exploration, subsequently re-sorted twice by hand and tested to show 3.6 pounds of mercury per ton. This is clearly sub-economic.

3. Large-scale samples selected and hand sorted from mineralized areas both in the exploration workings and in the old workings. This is also sub-economic.

4. About 4 tons of high grade specimen ore owned personally by the writer who had saved it since 1947 from the Maggie Mine.

Production tests were made because the erratic occurence of the mineralization defied fair sampling by any means other than on a tonnage basis. The furnace used in commercial production is the only method by which large-scale assays can be made on mercury ores to ascertain correctly the recoverable mercury content.

Such production tests leave no occasion for conjecture; it was proved that commercial production is not economically feasible now or in the foreseeable future from any discovery or development resulting from the exploration.

The mercury furnace, ore bins, houses and other surface appurtenances, as well as the surface rights of the land, are owned as a separate estate apart from the mineral estate and were leased by the Operator under a separate and distinct lease from a different ownership apart from the Mining Lease. Consequently, the mineral saved and sold as a result of the production tests has no direct relationship to any discovery or development resulting from the exploration nor to any minerals mined or produced from the property after the date of the DMEA Contract.

Despite the fact that DMEA has not participated in any expense for making the production tests, which have been identified as such since our earliest DMEA Reports, the full amount received from the sale of all minerals taken out incidental to the exploration, the full amount received from the sale of other minerals in which DMEA had no participation and approximately 50% in additional Company funds have been spent to meet the direct costs of these tests in which DMEA would not participate and to reduce the cost of its exploration, as provided in Paragraphs 10 and 11, Page 4, of your informational bulletin previously cited herein.

If the exploration had actually resulted in a valid discovery from which ore could be mined commercially, there would be no objection to Certification. We believe that it would be a relatively simple matter to reorganize and refinance the Company so that operations could be carried on.

Instead, the Operator is obliged to surrender the Lease without any consideration running to the Operator other than relief from the cost of maintaining such rights coupled with complete abandonment by the Operator of all interests in or operations on the land for a period of 10 years from the date of the Contract. The writer and his wife, who signed a Guaranty under the Contract, do hereby agree to accept the same conditions as the Operator and disclaim any responsibility under the Guaranty. This relief is provided under Article 10 of the Contract, quoted as follows:

"....Provided, that mere failure by the Operator to maintain

4-4

the Operator's rights in the land, without any consideration running to the Operator other than relief from the cost of maintaining such rights (as by surrender of a leasehold, failure to perform assessment work, or failure to exercise an option), coupled with complete abandonment by the Operator of all interest in or operations on the land for a period of 10 years from the date of this contract, shall not constitute such a transfer or conveyance. Should the Operator make or permit any transfer or conveyance in violation of this provision, the Operator shall be and remain liable for payment to the Government of the same amounts, at the same times, as would have been paid under the terms of the percentage royalty on production."

It could not be the intent of the Government to impose greater liability upon the signer of a Guaranty than would be imposed upon an operator under the Contract.

For the reasons stated, we respectfully request that a thorough and careful re-examination and re-investigation be conducted at the earliest possible time so that this unjustified Certification will be rescinded.

While the previously-described production tests prove that commercial production is not possible, the Operator proposed amendment of the Contract to provide additional time in which to complete the unfinished portion of the Contract and to provide for additional exploration at an estimated cost of $96,900.00. The Proposed Amendment was denied by your office for the reason that the Government does not consider the probability of a commercial discovery sufficiently promising to justify the additional Government participation. Yet Certification was made on the basis of the assertion that such a discovery had already been made.

Termination of our DMEA Contract was made by your office for the reason that we failed to prosecute operations pursuant to the terms of the Contract. Failure to prosecute operations since August, 1953, is a result of the Operator's having been deprived of funds. Withholding of reimbursements by DMEA to await the result of the Interim Audit in order that disallowances could be deducted therefrom deprived the Operator of funds essential to the continuation of the operation.

The Auditor and the Field Team were fully informed of the situation and knew that suspension of operations would be necessary unless the reimbursements for Monthly Reports of Expenditures for June, July and August were forthcoming without substantial deductions and at the approximate times anticipated by the Operator. Regardless of this situation resulting from no fault of the Operator,

4-5

both his interest and that of the Government were substantially destroyed by the withholding of these funds and by Interim Audit and subsequent Field Team disallowances.

The Interim Audit resulted in retroactive disallowances of funds previously paid the Operator dating back to the beginning of the project for items of expense essential to the exploration and included in Monthly Reports submitted with proper documentation, certified by the Field Team and by the Finance Office.

The retroactive disallowances resulting from the Interim Audit were based on interpretations of the Contract not understandable from its wording and not previously understood or applied by the Operator or by the Government officials who had certified and paid the reimbursements.

Every reasonable effort had been made by the Operator to abide by the terms of the DMEA Contract and through the study of all available informational material and frequent contacts with the Field Team, he sought to inform himself of all rules and regulations applicable.

When the Operator complained to the Auditor and the Field Team for having allowed 8 months of alleged mistakes to accumulate instead of having made current adjustments or even of having advised the Operator that such retroactive disallowances could or would be made, it was explained that only a Certified Public Accountant of the Contracts and Audits Division especially versed in interpretation of contracts was qualified to apply the rules to a particular operation.

Interim Audit disallowances and subsequent Field Team disallowances resulted in delay and drastic reduction in the reimbursements justly anticipated for June and July. Furthermore, until such reimbursements had been actually received, it was not known that they would be paid or in what amounts.

When no reimbursement for June had been received on August 14, the Operator laid off all but a skeleton crew who devoted the remainder of the time to removing from the mine and exposed surface workings tools and supplies preparatory to a possible long suspension of work.

When the June reimbursement was received on August 21, after long distance telephone calls to the Finance Office in Amarillo and to DMEA in Joplin and Washington, it had been reduced to $5,371.71 instead of $7,933.23 by Field Team disallowances of about the same tenor as those of the Interim Audit. Had it been for the full amount, it would have been insufficient to pay all commitments.

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When the July reimbursement was received, it had been reduced to $1,624.41 from the $5,958.92 claimed by retroactive Interim Audit disallowances and by Field Team disallowances which were deducted. Many commitments, therefore, remained unpaid; and it was still impossible to resume operations.

Reclaim in the amount of $5,892.17 has been filed for the total of $6,896.03 Interim Audit and Field Team disallowances which the Operator believes to have been unjustly made.

The Monthly Reports for August expenditures totaling $5,735.33 and for September expenditures and commitments totaling $1,137.38 have been submitted.

In addition to the amounts due on Reclaim and August and September reimbursements, the Operator has made payments or commitments for various costs and expenses necessary to preserve equipment, materials and supplies in which the Government has an equity.

The funds justly claimed by the Operator now being withheld by DMEA totals 75% of the $12,764.88 expense incurred by the Operator or $9,573.44, which is in excess of the maximum amount of $6,000.00 allowable under Article 8 of the Contract. In addition to this relatively large sum, the Operator since September, 1953, has made payments and commitments for various costs and expenses necessary to preserve equipment, materials and supplies in which the Government has an equity.

The Operator now has only such funds as may be recoverable from DMEA and such part of the sale value of equipment, materials and supplies as may belong to the Operator upon the sale thereof.

The Operator is now required to dispose of any remaining equipment, materials and supplies in which the Government has an interest, for the joint account of the Operator and the Government. Such disposition will doubtlessly require severance from the land, and removal of the equipment, materials and supplies in which the Government owns an interest.

The Operator has no funds except those held by DMEA with which to pay necessary costs and expenses for preserving and disposing of the equipment, materials and supplies in which the Government owns an equity.

Monthly installment payments on the trucks in which the Operator and the Government jointly own an interest have not been participated in by the Government since July and have been paid solely by the Operator until December. Now, the December and

January installments are past due and must be paid immediately to prevent loss of equity.

The final installment due November 24 on the electric welder has not been paid. Other accounts also remain unpaid which require immediate attention to avoid increased costs to prevent possible attachment of property. These commitments include taxes due the U. S. Department of Internal Revenue and the Texas Employment Commission, premium payments due the Texas Employer's Insurance Association, salaries due for watchman service and several local accounts incurred for goods or services purchased for exploration purposes.

The Operator can no longer continue to pay the monthly rental of $100.00 on the mine property, having spent in the neighborhood of $39,000.00 as its part of operating expenses instead of the $20,000.00 originally contemplated by the DMEA Contract. Consequently, loss of the Mining Lease seems inevitable.

Unless enough of the funds being withheld by DMEA can be released to meet essential payments and permit prompt sale of the property and conclusion of the Contract, it is urgently requested that the Government not wait 90 days but immediately send some duly authorized person to dispose of the property - not because the Operator fails, refuses or neglects to do so but because he has been rendered financially unable to do so.

We hope that you will accord our explanation of facts and circumstances the fair and just consideration to which we believe we are entitled by virtue of the high trust of your Office and your responsibility to the individual citizen as well as to the Government.

Sincerely,

R. N. Pulliam

R. N. Pulliam, President
AMERIMEX MINING COMPANY

RNP:L

Department of
Defense Estimate
RECE
JAN 20 1954

GENERAL SERVICES ADMINISTRATION

Emergency Procurement Service
Washington 25, D. C.

January 18, 1954
In Reply Refer To: EDE

Mr. C. O. Mittendorf
Administrator
Defense Minerals Exploration Administration
U. S. Department of Interior
Washington 25, D. C.

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

Dear Mr. Mittendorf:

This will acknowledge receipt of your letter of January 8, 1954, addressed to Mr. Irving Gumbel on the above subject.

Thank you for this information.

Very truly yours,

Russell C. Fleming

for Clarence A. Fredell
Acting Chief
Expansion Branch

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

Mr. Irving Ambel, Acting Director JAN - 8 1954
Materials Division
Emergency Procurement Service
General Services Administration Bldg., Rm. 5002
7th and D streets, N. W.
Washington 25, D. C.

Re: Docket No. MEA-2202 (Mercury)
Contract No. DMr-149
Marinex Mining Company
Fresno Mine
Presidio County, Texas

Dear Mr. Ambel:

Enclosed is a copy of a certification of discovery or development under the captioned contract.

The project contract was dated December 1, 1952, with Government participation to the extent of 75 percent, in an exploration project estimated to cost $80,000.00 (Government share $60,000.00). Project work was suspended on August 13, 1953, by the Operator due to the inability of the company to raise sufficient funds to pay its share of the costs. The contract will be terminated by the Government for this reason.

The contract provided for 1440 linear feet of drifting, cross-cutting, raising, and shafting, 1500 linear feet of diamond drilling, and 96 hours of tractor-dozing to cut sample trenches. Up to the time operations ceased only 912 feet of the above first items of work and 476 feet of the diamond drilling had been completed. The trench work was fully completed.

During the period of work 43 flasks of mercury were recovered from furnacing 536 tons of ore. Ore reserves discovered during the contract are estimated at 3400 tons containing approximately 3.6 lbs. of mercury per ton.

Sincerely yours,

C. O. Mittenzwei (for)

Administrator

Enclosure re 1

Mr. Murphy
Ellis
Rubin
Hoffman
Bretschneider
Ferraksr
Hedges
Selfridge

Mr. Hedges, Rm. 1601
Mr. Thayer, Rm. 1216, GSA
Contract Adm. & Audit Div.
Mails & Files DOCKET

Rare & Misc. Metals Division (Mr. Ellis)
Mr. Murphy
Mr. F. H. Johnson
Field Team, Region VI (2)

Operating Committee

EMurphy/db
12-28-53
cc to: Adm. Reading File

R.C.S.
1-8-54

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

Surname
DOCKET COPY
Murphy
Ellis
Rubin
Hoffmund
Stephens
Lavratos
Hedges
Selfridge

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

JAN - 8 1954

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

Dear Mr. Pulliam:

Enclosed is a "Certification by the United States of America of a Discovery or Development Under an Exploration Project Contract," covering all of the land described in Article 2 of the above-described contract.

By the terms of the Exploration Project Contract, as amended, and of the certification, 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 until the total sum contributed by the Government is fully repaid, or until December 18, 1962, whichever occurs first.

Payments should be made to Mr. William P. Williams, Executive Officer, DMEA Field Team, Region VI, 221 West 3rd Street, Joplin, Missouri. Checks should be payable to the Treasurer of the United States. The purchaser should be advised to deduct the royalties from the amount due on each shipment and forward the check directly to the Executive Officer. Royalty payments to the Government in the case of mercury are 5 percent of the amount received from the purchaser. Each payment should be accompanied by an account itemizing all deductions made by the purchaser from the gross value of the mercury.

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

FMMurphy/gla 12-28-53

Sincerely yours,

C. O. Mittendorf (for)
Administrator

cc to: Adm. Reading File
Operating Committee
Docket

Messrs. Mr. Hedges, Rm. 4604
Mr. Thayer, Rm. 5216 GSA
Enclosure
Ellis
Murphy
F.E.Johnson
Chambers
DMEA Field Team, Region VI (2)

RC 1-8-54

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

JB Murphy
Ellis
Rutin
Hoffman
Stephens
Larrabee
Selfridge
Mettendorf

JAN - 8 1954

Mr. [illegible] F. Williams
Executive Officer
DMEA Field Team, Region VI
221 West 3rd Street
Joplin, Missouri

Re: Docket No. [illegible]-2202 (Mercury)
Contract No. [illegible]-163
Amerimex Mining Company
Fresno Mine
Presidio County, Texas

Dear Mr. Williams:

Enclosed are copies of a certification of discovery and a termination notice referring to the above-described project. Two copies of a letter dated December 24, 1953, to the Operator, denying proposed Amendment No. 3 to the captioned contract, were mailed to you previously. These papers were prepared in accordance with the recommendations made in your letters dated July 10, November 13, and December 11, 1953.

We note that 43 flasks of mercury have been produced by the company since the date of the subject contract. Royalty payments to the Government should be made on this production.

We regret having to terminate this project with such a small amount of ore discovered, as we believe that with more efficient management and completion of the work recommended by the Field Team a more significant amount of ore might possibly have been discovered within the original estimated cost of the contract.

The Contract Administration and Audit Division will inform you of the date arranged for a final audit of the subject project, which could possibly be combined with a final Field Team examination.

Sincerely yours,

George C. Selfridge (JB)
Chairman, Operating Committee

Enclosures 6

APPROVED:

J. H. Hedges (JB)
Member, Bureau of Mines

D. M. Larrabee (JB)
Member, Geological Survey

Mr. Murphy

Docket
Messrs: H. M. Meyer, Rm. 3623
A. R. Kinkel, Rm. B-242A, GSA
Ellis

cc to: Adm. Reading File
Operating Committee

MMurphy/db
12-28-53

R.C.S.
1-8-54

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

Surname
DOCKET COPY
Murphy
Ellis
Brown
Jarabek
Hedges
Selfridge

JAN 5 1954

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

Re: Docket No. DMEA-2202 (Mercury)
Contract No. Idm-7468
Amerimex Mining Company
Fresno Mine
Presidio County, Texas

Dear Mr. Pulliam:

Enclosed is the Operator's copy of "Notice of Termination of Exploration Project Contract, Under the Terms of the Contract, Before the Completion of the Work" applying to the captioned contract.

Sincerely yours,

C. O. Mittendorf (for)

Administrator

Enclosure

FMMurphy/gla 12-29-53
cc to: Adm. Reading File
Operating Committee
Docket
Messrs. Mr. Hedges, Rm. 4604
Mr. Thayer, Rm. 5216 GSA
Ellis
Murphy
F.E.Johnson
Chambers
DMEA Field Team, Region VI (2)

Certification Notice mailed date

1-5-54

Murphy
J L McGuire

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

DEC 24 1953

Mr. H. . Fullian, President
Amerimex Mining Company
Box 626
Alpine, Texas

Re: Docket No. M -2202 (Mercury)
Contract No. Idm-1(6)
Fresno Mine
Presidio County, Texas

Dear Mr. Fullian:

Your proposal, dated November 11, 1953, for amendment No. 3 to the subject contract providing for additional exploratory work at an estimated cost of $96,900.00, has been thoroughly reviewed by this Agency.

A careful study of your proposal, together with all information available from other Government sources, indicates to us that the probability of disclosing minable ore reserves of acceptable grade by the proposed exploration program is not sufficiently promising to justify the additional Government participation which you have requested.

We regret that under these circumstances your proposal must be denied.

Sincerely yours,

FRANK E. JOHNSON
(By EST)
ACTING Administrator

FMMurphy/db
12-23-53
cc to: Adm. Reading File
Docket
Messrs: H. M. Meyer, Rm. 3623
A. R. Kinkel, Rm. B-242A, GSA
Ellis
Murphy
DMEA Field Team, Region VI (2)

12-24-53

12/21/53 gla

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
WASHINGTON 25, D. C.

December 21, 1953

Memorandum

To: E. Wm. Ellis, DMEA

From: Helena M. Meyer, Base Metals Branch

Subject: DMEA-2202X Idm-E-468, Amerimex Mining Co., Presidio County, Texas, Mercury, Mr. Williams memorandum of December 11

I concur with Mr. Williams recommendation that the Amerimex Mining Co. contract be terminated and that a Termination Agreement be sent the operator. Evidently repeated recommendations of Clinton C. Knox that "all mercury depositions be systematically sampled and mapped by the Superintendent, when encountered by the exploratory work and occassional jack-hammer test holes are to be drilled whenever justified in walls or backs of drifts" were never complied with. Thus we lose anticipated benefits from the DMEA program.

If the policy of your office is to issue a Certificate of Discovery where only very slight production eventuates, I recommend that such a certificate be issued. Otherwise it would seem unnecessary to issue a Certificate of Discovery.

Helena M. Meyer

Helena M. Meyer

Copy to: Minerals Division
Base Metals Branch
Mr. Ellis, Field Team Copy
A. R. Kinkel, Geol. Survey
H. M. Meyer
Files

[redacted]

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 16 1953

December 15, 1953

RE: DMEA-2202X Idm-E468
Amerimex Mining Co.,
Presidio County, Texas
Mercury

Memorandum

To: Mr. E. Wm. Ellis

From: A. R. Kinkel, Jr.

Subject: Concurrence with Mr. Williams' recommendation.

I concur with Mr. Williams' opinion that the Amerimex Mining Company (DMEA-2202X) should be terminated.

The amount of ore found is so very small that I see no particular reason for making the Certification of Discovery, although I have no strong feeling in the matter.

A R Kinkel Jr

A. R. Kinkel, Jr.

IN REPLY REFER TO:

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

DEC 15 1953

December 14, 1953
Re: DMEA-2202
Amerimex Mining Co.
Presidio County, Texas
Mercury

Memorandum

To: E. Wm. Ellis

From: A. R. Kinkel, Jr.

Subject: Concurrence with Mr. William's recommendation

I concur with Mr. William's recommendation that no additional work should be approved at the Amerimex mine.

A R Kinkel Jr

A. R. Kinkel, Jr.

12/1/53 gla

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.
xxxxxxxxxxxxxxxx
Joplin, Missouri
December 11, 1953

Department of the Interior
Defense Minerals Administration
RECEIVED
DEC 1 1953

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

Re: DMEA-2202X Idm-E468
Amerimex Mining Co.
Presidio County, Texas
Mercury

Dear Bob:

This letter is written with reference to our recent conversation with regard to disposition of jointly owned equipment that will remain after the conclusion of your DMEA Contract.

After careful study I find nothing within DMEA regulations which abrogates or rescinds any of the conditions set forth in my letter to you dated February 11, 1953. That letter, it seems to me, spells out very clearly the responsibilities of the Operator in disposing of property remaining from DMEA projects. In addition I should like to point out that Article 11 of your Contract Idm-E468 also points out the duty of the Operator in disposition of property. For further information on this subject I quote from DMEA regulations:

"The Government has an interest in property originally costing more than $50. In determining this cost, materials and supplies remaining are considered in groups or categories (such as pipe, or explosives, or rails, or drill steel). Whether or not any property is considered 'expendable', by the operator, it is not expended as far as the Government is concerned if it has any salvage value. If an item has no salvage value, the Government may, in a proper case, waive its interest. However, the Government will not in all cases waive its interest merely because the property has little or no salvage value.

If the operator procures equipment on a cash-purchase basis, the article purchased belongs to the operator and the Government jointly, in proportion to their respective contributions, as soon as it is delivered and paid for. This remains true although the title ordinarily will be taken in the name of the operator. The exploration contract places upon the operator the duty of disposing of such equipment for the joint account of the parties upon the termination of the work."

In connection with installment-purchases the following regulations apply:

"If the Government and the operator agree that it would be beneficial to complete the purchase, the operator may do so, with contribution by the Government, but must thereafter dispose of the purchased equipment for the joint account of the parties in proportion to their respective contributions.

If the installment-purchase contract is assignable, and in the opinion of the Government it would be beneficial to complete the purchase, but the operator is unwilling or unable to pay his part of the purchase money, the Government may accept an assignment of the contract from the operator, complete the purchase on its own account, and thereafter dispose of the equipment, the proceeds after the Government has deducted the payment made on its own account, to be for the joint account of the parties, in proportion to their respective contributions.

If by the terms of the installment-purchase contract the operator is obligated to complete the purchase payments, and if he cannot settle the contract by return of the equipment to the vendor, he may complete the payments, with participation by the Government, even though the equipment may not then be worth the amount required to complete the purchase, and thereafter dispose of the equipment for the joint account of the parties in proportion to their respective contributions."

Please keep us informed of the problems and status of your DMEA project and rest assured that this office will do everything possible to assist you in making a fair and equitable disposition of jointly owned property at the conclusion of your exploration project.

Sincerely yours,

W. P. Williams
Executive Officer
DMEA Field Team, Reg. VI

WPW:jd
cc - Operating Committee

mds

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D.C.~~
Joplin, Missouri
December 11, 1953

Mr. C. O. Mittendorf
Administrator
Defense Minerals Exploration
Administration
Interior Building
Washington 25, D. C.

Re: DMEA-2202X Idm-E468
Amerimex Mining Co.
Presidio County, Texas
Mercury

Dear Mr. Mittendorf:

The above-referenced project has been recessed since August 19, 1953. No exploration work of any kind has been performed since that date. The Operator has informed this office that project work under the terms of the contract will not be completed due to lack of funds in the Amerimex Mining Company. Termination date of the contract is December 18, 1953.

Equipment has been provided for this project by rental, cash purchase, and by installment purchases. Installment payments have not been completed on the involved equipment.

An on-site interim audit was made on this project the first week in August, 1953 by Mr. Donald T. Finch, Contract Administration and Audit Division.

Consideration of the above points, especially of the property disposal problems involved, and of other aspects of the project leads me to make the following recommendations:

1) A suitable Notice of Termination of Exploration Project Contract should be issued to the Operator by the Government without delay. If the form entitled "Notice of Termination of Exploration Project Contract, Under the Terms of the Contract, Before Completion of the Work" is used I recommend that grounds (b) and (c) in the body of the form be struck out as inapplicable.

2) The project should be closed by on-site audit by an auditor from the Contract Administration and Audit Division(DMEA Memo No. 8, Question No. 20)

Sincerely yours,

W. P. Williams

W. P. Williams
Executive Officer
DMEA Field Team, Reg. VI

WPW:jd

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D. C.~~
Joplin, Missouri
November 27, 1953

DEPARTMENT OF THE INTERIOR
General Mineral's Administration
RECEIVED
NOV 30 1953

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

Re: DMEA-2202X Idm-E468
Amerimex Mining Co.
Presidio County, Texas
Mercury

Dear Bob:

Your monthly report of exploration on forms MF104-104A for August, 1953 has been approved by this office. On this date the original has been forwarded to the Regional Finance office, U. S. Bureau of Mines, Amarillo, Texas.

Enclosed are eight copies of forms to be used for your next report.

In accordance with our conversation of some days ago I wish to repeat here that according to DMEA regulations the Government cannot participate in expenses incurred while your project is in a suspended or recessed state. Such costs have been disallowed on your monthly report for August, 1953.

Sincerely yours,

W. P. Williams
Executive Officer
DMEA Field Team, Region VI

WPW:jd
Encs.

cc - Operating Committee

7/29/53 gha

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.
Joplin, Missouri
July 27, 1953

RECEIVED

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

Re: Docket DMEA-2202X(Mercury)
Amerimex Mining Co.
Presidio County, Texas
Contract Idm-E468

Dear Bob:

We have received your monthly report for June and are now in the process of checking it and will try to get it to Ray C. Jones as soon as possible.

I am glad to learn your Project No. 12 Shaft is encountering favorable mercury mineralization. That is the sort of thing we are striving for. This letter constitutes written approval of the Field Team for you to conduct additional underground exploration from the shaft as stipulated in Amendment No. 2 to your Contract Idm-E468.

It is not within the authority of the Field Team to amend your present DMEA Contract to allow for an overall increase in the total amount of your Contract Idm-E468. Such an amendment must come under existing regulations, from the Washington office of DMEA. Such an amendment appears to me to be your only recourse inasmuch as mercury is no longer on the list of minerals eligible for DMEA assistance. Consequently, it would be to no avail to make a new application for a new contract for mercury exploration.

With all hopes for continued encouraging results in your exploration contract I am,

Sincerely yours,

W. P. Williams
Executive Officer, DMEA
Field Team, Region VI

WPW:jd
cc - Operating Committee ✓

FILE COPY
SURNAME:

Chamberlin
Murphy
Lawrence
Spillane
Brown
Mattingly

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

JUL 23 1953

Mr. William P. Williams
Executive Officer
DMEA Field Team, Region VI
221 West 3rd Street
Joplin, Missouri

Re: Docket No. DMTA-2202X
Contract No. Idm-2468 (Mercury)
Amerimex Mining Company, Inc.
Presidio County, Texas

Dear Mr. Williams:

Reference is made to your DMEA Interim Report of July 10, 1953, in which you make certain recommendations in regard to the administration of the above-cited contract.

The report of July 10 takes a reverse position of your Interim Report of May 18, 1953. The May 18 report indicated that the project was being conducted in an efficient and workmanlike manner, while your report of July 10 indicates that the Operator is, to say the least, inefficient and probably is not carrying on the work in good faith. It was on the basis of the May 18 report that Amendment No. 2 recommended by you was approved by this office.

The six recommendations made by you in your July report will be discussed in the order given, as follows:

1. The Contract Administration and Audit Division has proposed to audit the records of the Amerimex Mining Company in August and has suggested a date to you in a telegram dated July 17.

2. It is agreed that a complete survey of the need of certain equipment on this project should be made and, if found necessary, either an amendment to the contract should be formulated or a directive by you should be addressed to the Operator outlining to him that the use of certain equipment only will be approved by the Field Team and that vouchers making claims for the use of other equipment will be disallowed. In further regard to equipment the Operator stated in making its request for a contract that it had assets and liabilities as follows:

	ASSETS	
Lease	$ 1,000	
Machinery and Equipment	54,250	
Total Assets		$55,250

R.C.G.
7-23-53

LIABILITIES

Notes Payable	$54,850	
Stock	1,000	
Total Liabilities		$55,850

Does the Company own the equipment? If so, then depreciation instead of rentals should be allowed. This is a point which the auditor and engineer should determine.

3. It is suggested that a review of supervision costs be made and that the Operator be told what supervisory costs will be approved. In this connection please refer to our letter of December 15, 1952, to Region IV and also to the special notice contained in the Operating Committee Minutes of December 3, 1952, copies of which should be in your files.

4. Labor costs incurred in production activities should be disallowed. The question of supervision is answered in item 3 above.

5. Costs incurred for sinking the overview shaft, contrary to specifications in the contract, should be disallowed.

6. Your recommendation that a Certificate of Discovery should be issued by the Government is being given consideration.

It is agreed that this contract (Ida-1468) is no model and has been aggravated by Amendment No. 2. The supervision costs appear to be high, especially under Amendment No. 2.

In the case of rehabilitation and repairs the amount of $550 which is a maximum according to the terms of the contract was exceeded prior to Amendment No. 2. Amendment No. 2 reduced the amount of $550 to $30 which further aggravated the case. It is believed that this reduction was made partly because of a misunderstanding of what constitutes expenditures under rehabilitation and repairs. On the reverse side of Form MF-104 the third paragraph from the bottom of the first column reads: "Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6)." Also, the first paragraph in the second column of the reverse side of Form MF-104 reads as follows: "Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3)." The second paragraph of the second column reads as follows:

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

The first part of Item (6) of Exhibit "A" made no allowances for labor, so labor may be drawn from Item (2). The second part of Item (6) of Exhibit "A" appears to include labor.

Notwithstanding these clear definitions, Mr. Knox in a letter to Mr. Pullian, under date of February 19, 1953, states in the third paragraph from the bottom of his letter, last two sentences, "All the labor, supervision, and technical services should be given under (2) in Form MF-104 and only supplies, etc. under (5). We will make those changes in the columns 'For Government Use Only' when you return all these enclosed documents and immediately send you a copy of the approved totals for use in your February Report."

In Item (6) of Exhibit "A" of the contract, New buildings, improvements and installations; Rehabilitation of mine headframe, shaft and underground workings were included in the total of this item. Item (6) carried a total of $3,145, which is a maximum according to the contract. This item was probably overexpended prior to Amendment No. 2, which worsened the condition.

There are other provisions of the contract and amendments thereto which should receive careful consideration and the third amendment which you propose should outline the costs of this project so that the various items of the various work provided in Exhibit "A" may be carried out in the best interest of the Government and the Operator.

Under the terms of the contract and amendments thereto the auditors will be compelled to make sizeable amounts of disallowances when the final audit is consummated. These things are being pointed out to you now because some of the transactions have become disallowable items because of improper instructions on the part of the Field Team and a misunderstanding of the terms of Exhibit "A" as illustrated in the amendments thereto.

Instructions are being given to the auditor to confine his audit to the period of the beginning of the contract to transactions reported for the month of May as found on the May report prepared by

the Operator under date of June 12, 1953. This time limit will give you an opportunity to resurvey the project and to restate its needs in the proposed Amendment No. 3.

Sincerely yours,

George C. Selfridge (JHB)

Chairman, Operating Committee

APPROVED:

J. H. Hedges (JHB)

Member, Bureau of Mines

A. R. Kinkel, Jr. (JHB)

Member, Geological Survey

JIChambers/wb
July 21, 1953

Copy to: Docket
Admr. Reading File
Operating Committee
Region VI (2)
Mr. Meyer
Mr. Kinkel
Mr. Chambers
Mr. Ellis
Mr. Finch

FILE COPY
SURNAME:

800
Chamberlin

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

JUL 23 1953

Mr. Donald T. Finch
DMEA Auditor
224 New Customhouse Building
Denver 2, Colorado

AIR MAIL

Re: Docket No. DMEA-2202X
Contract No. Idm-1468 (Mercury)
Amerimex Mining Company, Inc.
Presidio County, Texas

Dear Mr. Finch:

In my teletype of July 17 you were asked to make an audit of the above-cited project and it was suggested that you arrive in Amarillo on Monday, August 3. It is planned for an engineer from Joplin, Missouri, maybe the Executive Officer of Region VI, to arrive in Amarillo on Wednesday, August 5. This will give you two days to study the Forms MF-104 and supporting papers in the Finance Office of the Bureau of Mines. Since the vouchers are fairly well documented these two days will not be too long a period. Moreover, the contract is rather complex and its specifications are not too clear. In addition, some instructions given by the Field Team have been contrary to the provisions of the reverse side of Form MF-104. The contract gets more complicated beginning June 1 because of an unfortunate amendment. For this reason I am asking you to make your audit from the beginning of the contract to May 31, 1953, which will take in the May MF-104. You will appreciate this limitation more fully after reading a letter to Mr. Williams, prepared in this office for the Operating Committee, a copy of which is enclosed.

In addition to the points discussed in the enclosed letter I wish to make the following comments on the items appearing on Form MF-104.

Item (2) Labor and Supervision. It will be necessary to transfer that part of labor applicable to item (5) of Exhibit "A", Initial Rehabilitation and Repairs, to item (5) in order to know whether or not the amount allowed for this work has been exceeded. You will doubtless have discussions with the engineer representative in regard to supervision charges since the Company is also in production. It may be necessary to adjust the charges for supervision accordingly. Items appearing under technical services also should be scrutinized for proper charges.

Item (3) Operating Materials and Supplies. You will want to scrutinize very carefully the charges under this item both in documents found in the Finance Office and the records of the Company when you make the audit.

R.L.G.
7-23-53

Item (4) Operating Equipment. This is really a nasty one. According to the balance sheet submitted by the Operator in its application (please see balance sheet in letter to Mr. Williams) the Company owns nearly $55,000 worth of equipment. It appears, however, that Mr. Pullium, the President of the Company, is renting equipment to the Company and it may be the same equipment which composes the balance sheet items referred to above. There is one rental item mentioned in Amendment No. 1, namely, air compressor to be charged at the rate of $470 a month to replace temporarily a similar item allowed in the original contract at $335 a month. What steps have been taken to place the original item in service at a cheaper rate? Has the Company been negligent in placing the original item in service? You will note in the attached letter that the engineer and the auditor are to make a thorough survey of the equipment in use and to make some determination or recommendation as to what equipment will be allowed for rental in the future.

Under Miscellaneous there are a number of questions in regard to insurance. Among them is the term of the insurance and the necessity of paying cable fees as a part of insurance expense. It is also noted that a deposit of $445 was made for workmen's compensation. The audit should show what part of this $445 has been used to the end of May 31, but the disallowances of the remainder need not be made because the contract has been extended. The item, however, might come under the provision of suspension or at least the amount used to date might be called to the Finance Officer's attention.

You will please note item (6) in Exhibit "A" of the contract which is composed of two parts, that dealing with new buildings, improvements and installations in the amount of $2,600 for materials only, and that dealing with rehabilitation of mine headframe, shaft and underground workings, in the amount of $545. You can readily see that the latter item should have been split and part of it placed under item (5) and the balance of it under labor and supervision, materials, supplies, etc. This may be difficult for you to properly distribute but if their records are sufficient correct distribution should be made.

I appreciate very much your cooperation in undertaking this job and I am sorry that I cannot predict for you a delightful trip under the circumstances.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

Enclosure

JLChambers/wb
July 22, 1953 Copies to: Docket, Admr. Reading File, Mr. Chambers

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D. C.~~
Joplin, Missouri
November 23, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 24 1953

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

Re: DMEA-2202X Idm-E468
Amerimex Mining Co.
Presidio County, Texas
Mercury

Gentlemen:

Enclosed herewith are the following items for the above-referenced docket:

1) Original and one copy of geologist's (A. R. Fletcher) report on Fresno Mine.

2) Two copies of a letter from Operator to me containing an omission to Operator's Proposed Amendment No. 3.

Sincerely yours,

W. P. Williams

W. P. Williams
Executive Officer
DMEA Field Team, Region VI

:jd
Encs.

Docket No. DMEA-2202X
Contract No. Idm-E468

Amerimex Mining Co.
Alpine, Texas

RECEIVED
2 4 1953

GEOLOGICAL REPORT

Covering General Recommendations for Further Exploration of The Fresno Mine of Amerimex Mining Company

I have just revisited the Fresno Mine in order to inspect progress made so far on the Exploration Campaign about which I made some suggestions in a report written May 14, 1953.

In that report, I called attention to the fact that I regarded the scheme of exploration at that time being pursued as possibly inadequate because it neglected vigorous and immediate exploration of the two sinks immediately adjacent to the known mine. I pointed out that in the case of Mr. Perry's Chisos Mine at Terlingua, the large bonanza orebody occurred in a sink similar to the ones that flank the already explored Fresno orebody. The visit I have just paid the mine convinces me that the exploration of these two sinks should be accelerated, and I have come to the conclusion that the best way to do this is to sink several churn drill holes in each of the two sinks and that this should be done as soon as possible.

With respect to the other recommendations made by me, they have now in large part been executed with some success except Recommendation No. 2, on which no work was done. As a better alternative to this recommendation, I suggest that the extreme Northeast Face driven on the 100-foot Level be extended N 20° E to crosscut the intersection of the strong mineralized East-West Fracture with the fracture observable in the two open cuts.

This work has the advantage of exploring a most favorable intersection at a depth where the Georgetown-Del Rio horizon will probably be a short distance above the point at which the drift reaches the intersection and, consequently, can be economically explored by raising. This probability is emphasized by the strong mercury mineralization partially explored in Project 3, where a noticeably strong mineralization exists in the East-West Fracture east of the intersection, which this work would explore.

With regard to Recommendation No. 4 of my original report, which has to do with the powerful East-West Fracture mentioned in the foregoing recommendations, a drift should be driven on this fracture in an easterly direction for a distance of about 140 feet, to its intersection with the escarpment of the Georgetown which skirts the wall of the eastern of the two collapsed areas to which reference has been made in preceding paragraphs.

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. Beneath 40 feet, the shaft entered the Georgetown; and the mercury mineralization perceptibly diminished. It is, therefore, suggested that at a depth of 35 feet, a drift be started from this prospect shaft following the best indications which are associated with the Georgetown-Del Rio contact. The initial direction of this drift will be N 60° E and is directed toward the collapsed area which it is essential to explore.

These remarks cover my current impression of work done since my last visit to the property. In my opinion, the progress has been about as successful as could have been anticipated.

Mr. Pulliam has opportunity to employ a friend of mine whose service record with the American Smelting and Refining Company during more than the 25 years I have known him was eminently satisfactory. In the event of acquiring his services, I have suggested that this man, who knows limestone intimately, be given some latitude in following such minor indications as he can discover which could possibly lead from the exhausted orebody to new and undiscovered extensions of ore in its walls. In view of the general structure, such ore occurences may exist.

Naturally, scaling these walls in places that look favorable requires judgment in minor decisions which must be made by this Foreman. Mr. Visel has in the mines where he has been employed by the American Smelting and Refining Company displayed excellent judgment in his handling of limestone mining problems and will competently discharge any mining responsibilities with which he may be entrusted.

A. R. Fletcher

A R Fletcher

September 12, 1953

NOV 23 1953

November 18, 1953

Mr. W. P. Williams, Executive Officer
Defense Minerals Exploration Administration
U. S. Department of the Interior
221 West 3rd Street
Joplin, Mo.

Re: DMEA 2202X
Contract Idm-E468
Amerimex Mining Company
Presidio County, Texas

Dear Bill:

In preparing Proposed Amendment No. 3, dated November 11, I failed to include the following as a part of Section

4 (B) Equipment to be Rented

3	Jackhammers @ $40.00 ea. $120.00 x 8	$ 960.00
1	Gasoline or Electric Hoist @ $125.00 x 8	1,000.00
	Add to Previous Total	1,960.00
	Previous Total Equipment to be Rented	7,660.00
	Total Equipment to be Rented	$9,620.00

The addition of $1,960.00 to the previous total of $95,000.00 reflects a corrected total of $96,960.00.

I am at a loss to explain this oversight on my part, but I hope that adjustment can be made in your office to avoid delay.

The original and four copies of this letter are being sent to facilitate your efforts if the Proposed Amendment has been transmitted out of your office.

Sincerely,

R. N. Pulliam

R. N. Pulliam, President
AMERIMEX MINING COMPANY

RNP:L

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D. C.~~
Joplin, Missouri
November 18, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 20 1953

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

Re: DMEA-2202X Idm-E468
Amerimex Mining Co.
Presidio County, Tex.
Mercury

Gentlemen:

Enclosed herewith are the original and two copies with accompanying maps, of Proposed Amendment No. 3 to the above-referenced Contract.

The draft of proposed Amendment No. 3 has been prepared by the Operator and provides for $95,000.00 in exploration expenditures in addition to the amount of $80,000.00 now authorized by Contract Idm-E468. The proposed amendment outlines exploration work and attendant costs the Operator requests be added to the present project.

+ 4,600 for more compensation

After consideration of the proposed contract amendment the Field Team recommends that no increase in contract amount be authorized at this time for the following reasons:

1) Discovery of ore so far in the project has been unimpressive, if not negligible; and the new work, as outlined, would not have the direct effect of salvaging, or protecting, the existing investment in the project.

2) Past performance has not shown operations to be completely efficient from either a mining or exploration standpoint.

3) The existing project has been recessed since August 19, 1953 due to financial difficulties within the Amerimex Corporation. Inquiry of the Operator indicates that presently authorized DMEA work will not be finished by December 18,1953- expiration date of Contract Idm-E468. Efforts on the part of the Operator to attract new capital to the venture have so far been to no avail.

Very sincerely yours,

W. P. Williams

W. P. Williams
Executive Officer
DMEA, Region VI

:jd
Enc.

NOV 17 1953

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

Ameriex Mining Company
Alpine, Texas
November 11, [illegible]

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 20 1953

PROJECT [illegible] NO. [illegible]

It is respectfully requested that Contract Idm-[illegible], Docket No. [illegible]A-2202X, dated December 18, 1952, between the United States of America and the Ameriex Mining Company be amended effective not later than December 18, 1953, as follows:

1. Project No. [illegible]

It is proposed that the Operator be authorized to drive 285 feet of underground mine opening from the existing face of Project No. [illegible] Main Drift in order to further explore significant trends of mercury mineralization exposed by previous work done in Project No. [illegible] Main Drift, Project No. 3A Crosscut, Raise and Drifts and in Project No. 3B Crosscut, Raise, and Drifts.

This work is to start with the driving of an estimated 55-foot, a 65° E striking extension of the existing 50-foot Level Project No. [illegible] Main Drift to cut the projected trend of the fault zone and mercury mineralization a distance of approximately 50 feet [illegible] of the significant mercury mineralization trending in that direction from Project 3B Cross Cut.

The Operator may then direct the remaining 150 feet of underground work in order further to investigate any significant trends of mercury mineralization or structures.

The purpose of such further exploration is to be the following: of structure or mineralization of the strong [illegible] trending fault zone which may be projected through the underground exposures, as indicated on the enclosed map near the extreme northwest end of Project No. 1 Drift, at the northwest stope wall where good ore was mined directly north of the opening of Project No. 1, in the 100-foot Level Cross Cut to old Chum Drill Hole No. 13, where ore was mined on the 100-foot Level and where strong mercury mineralization was encountered to considerable depth, according to the log of the hole previously submitted with the original DMA application, at the north stope wall on the 50-foot Level near Shaft No. 1, at Shaft No. 1 on both the 50-foot and 100-foot levels, where slight mercury mineralization exists, and in Project 2A and 3B where significant mercury mineralization is exposed. In following this structural trend, the ultimate objective would be exploration of the zone approximately 150 feet [illegible] where a projection of this strong mineralized structure would juncture with the powerful fault trending [illegible] from the vicinity of the large well-defined "sink" or collapse area which the Bureau of Mines tried to diamond drill during April 11, to once meet the extreme northwest

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

Premier Mining Company
Alpine, Texas
November 11, [illegible]
Page 2

[illegible]

extent of the previously-stoped orebody of the mine, thence east Project No. 8 where the fault was entered by all of the diamond drill holes, but none of which was drilled through the jumbled clay fill of the fault, and thence through the open cuts along the fault scarp made by previous operators.

This zone of proposed exploration lies comparatively short distance from the "line" or collapse area east of Project No. 1 Shaft, and it seems probable that there may be some association of the mineralization.

This proposed exploration is in accordance with Recommendation No. 4, A. B. Fletcher report, dated May 14, 1952, and with Paragraph 4 of his Geological Report, dated September 18 and inclosed herewith.

In addition to the previously-proposed work on Project No. 8, it is also proposed that authorization be granted for the driving of an additional 50 feet of exploratory underground mine opening approximately 60° E from the present 60-foot level face of Project No. 8A Cross Cut to intersect the Limestone Del Rio Clay Contact zone exposed on the surface and to explore such contact zone where intersected by the fractures which produced mercury ore in the open cuts on the surface. Since 1[illegible] feet of work has been done and neither the contact nor the northeast-trending fracture have been cut, it seems likely that the cross cut has not been driven far enough to explore the area adequately.

The total footage of underground exploratory mine openings in Project No. 8, for which authorization is requested consists of 315 lineal feet of 6' X 7' mine workings.

4. Proposed Project No. 13

It is proposed that the operator be authorized to drive 80 feet of underground exploratory mine opening approximately due north from the existing face of the extreme Northeast 1[illegible]-foot level drift to crosscut the projected juncture of the strong mineralized fault zone showing in Shaft No. 1 and Project No. 5 workings where this fault is intersected by the downward projection of the fractures which made ore in the open surface cuts between Shaft No. 1 and the Project No. 5 workings. It is further proposed that an additional 80 feet of exploratory mine opening be authorized as may be justified by mineralization or favorable structure encountered.

This proposed exploration is in accordance with Recommendation 4 of the Geological Report of A. B. Fletcher, dated September 1[illegible], 1[illegible], inclosed and is identified with relation to the structures shown on the geologic, contour, and plan maps included herewith.

Total underground exploratory mine opening in Proposed Project No. 13, for which authorization is requested, consists of 1[illegible] lineal

feet of 5' X 7' mine openings.

3. Proposed Project No. 14

It is proposed the authorization be granted for the driving of 60 feet of underground exploratory mine openings, to begin with a raise to be driven from an offset to be cut west off of the 100-foot Haulage Level at a point 50 lineal feet southeast from the center of Shaft No. 2. This proposed raise would be driven on an incline of approximately 60 degrees due west to explore the downward trend of the significant mercury mineralization which made commercial grade ore in the old stope above the area to be explored and where mineralized fractures trend downward along the strike of the mineralized fault zone, which can be traced through this area from Project No. 1 where it was cut at too high a horizon to be mineralized and to Project No. 3 where, although no greater depth was attained, better structural conditions produced significant mercury mineralization.

Total underground exploratory mine openings in Proposed Project No. 14 for which authorization is requested consists of 60 lineal feet of 5' X 7' mine openings.

4. Proposed Project No. 15

It is proposed that authorization be granted for the Operator to contract for either churn drilling or core drilling to be performed by independent contractor to the total of 3,500 feet of drill hole or more at a cost not to exceed $4.00 per foot or a total of $14,000.00 to explore the "sinks" or collapsed areas identified by alphabetical symbols: B, C, D, F, H, I, & M, on the geologic, contour and mine plan map attached herewith.

The purpose of such drilling is to be the exploration of the favorable contacts of the shattered Georgetown beneath the subsided Del Rio Clay at depth within the collapsed areas in accordance with the original Geologic Report of J. N. McAnulty, dated July 24, 1951, submitted with the original DMEA application and in accordance with the subsequent forceful recommendations of A. H. Fletcher in his Geologic Reports dated May 14, 1953 and September 12, 1953.

The proposed plan of drilling, if a churn drill were employed, would provide for the location of the first hole at the approximate center of Sink B, on the surface, with the view to drilling vertically through the jumbled Till to explore the desired horizon at a depth of 500 feet or less. If mercury mineralization is encountered within the prescribed depth, two similar offset holes may be drilled at such locations within the sink periphery or adjacent thereto as the Operator may designate to explore further any significant mercury mineralization encountered.

It is recognized that technical difficulties may make it impractical to drill to the required depth within the jumbled fill of the sinks. Consequently, effort will be made to contract the drilling with one of the contractors using Failing type core drills and compressed air to remove the cuttings. This would preclude the difficulties caused by loss of water returns in drilling in the fractured cavernous limestone of the sink peripheries. If it should prove necessary to try to cut the desired horizons within the sinks by beginning the holes on surface outside the sinks, it could probably be achieved by angling them in such manner as to cut the sink periphery at the estimated depth of the contact of Georgetown beneath the Del Rio Clay fill.

From the surface indications, it appears that all of the sinks or collapsed areas except "H" and "Y" could be explored at the desired horizon by angling a drill hole so as to cut the periphery of the sink at a vertical depth of approximately 200 feet and then penetrating the sink fill for perhaps as much as 50 to 100 feet farther. This assumption is based upon the fact that the fill of the sinks on the surface usually contains only a remnant of the Boquillas Shales and consists mostly of remnants of the Buda, thickness about 20 feet, and the Del Rio Clay, thickness about 120 feet. In sinks "H" and "Y" the surface shows a large amount of Boquillas, and the desired contact may be as much as 300 feet in depth.

Regardless of whether it proved to be less expensive to contract either churn drilling or core drilling with due regard to the purpose which the drilling would accomplish, the plan proposed would provide for the drilling of the first hole in each of the sinks to cut the desired horizon. If this first hole entered hard limestone showing no mercury mineralization and which appeared to be the sink periphery for a distance of as much as 20 feet after having entered the sink fill, then such hole would be stopped, and a new hole started from a new location or possibly at a different angle in a further effort to explore the desired horizon, contingent upon advance written approval by the Field Team.

The total cost of churn drilling or core drilling for which authority to contract is requested at a price not to exceed $4.00 per foot of hole is not to exceed $14,000.00 and may comprise a total of 3,500 feet of hole or more if the Operator is able to contract the drilling at a lesser price per foot.

5. <u>Proposed Project No. 16</u>

It is proposed that the Operator be authorized to sink a shaft or shafts, aggregating a maximum of 250 feet, size 6' X 8', on

any significant mercury mineralization encountered in two or more adjacent drill holes sunk to explore any sink for which provision is made under Proposed Project No. 15 herein, and it is further proposed that authority be granted for driving an allowable maximum of 250 linear feet of 5' X 7' underground exploratory mine openings further to explore any significant mercury mineralization exposed in the sinking of such shaft or shafts.

Total proposed 6' X 8' shaft or shafts for which authorization is requested as a part of Proposed Project No. 16: 250 feet.

Total proposed underground exploratory mine openings, size 5' X 7' for which authorization is requested as a part of Proposed Project No. 16: 250 linear feet.

6. In addition to the previously described project work, it is proposed that authorization be granted for bulldozing roads and trails where needed for the drilling equipment to reach the desired locations from which exploratory drill holes are to be started to explore the sink areas previously described in Proposed Project No. 15, but altogether not to exceed the amount of work which can be completed by one bulldozer and operator in 7 eight-hour days.

RECAPITULATION

ESTIMATED ALLOWABLE WORK WHICH MAY BE PERFORMED

	Projects					
	3	13	14	15	16	Total
Underground Exploratory Mine Openings	615'	100'	60'		250'	725'
Surface Shafts					250'	250'
Surface Bulldozing						56 Hrs.
Exploratory Churn or Drill Holes				3,500'		3,500'

ESTIMATED COST OF PROPOSED EXPLORATION

(1) Independent Contracts:

Maximum of 3,500 feet of Churn or Core Drill Hole or the monetary equivalent to be contracted at a maximum of $4.00 per foot	$14,000.00

(2) Labor, Supervision, & Technical Services

Labor

4 Miners	184 Days	@ $ 12.00	8,832.00
2 Hoistment	184	12.00	4,416.00
9 Muckers	184	10.00	16,560.00
1 Cook	184	12.00	2,208.00
1 Truck Driver	184	12.00	2,208.00
Total Labor			$34,224.00

Supervision

1 Superintendent	8 Mos.	$600.00	$ 4,800.00
1 General Foreman	8	450.00	3,600.00
1 Master Mechanic	8	450.00	3,600.00
1 Timekeeper - Stock Clerk	8	250.00	2,000.00
Total Supervision			$14,000.00

Technical Services

Geologic and engineering consultation and mapping @ $100.00 per day estimated to average 2 days per month for 8 months	
Total Technical Services	$ 1,600.00

ESTIMATED COST OF PROPOSED EXPLORATION

(3) Operating Materials and Supplies

Timber	$ 1,702.57
Explosive	3,062.00
Pipe	1,060.00
Track, Spikes, Fish Plates & Ties	380.00
Other Supplies	
Air and Water Hoses, Hose Couplings, Bits, Steel and Other Drilling Supplies	925.00
Shovels, Picks, Small Tools and Miscellaneous Items	650.00
Electrical Wiring, Fixtures, Etc.	550.00
Kitchen and Camp Replacement Utensils, Etc.	200.00
Fuel, Lubricants, Etc.	2,000.00
Total Operating Materials & Supplies	$10,539.57

(4)(B) Equipment to be Rented

1	Bulldozer	56 Hrs. @	$ 12.50	$ 700.00
1	290 Cu. Ft. Stationary Air Compress, Sullivan W3, Angle Compound Powered by 50 h.p. Electric Motor with Standby J-4 Buda, Butane Engine	8 Mos.	250.00	2,000.00
1	Power Plant, 125 K.V.A.	8	400.00	3,200.00
1	" " 20 K.V.A.	8	120.00	960.00
2	Air Tugger Hoists	8	35.00	560.00
1	Jeep or Pickup	8	30.00	240.00
	Total Equipment to be Rented			$ 7,660.00

ESTIMATED COST OF PROPOSED EXPLORATION

(4) (C) Equipment to be Purchased

1	Truck, Cost $3,116.00, (2 Ton G.M.C. on Which Monthly Payments of $117.56 exclusive of Interest, $10.57, are being paid) Unpaid Balance Less Interest	$ 940.48
1	Pickup, Cost $1,960.37, (½ Ton Ford on Which Monthly Payments of $72.60 exclusive of Interest, $6.54, are being paid) Unpaid Balance Less Interest	580.80
	Miscellaneous Items of Equipment Which May be purchased only upon obtaining written approval by the Field Team	500.00
	Total Equipment to be Purchased	$2,021.28

(5) Rehabilitation and Repairs

Repair Buildings	$ 550.00
Total Rehabilitation and Repair	$ 550.00

(6) New Buildings, Improvements & Installations

Installation of Headframe, Swing Chute and Air Tugger Hoist at Project No. 12 Shaft	$ 800.00
Construction and Installation of Portable Ramp and Base for Electric Slusher Scraper to be Used in Underground Drifting	250.00
Total Improvements & Installations	$1,050.00

ESTIMATED COST OF PROPOSED EXPLORATION

(7) Miscellaneous

Repairs and Maintenance of Equipment, Owned or Rented			$ 550.00
Sampling and Analysis			375.00
Payroll Taxes - Social Security		1.5 %	723.42
Texas Unemployment Ins.		2.7)	
Federal " Tax		.3)	1,446.84
Truck Liability and Property Damage Ins.			175.96
Workmen's Compensation Ins.		9.09	4,383.93
Freight			500.00
Travel and Communication			400.00
Accounting	8 Mos. @ $100.00		800.00
Total Miscellaneous			$ 9,355.15

(8) Contingencies

Total Estimated Cost of Proposed Projects for Which Amendment is Requested	$95,000.00

7.

It is requested that Article 3 of the Contract form as amended by Amendment No. 2 be further amended by deleting 12 months and substituting 24 months to allow for completion of such part of the remaining work in Projects 6 and 12 as may be possible within the amount of money remaining unspent of the present contract total and to allow for completion of the additional exploration work for which amendment and increase in the estimated total cost of the project and in the aggregate total amount which the Government may be required to contribute.

It must be reiterated that the entire funds of the Operator have been spent except the Government reimbursement due for the Month of August operations, for the Government's share of installation payments and for essential standby expenses during the months of September, October and November and for such part as may be recovered or reclaimed of the $7,861.87 disallowances made on the interim audit and on the June and July Monthly Reports, and doubtlessly all recoverable funds will be required to meet outstanding commitments which were incurred before the Operator had any knowledge that such retractive disallowances could deprive him of funds already committed.

Therefore, it is believed that if an adequate amended exploration program is approved, a part of the stockholders of Amerimex Mining Company who presumably are able to do so or outside capital with whom negotiation are being carried on will provide the capital necessary to pay the Operator's share of the costs of the proposed projects.

R. N. Pulliam
General Superintendent

FILE COPY
SURNAME:

Murphy
Ellis
Allone
Martin
Gilbreath
Fitzgerald
McKendry

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

OCT 27 1953

Mr. [illegible] Williams
Executive Officer
DMA Field Team, Region VI
221 West 3rd Street
Joplin, Missouri

Re: Docket No. [illegible]-2202 (Mercer)
Contract No. [illegible]-168
The Fresno Mine
Presidio County, Texas

Dear Mr. Williams:

This is to acknowledge the receipt of DMA Interim Report dated October 21, 1953, concerning the progress of the captioned project.

We note that on August 19, 1953, work on the subject project was recessed by the operator and that work had not been resumed up to the date of your report.

Memorandum No. 18 from the Operating Committee to all field terms states in part: The contract does not expressly require the operator to prosecute the work continuously, however, a suspension of operations for whatever cause, with no intention of resuming them within a time and manner to enable the operator to complete the work within the time fixed by the contract, is a breach of contract. Accordingly, we suggest you inform the operator on this point, and moreover, advise him that the Government cannot participate in any costs incurred during the recessed period.

The original contract for a total of $30,000.00 was effective as of December 1, 1952, the work to be completed in six (6) months. The completion time was extended by amendment No. 2, Article 3, to 17 months or until December 1, 1953.

Reviewing your interim report, the work outlined under the contract, and costs to August 31, 1953, we find the following:

	Drifts, crosscuts shafts, raises	Diamond drilling
Work stipulated	1,116 linear ft.	1,500 linear ft.
Work performed to date	912 " "	[illegible] " "
Total cost allowable	$30,000.00	
Total cost to date (approximately)	[illegible],000.00	

From these figures we conclude that it may be possible to complete the diamond drill work and a small amount of drifting, as stipulated under

R.C.B.
10-27-53

the contract within the time, and with the funds remaining. However, judging by past performance, the Operator cannot complete the other exploration work outlined under the contract and amendments.

We note that you recommend the remaining work under this contract be restricted to projects 6 and 12, namely drilling the pipe structure and the continuation of the drift to the east from the bottom of the new prospect shaft. We concur with this recommendation.

Will you please keep this office informed concerning this project (other than your interim reports), as it is evidently reaching a final phase. It might be well to caution you concerning making the final payment under this contract until the final audit has been completed.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

APPROVED:

J. H. Hedges

Member, Bureau of Mines

T. P. Thayer

Member, Geological Survey

FMMurphy/db
10-23-53
cc to: Adm. Reading File
Operating Committee
Docket
Messrs: H.H.MEYER, Rm. 3623
A.R.Kimmel, Rm. B-212A, GSA
Ellis
Murphy

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.
~~xxxxxxxxxxxxxxxx~~
Joplin, Missouri
October 26, 1953

Department of the Interior
Defense Minerals Administration
RECEIVED
OCT 28 1953

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

Re: DMEA-2202X Idm-E468
Amerimex Mining Company
Presidio County, Texas
Mercury

Dear Bob:

I have just received your letter of October 24, 1953 in which you explain that you have been partly successful in attracting new capital to your DMEA project. I hope you will be completely successful in your efforts so that project work under Contract Idm-E468 can be brought to a successful conclusion.

In your letter you raise some questions concerning future project work. Your first request concerns the possibility of diverting 130 linear feet of exploratory mine openings from Project No. 12 shaft to Project No. 3. Before such transfer of work sites can be accomplished, it would be necessary to further amend your contract. Such an amendment should be supported by a detailed map showing exactly what and where you propose to do the additional work in Project No. 3. We would need to know, for instance, exactly what direction you propose to drive the additional 130 feet of drift. Field examination leads me to believe that the shear zone referred to in your letter may not continue in the same direction as indicated on present maps. In addition to the foregoing considerations, it does not appear consistent with good judgment to be constantly transferring mine footages and work sites between the same subprojects.

In your second major question, you asked me "to advise us as to your attitude toward the various proposed projects which will be specifically described and discussed in our formal request for amendment of our present contract." In a letter to you dated August 21, 1953, I asked you to submit a detailed description of the additional work you propose to do in conjunction with your exploration contract. To-date we have not received your report concerning your proposals. As a result it is impossible for me, or anyone else in DMEA, to develop or form an 'attitude' or opinion concerning your proposed work. Furthermore,

it would be contary to my desires or my instructions to commit the Defense Minerals Exploration Administration to a future course of action with no more basis for such commitment than a personal attitude.

I therefore suggest, considering the present status of your exploration project, that you fulfill the requirements of Contract Idm-F468 by completion of the following steps: (1) complete exploration work in Projects 12 and 6 as outlined in your present contract, (2) prepare and submit the report requested from you on August 21, 1953 concerning future project work. Your report should contain complete geological justification for further exploration, in addition to detailed cost estimates. It is only on the basis of such information that a new amendment to your Contract can be taken under consideration.

Sincerely yours,

W. P. Williams
Executive Officer
DMEA, Region VI

WPW:jd

cc - Operating Committee ✓

AMERIMEX MINING COMPANY
Incorporated
Box 626
Alpine, Texas
October 24, 1953

C
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P
Y

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 28 1953

iams, Executive Officer
als Exploration Administration
ment of the Interior
Street
souri

Re: DMEA-2202X Idm-E468
Amerimex Mining Company
Presidio County, Texas
Mercury

ll:

Inclosed is a copy of my letter dated October 18th ssed to Clinton C. Knox of your office. In line with the thoughts expressed therein as concerns possible new capital for our venture, I have just returned from an examination of the mine with an engineer who represents principals interested in providing capital.

The examining engineer was well impressed with the property and states that he will recommend it as a bet as good as he has ever seen. I am to meet with the principals in Houston this week end with the intention of concluding the transaction in a manner satisfactory to the present stockholders and to the new capital.

Under the proposed deal, enough additional capital would be provided to complete the total allowable work under the present Contract and under the proposed Amendments thereto. While I do not know how it could possibly be accomplished, I am sure that you will understand the desire of the new capital to know whether additional DMEA assistance and time will be allowed before committing capital for such purposes.

It is my intention to submit our request for the proposed Amendments very soon; but while such request is pending, would it be possible for the Field Team to grant authority for us to use 130 lineal feet of the underground work of the 239 feet of unused approved work remaining in Project No. 12 Shaft so that this 130 lineal feet might be used to drive Project No. 3 Drift southeast along the mineralized fault to its juncture with the strong fault indicated by surface geology and by the diamond drilling from Project No. 8?

If this change could be granted, it would be possible for us to do the diamond drilling in Project No. 6 previously approved, the drifting toward the East Sink from Shaft No. 12 Project, and the drifting from Project No. 3 just proposed. This would give us enough work to be carried on simultaneously to insure reasonable economy while awaiting action of the proposed Amendments. This would permit us to resume work at once. Please advise me by return mail if this requested reallocation of a part of the unused footage could be authorized by your office.

In view of the fact that the new capital may want some assurance that it will be possible to amend our present Contract to do considerably more exploration work and that such Amendment would provide adequate time within which to do this work, would it be possible for you or anyone else to give assurance that the proposed Amendments would be approved or would be recommended by the Field Team with some assurance that they would be approved?

If you could make a general statement as to the Field Team's disposition toward amendment of our Contract to provide for additional work, it would be very helpful to us.

Also, if it would be possible and proper for you to advise us as to your attitude toward the various proposed projects which will be specifically described and discussed in our formal request for amendment of our present Contract, it would be very helpful in arriving at a comprehensive program in keeping with DMEA regulations and giving reasonable assurance of success for our venture. I expect to submit this detailed proposal for amendment within the next few days.

With best personal regards, I remain

Sincerely,

AMERIMEX MINING COMPANY

By:

(signed) Bob
R. N. Pulliams, President

RNP:k

OCT 26 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 28 1953

San Antonio, Texas
October 18, 1953

Mr. Clinton G. Knox
Defense Minerals Exploration Administration
U. S. Department of the Interior
221 West 3rd Street
Joplin, Missouri

Re: DMEA- 2202x Exp-7/60
Americex Mining Company
Presidio County, Texas
Mercury

Dear Clint:

Thank you for your letter dated October 9th. It was forwarded to me here at the Plaza Hotel in San Antonio where I have been since prior to the 9th when my wife underwent a serious emergency operation. The operation had been scheduled for November 2nd but had to be performed earlier. Her recovery has been very satisfactory. There are no complications, and she is to be discharged from the hospital tomorrow. We expect to be able to return to Alpine on the 20th.

I have been under the greatest possible strain since I was forced to suspend work on our project. You know, I had proceeded on the assumption that the overall aim of the project was of primary importance. I believed that expenditures honestly made for items reasonably necessary for efficient conduct of the exploration would be honored for reimbursement by the Government if such expenditures were properly documented. I believed that the Contract would be interpreted with equal emphasis on those parts which seemed to protect the operator.

Then, suddenly and without advance warning, funds which I had counted on to meet essential expenses were disallowed and withheld at the most critical time of our operation after we had spent a very substantial part of our capital to pay our share of exploration expenses and other expenses in which the Government would not participate. Of course, another factor which deprived us of badly-needed capital resulted from the formula imposed upon us for calculating the percentage of costs chargeable to production, which resulted in a disproportionate share of such costs being borne by the company. I think another unfair burden was placed upon the company by the arbitrary disallowance of 25% of certain supervisory salaries during April and May said to be applicable to work preparatory to production when the limited labor cost for such preparatory work had been paid for by company check out of the General Fund. These charges resulted in the furnace showing a very substantial loss despite the fact that practically all of the ore treated had been mined previously.

Mention should also be made of the cumulative result of all the many technical disallowances made on the audit which it seems should be readily recoverable on the basis of a properly prepared reclaim. To a casual observer, it would seem that if such items can be readily recovered no serious loss would accrue to the operator. If the operator were abundantly financed such as one of the large mining companies may be, the results would not be disastrous, and the particular items disallowed would actually be the items disallowed; but in the case of a very small operator, nearing the end of his contract total with barely enough money to finish, it is a vastly different story. Under such circumstances, when several thousand dollars are deducted from a monthly reimbursement which the operator is awaiting to use to pay current obligations to individuals and firms who trust the operator and have reason to expect pay for goods or services sold, the effect is not to disallow something for which the operator has been paid during previous months but to disallow or to postpone honest obligations contracted in good faith and certainly used for the primary purpose of the Contract.

The time and effort required to prepare and file a reclaim for such a lengthy and detailed audit statement of disallowances as the one made in our case imposes a great burden on an executive staff of two people composed of my wife and myself who doubtlessly lack many of the qualifications necessary, including a clear understanding of the meaning and intent of the Contract.

Following suspension of operations, one of the major stockholders of our Company has required an unbelievable amount of correspondence from me to provide him with information obviously to be used as a basis for his deciding whether to put up additional funds with which to continue work, or to give up interest to someone else willing to put up needed capital, or to request termination of the Contract.

To date, I do not know what the decision of this individual will be, but there is reason to believe that he will divest himself of his interest and permit us to proceed with new capital. I will know definitely very soon.

Now, that my wife is on the road to rapid recovery and I have lined up a possible new source of capital, my mind is comparatively free of the terrible anguish I have known as a result of all these worries, and I shall be able to complete and submit the August and September Reports shortly after our return home. As soon as possible thereafter, I will complete and submit the proposed Amendments to our present Contract, and a separate Reclaim Report, on which we hope it will be possible to obtain early decision both because we urgently need to recover the funds and because it would serve as a guide to future operations.

With kindest regards to both you and Bill, I remain

Sincerely,
ARIZONA MINING COMPANY

By:

R. H. Pullion, President

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D.C.~~
Joplin, Missouri
October 15, 1953

Department of the Interior
Defense Minerals Administration
RECEIVED
OCT 15 1953

Memorandum

To: Operating Committee, DMEA

From: W. P. Williams, Executive Officer, DMEA Field Team, Reg.VI

Subject: DMEA Interim Report

DMEA Docket No. 2202X, Mercury
Amerimex Mining Co., Inc.
Alpine, Texas
Fresno Mine, Buena Suerte Claim Group
Presidio County, Texas
Contract No. Idm-E468

Three days, September 27, 28, 29, 1953 were spent by the writer conferring with personnel of the Amerimex Mining Co. and inspecting the Amerimex DMEA Project at the Fresno Mine.

Summary and Recommendations

Formal and complete audit of this project, conducted by Mr. Donald T. Finch of the Contract Administration and Audit Division, DMEA in August, 1953 has placed the project on a much more equitable basis of Government participation.

The Operator ceased operations on August 19, 1953. The Operator states that the amount of $4,876.32 disallowed by the audit made it necessary to adjust corporate finances. The Operator informed the writer verbally that exploration work under the Contract would be resumed as soon as practicable. Work had not been resumed to this date.

Field examination and geological conditions at the Fresno Mine indicate that if exploration is resumed all efforts, under the terms of the present Contract, should be restricted to Projects 6 and 12. Work in Project 6 would consist of diamond drilling the pipe structure by means of downward-inclined drill holes. Work in Project 12 should be a continuation of the drift to the east from the bottom of the new prospect shaft.

Work Completed

The Operator ceased operations on August 19, about 10 days after the Field Team's last visit which was made at the time of the audit. In that time the Operator performed the following exploration work:

Project No. 3		
Cross-cut 3-A	4'	drift east.(see map)
" " 3-B	7'	" " " "
Project No. 12	12'	crosscut from bottom of new prospect shaft
Total since Aug.'53 Interim Report	23	linear feet of drifts and crosscuts.

Total Project work completed to date is shown in the following tabulation:

Drifts, Crosscuts, and Raises, 5' x 7' cross section

Project No. 1	222'
" " 3	421'
" " 6	195'
" " 12 (prospect shaft 8'x10' from surface and laterals 5'x7' therefrom)	74'
Total exploratory mine openings	912 linear feet

Diamond drilling - Ex size

Project No. 7	150'
" " 8	326'
Total diamond drilling	476 linear feet

Check sampling

One vertical channel sample, 6 feet long was cut in the new drift-cut from corsscut 3B in Project No. 1. Another vertical, 6-foot, channel sample was cut in the rib of the crosscut off the bottom of the new prospect shaft. The locations of these samples are shown on the accompanying map; and their assay values are as follows:

Project 3 -- Sample #DM-1	0.06% Hg
Prospect shaft -- " #DM-2	0.08% Hg

Assay certificates from the Bruce Williams Laboratories covering these samples are attached.

W. P. Williams

W. P. Williams
Executive Officer
DMEA Field Team, Region VI

:jd

ENGINEERS
INSPECTIONS and TESTS

The Bruce Williams Laboratories

ESTABLISHED 1898

Main Office 618-622 Joplin Street Telephone 556

JOPLIN, MISSOURI

CHEMISTS
INDUSTRIAL and ANALYTICAL

OCT 12 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 16 1953

Picher, Oklahoma
Connell Hotel Bldg.
Telephone 710

St. Louis, Missouri
306 Valley Drive
Telephone Imperial 3226

Defence Minerals Explorations Administration
221 West 3rd Street
Joplin, Missouri 10-9-53

OUR NO.	MARK	DESCRIPTION	ZINC	IRON	LEAD	LIME	MOISTURE
660359	Sample # DM-1						
		Mercury 0.06%					

Bruce Williams

UARCO INC. . CHICAGO

ENGINEERS
INSPECTIONS and TESTS

The Bruce Williams Laboratories

ESTABLISHED 1898

Main Office 618-622 Joplin Street Telephone 556

JOPLIN, MISSOURI

CHEMISTS
INDUSTRIAL and ANALYTICAL

OCT 12 1953

Picher, Oklahoma
Connell Hotel Bldg.
Telephone 710

St. Louis, Missouri
306 Valley Drive
Telephone Imperial 3226

Defence Minerals Exploration Administration
221 West 3rd Street
Joplin, Missouri

10-9-53

OUR NO.	MARK	DESCRIPTION	ZINC	IRON	LEAD	LIME	MOISTURE
660360	Sample # DM-2						
	Mercury	0.08%					

Bruce Williams

UARCO INC. . CHICAGO

FILE COPY
SURNAME:
Chambers

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

OCT 13 1953

Mr. Donald T. Finch
DMEA Auditor
224 New Customhouse Building
Denver 2, Colorado

Re: Ameximex Mining Company
Idm-R468, DMA-2202X

Dear Mr. Finch:

Reference is made to the third paragraph of my letter of September 14, 1953, in which I stated that a letter would be prepared for the Operating Committee re the rental of equipment from Mr. Pullism.

At the time I wrote this letter I did not know that the Ameximex Company had put in a second application in which Mr. Pullism stated that the equipment belonged to him and that the Ameximex Company would rent it at the prices designated in the contract. As a result of this discovery it appears that no further investigation is necessary.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

JLChambers/wb
October 13, 1953

Copy to: Docket
Admr. Reading File
Mr. Chambers

R.C.S. 10-13-53

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.
XXXXXXXXXXXXXXXX
Joplin, Missouri
September 24, 1953

Department of the Interior
Defense Minerals Administration
RECEIVED
SEP 28 1953

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

Re: DMEA-2202X Idm-E168
Amerimex Mining Co.
Presidio County, Texas
Mercury

Dear Bob:

This is just a note to let you know that I am tentatively planning to be in Alpine this coming weekend.

I do not plan to stay very long, but we will be able to discuss some of the features of your exploration program while I am there.

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

Sincerely yours,

W. P. Williams
Executive Officer
DMEA Field Team, Region VI

WPW:jd
cc - Operating Committee

FILE COPY
SURNAME:

800

Chambers

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

SEP 11 1953

Mr. Donald T. Finch
DMEA Auditor
224 New Customhouse
Denver 2, Colorado

Re: Amerimex Mining Company
Contract No. Idm-E468
Docket No. DMA-2202X

Dear Mr. Finch:

Reference is made to your letter of September 8, 1953, in regard to the Amerimex Mining Company Audit Report. I am accepting the report on the basis of your submission that there are some points which may need to be cleared before a final audit is made.

In regard to the item for rehabilitation of the shaft-head I wish to call your attention to the fact that the contract form itself makes this item an allowable maximum. In addition, at the bottom of page 6 of Exhibit A of the original contract the following statement is made: "The requirements and related estimated costs for supervision and technical services, and for new buildings, improvements, and installations, are allowable maximums." You realize that one of the amendments reduced this $545.00 so that unless another amendment is issued to correct the situation a further disallowance will be necessary in the final audit.

I am also somewhat concerned over the Amerimex corporation which for all practical purposes consists of Mr. and Mrs. Pulliam, renting equipment from Mr. Pulliam. This point, however, does not concern your audit so much as it does concern the Executive Officer. When the Amerimex people presented their application they stated that the corporation owned the equipment. At the same time it was also stated that for all practical purposes, Pulliam and his wife constituted the corporation. This point will be taken up with the corporation in a letter which I shall prepare in the near future for the Operating Committee or the Administrator to sign. You will be furnished a copy because the chances are you will be requested to make the final audit.

I want to thank you for your fine cooperation and your good work on this case. Distribution of the Audit Report and Certificates may be made in the usual manner.

Sincerely yours,

Jay L. Chambers, Chief
Contract Administration
and Audit Division

JLChambers/ama
September 11, 1953
Copy to: Docket
Admr. Reading File
Mr. Chambers

9-11-53

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D.C.~~
Joplin, Missouri
September 8, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
JOPLIN
SEP 10 1953

Memorandum

To: Operating Committee

From: W. P. Williams, Executive Officer, Field Team Region VI

Subject: Interim Project Inspection Report
Docket DMA-2202X (mercury)
Amerimex Mining Co.
Box 626, Alpine, Texas
Buena Suerta (Fresno Mine) Presidio County, Texas
D.M.E.A. Project Contract No. Idm-E468

Enclosed herewith are the original and three copies of a report of field examination by Clinton C. Knox, Mining Engineer, U. S. Bureau of Mines.

The field examination forming the basis of this report was made August 4-12, 1953 by Mr. Knox and Mr. W. P. Williams, Executive Officer, Region VI in conjunction with an interim audit conducted by Mr. Donald T. Finch, Contract Administration and Audit Division, DMEA. To date no Report of Audit has been received covering the audit by Mr. Finch.

W. P. Williams

W. P. Williams
Executive Officer, DMEA
Field Team, Region VI

WPW:jd
Encs.

FILE COPY
SURNAME

Chamb

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

AIR MAIL

SEP 1 1953

Mr. Donald T. Finch
DMEA Auditor
224 New Customhouse
Denver 2, Colorado

Re: Amerimex Mining Company
Idm-E468, DMA-2202X

Dear Mr. Finch:

Reference is made to your letter of August 21, 1953, and the accompanying Audit Report covering the above-cited contract.

I think you did a very fine job on a very difficult assignment and I wish to take this opportunity to express my thanks for your hearty cooperation. As a whole the Audit Report is good. There are a few items, however, that I wish to call attention to and which will call for some revision of the Report. These items are as follows.

Labor. I note that you have disallowed the salary of the Compressor Tender on the basis that this category was not authorized in Exhibit "A" of the contract. The contract, revised February, 1952, does not require specific stipulations for types of labor. Labor as outlined in Exhibit "A" under this contract is merely an estimate and may be exceeded both in numbers and in types of laborers. If, in the opinion of the Executive Officer, the Compressor Tender was not necessary to the project work, a disallowance may be made for that reason. Having this in mind you may want to remove this disallowance. If you do not want to remove it the disallowance must be justified on basis other than the one you have used.

At the top of page 4 the first full sentence should read, "Rates of pay for superintendent, general foreman and master mechanic did not exceed those authorized by the exploration contract." I am in agreement with the disallowance of the Timekeeper-Stock Clerk's salary according to the reason you gave.

On page 7 you do not indicate your concurrence in the disallowances made by the Certifying Officer applicable to April MF-104. I believe this sentence should be continued with, "and are concurred in by this auditor."

On page 13 under Liability Insurance, it appears that you have approved the expenditure for general liability insurance. This

R.C.G.
9-1-53

type of insurance is usually not allowed unless it is specifically covered in Exhibit "A" of the contract or unless there are extenuating circumstances such as a State law. On this point please refer to Question and Answer 15 of Operating Committee Memo No. 8.

On page 17 under statement of "Allowable Maximums" for New Buildings and Improvements, you have the "Allowable Maximum" stated as $2,600.00, the "Allowed Costs" as $1,492.89. The latter figure includes labor which was provided elsewhere. Therefore, the allowed costs under this maximum should be $1,015.43.

I am in agreement with your proposal that allocation of costs to the project should be on a ratio of direct man shifts for exploration to direct man shifts for production to the total direct man shifts. This appears to be both practical and equitable.

I am returning all copies of the Audit Report and Audit Certificate for revision.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

Enclosure

JLChambers/wb
September 1, 1953

Copy to: Docket
Admr. Reading File
Mr. Chambers

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS ADMINISTRATION
XXXXXXXXXXXXXXX
WASHINGTON 25, D. C.
Joplin, Missouri
August 21, 1953

Defense Minerals Administration
RECEIVED
AUG 24 1953

Re: Docket DMEA-2202X (Mercury)
Amerimex Mining Co.
Presidio County, Texas
Contract Idm-E468

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

Dear Bob:

The Operating Committee, DMEA, Washington, D. C. has asked me to contact you with regard to your plans for additional exploration under your DMEA Contract.

I would appreciate it, therefore, if you would write out for me, in some detail, a description of the additional work you propose to do accompanied by your estimate of the costs involved. Receipt of these data will form the introductory step that will enable this office to make recommendations concerning an amendment to your contract.

With all good wishes, I am

Sincerely yours

W. P. Williams
Executive Officer, DMEA
Region VI

WPW
CC; Op. Comm.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.
~~XXXXXXXXXXXXXX~~
Joplin, Missouri
August 14, 1953

Defense Minerals Administration
RECEIVED
AUG 17 1953

Re: Docket No. DMEA-2202X
Amerimex Mining Co.
Presidio County, Texas
Mercury
Contract No. Idm-E468

Docket Copy

Memorandum

To: W. P. Williams, Executive Officer, Field Team, Region VI

From: Clinton C. Knox

Subject: June report Amerimex Mining Company Project Contract Idm-E468

In the light of our recent inspection of the subject project; the audit of the Operator's project cost accounts, in which we assisted the very able Mr. Don T. Finch, Auditor, DMEA, Contract Administration and Audit Division; his and my summary conference with the Operator; and later with Ray Jones, Finance Officer, Bureau of Mines in Amarillo; via which I returned here last night, this is a revision of my memorandum to you on July 28, 1953.

Prompted by telephone calls this morning from the Operator to the DMEA Administrator's office; from W. E. (Gap) Ellis to me, from Mr. J. L. Chambers, Chief of the DMEA Contract Administration and Audit Division, and reportedly to Mr. Finch, now in Denver; and to Mr. Jones in Amarillo, Mr. Ellis called me again later to advise that the subject report be submitted as soon as possible for Jones' certification for payment of the Government's share, now long overdue. Mr. Ellis said every effort should be exerted to prevent further undue hardship upon the Operator which might result in grave consequences if the current payroll cannot be met.

Therefore, acting for your alternate, Mr. Perkins and I have taken the liberty of checking and approving the Operator's monthly report for June. All the appropriate disallowances have been made. Within the framework of my understanding of the results of the recent audit, these disallowances are subject to forthcoming audits and eventually the total costs will be adjusted for whatever approved disallowances are made on the basis of the recent audit.

Therefore the June MF-104 report will be transmitted tonight to the Finance Officer at Amarillo with the Field Team's tentative approval for Government participation payment of 75% of $7,162.28 or $5,371.71. Disallowance items totalling $2,082.03, which I have deducted from the Operator's total project costs of $9,244.31 reported on the June MF-104 voucher, are listed as follows:

1) Supervision

(a) Superintendent - deduct $300.00 or one-half of the superintendent's salary for duties he performed in connection with management of the corporation and production activities. In the absence of any visible comprehensive time distribution records presented to me by the Operator during our recent inspection this arbitrary deduction is merely based on my opinion.

(b) General Foreman - Likewise without actual time distribution records I estimated that one-half of the foreman's time might be chargeable to production. However, some of that production was incidental to the underground exploration openings within the 5x7' size limitation. Therefore, I have deducted only one-half of the Mine Foreman's time for stope production activities or $120.00.

(c) Master Mechanic - In an effort to deduct proper supervision costs for production, the Operator, with good intent, deducted all the Master Mechanic's salary during June. However, to prepare an equitable distribution of supervision costs I consider that it is fair to reinstate half of the Master Mechanic's time or $225.00.

(d) Timekeeper - Because the time and stock distribution records have not been kept in a manner which is subject to audit, none of the timekeeper's wages are allowed, which makes another deduction of $295.94.

2) Telephone calls amounting to a cost of $58.06 are disallowed because they are considered corporation overhead.

3) The reclaim form for E. A. Donaldson's expense account amounting to $32.62, disallowed because I have evidence that he did not work on exploration.

4) Based on engineering measurements I made during the recent project inspection, and upon the Operator's calculated unit costs a total disallowance of $524.78 is made on the 22 feet of shaft that was sunk because the shaft averages 7x8½ feet in cross section instead of the 5x7-foot size, specified in Amendment #2.

5) Because the maximum allowable linear footage specified in "Exhibit A" for Project #1 has been exceeded by 17 feet a disallowance amounting to $975.63 has been deducted based on the Operator's calculated average cost of the drifting that has been done.

The disallowance for the above overages cannot be broken down into the exact components but those amounts are substantially comprised of labor. The excess shifts of miners and muckers over that estimated in "Exhibit A" have been ignored for the sake of the expediency in approving this report. However, the total labor cost has not reached the total allowable maximum of $25,440.00 as given in the contract.

Clinton C. Knox

CCK:jd

cc - Operating Committee (2)
L. T. McElvenny
C. C. Knox

Draft July 28, 1953

Contractor of Ore Purchases
Colorado Plateau Administration
Grand Junction
AUG 17 1953

Memo

To: W. P. Williams, Executive, Region VI Field Team

From: C. C. Knox

Subject: June Report, Amerimex Mng. Co., Proj. Contract Idm-E468

I have reviewed the subject Operator's Monthly Report for June, received by this Field Team Office on July 22, 1953. I recommend that the Operator be advised that Field Team approval will be delayed until after the tentatively planned audit of the project accounts and project inspection in the first part of August.

Although the June Monthly Cost Report and Voucher appear to be in good order, I believe that the following items cannot be allowed by the Field Team:

(1) The State payroll taxes totaling $774.34 for the first two quarters of the year (no documentary evidence is presented to support the Operator's claim that the amount was paid during June). not needed as per D.T. Rivers CCK

(2) Supervision — based on the Operator's reports of the exploration and production operations, it is my opinion that a part (probably half) of the total $1,255.94 paid to the superintendent, mine foreman, and timekeeper for their full time reportedly spent on the exploration project work, should be deducted and charged to production, as per instructions in the DMEA Operating Committee's Minutes of the meeting on Dec. 3, 1952. Even that half, or $627.97, would be a high supervision cost for the exploration work reported to have been done during June which amounted to only 60 feet of drifting, 29 feet of prospect shaft. As previously stated in my June 16 memo of my review of the Amerimex May Report, I believe

about half of those supervision costs also should have been charged to production since rehabilitation and operation of the furnacing plant presumably started in May.

(3) Reclaimed travel expenses of E. A. Donaldson - $32.62 still cannot be allowed because we know he never was employed on the exploration project, and no receipt, signed by him, has been presented.

(4) Telephone calls charged on the expense statement of R. N. Pulliam also may be considered by the auditor as partially chargeable to corporation management and overhead. I doubt that they were all absolutely essential to the exploration project.

Concerning the minimum amount of exploratory work that the contract specifically authorizes on the various projects:

Project #1 - a total of 217 feet of drifts, x-cuts, and raise had been driven by the close of June, exceeding the authorized footage by 17 feet.

Project #3 - a total of 307 feet of drifts, x-cuts, and raise had been driven by the close of June, exceeding the originally authorized footage by 97 feet which has been authorized, however, by Amendment #2.

Project #6 - a total of 196 feet of the authorized 240 feet of drifting, etc., had been completed when this project work was stopped.

Project #7 - the 150-foot hole diamond drilled in April, exceeded the authorized 130 feet by 20 feet for which the necessary prior Field Team approval was not obtained.

Project #8 - Five holes, totaling 278, had been diamond drilled by the close of June, exceeding the originally authorized 100 feet by 178 feet for which Field Team approval was given in the letter, dated May 28.

Project #12 - only 9 hours of the authorized 56 hours of bulldozing in prospect trenches has been done.

As in my June 16 memo of my review of the Amerimex May Report, I repeat that no systematic sampling has been done by the Operator, no assay map has been submitted, and the geologic and other maps and sections that have been submitted are inadequate upon which to base justification for further exploratory work or final ore reserves estimated.

Clinton C. Knox

July 16, 1953

Memo

To: W. P. Williams, Exec. Off., DMEA Field Team, Region VI

From: C. C. Knox

Subject: May Report, Amarimex Mng. Co., Project Contract Idm-E468

I have carefully reviewed the subject report, received today, and found the few accounting errors indicated in pencil on the MF-104 Forms. Correction of the columns: "Approved Totals Previously Reported" and "Approved Totals To Date", must await receipt of Jonas' certified amounts on the April Report.

I hesitate to recommend Field Team approval of the subject May Report, however, and believe the most logical course of action would be to return it to the operator to make a realistic revision of parts of the report.

First, it appears unfair and unreasonable for the Operator to expect the Field Team to approve the entire $1,620.34 supervision cost, as he has charged it on MF-104A, for the mere 10 feet of drift, 19 feet of x-cut, and 81 feet of raises. That is a unit supervision cost of $14.73 per foot for the 110 feet of advance that was made during May, which would have been considered a fair overall cost for such work only a few years ago -- my, what inflation has done! Likewise he has charged the entire $2,527.29 labor cost against that 110 feet of work done during May, which is a ridiculous labor cost of $22.98 per foot of advance.

I anticipate that Field Team approval of the subject May Report will be very risky in the face of the Operator's statements in his narrative that 12 hours bulldozing, much rehabilitation and preparatory work, some equipment and powerline installations, furnace plant repairs, and clean up work for production from the old stope, was done, but for which he apparently made no distribution of the supervision cost -- he claimed in his telephone call this morning that he did employ separate labor, however, on the mine production jobs and that the supervision thereof was on his overtime work?

In addition, 8 hours of the bulldozing on the road and recleaning of the spring is in excess of that allowable under the contract stipulations which he did not request an amendment for, and therefore apparently should be at the company's expense -- (MF-104A stated 18 hours but the narrative mentioned only 8 hours.)

Furthermore, as stated in the narrative, the power plant and powerline construction was so far evidently for the convenience of the Operator as standby power for the furnace, and the entire cost thereof can not legally be approved by the Field Team unless there is assurance that those facilities were used exclusively on the exploration project.

No sampling was done during the month to justify further work, or the proposed amendment to extend the time of the project contract beyond June 10, 1953. The inadequate sketches submitted with the report cannot be platted on the map in this office because the scale and azimuths are not shown, nor is the formations penetrated shown

on all the sketches as required in the Operator's Monthly Reports. The sketch of the work on Project #1 shows the azimuth of the raise as N5°W, but the narrative states N48°W --either apparently would miss the originally intended target of that project, and the drift was previously driven blindly some 81 feet beyond that target before realizing it had been missed and beginning the raise during May, to grope for the target. The narrative states that the fracture encountered in the raise strikes N60°W but the drift being driven from near the top of that inclined raise evidently bears about due North?

Summarizing the work during the 5 months that the project had been active to May 31, about 60 percent of the allowable maximum $80,000 on the project contract has been spent, but only 31 percent of the allowable maximum units of exploratory work has been performed. In doing that work, 64 percent of the allowable maximum for labor has been expended and 74 percent of the allowable maximum for supervision.

Of the minimum amount of work specifically authorized by the contract:

Project #1 -- 201 feet of drifts, X-cuts, and raises driven up to May 31, exceeds the authorized 200 by only 1 foot additional advance which did not have prior Field Team approval.

Project #3 - 234½ feet of drifts, x-cuts, and raise, exceeds the authorized 210 by 24½ feet needing prior Field Team approval.

Project #6 - was stopped by the Field Team when 196½ feet of exploratory drifting had been done, under the 240 feet specifically authorized, if justifiable.

Project #7 - the 150-foot diamond drill hole exceeds the authorized 130 feet by 20 feet without prior Field Team approval.

Project #8 - The 58-foot diamond drill hole did not exceed the originally authorized 100 feet (contract since amended to permit more drilling and a x-cut).

Project #12 - only 9 hours of the authorized 56 hours, bulldozing, has been done with unfavorable results, so far as has been reported.

This memo of my June 16 review of the project reports through that of May, is merely for the record, but I sincerely believe a realistic revision of the subject May Report now, would be to the Operator's best interests in the long run, and I'm sure it might prevent serious criticism of the Field Team.

Clinton C. Knox

FILE COPY
SURNAME:

Ellis

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

August 14, 1953

Memorandum

To: File

From: Ernest Wm. Ellis, Chief
Rare and Misc. Metals Division

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

Mr. Pulliam of the subject company phoned me today that he had a $3,000 payroll due tomorrow (August 15) with no funds to meet it. He stated that his June voucher, amounting to some $9500, had not been cleared by the DMEA office at Joplin. I phoned the Joplin Office and found that Mr. Williams, the Executive Officer, was away and that Mr. Clinton Knox was the Acting Executive Officer. Mr. Knox said the voucher had been held there for several weeks because of some disallowances amounting to $4,000, more or less. I discussed the matter with Mr. Chambers and he called Mr. Finch, DMEA auditor in the Denver Office, who had recently audited the Amerimex books. Mr. Finch seemed to think that the books were in order, with the exception of certain disallowances, and that we should certainly pass on the balance due in the June voucher so that the payroll could be met. Mr. Chambers then called Mr. Jonas, Finance Officer at Amarillo, Texas, and he said he was waiting for approval of the voucher by the Joplin Office, that if the Joplin Office would note the disallowances and forward it to him at once, he would take care of the matter immediately.

After discussing the matter further with Mr. Chambers, I phoned Mr. Knox of the Joplin Office and told him that he should airmail the voucher, noting the disallowances, to Mr. Jonas at once and he would take care of it upon arrival, which should be not later than Monday or Tuesday. At the same time (and both Mr. Jonas and Mr. Chambers were in agreement with this), he(Knox) should send a wire to Mr. Pulliam stating that the voucher, with disallowances noted, was being forwarded by airmail to the Finance Officer at Amarillo and with this said telegram Mr. Pulliam no doubt could get an advance from his local bank with which to meet the payroll. Mr. Knox is in full agreement with this plan and he said he would get both the voucher and the telegram off this afternoon.

EWEllis/gla
cc to: Mr. Chambers
Docket

Ernest Wm. Ellis
Ellis

FILE COPY
SURNAME:

Mangelsdorf
Ellis
Martin
Selfridge

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

AUG 13 1953

Mr. L. P. Williams
Executive Officer
DMEA Field Team, Region VI
221 West 3rd Street
Joplin, Missouri

Re: Docket No. DMA-2202X (Mercury)
Contract No. Idm-2468
Amerimex Mining Company
Presidio County, Texas

Dear Mr. Williams:

We refer to Mr. R. M. Pulliam's letter, dated August 4, 1953, a copy of which was forwarded to your office by the writer.

Mr. Pulliam, President of the Amerimex Mining Company, in the subject letter offers to submit a proposal for additional DMEA funds to carry out further exploration of the subject property.

It is suggested you contact the Operator and ascertain what he proposes to do and the cost thereof and submit your recommendation to this office.

Sincerely yours,

W. S. Martin
ESJ
ACTING Chairman, Operating Committee

APPROVED:

J. H. Hedges ESJ
Member, Bureau of Mines

A. R. Kinkel, Jr. ESJ
Member, Geological Survey

EWEllis/db
8-11-53
cc to: Adm. Reading File
Operating Committee
Docket
Messrs: H.M.Meyer, Rm. 3623
A.R.Kinkel, Rm. B-242A, GSA
Ellis

P.S. See memo. from Mr. Mittendorf to you dated August 13, 1953.

HHK
8-13-53

FILE COPY
SURNAME:

Mittendorf
Martin

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

Memorandum

August 13, 1953

To: Mr. W. P. Williams
Executive Officer
Field Team, Region VI

From: C. O. Mittendorf
Administrator

Subject: Docket 2202X (Mercury), Contract Idm-2468
Amerimex Mining Company

In reviewing the letter addressed to you and signed by the Operating Committee today, regarding the subject case, it occurred to me that it would be well to point out that any amendment approved would have to be consistent with the agreement between the Department and ODM, as stipulated under paragraph 4 of our letter to Mr. Flemming, dated May 7, 1953.

I have briefly discussed this point with the Commodity Division, members of the Operating Committee, and Counsel, and have decided to record my observations by this memorandum, rather than return the letter for a rewrite and submission to the Operating Committee at its next meeting. My observations are as follows:

1. Mr. Pulliam has considered filing a new application for additional exploration work.

2. You pointed out that the ODM directive prohibited the acceptance of new applications for mercury.

3. Mr. Pulliam then wrote to me on August 4 requesting additional funds to carry out further exploration of his property. In this letter he implies that the work under the original contract has been successful and that a discovery has been made. He also implies that the DMEA work has provided structural information which is beneficial (to all of his ground, I presume).

Discussion

Paragraph 4 of our letter of agreement with ODM states, "With respect to contracts covering the excluded minerals in effect on the date of your directive, DMEA will continue to provide such assistance as may be required by the provisions of the contract, including where desirable such amendments as may be necessary to complete the work or to achieve the original purpose of the contract."

During our discussions with ODM on this point, we repeatedly pointed out that it might be necessary for the Government to advance additional funds on many of the contracts in force which involve ineligible commodities, in order to reach the exploration target. We used, as an illustration, borderline cases where we could not, in good conscience, certify a discovery on the basis of the work accomplished and in those instances it might be in the best interest of the Government to approve additional funds on the chance of making a discovery and thus protect our investment already made. We also stressed the importance of bringing these "in-force ineligibles" to a definite conclusion and to avoid leaving them in an obscure state as to whether they were successful or not. We agreed orally that we would exercise a high degree of discretion and treat each case individually, but, generally speaking, we would not use the authority granted under paragraph 4 in those cases where it was clear that a discovery could be justified and a certification issued as a result of the work already completed.

The purpose of this memo. is to avoid the possible situation where you might consume considerable time to document your recommendations for additional work only to find that the proposal would be denied on the basis of nonconformity with our agreement with ODM. In other words, any amendment approved would have to be justified on the grounds that additional work is necessary to achieve the original purpose of contract 468, or that it is in the best interest of the Government to approve additional funds in order to protect its investment.

C. O. Mittendorf (fw)

Administrator

COMittendorf/fw

cc: Admr Reading File
Mails & Filed
Messrs. H. M. Meyer, Rm. 3623
A. R. Kinkel, Rm. B-242A, GSA
Ellis
Field Team, Region VI

HHK 8-13-53

FILE COPY
SURNAME:

Murphy
Ellis
Martin
Selfridge

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

AUG 13 1953

Mr. R. N. Pulliam, President
American Mining Company, Inc.,
P. O. Box 626
Alpine, Texas

Re: Docket No. MA-2202X (Mercury)
Contract No. Idm-8,68
Presidio County, Texas

Dear Mr. Pulliam:

Your letter dated August 4, 1953, to the Administrator, detailing the results obtained to date on the captioned project, is acknowledged.

In regard to an amendment to provide additional funds for the further exploration of your property, we have requested the Regional Field Team to contact you and submit their recommendations concerning such a proposal. When we have the data completed, we will inform you as to the action taken concerning the proposed subject amendment.

Sincerely yours,

Ernest Wm. Ellis, Chief
Rare and Misc. Metals Division

EWEllis/db
8-11-53
cc to: Adm. Reading File
Docket
Messrs: H. M. Meyer, Rm. 3623
A. R. Kinskl, Rm. B-242A, GSA
Ellis
DMEA Field Team, Region VI (2)

HHR
8-13-53

FILE COPY
SURNAME:
Docket.
Murphy
Ellis
Selfridge
Hedges

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

AUG 11 1953

Mr. W. P. Williams
Executive Officer
DMEA Field Team, Region VI
221 West 3rd Street
Joplin, Missouri

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

Dear Mr. Williams:

The enclosed copy of a memorandum from the Chief Counsel, dated July 27, 1953, answers the question concerning "webbacks" mentioned in your memorandum dated July 10, 1953.

Sincerely yours,

George C. Selfridge
SS

Chairman, Operating Committee

Enclosures

APPROVED:

J. H. Hedges
SS
Member, Bureau of Mines

A. R. Kinkel, Jr.
SS
Member, Geological Survey

FMMurphy/db
885-53
cc to: Adm. Reading File
Operating Committee
Docket
Messrs: H.M.Meyer, Rm. 3623
A.R.Kinkel, Rm. B-242A, GSA
Ellis
Murphy
Chambers, Rm. 4542

R.C.S.
8-11-53

8/7/53 gla

913

AMERIMEX MINING COMPANY

INCORPORATED

BOX 626

ALPINE, TEXAS

DOCKET COPY

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
AUG - 6 1953

August 4, 1953

Mr. C. O. Mittendorf, Administrator
Defense Minerals Exploration Administration
U. S. Department of the Interior
Washington 25, D. C.

Re: Docket DMA-2202X (Mercury)
Contract Idm-E468
Presidio County, Texas

Dear Mr. Mittendorf:

The subject Contract, which has been in effect since December 18, 1952, and which with amendments thereto extends until December 18, 1953, 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 have already produced and furnaced enough ore from clean-up and from exploration work to have marketed 37 flasks of Prime Virgin Quicksilver during the past 30 days. We are now awaiting payment for this metal while continuing to furnace the ore produced incidental to the exploration.

We believe that the exploration thus far completed has resulted in a discovery and has provided structural information which as basis for further well-planned exploration will result in a discovery of major importance.

We believe that the results achieved should warrant amendment of our Contract whereby additional DMEA funds could be obtained to carry out further exploration of our property. We are prepared to submit a detailed exploration plan and itemized schedule of estimated cost for the proposed amendment. We would, however, appreciate your suggestions as to form and content and the probable time required to pass on such a proposed amendment.

We wish to express our appreciation of the courtesy and efficiency consistently manifested by your office personnel and that of the Joplin Regional Office.

Sincerely,

AMERIMEX MINING COMPANY

By R. N. Pulliam

R. N. Pulliam, President

RNP:L
CC - Mr. W. P. Williams
Joplin DMEA Office

8-14-53

FILE COPY
SURNAME:

140

Hofflund
AEKane

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

July 27, 1953

Memorandum

To: The Administrator

From: The Chief Counsel

Subject: Amerimex Mining Co., Inc., Docket No. DMEA-2202 (Mercury)

Reference is made to memorandum dated July 10 from the Executive Officer, Region VI, to the Operating Committee, submitted to this office by the Chief of the Rare and Miscellaneous Metals Division, inquiring as to the propriety of contributing to the costs of labor which consists of Mexican "wetbacks," i.e., Mexicans who have crossed the line into the United States without the benefit of immigration clearance.

The exploration contract form provides that "The work shall be performed efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmens' compensation and employers' liability insurance ..." If the "wetbacks" are able to carry out the work in accordance with this standard, DMEA has no basis for objecting to their employment by the Operator.

The Bureau of Immigration and Naturalization has been consulted informally, and this office has been advised that it is so overwhelmed with the problem of controlling unlawful entries by Mexicans that it is hardly able to concern itself with such individual cases as may come to the attention of various agencies of the Government. In any case, it is not a matter that this agency should concern itself with except within the provisions of the contract as indicated above.

J. L. Hofflund

AEKane/JLHofflund/emd

J. L. Hofflund
Chief Counsel

Copy to: Mails & Files
E. W. Ellis
A. E. Kane
J. L. Hofflund
chron.

R.C.S.
7-28-53

FILE COPY
SURNAME:
800

Chambers

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

JUL 23 1953

Mr. William P. Williams
Executive Officer
DMEA Field Team, Region VI
221 West 3rd Street
Joplin, Missouri

Re: Docket No. DMEA-2202X
Contract No. Ida-1468 (Mercury)
Amerimex Mining Company, Inc.
Presidio County, Texas

Dear Mr. Williams:

Reference is made to your letter of July 20, 1953, in regard to plans for auditing the above-cited project.

I have assigned this audit to Mr. Donald T. Finch, who is located in Denver, Colorado. I asked Mr. Finch to arrive in Amarillo on Monday, August 3, and to spend two days in Ray C. Jonas' office examining all the financial documents relating to the Amerimex account. I asked Mr. Finch to arrive two days early to do this work so that he would not keep you waiting while making preparations for the audit. There is probably some advantage in you or your representative going over the accounts with Mr. Finch if you can spare the time. If you care to contact Mr. Finch directly you may write to him at 224 New Customhouse Building, Denver 2, Colorado. A copy of this letter is being sent to Mr. Finch for his information.

I am also notifying Mr. Jonas of Mr. Finch's plans so that he will be looking for him too. I suppose under the circumstances you and Mr. Finch will meet in Mr. Jonas' office, but I am certain Mr. Finch will be glad to meet you at any designated place you may prefer.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

JLChambers/wb
July 23, 1953

Copy to: Docket
Admr. Reading File
Mr. Jonas
Mr. Finch
Mr. Chambers

R.C.J.
7-23-53

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

Joplin, Missouri
July 20, 1953

RECEIVED
JUL 2 1953

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

Re: Docket No. DMEA-2202X
Mercury
Amerimex Mining Co.
Presidio County, Texas
Contract No. Idm-E468

Dear Mr. Chambers:

This is in answer to your communication of July 17, 1953 in which you ask if it would be convenient for me or my representative to meet your auditor at Amarillo, August 5 and proceed from there with the auditor to the Amerimex Mining Co. office for audit of Contract Idm-E468.

This proposal will be satisfactory to me. I should like to hear from your auditor as to details concerning exact meeting place and time in Amarillo. Please advise me of any changes in the above plan.

Sincerely yours,

W. P. Williams
Executive Officer, DMEA
Field Team, Region VI

WPW:jd

cc - Operating Committee
Ray C. Jonas

Contract Admin. & Audit Division

Defense Minerals Exploration Admin.

14X3923.970 Working Fund, DMEA

JUL 17 1953

July 17, 1953

Mr. W. P. Williams
Executive Officer
DMEA Field Team, Region VI
221 West 3rd Street
Joplin, Missouri

DMEA - 2202

Will it be convenient for you or your representative to meet auditor at Amarillo August 5 and proceed from there with auditor to Amerimex Mining Company office for audit of Contract Idm-2468?

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

JLChambers/wb
July 17, 1953

Copy to: Docket
Admr. Reading File
Mr. Chambers

R.G.B.
7-17-53

7/15/53-3gla

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D. C.~~
Joplin, Missouri
July 9, 1953

Re: Docket No. DMEA-2202X
Mercury
Amerimex Mining Co., Inc.
Presidio County, Texas
Contract No. Idm-E468

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

Dear Bob:

I have had the samples I took at the Fresno run for mercury, and I am sending you herewith a copy of the assay certificate.

As you will note, they do not look too good.

I am sure Art knows the locations from which the samples were taken. As a precaution I have noted in the certificate the general location of each sample. If you need more details let me know.

Sincerely yours,

W. P. Williams
Executive Officer, DMEA
Field Team, Region VI

WPW:jd
Enc.

cc - Operating Committee

7/14/53 gla

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D. C.~~
Joplin, Missouri
July 8, 1953

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

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

Dear Bob:

I am writing this in confirmation of our conversation this morning.

I recently received a letter from the Operating Committee, DMEA with regard to Amendment No. 2 to your Contract No. Idm-E468. As you know this amendment authorizes new work and provides additional funds for supervision. However, as pointed out by the Operating Committee, it is not clear what work items, if any, have been deleted. In addition various items of cost under Item 2, 4 (c), and 6 have not been detailed. The Operating Committee suggests that I submit a new amendment (No. 3) to cover these omissions but retaining the spirit and intent of Amendment No. 2.

In order to make the new amendment as mutually satisfactory as possible will you please check your records and send me your interpretation of the cost items under the above mentioned categories in Exhibit A of your contract.

With best personal regards, I am,

Very sincerely yours,

W. P. Williams
Executive Officer, DMEA
Field Team, Region VI

WPW:jd

cc - Operating Committee

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D. C.~~
Joplin, Missouri
July 7, 1953

Operating Committee
Defense Minerals Exploration
Administration
Interior Bldg.
Washington 25, D. C.

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

Dear Sirs:

Forwarded herewith are the original and two copies of Amendment No. 2 to the above referenced contract.

All copies have been signed by the Operator, and one copy each has been sent to Ray C. Jonas, Finance Officer in Amarillo and to the Operator.

In a recent letter from the Operating Committee, dated June 26, 1953, concerning this amendment a question is brought up with regard to deletion of certain work items which should be incorporated in Amendment #2. There is also question concerning various items of cost under Item 2, 4 (c) and 6. It is suggested that this office submit a new Amendment #3 to cover these omissions. This new amendment will be promptly studied and forwarded to you at an early date.

Sincerely yours,

W. P. Williams

W. P. Williams
Executive Officer, DMEA
Field Team, Region VI

WPW:jd
Encs.

cc
7-9

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.
~~XXXXXXXXXXXXXX~~
Joplin, Missouri
June 29, 1953

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

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

Dear Bob:

Enclosed are the original and five copies of Amendment #2 to your project contract signed by the Government. When you have signed all of them in the places indicated retain one copy for your files and return the original and four copies, or hand them to Bill Williams who is expected to arrive there tomorrow to inspect your project.

Sincerely yours,

Clinton C. Knox
Mining Engineer

CCK:jd
Encs.

cc - Operating Committee ✓

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
1 1953

FILE COPY
SURNAME:

Docket.
Murphy
Ellis
Selfridge
Johnson

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

Mr. W. P. Williams
Executive Officer
DMEA Field Team, Region VI
221 West 3rd Street
Joplin, Missouri

JUN 2 6 1953

Re: Docket No. DMEA-2207% (Mercury)
Contract No. Idm-1168
Americex Mining Company
Presidio County, Texas

Dear Mr. Williams:

Enclosed are the original and six copies of Amendment No. 2 to the above captioned contract, signed by the Government. When the original and all copies have been signed by the Operator, they are to be distributed according to the usual practice.

Amendment No. 2 authorizes new work and provides additional funds for supervision. However, it is not clear what work items, if any, have been deleted. Neither have the various items of cost under Item 2, 4 (c), and 6 been detailed. It is therefore suggested that you submit a new amendment (No. 3) to cover these omissions but along the lines of the attached amendment.

As it was necessary that this amendment be approved at once, the completion date of the original contract being June 18, 1953, the present amendment has been signed by the Administrator, but will be superseded by the new amendment to be submitted by your office.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

6-26-53 (246)

Enclosures 6

APPROVED:

J. H. Hedges (246)
Member, Bureau of Mines

A. R. Kinkel, Jr.
Member, Geological Survey (246)

RMMurphy/db
6-23-53
cc to: Adm. Reading File
Operating Committee
Docket
Messrs: H.M.Meyer, Rm. 3623
A.R.Kinkel, Rm. B-242A, GSA
Ellis
Murphy

C
O
P
Y

Joplin, Missouri
June 23, 1953

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUN 30 1953

Re: Docket No. DMEA-2202X
Contract Idm E-468-Mercury
Amerimex Mining Co.
Presidio County, Texas

Dear Bob:

Your monthly report of exploration on Form MF-104, 104A for May, 1953 has been approved (at long last) by this office. On this date the original has been forwarded to the Regional Finance office, U. S. Bureau of Mines, Amarillo, Texas.

Enclosed are six copies of Form MF-104,a104A to be used for your next monthly report.

Sincerely yours

W. P. Williams
Executive Officer
Field Team, Region VI

WPW
Enc.
cc - Operating Committee

FILE COPY
SURNAME:

140

UNITED STATES
DEPARTMENT OF THE INTERIOR 140
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

June 22, 1953

N.S. in R. v R.

Memorandum

To: Mr. E. W. Ellis

From: Chief Counsel

Subject: Amerimex Mining Company, Docket No. DMEA-2202, Amendment No. 2

Amendment No. 2 authorizes new work and provides additional funds for supervision. However, it is not clear what work, if any, has been deleted. Neither have the various items of cost under Items 2(c), 4(c), and 6 been detailed. It is therefore suggested that, if possible, this amendment be rewritten in the Field to cover these omissions but along the lines of the attached amendment.

If it is necessary that this amendment be signed at once, then it is suggested that the Administrator sign the attached amendment but that another amendment be prepared in the Field to replace it.

/S/ AEKane
for J. L. Hofflund
Chief Counsel

Attachments

AEKane/emd
Copy to: Docket
J. L. Hofflund
H. C. Rubin
A. E. Kane
chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON, D.C.~~
Joplin, Missouri
June 19, 1953

Mr. R. N. Pulliam, President
Amerimax Mining Company
P. O. Box 626
Alpine, Texas

Re: Docket No. DMEA-2202X
Amerimax Mining Company
Presidio County, Texas
Contract No. Idm-2468
Mercury

Dear Bob:

I am returning herewith a carbon copy of your April, 1953 MF-104 and MF-104A. You will recall we asked you sometime ago to send us the original of the April report. The original was sent to Ray Jones and we are returning this carbon copy for your files.

Also enclosed is an "Administrative Audit Difference Statement" by Ray Jones, Finance Officer, covering your April MF-104.

Sincerely yours,

W. P. Williams
Executive Officer
Field Team, Region VI

WPW:jd
Encs.

cc - Operating Committee

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D.C.~~
Joplin, Missouri
June 18, 1953

Re: Docket DMEA-2202X
Amerimex Mining Co.
Presidio County, Tex.
Contract Idm-E468
Mercury

Memo

To: Operating Committee

From: W. P. Williams, Executive Officer, Field Team, Region VI

We have just received notice from R. C. Jonas, Finance Officer, DMEA Region VI that the April monthly report of the above referenced project has been certified for the amount of $7,187.23, the Voucher No. is DMEA 6.-64, and the date of certification is June 16, 1953.

We are sending you this information because the Washington copies of the April monthly report were forwarded to Washington sometime ago before the report had been certified by Jonas. The above information should be entered in the appropriate spaces on the April MF-104.

W. P. Williams

W. P. Williams
Executive Officer
DMEA Field Team, Region VI

WPW:jd

FILE COPY
SURNAME:
800

Alley
Tallent
Chambers

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

JUN 1 6 1953

Mr. W. P. Williams
Executive Officer
DMEA Field Team, Region VI
221 West 3rd Street
Joplin, Missouri

Re:
Idm-B468, DMEA-2202
Amerimax Mining Company

Dear Mr. Williams:

Receipt is acknowledged of the April MF-104 for the above referenced project.

Your attention is called, however, to the fact that no payment information was furnished on either copy of the MF-104 received in the Washington office. Please advise.

Sincerely yours,

SIGNED

Jay L. Chambers, Chief
Contract Administration
and Audit Division

6-16-53

AMAlley/ama
June 15, 1953

Copy to: Admr. Reading File
Mails and Files
Mr. Chambers

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D.C.~~
Joplin, Missouri
June 10, 1953

Re: Docket DMEA-2202X
Mercury
Amerimex Mining Co.
Presidio County, Texas
Contract No. Idm-E468

Memorandum

To: Operating Committee Attention: Fred Murphy

From: W. P. Williams, Exeuctive Officer, Field Team, Region VI

On May 27, 1953 I wrote to the Administrator concerning an amendment to the above referenced contract. With my letter I enclosed a draft of a proposed amendment. The proposed Amendment #2 to Contract Idm-E468 is intended to permit the Operator to conduct exploration in favorable appearing places which have resulted from previous DMEA project work. In addition, the proposed amendment extends the life of the contract 6 months.

My letter to the Administrator was answered by Mr. Fred Murphy of E. W. Ellis' office. Mr. Murphy raises the query: if the life of the contract is extended then additional funds must be found to provide for supervision expenses during the extra time. After conference with the Operator, Mr. R. N. Pulliam, a new draft of proposed amendment has been prepared to provide for additional funds for supervision. These funds have been obtained by reducing the allowable maximums in Items 4c, 5, and 6 of Exhibit "A" of the contract. In other words the Operator feels, after examination of his operating costs, that funds may safely be transferred from the above categories into supervision to provide for the extended contract period.

I am enclosing herewith ~~two~~ 3 copies of a letter from the Operator to me in which he sets forth his ideas concerning reallocation~~s~~ of funds in his contract. These ideas have been incorporated in the new proposed draft of Amendment #2 to Contract Idm-E468, also enclosed herewith.

W. P. Williams

W. P. Williams
Executive Officer
Field Team, Region VI

WPW:jd
Encs.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D.C.~~
Joplin, Missouri
~~June 10, 1953~~

Proposed draft of Amendment #2

Exploration Project Contract No. Idm-E468
Docket DMEA-2202X (Mercury)

Amerimex Mining Co.
Presidio County, Texas

Contract Idm-E468, dated December 18, 1952, between the United States of America and the Amerimex Mining Co. of Alpine, Texas, is hereby amended as follows:

In Exhibit "A" on Page 2 under Project #3 the line stating "No additional work on Project #3 is permitted by this contract." is hereby deleted and the following additional work is allowable as follows:

Crosscut 3-A may be driven an additional distance of 100 feet from the face which existed on May 26, 1953 and supplemental underground openings may be driven therefrom to the extent of 100 feet on any significant mercury mineralization or favorable structure encountered.

In addition an additional 50 feet of underground exploratory mine openings in crosscut 3-B or in the working face of Project #3 is hereby authorized as may be justified by mineralization or structure.

All exploratory mine openings shall not exceed 5'x7' in cross section.

Project #12: -- The following exploratory work is appended to the work outlined under Project 12 in Exhibit "A" of the contract. The Operator is authorized to sink a prospect shaft from the surface

at churn drill hole #7 to an initial depth of 30 feet and to such depths as may be justified thereafter by the continued occurrence of mercury mineralization. In addition the Operator is authorized to drive a total of 100 feet of underground exploratory openings therefrom whenever prior written approval of the proposed underground openings from the shaft is obtained from the Field Team. All openings including the shaft shall be 5'x7' in cross section. Total authorized work in Project 12 shall not exceed an allowable maximum of 288 linear feet as provided for in the original Project 12 of Exhibit "A" of the contract.

Article 3 of Contract Idm-E468 entitled Exploration Project is hereby amended so that the Operator shall bring the project to completion within a period of 12 months from the date of the contract instead of 6 months as shown in Contract Idm-E468.

In order to provide for costs of supervision that will be incurred during the increased contract term Exhibit "A" of Contract Idm-E468 is hereby further amended, as follows:

Item 4c, Equipment to be purchased:

The total amount allowable for expenditure, $10,700.00, is hereby reduced to $8,200.00.

Item 5, Rehabilitation and Repairs:

The total amount allowable for expenditure, $550.00, is hereby reduced to $30.00.

Item 6, New buildings, improvements and installations:

The total amount allowable for expenditure, $3,145.00, is hereby reduced to $1,330.00.

Item 2B, Supervision:

The total amount allowable for expenditure, $9,900.00, is hereby increased to $14,735.00.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be obligated to pay, or the percentage of the costs which the Government may be obligated to pay, under the provisions of Article 13 of the contract form.

Signed: UNITED STATES OF AMERICA

By_____

Signed: AMERIMEX MINING CO.

By_____

JUN 9 1953

June 7, 1953

Mr. W. P. Williams
Executive Officer
Defense Minerals Administration
U. S. Department of the Interior
221 W. 3rd Street
Joplin, Missouri

Re: Docket DMA-2202X (Mercury
Contract Idm-E468
Presidio County, Texas

Dear Bill:

Immediately upon receipt of your telephone call relative to the need for reducing some items of estimated expense in order to obtain funds for an increase to be allocated to Supervisory Expense, we undertook to work out a suitable plan.

On the basis of approximately $1,500.00 per month Supervisory Expense from the end of April to the end of the proposed extension of time of duration of the Contract, a total of 8 months, approximately $12,000.00 would be required. Since approximately $4,000.00 of the original allocation for Supervisory Expense remained unspent as of the end of April, $8,000.00 would have to be provided by savings to be effected by reduction in other categories or otherwise.

It is my belief that the best interests of both the Government and our Company would be served by reducing Contract Item 4C, "Operating Equipment to Be Purchased", by the amount of $2,500.00, leaving $2,107.02 to be used to meet established monthly installment payments for the duration of the Contract and to pay for items of equipment already provided for by the Contract but for which the need has not yet developed.

Item 5, "Rehabilitation and Repairs of Buildings", may be reduced by $521.31, the unspent amount remaining.

Item 6, "New Buildings, Improvements and Installation", may be reduced by $1,815.85, the amount which remains unspent of the original estimate.

Recapitulating, it appears that the following savings can be effected in the amended Contract:

Item 4C	Amount Reduced	$2,500.00
5	" "	521.31
6A	" "	1,815.85
Total available for Item 2B		$4,837.16

This indicates a deficit of approximately $3,000.00 for the 8-month period; however, since the Company will begin production in the immediate future, which we expect to be able to maintain on at least a small profit basis, it is our belief that it will be possible to meet an average of 25 percent or more of the Supervisory Expense out of Company funds, based upon the percentage of time devoted to other than exploratory work.

We hope that our proposed participation in Supervisory salaries will make possible prompt action on the Contract Amendments so that we can proceed as soon as possible.

With best personal regards, I remain

Sincerely,

R. N. Pulliam

R. N. Pulliam, President
AMERIMEX MINING COMPANY

RNP:L

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.
~~XXXXXXXXXXXXXX~~
Joplin, Missouri
June 10, 1953

DOCKET COPY

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

Re: Docket No. DMEA-2202X
Mercury
Amerimex Mining Co.
Presidio County, Texas
Contract No. Idm-E468

Dear Bob:

I have received your letter of June 7 which contains your notes concerning transfer of funds in your DMEA contract to provide for supervision expenses during an extended contract period.

Your suggestions appear to be applicable, and I have incorporated them in the new draft of proposed Amendment #2 to your contract. This draft with a covering letter has been referred to Washington for their consideration, and I hope prompt approval.

As soon as I hear from Washington I will contact you.

We have also received the originals of your April MF-104-104A and have sent them on to Ray Jones for certification. I trust you will be reimbursed by the Government within a short time.

Regards,

W. P. Williams
Executive Officer
DMEA Field Team, Region VI

WPW:jd

cc - Operating Committee ✓

6/16/53 gla

UNITED STATES
DEPARTMENT OF THE INTERIOR

DOCKET COPY

DEFENSE MINERALS ADMINISTRATION

WASHINGTON 25, D. C.
~~XXXXXXXXXXXXXXXX~~
Joplin, Missouri
June 9, 1953

Mr. Ray C. Jones
U. S. Bureau of Mines
814 Barfield Bldg.
Amarillo, Texas

Re: Docket No. DMEA-2202X(Mercury)
Amerimax Mining Co.
Presidio County, Texas
Contract No. Idm-E468

Dear Ray:

Enclosed herewith are the original forms MF-104 and MF-104A for the month of April for the above referenced project.

Recently you asked us to obtain the original forms from the Operator. We are also enclosing a copy of Mr. Pulliam's letter transmitting the originals to us.

Will you please return your carbon copy of the April monthly report to the Operator for his file.

Sincerely yours,

W. P. Williams
Executive Officer
Field Team, Region VI

WPW:jd
Encs.

cc - Operating Committee

6/11/53

Docket Copy

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.
~~XXXXXXXXXXXXXX~~
Joplin, Missouri
June 5, 1953

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

Re: Docket No. DMEA-2202X
Amerimex Mining Co.
Presidio County, Texas
Contract No. Idm-E468
Mercury

Dear Bob:

Hold your hat now -- remember your blood pressure. I have just received a note from Ray Jonas, Finance Officer, DMEA Region VI, in which he states that he does not have the original of your April MF-104 and MF-104A. Ray has asked us to obtain the original for his use. In the meantime processing of your monthly report is being continued.

As soon as we receive the original of the report we will approve it and forward it to Jonas for certification.

Regards,

W. P. Williams
Executive Officer
DMEA Field Team
Region VI

WPW:jd

cc - Operating Committee
Ray C. Jonas

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS ADMINISTRATION

~~WASHINGTON 25, D.C.~~
Joplin, Missouri
May 27, 1953

Mr. C. O. Mittendorf
Administrator
Defense Minerals Exploration
Administration
Washington 25, D. C.

Re: Docket No. DMEA-2202X
Mercury
Amerimex Mining Co.
Presidio County, Texas
Contract No. Idm-E468

Dear Mr. Mittendorf:

The Operator of the above referenced DMEA project has petitioned this office for an amendment to his contract. This request is occasioned because, as is to be expected, some phases of the Operator's Exploration Project are beginning to look favorable while others appear rather barren. The Operator's requests originate in a report on the subject property written by A. R. Fletcher, Consulting Mining Engineer and Geologist, El Paso, Texas.

I am enclosing herewith two copies of (1) Mr. Fletcher's report with accompanying maps, (2) a letter from R. N. Pulliam, President, Amerimex Mining Co. transmitting Mr. Fletcher's report to this office, (3) two copies of the Operator's monthly report MF-104 for April, 1953, and (4) a draft of a proposed amendment prepared by the Field Team.

The Operator's request for contract amendment has been carefully reviewed by the Field Team and we approve amendment of the contract as set forth in the enclosed proposed amendment.

I am submitting the enclosed data and proposed amendment to you for action because we do not know at this time whether an extension of time on this project is advisable in view of the fact that mercury has been removed from the list of minerals eligible for DMEA assistance. Inasmuch as the Operator has been forced to curtail exploration operations because of lack of approved working places, may I ask for an early reply from you as to the appropriateness of the proposed amendment. I would appreciate hearing from you, preferably by wire, so that the Operator may be appraised of the Government's probable course of action in this matter.

Sincerely yours,

W. P. Williams

W. P. Williams
Executive Officer
DMEA Field Team, Region VI

WPW:jd
Encs.

BL

MAY 25 1953

AMERIMEX MINING COMPANY
P. O. Box 626
Alpine, Texas

Defense Minerals Administration
U. S. Department of the Interior
221 W. 3rd Street
Joplin, Missouri

Re: Docket DMEA-2202X (Mercury)
Contract Idm-E468
Presidio County, Texas

Gentlemen:

Inclosed herewith is a geological report by Mr. A. R. Fletcher, Mining Engineer and Geologist, 4211 Dover Street, El Paso, Texas, dated May 14, 1953, setting forth his findings and recommendations. Mr. Fletcher is Consulting Geologist for Compania Metalurgica Penoles, S. A., which is the Mexican subsidiary of The American Metals Company.

Under present or amended provisions of our Contract dated December 18, 1952, we would like to carry out Mr. Fletcher's recommendations as portrayed on the geologic map inclosed and further described as follows:

PROJECT NO. 12

Mr. Fletcher's Recommendation No. 1 provides for the sinking of a prospect shaft from the surface at Churn Drill Hole No. 7 where, according to the log, mercury ore estimated to average 10 pounds per ton was encountered at 24 feet.

In view of the extremely favorable structural conditions and the previous discovery of commercial grade ore at this point, it is requested that authority be given to proceed immediately with the sinking of a surface shaft size 6'x8' to an initial depth of 30 feet and to such depth as may be justified thereafter by the continued occurence of mercury mineralization. It is also requested that authority be granted for the driving of underground exploratory openings therefrom to the extent of 100 feet.

Since this proposed work comes well within the provisions of Project No. 12, it is requested that it be authorized as a part thereof.

PROJECT NO. 13

Mr. Fletcher's Recommendation No. 2 provides for the deepening of Shaft No. 1 to bottom the Del Rio clay filling a large fracture on which the shaft has been sunk. It is

estimated that an additional depth of 20 feet below the 100-foot Level will be required to reach the desired horizon and that approximately 40 feet of additional underground exploratory opening will be required in a northeasterly direction to reach the projected strong fracture intersection, which is a likely place for the occurence of an orebody of commercial importance.

It is believed that this proposed new project is amply justified by Mr. Fletcher's description of geological conditions existing in the area. It is requested that our Contract be amended to provide for the sinking of Shaft No. 2, size 6'x8', a maximum additional depth of 30 feet, or such a part thereof as may be required to bottom the tight unaltered Del Rio clay filling of the fracture or to reach a horizon of mercury mineralization beneath the clay fill.

In addition to the proposed sinking of Shaft No. 2 to a deeper horizon, it is also requested that our Contract be amended to provide for underground exploratory openings size 5'x7' to be directed therefrom on any significant mercury structures encountered, to the extent of 115 feet.

PROJECT NO. 3 AMENDED

Mr. Fletcher's Recommendations Nos. 3 and 4 are amply justified by his Report.

It is requested that our Contract be amended whereby DMEA Project No. 3 may be expanded to provide for extension of Crosscut 3A an additional distance of 100 feet and for supplemental underground openings to the extent of 100 feet to be driven therefrom on any significant mercury mineralization or favorable structure encountered.

As a further amendment and expansion of DMEA Project No. 3, it is requested that provision be made for an additional 50 feet of underground exploratory mine openings in Crosscut 3B or in the working face of Project No. 3, as may be justified by mineralization or structure.

PROJECT NO. 6

Mr. Fletcher's Recommendation No. 5 is believed to be amply justified by his explanation, and the recommended work is provided for as a part of DMEA Project No. 6 contingent upon approval of the Field Team.

Therefore, it is requested that authority be granted for diamond drilling up to 500 feet of diamond drill holes prior to undertaking the completion of the remainder of underground work, 130 feet, which may be done subsequently if justified by discoveries made in diamond drilling.

PROJECT NO. 8

Mr. Fletcher's concurrence in the desirability of diamond drilling DMEA Project No. 8, as provided for, in order to ascertain whether or not the projected fault shows mineralization is of course based upon his careful study of the area.

In view of the fact that the first hole, drilled at a plus 15° angle entered black Del Rio clay at 48 feet and has been stopped at 56 feet, it is believed that a new hole should be started in the same direction but at an angle of plus 3°. If such a new hole encounters black clay within a comparatively short distance, it is believed that it should be abandoned and another hole should be drilled at a downward-inclined angle and so on until the horizon at or about the Del Rio-Georgetown contact can be cut in the immediate proximity of the projected fault.

The best possible horizon for mercury ore occurences exists at the top of the Georgetown limestone beneath the impervious Del Rio clay seal regardless of where such horizon may be, whether normal or in areas where earth movements have resulted in displacement; so diamond drilling should ascertain the horizon and the structure and provide enough information to justify further exploration.

Therefore, it is requested that DMEA Project No. 8 be approved for the additional diamond drilling and underground openings provided for by the Contract.

PROJECT NO. 1

Mr. Fletcher's Recommendation No. 7 provides for crosscutting 50 feet in a northwesterly direction in an effort to pick up the structural trend if no fracture signifying the orebody trend is found in Project No. 1.

In view of the fact that approximately 20 feet of raising, at an incline of about 70° toward the northwest, has been done from a point about 65 feet from the portal of Drift

No. 1, this project has a remainder of 44 feet of permissible underground exploratory work which may be utilized to complete the project according to the terms of the Contract and in keeping with Mr. Fletcher's recommendations.

RECAPITULATION

Additional Work Proposed Contingent upon Field Team Approval or Contract Amendment	1	3	6	8	12	13	Total Feet
Surface Prospect Shafts, etc.(ft.					288		288
Underground Exploratory Openings (ft.		250	130	150	100	155	785
Underground Diamond Drilling(ft.			500	400			900
							Total Hours
Surface Bulldozer Trenching (hrs.					35		35

It is believed that the justified work for which authority by amendment of the Contract or otherwise is hereby respectfully requested can be completed within a period of three months' additional time from June 18, 1953. Therefore, it is requested that the Operator be allowed until September 18, 1953, within which to complete the proposed work.

It appears that the proposed amendments to the Contract will not require any appreciable changes in the allocation of estimated costs. While it may become necessary to utilize funds estimated for cost items not required to meet other needs estimated below actual requirements, none of the items identified as allowable maximums will need increasing, and the total aggregate sum of the Government will not exceed $60,000.00, as provided by the Contract.

We are rapidly completing the preliminary work permitted under our Contract. In order that we may plan to utilize our personnel most advantageously, would you care to advise us as to

approximately how long the Field Team will require to dispose of our requests?

Thanking you and apologizing for the unavoidable delay which we could neither anticipate nor prevent, we are

Sincerely,

AMERIMEX MINING COMPANY

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

REPORT COVERING RECOMMENDED EXPLORATION PROGRAM
FOR THE FRESNO MINE OF THE AMERIMEX MINING CO.

In view of the fact that this mine has been accurately mapped and adequately construed by my immediate predecessors, no need exists to recapitulate their findings in this report. Most of those who read what follows are already amply familiar with such aspects and those who may not be can verify what I will have to say by reference to the files.

It was in the middle thirties that I visited this mine for the first time with the late H. E. Perry, then President of the Chisos Mining Company, and recommended its purchase. It was then a prospect. Today, the orebody at that time visualized has been worked out. During this visit, I have carefully studied the perimeter of the orebody hoping that it would reveal leads to other, undiscovered, ones. As is too common in such cases, I found that my predecessors had already canvassed this possibility. When furnace operation is resumed, however, this stope will be gleaned for patches of ore that remain in it; and there is the possibility that in the course of such work, some hitherto unsuspected extension or escape may be detected.

In a mine such as this, where no ore is at present available, the element of time is the one of paramount importance in considering any exploration. Exploration projects must be selected with an eye to reestablishing production and the economic

equilibrium it implies as soon as possible. Second in importance to time in considering a recommendation is simplicity. No project has been considered in these recommendations that involves more than two steps. Two steps are unfortunately inevitable where diamond drilling discovers that which communication must make accessible. Finally, the number of sign posts that point toward presumptive ore have been taken into account. The more clues, the better the chance.

In view of my experience as Consulting Geologist to Mr. Perry, whose discovery of a sink raised Terlingua as a source of mercury production to the prominence it so long enjoyed, it is difficult for me to understand why several of the sinks adjacent to the Fresno orebody should not have been given consideration as a corollated project in addition to the two which are engaging the company. Success in exploring these two sinks contemplates merely the localized reestablishment of ore source of mercury production.

In view of the fact that in order to reestablish production in the Fresno Mine an organization has been developed, it would seem that a corollated venture could profit from the fact that such a facility already exists and that economies could be effected by using one staff to pursue these two projects simultaneously: one to attain renewal of production from the Fresno Mine and the other to explore the other sinks in its vicinity. In this case, both projects would profit by the economy of an integrated administration.

With these preliminary remarks disposed of, I shall now to discuss the recommendations the mine has suggested to sting them in the order of their relative importance.

RECOMMENDATION NO. 1

Sink a prospect shaft at the location of Churn Drill Hole No. 7 to a depth of 30 ft. This shaft should be 6' x 8' in the clear and in view of the fact that it will be started in soft shale, one collar set will be needed. It should be shot lightly and barring relied upon as much as possible so as to avoid overbreaking. The reason this shaft should be sunk with care is that it may be of use later in exploring the Georgetown-Del Rio contact toward the east in the direction of the sink, which it would be negligent to leave unexplored.

The log of Drill Hole No. 7, dated October 15, 1943, is quoted:

> Clay to 24 ft.
> Altered lime and clay to 94 ft.
> Hard white lime to 105 ft.
> Hg at 24 ft. estimated at 10 lbs. with showings getting leaner with depth.

This recommendation has these factors to recommend it:

a. Existence of a strong ore indication at an easily attainable depth.

b. The fact that the ore occurs at the Georgetown-Del Rio horizon.

c. The existence of a competent seal of 24 ft. of clay over the occurence.

d. 25 ft. northwest of the proposed shaft site, a powerful N. 75° E fracture passes. This fracture starts from the known orebody and is itself orebearing.

The projection eastward of this fracture makes it likely that it enters or skirts the North Wall of the unexplored sink.

The immediate future of the mine may depend on the area between the orebody and the sink, which this shaft will contribute to explore.

Note:

This recommendation has not been provided for in projects previously approved but should be undertaken.

RECOMMENDATION NO. 2

Deepen Shaft No. 1 sufficiently to bottom the unaltered Del Rio clay. The distance will probably not exceed 20 ft. Ore may be found trapped by this clay in the powerful Georgetown fracture which it plugs. Drift on this fracture, which will have a northeast strike, for 40 ft.

Reasons for the recommendation:

The fracture upon which it is proposed to sink and drift is probably the strongest of the parallel system that controlled the orientation of the orebody southwest of Shaft No. 1. The unaltered Del Rio shale that plugs this fracture is 25 ft. wide and competent to seal ore in the fracture beneath it.

Drifting on this fracture in a northeasterly direction will intersect another equally powerful fracture which is encountered and crossed by Crosscut No. 25. This fracture is also plugged by unaltered Del Rio. It is calculated that 40 ft of drifting will reveal the intersection of these two fractures.

The orebody itself in one case and a churn drill hole in the other prove that both fractures are fruitful.

Above the sought-for intersection is the smaller of the two open pits on the surface from which ore was mined.

Note:

This new project explores the two most powerful trends in the mine at their intersection 120 ft. below the surface where both still show significant mercury mineralization.

RECOMMENDATION NO. 3

DMEA Project No. 3: From the East Drift on the 60-ft. Level, continue crosscut No. 3A for an additional 100 ft. on a N 40° E astronomic course.

Reasons for the recommendation:

The crosscut is in the appropriate horizon.

Strong indications of mercury have been found in the stub already driven.

It is believed that there is enough Del Rio clay sealing the East-West trough that will be crossed to have retarded the escape of mercury.

Farther ahead, this crosscut will cut a North-South fracture at its intersection with the powerful N 75° E fracture that orients the open cuts.

This intersection is in the immediate proximity of the main Del Rio-Georgetown contact.

This concurrence of the three structures will be reached by the crosscut 60 feet below the surface.

RECOMMENDATION NO. 4

DMEA Project No. 3: Raise on mercury showings in the stub Crosscut 3B near the end of the East Drift on the 65-ft. Level for a distance of 20 ft.

Reasons for the recommendation:

A long tongue of Del Rio on the surface terminates immediately above this point.

Evidence from the face of the 60-ft. Drift indicates that it is too low in horizon and that the Del Rio-Georgetown contact is consequently above it.

If ore is encountered here, it may be possible to connect it with a powerful N 75° E fault on the surface and provide a basis and justification for later exploration toward the unexplored east along this fault.

Note:

Both Recommendations 3 and 4, as well as 1 and 2, have as a general objective the extension to the east of the known ore area. Extension of the known orebearing area westward cannot be proved as speedily nor as economically.

RECOMMENDATION NO. 5

DMEA Project No. 6: After enlarging the drift sufficiently to make a station near the point where Churn Drill Hole No. 5 intersects the drift that enters the sink, drill a fan of three holes in a N 60° W direction and inclined at - 30°, - 45° and - 60° respectively. These three holes should each be continued ten feet beyond where they encounter the Georgetown.

Reasons for the recommendation:

Indications of mercury occur in the contact between the Georgetown walls and Del Rio fill.

The N 70° W bifurcation of the orebody, projected northwesterly, points approximately toward the sink.

The size of the sink makes it an ideal container for an ore chimney.

The homogenity of the Del Rio clay predicates an effective seal.

The Georgetown in the walls of the sink is porous and vuggy. It follows that the weaker part which subsided should be more porous and thus provide a receptacle for ore.

RECOMMENDATION NO. 6

DMEA Project No. 8: The writer concurs in its desirability.

RECOMMENDATION NO. 7

DMEA Project No. 1: A drift has been driven N 60° W 136 ft. beyond the limit where ore terminated. The Georgetown

traversed by this drift impressed me as being too low in horizon and the drift as having deflected into the southern wall of the orebody's trend. This has been remedied by raising, and good mercury indications are beginning to appear.

Should no fracture signifying orebody trend be found, the place where the best mercury showings exist should be selected and a crosscut driven in a northwesterly direction for about 50 ft. to intercept the trend.

Perhaps in closing this report, it may be fitting to say a few words about how the mine impresses me today. The fact that I was right 18 years ago as a prognosticator unfortunately does not mean that I may hit the bull's eye twice. I have noticed, however, that after one has been working with a mine and studying it, as I have just been doing, he tends either to become more pessimistic or more optomistic as his observations jell into conclusions. In this case, I feel more optomistic about the Fresno Mine than I did when I began its study.

A. R. Fletcher

A. R. Fletcher

May 14, 1953

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

Joplin, Missouri
May 15, 1953

Mr. R. E. Pulliam, President
Amerimex Mining Company
P. O. Box 626
Alpine, Texas

Re: Docket No. DMEA-2202X
Contract No. Idm-E468
Amerimex Mining Co.
Presidio County, Texas
Mercury

Dear Bob:

In our conversation of last Sunday afternoon, I told you that results of diamond drilling at your Fresno property done by the Bureau of Mines were available. Attached hereto is a copy of Table 3 from "Report of Investigations #3995" by the U. S. Bureau of Mines. This table will give you the pertinent data obtained from the drilling.

I hope this will be of some help to you. As I told you Sunday only one hole, namely No. 2, shows any ore.

Sorry I can't get down to talk to Mr. Fletcher about your mining, however, we are looking forward to reading his report.

Please feel free to contact us whenever you think we can be of service.

Regards,

W. P. Williams
Executive Officer
Field Team, Region VI

WPW:jd
Enc.

cc - Operating Committee

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 20 1953

xxxxxxxxxxxxxxx
Joplin, Missouri
May 15, 1953

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

Re: Docket No. DMEA-2202X
Contract No. Idm-E468
Amerimex Mining Co.
Presidio County, Texas
Mercury

Dear Bob:

A couple of days ago we received assay certificates from the Bruce Williams Laboratories for the samples I collected on my last visit to the Fresno Mine. I am sending you herewith a copy of those assays. I thought you might be interested in them because two of them look rather good as regards percent of mercury.

Sample # 3A-W1 was cut in Project #3; 46.0 feet from your starting point. Sample #3-3-W3 was cut from Project #3 54 feet from your starting point on the northeast side of the drift. Sample #6-L1-W5 you will recall was cut from the left hand branch of Project #6; 61 feet from the junction point.

The favorable samples in Project #3 leads me to wonder, and I suppose it will you too, as to how much of this material is present. I think these samples are especially good inasmuch as they were taken over a full 5 to 7 foot face.

I hope everything is going all right with your project. Until I hear from you further, I remain,

Sincerely yours,

W. P. Williams
Executive Officer
DMEA Field Team, Region VI

WPW:jd
Enc.

cc - Operating Committee

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.
Joplin, Missouri
April 6, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
APR 8 1953

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

Re: Docket No. DMEA 2202X
Mercury
Amerimex Mining Co.
Contract No. Idm-E468

Dear Mr. Pulliam:

Relative to your proposal to launch mercury production activities by cleaning up and furnacing the scattered ore remaining in the old Fresno Mine stope, mentioned in your telephone call to this office on March 31, I do not believe that would present insurmountable accounting problems for your exploration project under the subject contract. Since your company now finally has been able to arrange for the use of the furnacing plant, shop and other surface buildings, previously held under the Wilson-Smith joint ownership, I am sure that production will be welcomed so long as it in no way increases the costs or interfers with carrying out the exploration work under the terms of the subject contract.

Mine productions are carried on simultaneously with numerous other DMEA projects. It merely entails precise segregation of the costs incurred so that the expense for the exploration work alone clearly can be accounted for separately on your reports to the Government. For the small amount of ore apparent in that old stope, no doubt your supervisory personnel can handle both jobs. As customary on other such projects, a certified distribution will be expected to summarize the time shown daily on each of the supervisors time slips, which was devoted to the exploration work just as each laborer's time slip will have to show the exact hours that he is so engaged. The time of the cook, truck drivers, and other service personnel also can accurately be prorated accordingly. Likewise the increase in costs of equipment, supplies, materials, insurance, and all other charges due to that production work should be clearly designated in your accounts to be audited, and deducted from the exploration project costs submitted to DMEA in your Monthly Cost Vouchers.

Whenever newly discovered ore is produced as a result of the DMEA exploration project work, its amount and market value per ton must be accounted for separately, and when the product is marketed the proper royalty will be paid to the Government through this office.

I hope that my foregoing opinions will be of some assistance, but I know that with your knowledge of accounting, you can set up an equitable accounting method which easily will meet the stringent requirements of this Field Team, Mr. Jonas, Mr. Chambers, and your company.

Very sincerely yours,

Clinton C. Knox
Mining Engineer

/jd
cc - Operating Committee
R. C. Jonas
J. L. Chambers

FILE COPY
SURNAME:

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

MAR 31 1953

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

Re: Docket No. DMA-2202 X (Mercury)
Project Contract Id. - 468
Fresno Mine, Terlingua District
Presidio County, Texas

Dear Mr. Pulliam:

This will acknowledge receipt of your letter of March 22, 1953. The letter pertains to company rental of personally owned equipment and also to salary payments for accounting services by your corporation's secretary.

I have waited to reply until I could procure an extra copy of a letter written by Mr. J. L. Chambers, Chief, Contract Administration and Audit Division and addressed to Mr. Ray C. Jones, Chief, Budget and Finance Branch Region VI, Amarillo, Texas. A copy of said letter is enclosed and does, I believe, answer your enquiry. No doubt, however, you have been informed of Mr. Chambers' views in the matter by this time.

Sincerely yours,

SIGNED

Ernest Wm. Ellis, Chief
Rare and Misc. Metals Division

Enclosures

EWEllis/eef
3/30/53
cc to: Adm. Pending File
Docket
Messrs. H. M. Meyer, 3-2
A.R.Kinkel, Rm. 4234 GSA
Ellis
Mr. Chambers, Rm. 2612
Field Team, Region VI (2)

3/25/53
dmea 22

AMERIMEX MINING COMPANY

INCORPORATED

BOX 626
ALPINE, TEXAS

March 22, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 24 1953

Captain Ernest W. Ellis
Defense Minerals Exploration Administration
Washington 25, D. C.

Dear Captain Ellis:

Thank you for the time and attention accorded me during our telephone conversation March 19 when I endeavored to explain certain facts, mentioned further herein.

In a letter dated March 12 from the DMEA Field Team, Region VI, a letter was inclosed from Mr. Ray C. Jonas, Chief, Budget and Finance Branch, Region VI, Amarillo, Texas, which stated in part:

"There are two other questions I would like to pass along to Mr. Chambers:

1. Is the president of the corporation (contractor) permitted to charge rental for equipment, as in the present instance, and pay himself as superintendent.

2. Is the secretary of the corporation permitted to charge for accounting services, as in the present instance.

"I have allowed the above items in question on the January report, but will not allow them on the February report until settled one way or the other.

"I shall appreciate hearing from any of you with comments which might help me."

My wife and I together own only about 42.5 percent of the dividend stock of this Company. The remainder had to be given up in order to obtain operating capital, legal services etc.

Neither my wife nor I have ever been paid any compensation as officers or for purely corporate duties.

I am responsible for the actual operation of the mine. I select all personnel, buy all supplies and equipment, plan the work underground and on the surface and see that it is done. I keep the maps up to date, meet the payrolls when due, write all of the checks and spend all of the time possible underground and on the surface where work is going on. I run the mine, and I spend an average of not less than 12 hours per day, including Sundays, doing it.

My wife has done public accounting for a number of years. She does not charge the company for all of the time which she actually puts into the work. Her hourly rate is less than that which she charges many of her less difficult accounts.

The equipment which I have rented to the Company belongs to me personally. On some of it, I owe a considerable amount of money. It would seem no more fair to expect me to furnish my equipment to the Company than to ask a stockholder of one of the big companies to contribute his personal car for the company's use.

Had I not owned virtually all of the equipment, tools and supplies needed to operate this property, it would have been exceedingly difficult, if not impossible, to begin work within reasonable time after signing the Contract. It would amaze one to know how many weary hours of shopping and how many days of room, board and other expenses in various cities were necessary in order to accumulate the relatively small amount of equipment, tools and supplies which I own and have held on to at great cost to myself.

Since Mr. Jonas has stated that he will not allow these items in February unless settled one way or another, I shall be grateful for any assistance which you may feel justified in granting.

Thanking you and with best regards, I remain

Sincerely,

R. N. Pulliam

R. N. Pulliam, President
AMERIMEX MINING COMPANY

RNP:L

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

Joplin, Missouri
March 26, 1953

Department of the Interior
Defense Minerals Administration
RECEIVED
MAR 30 1953

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

Re: Docket No. DMEA-2202X
Contract No. Idm-1468
Amerimex Mining Company
Mercury

Dear Bob:

Your letters to Bill Williams and myself along with your February Monthly Voucher and Unit Cost Report, received by this office on March 24, is hereby acknowledged.

I believe the report can be approved by the Field Team when the map and assays showing the results of the work have been received and when Bill returns from his present field assignment. The documents to support Mr. Jonas in his approval of the incurred expenses, appear to be in order with possibly two exceptions: (1) the invoice from Motor Inn Machine Shop on Feb. 21 for a $32.50 heater is being returned because that cost apparently was not included in the February accounting and perhaps you will wish to submit it next month, and (2) despite the March 4 letter from Joy Mfg. Co. acknowledging receipt of the $662.95 check in final payment on the supposedly $1,325.90 account for the items delivered as per their invoices EPX-1066 and 1066-A, you have not included the latter. I believe Mr. Jonas should have itemized invoices covering everything that the Government participates in purchasing. With those on hand, a running inventory of non-expendable items can be kept as is desirable in any such business. That inventory will facilitate the eventual disposal of all the jointly owned equipment, materials, and supplies on hand at the close of the project. Therefore, I expect you will wish to furnish that missing invoice No. EPX-1066A now, along with your map and assays to complete the report for prompt approval.

I'm sure Bill will appreciate being notified when your consulting geologist, Mr. Fletcher, will examine the project, and he will try to arrange his next inspection for the Field Team at that time.

The points clarified in your letter to me concerning the questioned payments to you for equipment rental and the duties you and your wife perform in connection with the specified exploration work, I believe mostly were supported by Mr. Chambers, Chief, DMEA Contract Administration and Audit Division, in his March 17, letter to Jonas of which you were informed on March 23. In his opinion, those expenditures are allowable "if the payments were actually made by the corporation."

As for all your pipe, fittings, tools, timber, materials, and other supplies which are being used on the exploration work, and for which the company actually paid you upon receiving your itemized invoice, the prices you charged appear fair for that region. Most of those items also probably will command high salvage values when they are disposed of at the close of the project. In my opinion, the $1,161.15 which has been spent on "shovels, small tools, and miscellaneous supplies," is permissable under the contract although the $900 estimated in Exhibit "A" has been exceeded. The contract will not permit exceeding the total $13,230, however, which was the allowable maximum specified in "Exhibit A" for all "Operating Materials and Supplies."

I don't believe the use of the extra 7 jackhammers and 2 stopers, which you mentioned delivering to the property, can be justified on the minimum amount of exploration work that the contract specifies. Of course, if most of the projects are successful and work in several headings should be justified, the use of as many machines, strictly confined to exploration work, then might be approved.

Hoping soon to receive your map, assays, etc., I remain,

Yours very truly,

Clinton C. Knox, Mining Engineer
Region VI, Field Team

/jd
Enc.

cc - Ray C. Jonas (1)
Operating Committee (2)

C
O
P
Y

AMERIMEX MINING COMPANY
Incorporated
Box 826
Alpine, Texas

March 22, 1953

Mr. Clinton C. Knox
Defense Minerals Administration
U. S. Department of the Interior
221 W. 3rd Street
Joplin, Missouri

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 30 1953

Dear Mr. Knox:

Thank you for your letter dated March 12 with the inclosures including the copy of a letter from Mr. Ray C. Jonas, Chief, Budget and Finance Branch, Region VI, Amarillo, Texas, setting forth disallowances in the amount of $1,021.05, which I shall mention briefly by number stated in Mr. Jonas' letter:

1. Since the $662.95 represented the balance due on Joy Double-Drum Slusher Hoist, Type S211, Machine No. 25015, Electric Motor Fairbanks-Morse No. H89947, and Ansco Scraper, Model V261, No. 89301F, it was believed this account was an allowable item. The account has been paid and included in our February Report.

2. The $50.00 and $100.00 deductible collision or upset insurance respectively on the Ford Pickup and the 2-ton GMC Truck seem to be justifiable items; since, however, such protection is not allowable, we have included in our February Report only those portions applicable to Fire, Theft and Combined Additional Coverage, as itemized in each Policy No. A140682 and A140681, totalling respectively $33.00 and $14.00.

3. The $190.00 item disallowed because there was no amount shown on the invoice finally sent with the report was obviously occasioned by accidental exchange of invoices here when you returned the entire file because of my failure to certify the individual copies in the belief that the general certification on the Form MF-104 would suffice. This item has been incorporated in our February Report.

In addition to these items, Mr. Jonas questions my right to receive payment from Amerimex for rental of equipment

owned by me and used by the Company and for my salary as Superintendent. He also questions the right of my wife to receive payment from the Company for doing the accounting.

I would like to explain that my wife and I together own approximately only 42.5 percent of the dividend stock of Amerimex Mining Company. We function as officers of the company in order to facilitate the operations now being carried on; and as officers, we receive no compensation and devote practically no time to corporate official duties.

Since the inception of this Exploration Program, I have been and am today solely responsible for carrying on the work that is accomplished. To do this, I work an average of not less than 12 hours per day, including Sundays.

My wife has been doing public accounting for the past several years. She is a capable, efficient accountant and her compensation is based entirely upon her accounting services. She draws no salary as a corporate official.

Compensation for the services of a Superintendent and for accounting services were included in the application and allowed in the Contract finally certified.

The equipment which is rented to the Company was described in the application, and rental is provided for in the contract. It was necessary for us to give up the greater part of ownership in the Company in order to obtain monetary capital with which to pay the Company's share of exploration cost. The equipment belongs to me personally. If the operation is successful, the corporation will be obliged to pay its taxes, and each individual stockholder will again pay a tax on his dividend. Why should I be expected to furnish any greater proportionate share of capital for the Company than any other stockholder?

It would have been impossible to begin work within reasonable time after certification of our Contract, had I not owned and kept available for many months most of the equipment rented by the company. Furthermore, it would have cost a large sum in time and actual expense to locate and buy this equipment. Most of it would not be available on rental basis anywhere in this part of the Country. Such equipment is always rented on an 8 hour per day usage basis, yet the nominal rental which I receive has not been increased despite the fact that I am running the mine on a 2-shift basis.

Also, despite the fact that I am in no manner obligated to do so, I have placed on the property to be available if an when needed 7 jackhammers, 1 air tugger and 2 stopers in addition to the equipment rented and many small tools, mechanical equipment and supplies for which I have not previously made charge. However, since the tools and operating supplies are being used and would have had to be bought elsewhere, it seems only fair that the Company should pay for them.

I cannot escape the belief that once Mr. Jonas knows the facts of this particular situation, there will be no doubt in his mind as to the complete justification of the payments.

With best wishes, I remain

Sincerely,

(signed) R. N. Pulliam

RNP:1

R. N. Pulliam, President
AMERIMEX MINING COMPANY

You will observe that the total of $1,161.15 for Item 3D "Shovels, Small Tools and Miscellaneous Items" exceeds the Contract allowance of $900.00. It is my belief that substantial savings may be effected on some of the other allowances under Item 3.

R.N.P.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

~~WASHINGTON 25, D. C.~~
Joplin, Missouri
March 18, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 20 1953

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

Re: Docket DMEA-2202X
Contract Idm-E468
Amerimex Mining Co.
Mercury

Dear Mr. Pulliam:

In response to your telephone call to Clinton C. Knox of this office on Sunday, March 15, 1953, the Field Team hereby formally grants your request for a few days delay in submitting the February Report on the subject project contract.

We recognize the advisability of that delay to permit including sample assays which you expect to receive shortly, and revisions of the February cost report to conform with the Finance Officer's disallowances described in our March 12th letter to you.

The next inspection of your project is now tentatively planned by me shortly after April 1. I had hoped my visit would coincide with Mr. Fletcher's but am much restricted by the work schedule here.

Expecting to receive your report about March 20, I remain,

Very truly yours,

W. P. Williams
Executive Officer
DMEA Field Team, Region VI

/jd

cc - Operating Committee

2202
FILE COPY
SURNAME:
800

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

Talbert Chambers

BW

MAR 1953

Mr. Ray C. Jonas
Bureau of Mines
Finance Officer
514 Barfield Building
Amarillo, Texas

Re: DMEA-2202X, Idm-E468
Amerimax Mining Company

Dear Mr. Jonas:

J. C. 3/17/53

Receipt is acknowledged of a copy of your letter, addressed to Mr. Williams under date of March 6, 1953, relative to the January MP-104 for the referenced project.

It is noted that your letter requests that I answer certain questions which have arisen in the certification of payments. Your questions and my answers, from an audit viewpoint, are as follows:

1. Q. Is collision insurance an allowable cost under this contract?

A. Ordinarily no insurance, other than workmen's compensation and employee's liability, is considered an allowable cost under an exploration project contract unless (1) such insurance is specified in Exhibit "A", or (2) the Field Team determines that such cost items are necessary for the operation of the project and would not be a cost to the Operator if the exploration contract did not exist (See Question and Answer No. 1 in DMEA Circular 19, Supplement No. 1). In the referenced contract collision insurance is not specified as an allowable cost; therefore, unless the Field Team makes a determination that (1) the unusual circumstances call for collision insurance and (2) the application from the contractor approved by the Field Team intended to include collision insurance, it should not be allowed. This probably will be difficult to support since usually no insurance of this kind is approved in exploration contracts.

2. Q. Is the president of the corporation (contractor) permitted to charge rental for equipment and pay himself as superintendent?

A. Since the corporation (the Operator) is a separate legal entity from the president (as a person), such charges are allowable as costs if payments were actually made by the corporation, the equipment and supervisory services were required and actually used on the project, and the rates are within those specified in the Exhibit "A".

3. Q. Is the secretary of the corporation permitted to charge for accounting services?

A. Since Exhibit "A" specifically allows for the "accounting and preparation of cost reports, 6 mos. @ $100", charges for such services are allowable costs provided that payments were actually made by the corporation to the secretary (as a person) and the rates are within those specified. (In this connection see Question and Answer No. 6 in DMEA Circular 19, Supplement No. 1.)

With regard to the insurance premiums I would like to add a word of caution. The Operator undoubtedly is paying, and claiming costs, for his premiums on an annual basis; therefore, upon the termination or completion of the contract, such costs should be prorated for the time that the project was in progress and the balance deducted from the final MF-104.

A copy of this letter is being forwarded to Mr. Williams in Joplin for his information.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

EDTalbert/wb
March 17, 1953

Copy to: Docket
Admr. Reading File
Mr. Williams, Joplin
Mr. Chambers

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

March 13, 1953

Memorandum

To: Hazel Berry, Operating Committee

From: Grace L. Ault, Rare & Misc. Metals Division

Subject: Amendments to contracts

Amendment #1 to Contract No. Idm-E468, DMA-2202X, Amerimex Mining Co., Presidio County, Texas, signed by the company representative on February 25, and by the Executive Officer of Region VI on February 27, 1953, has been reviewed by Mr.Ellis, and he approves it.

We have received the Division copy of Amendment No. 4 to Contract No.Idm-E299, David Nieminen, A. H. Eiselein, Maurice Nelligan (Partners), Docket DMEA-2419, which was written in Washington and signed by Mr. Mittendorf. The amendment has been dated February 17, 1953. Presumably no further clearance is required, since the amendment was written by our Legal Division.

Grace L. Ault
Grace L. Ault

Cae
3/26

RECEIVED
MAR 18 1953
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D. C.~~
Joplin, Missouri
March 12, 1953

Mr. Ray C. Jonas
U. S. Bureau of Mines
814 Barfield Building
Amarillo, Texas

Re: Docket No. DMEA-2202X (Mercury)
Contract No. Idm-E468
Amerimex Mining Co., Alpine, Tex.
January report

Dear Ray:

Because Bill Williams is away on DMEA and DMPA assignments at Batesville, Arkansas, I am endeavoring to answer your March 6 letter for my part at least in certifying that the reported costs you disallowed on the subject report were in accordance with the Contract terms. The Operator is being notified of those disallowances, as you suggested, and advised that you questioned other expense items.

Although realizing that DMA Circular No. 11 was superseded by DMEA No. 19, the phrasing in Article 8(a) of the subject contract still leads me to believe that the letter or sale contract of the Joy Manufacturing Co. for the double-drum slusher hoist, for all practical calculating purposes, might be considered in "allowable costs incurred" during that month in which the entire $1,323.90 had "accrued". When actually paid in full, however, the Operator would be required to furnish a valid receipt to you before you could certify his next monthly voucher.

I think your exception was well taken on the collision insurance since I now perceive that it is specifically omitted in Exhibit "A" (which I drafted!).

I believed that the amount for $190 did appear on the paper that the Operator submitted as an invoice from the Joy Manufacturing Co. for the Duplex pump but I was remiss in certifying the other items you disallowed.

Regarding your words of caution on interest and carrying charges, I quote here the 5th paragraph from my January 8 letter to Mr. Pulliam:

> "Installment plan purchasing of the equipment is permissable providing that no interest or carrying charges are included in that part of the payments in which you expect the Government to participate."

As evidenced on page 8 of my preliminary Field Examination Report to DMEA on July 20, 1952 (copy attached), on which my drafting of the proposed contract was based, I long ago expected the questions to arise you say you wish to (and I'm sure you should) pass along to Mr. Chambers, Chief, DMEA Contract Administration and Audit Division.

Needless to say, in whittling the original $228,565 Amerimex application down to an $80,000 exploration contract, I affected many compromises, mostly at the company's expense. From a practical miner's viewpoint, that seemed to be the only company interested in conducting the systematic exploration that so long has been needed to revive the potential Terlingua mercury district. Technically, for understandable legal reasons, the Amerimex Corporation necessarily had to be formed and officials had to be designated. I do not believe having the title of President, Secretary, or Director, however, in that particular corporation is yet of any consequence because there are virtually no assets and at present its only apparent job is to conduct the work specified under the subject exploration project contract. As I understand, Mr. Pulliam now virtually has no corporation duties, draws no other salary, and has personally owned equipment available, the rental of which will save money for the Government and the company, I believe therefore that it is proper for him to be paid a reasonable amount in salary, only for the work he certifies that he has done as superintendent on the job, for the rental of his equipment for the time he certifies it was used, and for his stock of materials and supplies that are used. I too believe in watching such expense items with the most critical eye.

I discussed accounting services with L. N. Pulliam (Mrs. Robert N. Pulliam) who is employed full time with a reputable Alpine auditing firm which would do the bookkeeping and prepare the Monthly Project Cost Vouchers at the regular rate. Because Mrs. Pulliam would do the same job for Amerimex in her off hours at a lower rate, I verbally agreed with her that there could be no wrong in making that saving. Since the largest amount of work was in organizing to prepare that first Monthly Report, I believe the cost of accounting services will diminish except possibly the final month.

Although there probably has been numerous similar projects in western DMEA Regions, the administration of this type of project contract is unusual here and we certainly will appreciate any suggestions or information that you, Mr. Chambers and others may be able to furnish us at any time.

Very sincerely yours,

Clinton C. Knox
Mining Engineer
DMEA Field Team, Region VI

/jd
Encs.
cc: J. L. Chambers
Operating Committee(2) ✓
R. N. Pulliam

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D. C.~~
Joplin, Missouri
March 12, 1953

AIRMAIL

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

Re: Contract No. Idm-8468
Docket No. DMEA2202X(Mercury)
Amerimex Mining Company
Alpine, Texas

Dear Bob:

Attached is a copy of a self-explanatory letter received yesterday from Ray C. Jonas, Field Finance Officer, Amarillo, Texas, notifying us that he had certified your January project cost voucher for the 75 percent of the amount of only $10,479.77 or $7,859.83. The disallowances he has made, I believe on good authority, are fully described therein and will be needed in compiling the February Report which I assume you are preparing. Jonas had indicated the items, or parts of which, that you may resubmit with proper cost supporting invoices for consideration in your February Report.

Also attached is an inventory list I prepared of the equipment I understood was being used on the project as of February 1, 1953. I failed, however, to obtain the motor number, serial number, and other identifying data on the Slusher Hoist, the last item on the list which I will appreciate your furnishing this office. To keep the inventory list up-to-date here, in Amarillo, and in the Washington office, we are required to request that you furnish an inventory of all equipment used, rented and purchased on the project each month which we also will appreciate receiving with your February Report.

Bill Williams, Executive Officer of this Field Team, tentatively plans to make the next inspection of your project in the latter part of March.

I hope that the project work is running smooth now and send best wishes for a successful exploration. I heard that you have been fighting the "flu bugs" again.

Very sincerely yours,

Clinton C. Knox
Mining Engineer
DMEA Field Team, Region VI

/jd
Enc.

cc - R. C. Jonas
Operating Committee(2) ✓

FILE COPY
SURNAME:

200

Adams
Selfridge

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

MAR 11 1953

Mr. William P. Williams
Executive Officer
Region VI
221 West 3rd Street
Joplin, Missouri

Dear Mr. Williams:

This will acknowledge your letter dated March 6, 1953 transmitting two copies of an interim report on the Amerimex Mining Company, Presidio County, Texas, Contract Idm-E468, Docket DMA-2202X, Mercury.

It will be appreciated if you would furnish two additional copies of the above interim report, and an original and three copies on all subsequent interim reports on contract projects forwarded to this office.

Sincerely yours,

George C. Selfridge (JHB)

George C. Selfridge, Chairman
Operating Committee

S.N.
3/11/53

APPROVED:

J. H. Hedges (JHB)

J. H. Hedges, Bureau of Mines

D. M. Lemmon (JHB)

T. P. Thayer, Geological Survey

READams/meb
3-11-53
cc to: Adm.Reading File
Mails & Files Br.
Oper.Comm.
Mr. Hedges
Mr. Thayer

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

~~WASHINGTON 25, D.C.~~
Joplin, Missouri
March 6, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 6 1953

Operating Committee
Defense Minerals Exploration
Administration
U. S. Dept. of Interior
Interior Building
Washington 25, D. C.

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

Gentlemen:

Transmitted herewith is an interim report, accompanied by maps, all prepared by Clinton C. Knox, Mining Engineer, U. S. Bureau of Mines on the Amerimex Mining Company DMEA project, Presidio County, Texas, Contract Idm-E468, Docket DMA-2202X, Mercury.

Other interim reports will be forthcoming at appropriate times as prescribed by existing DMEA regulations.

Very truly yours,

W. P. Williams

W. P. Williams
Executive Officer
DMEA Field Team, Region VI

WPW:jd
Encs.

G
O
P
Y

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION VI

March 6, 1953

Mr. William P. Williams
Executive Officer
DMEA Field Team
Joplin, Missouri

Re: Amerimex Mining Company
Contract IDM-E-468
January Report

Dear Bill:

We are certifying today a schedule to pay the Amerimex Mining Company 75% of $10,479.77 or $7,859.83. The Schedule is numbered DMEA 6.-56.

The amount certified does not agree with the amount you and Clint Knox approved and I am attaching a schedule of the disallowances in the amount of $1,021.05 to be attached to your copy of the report.

You will probably need to notify the contractor of the disallowances with the following explanations:

1. The amount of $662.95 may be claimed on a subsequent report when it has accrued and has been paid.
2. The amount of $163.00 may be partly reclaimed to charge for the portion of the insurance applicable for fire and theft as provided in the contract.
3. The amount of $190.00 was disallowed because there was no amount shown on the shipping ticket (or packing slip) which was certified as a true copy of the invoice.

4. The amount of $5.00 was disallowed because it represented a deposit on a container and not a purchase or expense.

I hope I have fully explained the disallowances.

There are a few more words of warning. We will not be allowed to pay any interest or carrying charges in connection with the notes the contractor is making for equipment.

There are two other questions I would like to pass along to Mr. Chambers:

1. Is the president of the corporation (contractor) permitted to charge rental for equipment, as in the present instance, and pay himself as superintendent.

2. Is the secretary of the corporation permitted to charge for accounting services, as in the present instance.

I have allowed the above items in question on the January report, but will not allow them on the February report until settled one way or the other.

I shall appreciate hearing from any of you with comments which might help me.

Yours very truly,

(s) Ray C. Jonas

Ray C. Jonas, Chief
Budget and Finance Branch
Region VI

Attachment

cc: Clint Knox - Joplin, Mo.
Jay Chambers - Washington, D. C.

SCHEDULE OF DISALLOWED ITEMS
Amerimex Mining Company

January Report

Name of Invoice	Paid	Correct.	Difference	
Liborio Urquide.	$130.12	$130.02	$ .10	Over payment
Joy Mfg. Co. 1-10-53	662.95	00	662.95	Not accrued
Jim Francois Agency	163.00	00	163.00	All not applicable
Joy Mfg. - Duplex Pump	190.00	-	190.00	Inv. shows no amount(Ship.slip)
Magnolia Petroleum Co. Jan.	107.72	102.72	5.00	Deposit on container
	$1,253.75	232.74	1,021.05	Disallowed

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D.C.~~
Joplin, Missouri
March 2, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
MAR 3 1953

Memorandum

To: W. P. Williams, Executive Officer, DMEA Field Team, Region VI

From: Clinton C. Knox, Mining Engineer

Subject: Exploration project inspection, Contract No. Idm-E468
Docket DMA-2202X (Mercury)
Amerimex Mining Co., Box 626, Alpine, Texas
Buena Suerte (Fresno) Mine, Presidio County, Texas
in the Terlingua mercury mining district.

Summary

Under the contract dated December 18, 1952, the project work was started on January 10, 1953. The office of the Operator was visited by me on February 8 to offer assistance on the first monthly report to be prepared and the next day I made the first Field Team inspection of the project.

The old Buena Suerte Camp had been partially rehabilitated and equipped to accomodate the 18 men then employed on the project. Equipment for the initial phases of the explorations had been purchased, rented, hauled to the mine, and installed. During the 2 weeks preceding February 9, drifting on Projects #1 and 3 as specified in "Exhibit A" of the contract, had totaled 72 feet. Those working places, the 100-foot haulage level underneath, the No. 2 hoisting shaft, the headframe, and manway raises had been rehabilitated and repaired. Inconsequential traces of cinnabar were found along the fracture being followed by Project #3 drift and Project #1 drift appeared to be approaching a more altered zone in the Georgetown limestone.

Conclusions

Despite the anticipated numerous difficulties in organizing and equipping for the operations in that remote locality, a very satisfactory start had been made on the project work which is being carried on in a safe and workmanlike manner. Although appearing

slightly behind schedule, it was too early to draw definite conclusions on the progress, efficiency, and results of the work. The superintendent, R. N. Pulliam, his master mechanic, and his stock clerk-timekeeper appeared to be demonstrating favorably the necessary capability and ingenuity to direct the project operations but it had been impossible so far to employ a competent underground foreman for direct supervision of the crucial exploratory part of the project work. I was assured, however, that the employment of a competent mine foreman and a reputable consulting geologist had been arranged. Most of those employees, who the Operator originally had intended to hire, obtained other employment last fall during the long delays in obtaining approval of the contract. Likewise some of the equipment was unavailable which the Operator originally had made arrangements to rent or purchase.

Recommendations

The Operator and the Field Team concurred upon the following recommendations which have been, or soon will be carried out:

1. Underground employees were furnished dust protectors and goggles.

2. The No. 2 hoisting shaft, the headframe, ladders, and other manway raises were repaired to pass safety inspections which will be continued periodically.

3. The underground working places were cleaned up, loose slabs were barred down, and the tracks were repaired.

4. To eliminate reshoveling, a loading chute was being built on the 100-foot haulage level at the bottom of the raise into which the waste from Project #3 drift is being dumped.

5. To permit starting work safely on Projects #6 and 7, the workmen were instructed on spiling through the recently caved shale at old churn drill hole No. 1 in the north crosscut from No. 2 shaft.

6. The exact location of old churn drill hole No. 5 is to be surveyed to direct the initial drift round on Project #6 into that hole so as to restore the ventilation previously furnished to that part of the mine by hole No. 1 which now is lost.

7. Old churn drill hole No. 1 is to be plugged to the surface with impervious Del Rio Clay, and the drainage ravine there is to be cleaned by bulldozing a channel through a nearby waste dump, before the late summer rainy season, to prevent further caving or possible flooding of the mine.

8. All mercury depositions are to be systematically sampled and mapped by the superintendent when encountered by the exploratory work and occassional jackhammer test holes are to be drilled wherever justified in the walls or backs of the drifts.

9. Field Team approval is recommended for the herewith attached Amendment #1 to the contract, as requested by the Operator's letters dated January 11 and 12, and as determined during my inspection to be essential to the economical prosecution of the project operations. That amendment permits: (a) purchase of a portable arc welder which should affect considerable savings in building construction, rehabilitations, and the installation, repairs, and maintenance of equipment in that remote locality, and (b) temporary rental of 2 drifters and a portable compressor which are being used in the underground drifting until delivery can be obtained of the drills purchased under the terms of the contract and the compressor specified therein, can be rented and installed.

Statement of Work Completed

Besides all the previous rehabilitations and preparations, the exploratory work accomplished during the 2 weeks preceding my inspection of the project on February 9, amounted to 40 feet of 4½x6½' drift on Project #1, and 32 feet (not including a short crosscut round into the hanging wall of the structure) of 5x6½' drift on Project #3 (see my attached sketches).

Comments

The early stage which the exploration had reached on the project had not clearly indicated the progress, efficiency or results that can be expected from the work. Because the isolated desert location of the project is 117 miles by road from Alpine, the nearest town, and 335 miles by road from El Paso, the nearest supply center, an unusual amount of foresight and planning is necessary to efficiently supply the operations. The costs will naturally appear very high, particularly while outfitting the job during the initial stages of the operations. The prevailing policy in Texas virtually prohibits metal mining ventures as evidenced for example in the obstacles encountered in obtaining Liability and Workmen's Compensation Insurance protection there. Most of the experienced mine labor has long since migrated from that region but the company has been fortunate enough to employ such as are available for $0.80 and $1.00 per hour because of unemployment that is arising from the unprecedented drought in west Texas during the past 3 years.

Other savings which are being realized over the costs orginally estimated in "Exhibit A" include for example: 1) the purchase of a combination butane refrigerator and food storage locker for $425 instead of $750 for the specified two separate units, and 2) the

plan to weld available pipe into a sectionalized-truss structure for the corregated-iron, power-plant building which should increase its salvage value and eliminate the high-cost structure of wood previously planned.

The Operator's first Monthly Report for the operations from January 10 to 31, submitted to the Field Team on February 14, 1953, appeared to be acceptable for the Field Team's approval when the following actions are completed:

1. Amendment #1 to the contract is approved by the Field Team and the Operator.

2. Company certification of some copies returned from among the invoices it presented as documentary evidences of the numerous costs incurred during the work in January.

3. Reductions on the rentals of drilling equipment and the portable compressor to cover only the final week of January that they were understood to be in actual use on the drifting operations.

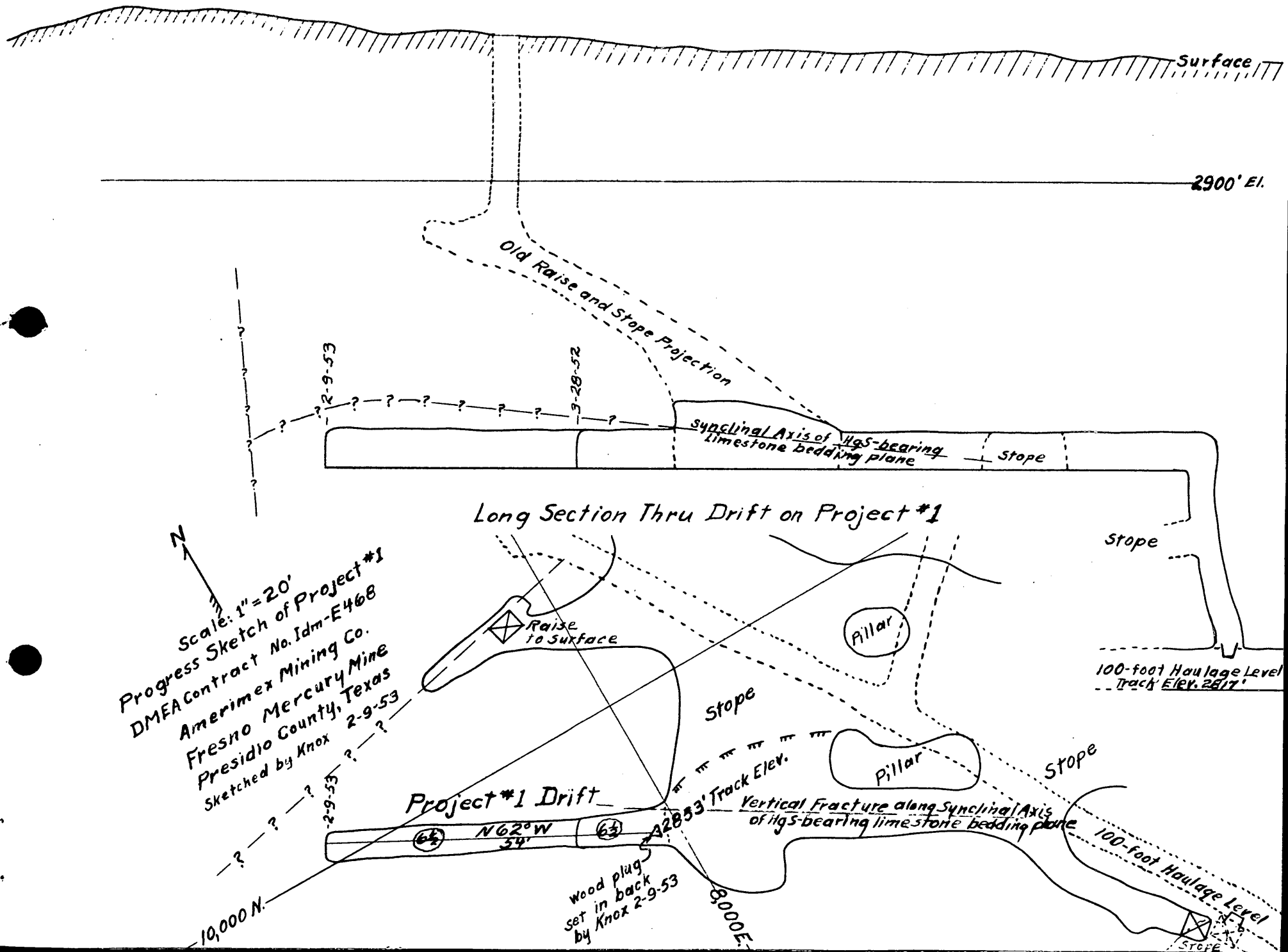
Results

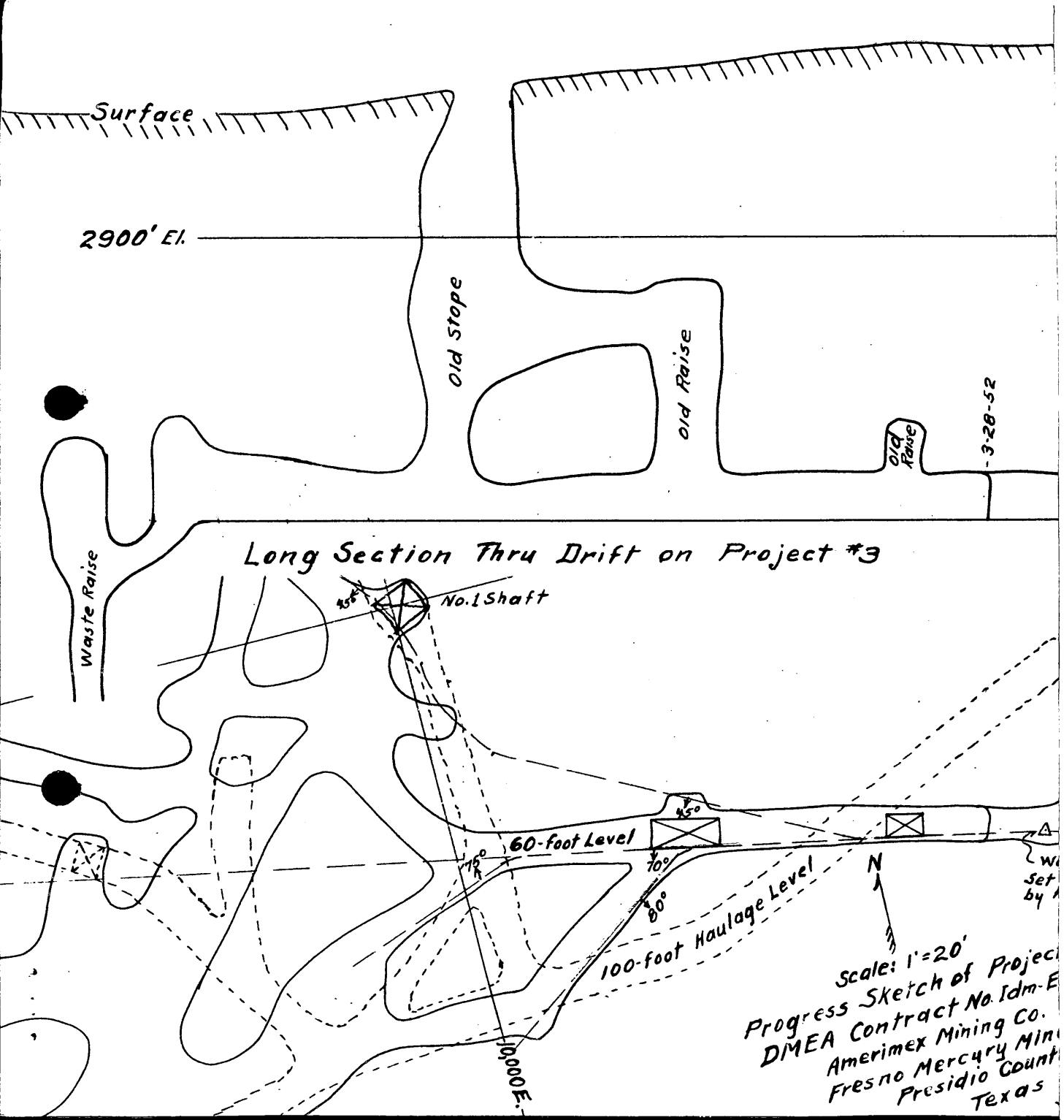
Because neither of the drifts being driven at the time of the inspection were near their objective and no significant mercury mineralization was detected, check sampling or assaying was not justified.

Clinton C. Knox
Clinton C. Knox
Mining Engineer

/jd

cc - L. T. McElvenny


Surface
2900' El.
Old Raise and Stope Projection
2-9-53
3-28-52
Syncline Axis of HgS-bearing limestone bedding plane
Stope
Long Section Thru Drift on Project #1
N
Scale: 1" = 20'
Progress Sketch of Project #1
DMEA Contract No. Idm-E468
Amerimex Mining Co.
Fresno Mercury Mine
Presidio County, Texas
Sketched by Knox 2-9-53
Raise to Surface
Pillar
Stope
100-foot Haulage Level
Track Elev. 2817'
Stope
Pillar
Stope
Project #1 Drift
2853' Track Elev.
Vertical Fracture along Syncline Axis of HgS-bearing limestone bedding plane
N 62° W
54'
wood plug set in back by Knox 2-9-53
10,000 N.
8,000 E.
100-foot Haulage Level
Stope


Surface
2900' El.
Old Stope
Old Raise
Old Raise
3-28-52
Waste Raise
Long Section Thru Drift on Project #3
No. 1 Shaft
45°
60-foot Level
45°
70°
80°
75°
100-foot Haulage Level
N
10,000 E.
Scale: 1'=20'
Progress Sketch of Projec
DMEA Contract No. Idm-E
Amerimex Mining Co.
Fresno Mercury Min
Presidio Count
Texas

Re: Docket No. [illegible]-2202X
Contract No. I-[illegible]-1468
Amerimex Mining Co.
Mercury

Joplin, Missouri
February 19, 1953

Memo:

To: W. [illegible] Williams, Executive Officer, DMEA Field Team, Region VI

From: Clinton C. Knox, Mining Engineer

Subject: Amendment #1 to DMEA Project Contract Ion-Eh68

Field Team approval is recommended for the herewith attached draft of Amendment #1 to the subject contract as requested by the Amerimex Mining Co., Alpine, Texas in letters dated January 11 and 12, 1953, copies of which are attached. This proposed amendment as determined during my inspection of the project on February 9 to be essential to the economical prosecution of the work permits:

1) Purchase of a portable arc welder which should effect considerable savings in building construction, rehabilitations and the installation repairs, and maintenance of equipment in that remote distant region, and

2) Temporary rental of the two drifters, and the portable compressor described which are being used in the underground drifting work until delivery can be obtained of the drills purchased under the terms of the contract and the compressor specified therein can be rented and installed.

The effective date of the amendment should be designated as January 11, 1953.

Clinton C. Knox

CCK:jd

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 10 1953

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 10 1953

AIRMAIL

February 19, 1953

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

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

Dear Mr. Pulliam:

Enclosed herewith for your signature of acceptance are the original and 5 copies of Amendment #1 to the subject contract, the drafting of which was requested in your letters dated January 11 and 12, 1953. When returned to this office, they will be signed for the Government and distributed by W. P. Williams of the U. S. Geological Survey. He was recently appointed Executive Officer of this Field Team but is now in eastern Missouri inspecting a DMEA project.

Inspecting your project on February 9, 1953, I determined that the purchase of the Lincoln Arc Welder ($481.95) for the job was necessary and would affect considerable savings in the construction of the steel building, rehabilitation of the old facilities on the remote property, the installation, repairs, and maintenance of equipment, and preparation of water storage and haulage tanks.

Also because of the impossibility yet to obtain delivery of the two drifters purchased under the terms of the contract, and the stationary compressor to be rented, the requested temporary rental of your old mounted jackhammer at $50 per month, column-mounted drifter at $75 per month and your new 315 c.f.m. Joy compressor at $470 per month is hereby approved until the originally specified equipment arrives. Being able to furnish those pieces of equipment temporarily obviously has been a boon in getting the exploration actually started so early on the project. From my observations there, and your statement that only 8 and 12 feet respectively had been driven in the two drifts during January, however, I don't believe we can conscientiously approve more than 1 week rental on each of those machines as well as on your portable compressor for that last part of January; no rent on your tugger hoist.

The proposal in your letter dated January 12 to purchase two high-speed-backhead, jackhammers, mounted on air legs ($1,120) instead of the jackhammer, drifter, and column ($1,365), specified in "Exhibit A" of the contract, would be a most satisfactory substitution for drilling that ground, and hereby also is approved by the Field Team.

Also the Field Team hereby approves the purchase of the Skil Saw ($138.75) and the Valve Reseating Tool ($120) as requested in your letter dated January 11, 1953 and as provided for under "Miscellaneous Equipment Purchases" in Article 4c of "Exhibit A" of the contract.

With reference to all the equipment and supplies which have, or will be purchased for the project, concise inventories will be kept, and your attention is again directed to the form letter, one of which was mailed to you and each DMEA project by the Executive Officer on February 11, regarding eventual disposition of all property owned jointly by the Government and the contracting companies.

With reference to your February 14th letter of transmitting the first Operator's Monthly Report and Voucher, covering the period in January following the start of project on January 10, 1953, the Field Team will not require maps and assays this month accompanying your narrative report on the total 20 feet of drifting that was accomplished. They should be included, however, with your February Report. I perhaps could have given more assistance in compiling your report if the data had been available when I visited your Alpine office on February 8. Therefore I must also return herewith the original copy of your Monthly Report with all the receipts, or documentary evidence supporting the costs incurred. Although they are in good order and correct in amount, the receipts listed below are not definitely all original invoices to the Amerimex Mining Co. and because some either have not been written in ink or likewise certified by you to be true copies (or transcripts), or supported by cancelled bank checks, they cannot be approved in the present form:

21 payroll slips (I suggest that Amerimex Mining Co. certify each as a true copy, or it would be easier to certify as a true transcript, the payroll sheet on page 3 of the supplementary sheets accompanying your cost voucher which I believe with the 21 payroll slips attached, as signed in pencil, would suffice), and

Golden Crust bread	$ 1.00	Car Parts Depot	$ 24.92
City Drug Store	.60	Alpine Butane Co.	505.94
R. M. Metcalfe	6.25	Mayer's	147.30
Stephenson Oil	4.38	Echlin-Irvin-Crowell	128.96
Morrison & Co.	1.18	Fulcher Bros.	5.40
Car Parts Depot	7.30	Zork Hdw.	79.32
El Paso Welding	19.75	Francis Wagner Co.	202.96
" " "	11.90	Norton Bros.	23.15
Magnolia Petroleum	107.72	Jim Francois Agt.	163.00
W. G. Fielder	238.35	Morrison's	38.09
Motor Inn Machine	62.35	C. F. Ross	70.00
Brewster County Motors	691.50	Brewster Co. Motors	653.37

In hopes of assisting you in properly submitting these documentary evidences of costs incurred on the project, henceforth the following is quoted from a June 1952 letter from the Field Finance Officer to David Gallagher concerning a report submitted at that time on another DMEA project:

"I am returning the report under the reference contract, covering the period of April, May, and June, 1952, for further information and corrections.

This one, I believe, "takes the cake." If ... intended to support the report with documentary evidence, we failed to redeive it. I cannot find in my file any instance where you have waived the requirement of the documentary evidence; and yet, you have approved the report as Executive Officer. Practically all of the invoices are copies. However, some of them are receipted in the original which would make them alright if we could be sure that the invoices were originally billed out to .... In most instances, no one's name appears on the invoices or receipts. They could very easily have been found anywhere.

I can make nothing out of the item of $816 for supervision. Who worked as supervisor; how much did they work; and how were they paid? If ... is entering the amounts for himself as supervisor on the job, how will it be handled? Could it be considered as a direct charge to the project? The contract is very specific under paragraph 10 in that no item of general overhead, management, etc. shall be included as part of the contract."

Repeated here is a paragraph from my letter to you on December 29, 1952:

"Attached to the original only will be one complete set of the documentary evidence of each and every project expenditure during the reporting period, including a copy or transcript of the payroll, individual time records, distribution statement, receipted bills, etc., that you certify. The required certification on each is merely: "Certified true copy (or transcript)" followed by your signature. Therefore that original copy of the report along with the complete certified documentary evidence and the Field Team's approval of the engineering aspects of the work, costs, and results, will constitute the voucher upon which the Field Finance Officer at Amarillo will schedule reimbursing your company for the Government's share in the project expenditures under the terms of the contract."

Otherwise my only criticism of your report is that you mentioned and I observed that a great deal of clean up and rehabilitation work had been done on the mine head frame, hoisting shaft and underground working places but only $19.75, all for materials, was charged out for that work on page 2 of your supplementary distribution sheets. I believe that you intended to split the $675.01 rehabilitation costs

between building repairs (5) and mine rehabilitation (6c). That amount would exceed the estimated cost of building repairs alone in "Exhibit A". The combined initial rehabilitation and repairs apparently should have been $694.76 on Form MF-104 of the total authorized $1,095 in "Exhibit A"; new buildings and improvements (if any?) $655.98. I can make those corrections in approving the report, provided you agree that that is the proper labor cost distribution to each. All the labor, supervision, and technical services should be given under (2) in Form MF-104 and only supplies, etc. under (5). We will make those changes in the columns "For Government Use Only" when you return all these enclosed documents and immedaitely send you a copy of the approved totals for use in your February Report.

Although according to the invoices you submitted, all the insurance premiums were paid for 1 year in advance, it is my opinion that they can all be approved in accordance with the terms of the contract. Upon termination or completion of the project work, however, I believe that the Government should prorate the insurance costs for the exact time that the work was in progress and deduct the balance from Government participation payments due the Amerimex Mining Co. for the closing months of the project work.

I hope that your new mine foreman is satisfactory, and we will appreciate hearing from you frequently about progress on the project. With best wishes for a successful exploration and personal regards,

Yours very truly,

Clinton C. Knox
Mining Engineer

/jd
Encs.

cc - Ray C. Jonas
Operating Committee(2)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D. C.~~
Joplin, Missouri
February 27, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
MAR 2 1953

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

Re: Docket No. DMA-2202X
Contract No. Idm-E468
Amerimex Mining Company
Mercury

Dear Bob:

Today, upon receiving your letter of February 25, enclosing the six copies of Amendment #1 signed by you, and your certified copies of some invoices for incurred costs, the monthly report for the Amerimex Company's exploration project work on Forms MF-104 and MF-104A for January, 1953, has been approved by this office to the extent of $11,500.82. On this date the original and all the cost supporting documents were forwarded to the Regional Finance Officer, U. S. Bureau of Mines, 814 Barfield Building, Amarillo, Texas.

Enclosed herewith are five copies of Forms MF-104 and MF-104A to be used for your next report, and two of those forms showing my suggested revisions, redistributions, and disallowances by which your January Cost Voucher totaling $11,772.06, for actual project costs incurred, was approved by the Field Team in the amount of only $11,500.82, as you were advised in my letter of February 19.

In response to the questions in your letter received today, I grant that companies in the equipment rental business would charge rent from the time equipment leaves their warehouse. Although technically in this case you may be considered personally as an equipment rental concern, you are also well known as the major official of the Amerimex Mining Company. From the Government's standpoint, I did not consider that freighting the questioned pieces of rental equipment down to the mine prior to the time actually needed, was of any particular advantage to the Government or the Amerimex Company, especially when the company could deliver them practically any time with their own new, 2-ton, G.M.C. truck on the frequent hauls being made from Alpine.

I realize that such decisions or recommendations are merely based on the examining engineer's best judgment and may be entirely wrong from your viewpoint. Therefore, I hasten to encourage you to take the recourse action to which you are entitled whenever we may make disallowances on the cost vouchers you submit. You should

record your protests of our actions with the Washington Office of DMEA where it will probably be reviewed by the Contract Administration and Audit Division and a final decision made before, or during, the final settlement with your company upon completion or termination of the project contract.

It is my opinion that your company should pay you fairly for your numerous small tools, materials, and supplies being used on the project when you present a proper invoice.

I don't believe Project #3 could be considered completed in view of the wording in "Exhibit A", until old churn drill hole No. 8, or possibly 23 has been reached. Since that is the designated target and one of those holes will be needed for ventilation anyhow, I don't believe there is much justification to start lateral prospecting on any of the mineralization that may be exposed before those reportedly favorable holes are reached. Then your geological and assay map will justify whatever lateral work is required to complete the exploration on Project #3. There is no intent, written into the contract, to block out the ore.

With best wishes for a successful exploration, I remain,

Very truly yours,

Clinton C. Knox
Mining Engineer

/jd
Encs.

cc - Operating Committee

UNITED STATES
DEPARTMENT OF THE INTERIOR

DOCKET COPY

DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.
xxxxxxxxxxxxxxxx
Joplin, Missouri
February 11, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
DENVER

FEB 13 1953

Mr. H. N. Pulliam, President
Amerimex Mining Co.
P. O. Box 626
Alpine, Texas

Re: Docket No. DMEA-2202X
Contract No. Idm-E468
Amerimex Mng. Co. (Mercury)
Presidio County, Texas

Dear Mr. Pulliam:

By the terms of your exploration project contract with the Government, the Government acquires an interest in any property paid for or purchased with funds contributed jointly by the Operator and the Government. Such property includes: all facilities, buildings, fixtures, equipment, or other items costing more than $50 each; materials and supplies considered in groups or categories (such as pipe, or explosives, or rails, or drill steel), if the original cost of the remaining categories of materials or supplies exceeded $50; and equities in any installment-purchase contract or rental-purchase contract.

It is your responsibility to make the best possible disposition of the property for the benefit of the Government. Every reasonable effort must be made to realize its full value. By the terms of your contract, if it is necessary to accomplish such disposition of property, you are required to dismantle it, sever it from the land, and remove it for the purposes of sale. Reasonable efforts to accomplish the sale might include: (1) advertising in newspapers, periodicals, and posting notices in public places; (2) canvassing users or dealers in such property; and (3) negotiating with the original vendor for accepting the return of the property.

Should you wish to retain the property, or in effect sell it to yourself, you may do this only after having first made every reasonable effort to procure a price higher than you yourself are willing to pay. In the case of an incompleted installment-purchase or rental-purchase agreement, the contract itself is the property to be disposed of. You are not authorized to complete the purchase of the equipment covered by such incompleted contracts for your own account without reference to the Government's interest. Consultation should be had with the Government's agents with respect to the disposition of equities in any installment-purchase or rental-purchase contracts.

In a proper case the Government will approve of and join in the sale of property for the joint account of the Operator and the Government. You are requested to advise this office in advance of the proposed disposition of any such property so that we may advise you if the Government will approve thereof.

Upon completion of the exploration project or any termination of the exploration project contract, your final report should include a detailed statement of the disposition you have made of property. Proceeds from sales of property, or credit for its value if you are allowed to retain it for your own account, should be indicated in your final monthly report, on Form MF-104, by the insertion of suitable credits in the "Monthly Total" column.

The Government will withhold from your final voucher or vouchers such sums as it deems necessary to cover its equity in property, until you have rendered your final report and final account, and the final auditing and settlement of the contract has been made.

Very truly yours,

W. P. Williams
Acting Executive Officer, DMEA
Field Team, Region VI

/jd

cc - Operating Committee

UNITED STATES
DEPARTMENT OF THE INTERIOR

DOCKET COPY

DEFENSE MINERALS ADMINISTRATION

~~WASHINGTON 25, D.C.~~
Joplin, Missouri
January 14, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 16 1953

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

Re: Docket No. DMA-2202X(Mercury)
Contract No. Idm-E468
Amerimex Mining Co.

Dear Bob:

This is to advise that my search for an available, qualified, Spanish-speaking, Project Engineer-Geologist-Foreman, requested in your telephone call on January 8 has failed to reveal anyone in this Tri-State district who could be recommended to take charge of your project in that Texas mercury mining region.

It is indeed regrettable that Mr. Roy Hammond now is unavailable for the job.

Perhaps, as you suggested, someone with the necessary qualifications can be employed from El Paso.

When traveling through Van Horn on the road to El Paso, Texas, it is possible that if you contacted Mr. Wm. L. deCarbonel, Manager, Carpenter Exploration Co., 32 miles southwest of Van Horn, or Mr. A. C. (Buzz) Williams, a Van Horn mine operator, they might be able to suggest a suitable man. I believe both have employed engineers from El Paso on jobs similar to your project.

Hoping that you will be able to get the project work underway without undue difficulties and that I can arrange to visit it within the first month of operation, I remain,

Very sincerely yours,

Clinton C. Knox
Mining Engineer

/jd
cc - Operating Committee

DOCKET COPY

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D. C.~~
Joplin, Missouri
January 8, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 12 1953

BW

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

Re: Docket No. DMA-2202X(Mercury)
Contract No. Idm-D468
Amerimex Mining Co.
Presidio County, Texas

Dear Bob:

In reply to the questions in your letter of January 2, 1953, my answers and opinions are given herein. They are an earnest effort to assist you with information about the maximum expenditures that can be allowed for the originally specified items of equipment and rentals, all of which costs were estimated in Exhibit "A" of your contract.

Although the contract does not specifically state that the estimated costs of individual pieces of equipment to be purchased are allowable maximums, they and all other expenditures on the project are subject to Field Team's approval, followed by the close scrutiny of the Field Finance Officer at Amarillo, when presented in your Monthly Vouchers for the Government's participation payments. Any drastic substitution in the major specified items of equipment to be purchased from those originally certified as essential to doing the project work, would require the prior formal approval of the Field Team, particularly when expenditures greater than the estimates are involved.

If after canvassing the possible suppliers, you find that $470 per month plus freight is the lowest rental at which an adequate air compressor can be obtained, the Field Team will be obliged to approve that amount but the difference over the estimate will be clipped off some other authorized expenditure. Under Article 6 of the contract as set forth in Exhibit "A", "estimated costs" (7), provision is made for freight charges which will include that on the compressor.

I hesitate at this time to recommend that changes be made in the equipment specifications of the contract to permit buying a large semi-trailer truck and station wagon. I don't believe the 2-ton capacity truck originally specified, can be beat for general utility around the mine and in hauling most of the equipment you will need out there. I don't think a station wagon will stand up under the 117-mile haul of supplies on that road.

Installment plan purchasing of the equipment is permissable providing that no interest or carrying charges are included in that part of the payments in which you expect the Government to participate.

Provision was made for Workmen's Compensation, Liability Insurance, etc. in Exhibit "A", "estimated costs" (7), except for the general limitations imposed by Article 6 (c) of the contract.

Yes, if work cannot be started before January 18, 1952, the Field Team will prepare an amendment to the contract permitting a later starting date but the time for completion will remain at 6 months from the date of the contract.

Under no circumstances could the Government participate in paying rent to the landowner for those cabins. As a matter of policy, 75 percent participation by the Government in the costs of trying to develop his property is deemed an adequate financial outlay of public fund on his behalf. Any arrangements that you must make for rentals of buildings and equipment on the property will be entirely your company's financial responsibility.

Please keep us informed on your progress and do not hesitate to write if we can be of assistance in organizing your project.

Yours very truly,

Clinton C. Knox
Mining Engineer

/jd

cc - Ray C. Jonas
Operating Committee

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D.C.~~
Joplin, Missouri
December 29, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
DEC 31 1952

DOCKET COPY

Mr. Ray C. Jonas
U. S. Bureau of Mines
Room 814, Barfield Bldg.
Amarillo, Texas

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

Dear Ray:

Enclosed is your signed copy of the above captioned contract which was approved in Washington on December 18, 1952.

Very truly yours,

Clinton C. Knox

CCK/jd
Enc.

cc - Operating Committee

2202

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D. C.~~
Joplin, Missouri
December 29, 1952

DOCKET COPY

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 31 1952

AIRMAIL

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

Re: Docket No. DMA-2202X(Mercury)
Contract No. Idm-E468
Presidio County, Texas

Dear Mr. Pulliam:

In accordance with the letter from Washington on December 23, transmitting to you the "Operator's Copy" of the above-captioned contract which the Government had approved on December 18, 1952, the Field Team also received its copy today.

Please notify us on the date that work actually starts on the project (if deemed impractical to start work before January 18, 1953, the contract could be amended accordingly upon your prior written request to the Field Team.)

Forms MF-104 and 104-A are enclosed on which to prepare a part of the Monthly Report you will submit to the Field Team in quintuplicate within 15 days after the close of the first operating calendar month. Attached to the original only will be one complete set of the documentary evidence of each and every project expenditure during the reporting period, including a copy or transcript of the payroll, individual time records, distribution statement, receipted bills, etc., that you certify. The required certification on each is merely: "Certified true copy (or transcript)" followed by your signature. Therefore that original copy of the report along with the complete certified documentary evidence and the Field Team's approval of the engineering aspects of the work, costs, and results, will constitute the voucher upon which the Field Finance Officer at Amarillo will schedule reimbursing your company for the Government's share in the project expenditures under the terms of the contract.

Your attention is again directed toward the sums given in the "estimated costs" under "Exhibit A" of the contract which unless otherwise specified, all represent allowable maximums which may be expended but are not necessarily a mandate for spending those exact sums. Those designated salaries, for example, are the maximums that might be required to hire men for full-time jobs which may not necessarily be justified. Part-time services might be adequate in which case only an equitable proportion of the designated sum would be chargeable to the project. Therefore individual time records should be kept of each employee's time spent in connection with the project work, including the time of each consulting engineer-geologist, bookkeeper, etc.

Please do not hesitate to write to this office if we can be of any assistance in organizing your project and keep us advised of your progress. When plans are more definitely underway, perhaps I will have the opportunity to inspect the project. Until then I had best carry on in this office because David Gallagher is away on other work in California.

With best personal regards and the Season's Greetings, I remain,

Very sincerely yours,

Clinton C. Knox

/jd
Encs.

cc - Operating Committee

FILE COPY
SURNAME:

Ellis

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

C. O. Mittendorf, Administrator
Defense Minerals Exploration
Administration

14X3923.970 Working Fund,
Interior, Defense Minerals Exploration
Administration

December 23, 1952

MR. R. N. PURDIA
c/o J. H. McKANEY
PORT LAVACA, TEXAS

Docket No. DMA-2202X
Idm-E468 Contract No.

AMERICAN CONTRACT SIGNED AND MAILED TODAY.

C. O. Mittendorf (fw)

C. O. MITTENDORF

12-23-52

cc to: Adm. Reading File
Ellis
Docket

700

FILE COPY
SURNAME:

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

DEC 23 1952

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

Re: Docket No. DMA-2202X (Mercury)
Contract No. Idm-E468
Presidio County, Texas

Dear Mr. Pulliam:

Enclosed is the "Operator's Copy" of the above-captioned contract, dated December 18, 1952, which has been signed by the Government. A copy of this contract is being transmitted today to our Regional Office in Joplin, Missouri.

Sincerely yours,

SIGNED

Administrator

12-23-52

Enclosure

GLAult/EWEllis/gla
12-22-52
cc to: Adm. Reading File
Operating Committee
Docket
Messrs. A. R. Kinkel, Rm. 4234 GSA
H. M. Meyer, Rm. 3621
Mr. Ellis
DMEA Field Team, Region VI (2)

12/19/52 gla

cae 12/18

AMERIMEX MINING COMPANY

Incorporated

Box 626 - Phone 541

Alpine, Texas

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
OPERATIONS

DEC 13 1952

December 13, 1952

Re: Docket No. DMA-2202X (Mercury)
Presidio County, Texas

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

Gentlemen: Attention: Operating Committee

Inclosed are the original and five copies of the Exploration Contract of Amerimex Mining Company, which we have signed.

Also, attached with the original and each copy of the Contract are two Guaranties: one signed by Mr. and Mrs. Pulliam and one signed by N. J. Crowley Tar Products Co.

We regret the unavoidable delay in signing and returning the Contract.

Sincerely,

AMERIMEX MINING COMPANY

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

RNP:L
6 Incls.

Telephone No.
541 or 278

464

700 FILE COPY
SURNAME:

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

AIR MAIL

DEC 23 1952

Mr. David Gallagher
Executive Officer
DMEA Field Team, Region VI
221 West 3rd Street
Joplin, Missouri

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

Dear Mr. Gallgher:

Enclosed are signed copies of the above-captioned contract, dated December 18, 1952, for the Field Team and the Regional Finance Office.

Arrangements for returning the operator-signed contract directly to this office were made with Mr. R. N. Pulliam, President of the Company, in order to expedite delivery of the executed contract. The Operator's copy has been forwarded to him, as per the attached copy of letter.

Sincerely yours,

Frank E. Johnson

12-23-52

Chairman, Operating Committee

APPROVED:

J. H. Hedges
Member, Bureau of Mines

A. R. Kinkel, Jr.
Member, Geological Survey

GLAult/EWEllis/gla
12-22-52
cc to: Adm. Reading File
Operating Committee
Docket
Mess-rs. A. R. Kinkel, Rm. 4234 GSA
H. M. Meyer, Rm. 3623
Mr. Ellis
DMEA Field Team, Region VI

700 FILE COPY
SURNAME:

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

December 22, 1952

BS

Memorandum

To: Administrator

From: Ernest Wm. Ellis, Chief
Rare and Misc. Metals Division

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

There has been much delay in finalizing this contract caused chiefly by numerous changes in the proposed work and in obtaining satisfactory guarantees in lieu of the Owner's Consent to Lien.

The contract is now signed by the Operator and is in agreement with all parties concerned, including the Field Team and Mr. E. T. McKnight of the Geological Survey, who presented a long, well-thought-out proposal.

You may note the guarantee signed by the President of the N. J. Crowley Tar Products Company is dated December ___ 1952. The guarantee by Mr. and Mrs. Pulliam is dated December 13, 1952. Since the contract and all the supporting papers were received December 18, 1952, obviously the signing by the Crowley Tar Products Company people was prior to that date, though not shown. This memorandum and the fact that the material was received back in Washington by December 18 is evidence that the signing of the guaranty was prior to the date of the contract and therefore, according to Legal, the actual day in December need not be entered.

Mr. Pulliam is most anxious to commence operations by January 1, 1953.

Ernest Wm. Ellis

ErnestWm. Ellis/gla
12-22-52

cc to: Operating Com. Docket
Adm. Reading File Mr. Ellis

11/13/52 gla

DOCKET COPY

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.
~~xxxxxxxxxxxxxx~~
Joplin, Missouri
November 10, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 12 1952

Mr. R. N. Pulliam
P. O. Box 626
Alpine, Texas

Re: Docket DMA-2202X (Mercury)
Amerimex Mining Company
Presidio County, Texas

Dear Mr. Pulliam:

In order to reply to your letter to this office dated October 22, 1952, an opinion was requested from Washington on your question regarding the legality of employing alien labor on your proposed DMEA project contract. Attached hereto is a copy of a reply which was received from Washington this morning, which is self-explanatory.

We have expected momentarily to receive definite information regarding the disposition of your contract, at which time you immediately will be notified. Also, if the contract should be approved this week, I immediately will notify David Gallagher, Executive Officer, who is there in Marfa, Texas, for a few days on Geological Survey work, so that you may be advised regarding putting the contract in force.

Yours very sincerely,

Clinton C. Knox

/jd
Enc.
cc - Operating Committee

UNITED STATES 140
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

Ellis
AEKane
Hofflund

Rewritten by

NOV 6 1952

Mr. David Gallagher
Executive Officer
DMEA Field Team, Region VI
221 West 3rd Street
Joplin, Missouri

Re: Docket No. DMA-22022 (Mercury)
Amerimex Mining Company
Presidio County, Texas

Dear Mr. Gallagher:

This will acknowledge receipt of yours of October 24, 1952, together with enclosure from Mr. R. N. Pulliam, President of the above-named company.

It is noted that a question has arisen with respect to the employment of alien labor in performing work under a DMEA contract. Please be advised that no mention is made in the DMEA regulations with respect to the kind of labor that may be employed in the execution of a DMEA contract. However, it is ~~anticipated~~ that the Operator will comply with all Federal and State labor regulations. ~~regarding labor.~~

As per your request, we are returning Mr. Pulliam's letter herewith.

Sincerely yours,

(signed) FRANK E. JOHNSON

Chairman, Operating Committee

Enclosure

EWEllis/gla -10-29-52
Rewritten by AEKane/ema - 11-4-52

APPROVED:

W. H. Hedges

Member, Bureau of Mines

A. R. Kinkel, Jr.

Member, Geological Survey

cc: Mails & Files
Op. Comm.
Mr. Hedges
Mr. Thayer
Adm. R. File
E. W. Ellis
J. L. Hofflund
A. E. Kane
Chron.
Pending

140

FILE COPY
SURNAME:

Ellis
AEKane
Hofflund
AEKane
Ellis

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

Rewritten by

NOV 6 1952

Mr. David Gallagher
Executive Officer
DMEA Field Team, Region VI
221 West 3rd Street
Joplin, Missouri

Re: Docket No. DMA-2202X (Mercury)
Amerimex Mining Company
Presidio County, Texas

Dear Mr. Gallagher:

This will acknowledge receipt of yours of October 24, 1952, together with enclosure from Mr. R. N. Pulliam, President of the above-named company.

It is noted that a question has arisen with respect to the employment of alien labor in performing work under a DMEA contract. Please be advised that no mention is made in the DMEA regulations with respect to the kind of labor that may be employed in the execution of a DMEA contract. However, it is ~~anticipated~~ that the Operator will comply with all Federal and State labor regulations. ~~regarding labor~~.

As per your request, we are returning Mr. Pulliam's letter herewith.

Sincerely yours,

(signed) FRANK E. JOHNSON (JHB)

Chairman, Operating Committee

Enclosure

EWEllis/gla -10-29-52
Rewritten by AEKane/ema - 11-4-52

APPROVED:

cc: Mails & Files
Op. Comm.
Mr. Hedges
Mr. Thayer
Adm. R. File
E. W. Ellis
J. L. Hofflund
A. E. Kane
Chron.
Pending

E. H. Hedges (JHB)
Member, Bureau of Mines

P. Kinkel, Jr. (JHB)
Member, Geological Survey

J.H. 11-6-52

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D.C.~~
Joplin, Missouri
October 24, 1952

Re: Docket No. DMA-2202X
Presidio County, Texas
(Mercury)

Memo

To: Operating Committee

From: David Gallagher, Executive Officer, Field Team, Region VI

Transmitted herewith is a letter from R. N. Pulliam raising a point of law to which I do not know the answer. Will you kindly advise me of the appropriate reply. As this is my only copy of Mr. Pulliam's letter, I would appreciate having it returned.

David Gallagher

DG/jd
Enc.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 27 1952

C
O
P
Y

P. O. Box 626
Alpine, Texas
October 22, 1952

Dr. David Gallagher
Executive Officer
DMEA Field Team, Region VI
U. S. Department of the Interior
Joplin, Missouri

Dear Dr. Gallagher:

The question has arisen as to whether or not there is anything in DMEA regulations which would preclude the employment of alien or "wet back" labor in performing work under a DMEA Contract. All labor and tax laws would be fully complied with, but we want to know if the employer is liable for ascertaining citizenship or for discriminating on the basis of citizenship?

We appreciate the prompt handling of our Contract by your office, and I believe that we will have it signed and returned to the Washington Office very soon.

With cordial good wishes to both you and Mr. Knox, I remain

Sincerely,

/s/ R. N. Pulliam
R. N. Pulliam

RNP:L

700 FILE COPY
SURNAME:

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

Ellis
Original
Hollund
Lackey

Mr. David Gallagher
Executive Officer
DMEA Field Team, Region VI
221 West 3rd Street
Joplin, Missouri

OCT 3 1952

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

Dear Mr. Gallagher:

Enclosed please find the original and five copies of a proposed exploration contract for the above-captioned company.

This contract has been drawn up according to the Field Team's recommendations with which, we understand, the Operator is in agreement. The contract has been held up pending receipt of the Owner's Consent to Lien which, according to the Applicant's letter of September 20, a copy of which is enclosed, appears to be impossible to obtain. Accordingly, we have drawn up two guaranties, one to be signed by Mr. and Mrs. Pulliam and dated, the other to be signed by the Crowley Tar Products Company of New York, who, we understand, will purchase a substantial interest in the subject property. A phone call to the Applicant verified the statements in Mr. Pulliam's letter of September 20, i.e. that both he and his wife are willing to sign such a guaranty and the Crowley Tar Products Company will sign a similar guaranty.

Please submit the six copies of the contract to the Applicant for signing, then return all six copies to this office. Upon receipt of said copies, if all signatures are properly placed, we will date the contract, assign a contract number and submit it to the Administrator for his signature, following which the respective copies will be properly distributed.

EWEllis/gla 10-1--52
cc to: Adm. Reading File
Operating Committee
Docket
Messrs. E. T. McKnight, Rm. 4204 GSA
H. M. Meyer, Rm. 2623
Enclosures Mr. Ellis
DMEA Field Team, Region VI

Sincerely yours,

(signed) FRANK E. JOHNSON
Chairman, Operating Committee

B.N. 10-3-52

APPROVED:

C. N. Johnson (B.N.)
Member, Bureau of Mines

A. R. Kinkel, Jr. (B.N.)
Member, Geological Survey

700 FILE COPY
SURNAME:

Ellis

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

October 1, 1952

Memorandum

To: Chairman, Operating Committee

From: Ernest Wm. Ellis, Chief,
Rare and Miscellaneous Metals Division

Subject: Docket No. DMA-2202X (Mercury)
Amerimex Mining Company
Buena Suerte (Fresno) Mine
Presidio County, Texas

I have noted Mr. Hofflund's memorandum of September 8. Taking into consideration the location of the property, which is considerably removed from Region VI headquarters, also the fact that the contract is for the commodity mercury (which is tricky in its natural formations), and furthermore the great delay that we have experienced in trying to formalize this contract, I do not feel that Mr.Hofflund's concern about the Government being committed to the completion of the preliminary work is too important. No doubt the Field Team must have also viewed the contract in that light since it follows their recommendation which, in turn, is quite in agreement with Mr. Ed McKnight of the Geological Survey.

Furthermore, we did not "star" the maximum for supervision, technical service and new buildings. However, they are, as Legal points out, governed by the provisions of the contract.

Ernest Wm. Ellis

EWEllis/gla
cc to: Operating Committee
Mr. Mittendorf
Mr. Ellis
Docket

September 26, 1952

Memorandum

To: File

From: Ernest Wm. Ellis, Chief,
Rare and Misc. Metals Division

Subject: Docket No. DMEA-2202X (Mercury)
Amerimex Mining Co.
Buena Suerte (Fresno) Mine
Presidio Coumty, Texas

In a telephone conversation this date with Mr. R. N. Pulliam, of the above company, the following information was taken down by my secretary:

I asked Mr. Pulliam to give the amount of stock he and his wife have, as well as their net worth. He stated he didn't have the net worth for any other interests, and could only give their own.

For himself, Mr. Pulliam stated he has 10 shares, and his estimated worth is $50,000. His address is Box 626, Alpine, Texas.

His wife, L. M. Pulliam (same address as his) has 980 shares. Her net worth is estimated to be $60,000 independent of his net worth. Mr. Pulliam stated his wife will give up enough shares of her stock to equal 40% of the total, which would be 400 shares to the Industrial concern which is known as the Crowley Tar Products Company, 271 Madison Avenue, New York City, D. L. Crowley, Manager. In addition to him, this company's representative, C. B. Patterson, Citizens State Bank Building, Houston, Texas, will receive 50 shares in addition to the 400 shares which will be given to Mr. Crowley, from his wife's stock. The Crowley Tar Products Company is engaged in the production of coal tar products.

Above taken in shorthand
and transcribed by
Grace L. Ault, Secretary
to Mr. Ellis

AIR MAIL

AMERIMEX MINING COMPANY
P. O. Box 626
Alpine, Texas
September 20, 1952

Mr. C. O. Mittendorf
Acting Administrator
Defense Minerals Exploration Administration
United States Department of the Interior
Washington 25, D. C.

Re: Docket No. DMA-2202X (Mercury)
Presidio County, Texas

Dear Mr. Mittendorf:

Pursuant to the suggestion of Mr. Ernest W. Ellis of your office, with whom I have just conversed by long distance telephone, I respectfully submit for your consideration the following facts and suggestions relative to the subject applicant's efforts to obtain Owners Consent to Lien or to provide the Government with a satisfactory guarantee by other means.

Mr. and Mrs. E. G. Bledsoe, the Lessor-Sellers of the Fresno Mine, obtained and read one of the original Owner's Consent to Lien forms and gained the permanent impression that such a lien imposed a lasting encumberance against the property. Consequently, they are now unwilling to discuss the subject and will permit no explanation to be made.

The Bledsoes aver that they have conveyed a good and merchantable Lease-Purchase Contract which we, our successors or assigns can hold indefinitely by paying the prescribed minimum royalty or cash rental of $100.00 per month or complete as a purchase as provided by the contract.

Since the Lease-Purchase Contract held by Amerimex Mining Company can be perpetuated indefinitely by the payment of minimum royalty or cash rental in the amount of $100.00 per month and by compliance with requirements to maintain the mineral claims, it seems that there must be some satisfactory manner by which the Government can be adequately protected.

Would the Government permit us to make bond to cover our performance, according to the terms of the contract, and retention of our rights in and to the mine property? If so, what kind of bond would be required? Can you give us the names of acceptable surety companies writing such bonds?

In lieu of the Owner's Consent to Lien, will the Government accept a guarantee in behalf of Amerimex Mining company furnished either by an individual, by the stockholders of

Secretary of the Interior
Defense Minerals Administration
RECEIVED
SEP 22 1952

the company individually and collectively, by a financially responsible industrial concern or financial institution, or by Amerimex Mining Company on its own by presentation of a financial statement showing assets including $30,000.00 cash acquired through donation of surplus.

We are considering a deal with a New York industrial concern of substantial means whereby that company will donate surplus in the amount of $30,000.00 to Amerimex in exchange for the right to buy from the present stockholders a 40 per cent interest in Amerimex Mining Company. The industrial concern which may thus acquire a large interest in Amerimex desires to know if it will be permitted to guarantee the full and complete performance of Amerimex Mining Company under the terms of the contract with the Government? If so, how would such a guarantee be provided satisfactorily?

We, the stockholders of Amerimex Mining Company, are extremely anxious to begin work under a DMEA Contract at the earliest possible time. We are able to supply excellent references as to our individual honor, integrity and ability. It is believed that we can by some appropriate means provide a sufficient guarantee to preserve our title to the property and the Government's percentage royalty on any production throughout the stipulated 10-year period from the date of the contract.

Please offer any and all suggestions by which we may be able to provide a sufficient guarantee in lieu of the Owner's Consent to Lien.

Thanking you for your consideration and response at your earliest convenience, I remain

Sincerely,

R. N. Pulliam

R. N. Pulliam, President
AMERIMEX MINING COMPANY

RNP:L

FILE COPY
SURNAME:

Rubin

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

September 8, 1952

Memorandum

n.s. in R. & R.

To: Administrator

Through: H. F. Keller

From: Chief Counsel

Subject: Contract Docket No. DMEA 7202, Amerimex Mining Company

In response to your request, we have reviewed the above-described contract which was prepared in the field.

With respect to the substance of the contract, in general, it should be noted that under the description of the work, it appears that the Government is committed to the completion of all the preliminary work in each of the 6 "places". The type of mine opening, when not specified, the size of the diamond drill holes, and the dimensions of trenches, are all within the exclusive option of the Operator. Only additional work, in four of the six places, requires prior approval of the Government.

With respect to the details of the substance of the contract, it is noted that although this is a 6-months project, provision is made under the heading "Equipment to be purchased" for the purchase of two trucks. Although this is not a legal matter, it is pointed out for your information.

With respect to the form of the contract, it is noted that no maximums are asterisked for supervision and technical service and for new buildings, although these are governed by the provisions of the contract form.

Irrespective of the foregoing comments, there is no legal objection to the present form of the contract if the substance of it is administratively acceptable.

J. L. Hofflund
Chief Counsel

Attachments

HCRubin/mef
cc to: Mails and Files
Adm. R. File
Mr. Hofflund
Mr. Rubin
Mr. Keller
Chron

FILE COPY
SURNAME:

Ellis

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

SEP 5 1952

Hon. Lyndon B. Johnson
United States Senate
Washington, D. C.

Re: Docket No. M-2623 (Mercury)
Merimex Mining Company
Fresno Mine, Marfa District
Presidio County, Texas

My dear Senator Johnson:

Your inquiry of September 2, 1952, enclosing letter dated August 29, with attachments, sent you by Mr. H. A. Mullins, in reference to the above-docketed application, is acknowledged.

Meanwhile, you have undoubtedly received my letter of September 3, with which we forwarded a copy of our letter of the same date to Mr. Mullins. This letter was in reply to Mr. Mullins' letter of August 15, to which we refer in the attached correspondence, and we feel that the requirements of the Government before the proposed course can be approved.

Mr. Mullins' letter of August 29, 1952, and attached copies of other correspondence are returned herewith.

Sincerely yours,

C. O. Mittendorf (for) 9-5-52

Administrator

Enclosures 4

Ellis/gls/jem
9/4/52
cc to: Adm. Reading File
Docket
Messrs. H.A.Meyer-2623
M.T.McKnight-4204 CSA
Ellis
Field Team, Region VI (2)

9/3/52 gla

RICHARD B. RUSSELL, GA., CHAIRMAN
FLOOD BYRD, VA.
LYNDON B. JOHNSON, TEX.
ESTES KEFAUVER, TENN.
LESTER C. HUNT, WYO.
JOHN C. STENNIS, MISS.
RUSSELL B. LONG, LA.
STYLES BRIDGES,
LEVERETT SALTONSTALL, MASS.
WAYNE MORSE, OREG.
WILLIAM F. KNOWLAND, CALIF.
HARRY P. CAIN, WASH.
RALPH E. FLANDERS, VT.

WILLIAM H. DARDEN, CHIEF CLERK

United States Senate

COMMITTEE ON ARMED SERVICES

September 2, 1952

SEP 3 1952

Dear Sir:

I am enclosing a communication which I have received from one of my constituents. I will appreciate your giving serious consideration to this problem, based on its merits.

Please let me have as prompt a reply as possible, returning the enclosure, in order that I can inform the writer.

Sincerely,

Lyndon B. Johnson

Lyndon B. Johnson

P. S. This is a request for information only.

LBJ

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

C O P Y

Recd AUG 31 1952

P. O. Box 626
Alpine, Texas
August 29, 1952.

Honorable Lyndon B. Johnson
United States Senator
Washington, D. C.

Re: Docket No. DMA-2202X (Mercury)
Fresno Mine, Terlingua
District, Presidio County

Dear Senator Johnson:

Your files will indicate the lengthy history of the captioned application originally filed October 29, 1951, and subsequently revised on April 14, 1952. We were advised that the report of examination by the DMEA Field Team and recommendations based thereon, as well as the proposed project determined during the conference of June 19, were submitted to Washington on July 24.

On August 7, pursuant to our telegraphic inquiry, the Washington Office sent a telegram in reply, a copy of which is inclosed.

On August 15, a letter was received from the Washington Office, a copy of which together with our reply is inclosed for your information. On that date, we also telephoned Mr. Mittendorf in Washington, as stated in our reply. It is believed that this exchange of correspondence is self-explanatory.

Throughout the past ten months, except for comparatively short periods of time when we have been making revisions requested by DMEA, we have hoped from month to month for final favorable action on our application. We have sought the time and attention of busy men like you to intercede in our behalf, and we have appealed to various representatives of the agency.

Meanwhile, our Country has continued to import a very large part of its mercury requirements from Spain, Yugoslavia and Italy.

We hope and believe that our application will be approved, but during this long period of waiting, we have seen some of our key personnel necessarily accept other employment, and various other advantages have slipped away from us.

If you would care to make further inquiry as to the present status of our application and when it will be finally acted on, your effort will be appreciated.

With cordial good wishes, I remain

Sincerely,
/s/ R. N, Pulliam
R.N. Pulliam, President
AMERIMEX MINING COMPANY

RNP:L

Enclosures: copy telegram C. O. Mittendorf to R. N. Pulliam, dated 8-7-52
copy letter C. O. Mittendorf to R. N. Pulliam, dated Aug. 11, 1952
copy of letter Amerimex Mining Company to C. O. Mittendorf, dated August 15.
(All of the above appear in the docket file, DMEA-2202X)

9/10/52 gfa

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

xxxxxxxxxxxxxxx
Joplin, Missouri
September 4, 1952

Mr. Robert N. Pulliam, President
Amerimex Mining Company
P. O. Box 626
Alpine, Texas

Re: Docket DMA-2202X(Mercury)
Amerimex Mining Co.
Buena Suerte Mine
Presidio County, Texas

Dear Mr. Pulliam:

This is to formally confirm the conversation in your long distance telephone call this afternoon to Clinton C. Knox, Mining Engineer of this office.

The docket along with the field examination report and recommendations by Knox regarding a proposed DMEA Exploration Project Contract for your Buena Suerte mercury mining property were transmitted to Washington on July 24, 1952. A search of our files reveals no acknowledgment that Washington ever received those documents and no information regarding the current status of your application.

Therefore we are taking immediate steps to trace the location of those documents or the disposition that has been made of them and you will be informed as quickly as possible.

Very truly yours,
David Gallagher
By Clinton C. Knox
David Gallagher
Executive Officer
DMEA Field Team, Region VI

/jd
cc: Operating Committee

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
SEP 8 1952

FILE COPY
SURNAME:

Miller
Ellis
Hoffman

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

SEP 3 1952

Hon. [illegible] . [illegible]
United States Senate
Washington, D. C.

Re: Contract No. [illegible]-2[illegible]2 (Uranium)
Merlex Mining Company
Fresno Lode, Jerlingue District
Fresnillo County, Texas

Dear Senator [illegible]:

As referred in our letter of [illegible] 7, 1952, [illegible] pleased to advise you of the following developments in the subject application [illegible] your letter of July 9th.

[illegible] reviewed the [illegible] and [illegible] approved, subject to [illegible] obtaining the owner's consent to lien on the property, which is subject to the [illegible] contract. The property which is to be explored is owned by the Merlex Mining Company by the owners, [illegible] and [illegible]. On August 11, 1951, six copies of Form [illegible]-2[illegible]3, [illegible], were sent to the [illegible], and we requested to obtain the signatures of the owners.

On August 1[illegible], Mr. [illegible] telephoned me to the effect that he was unable to obtain the owner's signature to the aforementioned document and that he would write me concerning it. His letter, of which an enclosure is [illegible], was received on August 1[illegible].

[illegible] the interest of the Government primarily requires the owner's consent to lien, to preserve the Government's percentage royalty [illegible] cases [illegible] be definite. The owner's consent to lien [illegible] only if the Government's interest is [illegible] protected through the lien, [illegible] a record of production [illegible] financial responsible corporation formed for the purpose of the exploration, with no assets other than such as [illegible] accrue from the lease to be used for carrying out the exploration work, cannot provide sufficient [illegible] of the owner's consent to lien.

Such being the case, the Government is unable to waive the required owner's consent to lien in the case of the Applicant Corporation.

For your information we are enclosing a copy of our last letter to the Applicant.

Sincerely yours,

C. O. Mittendorf (fwd)

Acting Administrator

P.N. 9-3-52

Enclosures 2

HFKeller/bjl/mb
August 29, 1952
Copy to: Docket
Adm. Reading File
Operating Committee
Mr. Keller (2)
Mr. Ellis
H. M. Meyer
E. T. McKnight
Region VI (2)
Chron

8/21/52 gla

RICHARD B. RUSSELL, GA., CHAIRMAN
HARRY FLOOD BYRD, VA.
LYNDON B. JOHNSON TEX.
ESTES KEFAUVER, TENN.
LESTER C. HUNT, WYO.
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LEVERETT SALTONSTALL, MASS.
WAYNE MORSE, OREG.
WILLIAM F. KNOWLAND, CALIF.
HARRY P. CAIN, WASH.
RALPH E. FLANDERS, VT.
J. NELSON TRIBBY, CLERK

United States Senate

COMMITTEE ON ARMED SERVICES

August 20, 1952

AUG 21 1952

Dear Mr. Mittendorf:

Will you kindly have someone in your office review case of Fresno Mine, Terlingua District, Presidio County - Docket No. DMA-2202X - and let me know whether there have been any developments since your letter to me of July 9th.

With cordial good wishes, I am

Sincerely,

Lyndon B. Johnson

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

FILE COPY
SURNAME:

500

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

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

Re: Docket No. DMA-2202X (Mercury)
Presidio County, Texas

Dear Mr. Pulliam:

I have your letter of August 15, 1952, in answer to our letter of August 11, requesting that you obtain the signatures of the owners to the Owner's Consent to Lien forms that were enclosed therein.

I have noted your explanation of the owner's refusal to sign the required forms and regret that they have taken that attitude. I believe that if you showed them a copy of the contract form in conjunction with the Owner's Consent to Lien forms (one copy of which we are enclosing), and explained to them that this procedure is necessary to induce the Government to enter into the proposed contract, that they might sign the necessary documents.

The Government is unable to accept a Lease-Purchase Contract for a term of ten years in lieu of the executed document "Owner's Consent to Lien", especially when such a contract is subject to termination through the failure of the lessee to keep and perform the terms therein.

I realize that the proposed exploration work might result in the discovery of significant reserves of mercury ores which would be beneficial to the defense effort; however, the Government cannot enter into the proposed contract until the owner has signed the forms "Owner's Consent to Lien".

It is to be hoped that with this explanation you will be able to obtain the owner's signature to the required documents, thereby making it possible for the Government to approve a contract for the proposed exploration project.

J.N. 9-3-52

Sincerely yours,

C. O. Mittendorf (fw)

Acting Administrator

Copy to: Docket
Admr. R. File
Op. Committee
H. F. Keller (2)
Mr. Ellis
H. M. Meyer
E. T. McKnight
Region VI (2)
Chron.
(Senator Lyndon B. Johnson)

Enclosures

HFKeller/bjl (written 8/28/52)

8/18/5 rgl

AMERIMEX MINING COMPANY
P. O. Box 626
Alpine, Texas
August 15, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
AUG 18 1952

Mr. C. O. Mittendorf
Acting Administrator
Defense Minerals Exploration Administration
United States Department of the Interior
Washington 25, D. C.

Re: Docket No. DMA-2202X (Mercury)
Presidio County, Texas

Dear Mr. Mittendorf:

Your letter dated August 11, 1952, was received today requesting that we obtain Owners' Consent to Lien from Mr. and Mrs. E. G. Bledsoe from whom we hold a Lease-Purchase Contract on the 12 State of Texas Metallic Mineral Awards which will be subject to the proposed exploration project contract.

I immediately telephoned to explain that Mr. and Mrs. Bledsoe have consistently refused to execute a Consent to Lien. They have no selfish purpose in their refusal to consent to lien. Our relationship with them is entirely harmonious, but they are definitely unwilling to execute a lien or to incur any encumberances against the mine property.

You will note that the Lease-Purchase Contract which they executed in our favor is for a term of ten (10) years and for so long thereafter as we comply with the terms thereof by paying a minimum of $100.00 per month as royalty or cash rental to apply on purchase price of $75,000.00 to be paid out of rentals, royalties or otherwise at any time within ten (10) years from date of Lease-Purchase Contract.

This Lease-Purchase Contract has been maintained in force and effect to date, and it is inconceivable that we would forfeit the contract or permit its termination if the proposed exploration is accomplished and results in a certified discovery. We are willing to offer every possible assurance of our determination to preserve the interest which we have and to preserve the Government's lien until the royalty claim is extinguished by lapse of time or is fully paid or is otherwise satisfied or extinguished as provided in the contract.

Thanking you for anything which you may be able to do to speed early favorable disposition of our application, we are

Sincerely,

AMERIMEX MINING COMPANY

By R. N. Pullman
President

RNP:L

8/20/52 glr SD

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
WASHINGTON 25, D. C.

August 19, 1952

Memorandum

To: E. W. Ellis

From: Helena M. Meyer

Subject: Proposed contract with Amerimex Mining Co. for $80,000 (government participation $60,000) DMA-2202X, mercury

The proposed contract appears to follow the recommendations of McKnight, following conferences he held with Yates, who had first-hand knowledge of the area. It also has the approval of the field team. I am therefore satisfied to give the proposal my approval.

Helena M. Meyer
HELENA M. MEYER

HMMEYER/hrb

Copy to: Base Metals
Minerals Division
H.M. Meyer
F I L E S

DEPARTMENT OF THE INTERIOR
Bureau Library
AUG 19 1952

FILE COPY
SURNAME:

500

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

AUG 11 1952

Mr. R. M. Pulliam, President
Amerimex Mining Company
P. O. Box 626
Alpine, Texas

Re: Docket No. DMA-2202X (Mercury)
Amerimex Mining Company
Presidio County, Texas

Dear Mr. Pulliam:

Enclosed are six blank copies of Form MF-203, Owner's Consent to Lien. Kindly fill in the required information and obtain the signatures of E. G. Bledsoe and Elizabeth Bledsoe, the Owners of the twelve (12) State of Texas Metallic Mineral Awards which will be subject to the proposed exploration project contract under the captioned application.

On the receipt of the six signed copies of the Owner's Consent to Lien, we shall be pleased to continue processing your application.

Sincerely yours,

C. O. Mittendorf (fw) 8/11/52

Acting Administrator

Enclosures 6
HFKeller/bjl (written 8/8/52)

Copy to: Docket
Admr. R. File
Op. Com.
Mr. Keller (x2)
Mr. Ellis
H. M. Meyer
E. T. McKnight
Chron.

Reg. VI (2)

FILE COPY
SURNAME:

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

AUG 7 1952

HFKELLER/ la 8-7-52

D.M.E.A.

COLLECT

R. N. PULLIAM, PRESIDENT
AMERINEX MINING CO.
P. O. BOX 626
ALPINE, TEXAS

REVIEW OF PROPOSED PROJECT DOCKET DMA-2202X BEING EXPEDITED. CONTRACT, WHICH AS IF APPROVED, WILL BE FORWARDED TO EXECUTIVE OFFICER, REGION VI, FOR SIGNATURE AS EARLY AS POSSIBLE.

C. O. Mittendorf (for)
ACTING ADMINISTRATOR

cc to: Adm. Reading File
Docket
Mr. Ellis
Mr. Keller, Rm. 2616
DMEA Field Team, RegionVI (2)

n.s. in R. & R.

SERVICE

a full-rate or Cable-less its de- character is in- by a suitable symbol above or preceding the address.

WESTERN UNION

W. P. MARSHALL, PRESIDENT

1201

(07)

SYMBOLS

DL=Day Letter

NL=Night Letter

LT=Int'l Letter Telegram

VLT=Int'l Victory Ltr.

T... telegrams and day letters is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination

1952 AUG 7 PM 12 07

WP047 RX PD=ALPINE TEX 7 1027A=

:C D MITTENDORF, ACTING DIRECTOR DEFENSE MINERALS

=EXPLOATION ADMN US DEPT OF THE INTERIOR=

DEPT. OF THE INTERIOR
RECEIVED
AUG 7 - 1952
PUBLIC LAND ADMINISTRATION

:RE DMA DOCKET 2202X MERCURY: WILL YOU KINDLY ADVISE BY RETURN COLLECT TELEGRAM PRESENT STATUS OF CAPTIONED APPLICATION=

:R N PULLIAM PRESIDENT AMERIMEX MINING CO=

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
AUG 7 1952

:DMA 2202X=

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

AUG 7 1 48 PM '32
BUREAU OF MINES
WASHINGTON

7/31/52 gla

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

~~WASHINGTON 25, D. C.~~
Joplin, Missouri
July 24, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
JUL 25 1952

AIRMAIL

Mr. Frank E. Johnson
Chairman, Operating Committee
Defense Minerals Exploration
Administration
U. S. Dept. of Interior
Washington 25, D. C.

Re: Docket No. DMA-2202X(mercury)
Amerimex Mining Co.
Buena Suerte(Fresno) Mine
Presidio County, Texas

Dear Sir:

In response to your letter to David Gallagher, Executive Officer, DMEA Field Team, Region VI, on May 19, 1952, transmitted herewith are the original and three copies of a report on field examination of the Buena Suerte mercury mining property, application Docket DMA-2202X (revised).

Also attached thereto are the original and five copies of a draft of a proposed Exploration Project Contract to cover the projects recommended by McKnight of the Geological Survey in his memorandum of May 7, 1952 and tailored as nearly as possible to the DMEA estimates of the time and costs of the proposed project, as given in your letter.

The applicant furnished necessary data and was consulted concerning the drafting of the proposed Exploration Project Contract which appeared to the Field Team to be preferable to requiring the applicant to again revise his application.

Very sincerely yours,

Clinton C. Knox

Clinton C. Knox

/jd
Encs.

David Gallagher

Memorandum Report

DMEA Field Examination
Region VI

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 25 1952

Amerimex Mining Co.
Alpine, Texas
Application
Docket DMA-2202X
for
Mercury Exploration
on the
Buena Suerte Mining Claims
Presidio County — Terlingua District, Texas

Clinton C. Knox, Mining Engineer
U. S. Bureau of Mines
July 20, 1952

Reviewed by
DMEA OPERATING COMMITTEE
7-30-52
(Date)

Summary, Recommendations and Conclusions

The original DMA application by the Amerimex Mining Co. for a project to cost an estimated $228,565.42 on the Buena Suerte mercury mining property, located in Presidio County, Terlingua district, Texas, was revised downward. Approval of a more conservative exploration program there is recommended, as specified in the attached proposed Exploration Project Contract which was drafted within the framework of the previous sound recommendations by McKnight of the Geological Survey, in his previous review of the application for DMEA in Washington.

By the terms of the proposed Exploration Project Contract, the Government would participate to the extent of paying 75 percent of the allowable maximum $80,000 of expenditures by the applicant on the exploration program. The proposed project work will explore in six places, the most favorable mercury-bearing, geologic structures indicated in the old underground Buena Suerte mine working which are easily accessible, and in surface exposures on some of those 12 mining claims. The estimated maximum amount of work which may be found necessary, consists of (1) driving 1,160 feet of exploratory underground mine workings, (2) diamond drilling 1,500 feet of exploratory holes, (3) trenching on surface prospects 56 hours with a bulldozer, and (4) excavating 288 feet of surface prospect shafts, adits or pits.

Geologically the Buena Suerte appears to be the most favorable property, for a successful exploration program, of the many hitherto productive mercury mines of Texas, all of which were abandoned in that remote desert region, prior to 1945. Because of the nature of the ore deposits, the previous exploration and development work, and the available records, there is little tangible evidence of ore reserves and only irresponsible postulation of the large inferred reserves could be made on the Buena Suerte property. Those reserves can be more quickly explored, however, with less work than would be required at the other mines in the region where the remaining reserves are on deeper levels.

The applicant with his years of knowledge and experience in the Texas mining region, his useful contacts with mine labor, staff personnel, and competent geologists, and his training in business administration, appears to be capable of directing the proposed exploration and mining program.

Introduction

The original application by the Amerimax Mining Co. of Alpine, Texas, (Docket DMA-2202X) on October 29, 1951, proposed a project for the exploration, development, and preparation for mining on the Buena Suerte mercury mining claims, to cost an estimated $328,565.42. In a letter to the company on January 30, 1952, approval of the application was denied by the Administrator of DMEA on the grounds that it included requests for the Government to participate in development and mining preparations which DMEA could not grant, but a revision of the application was invited.

The President of the Amerimax Mining Co., Robert N. Pullism, in a telephone call to the Field Team on February 7, 1952 discussed his revision of the application and requested a preliminary review of his draft of the revision which was sent to the Field Team on February 22, 1952. After that reveiw, the comments and criticisms, based on general DMEA policies, my previous visits to the Buena Suerte mining property, and interviews with Mr. Pullism, were offered to him in my letter of February 29, a copy of which is attached hereto.

While on a Bureau of Mines' assignment to procure mercury ore samples for metallurgical testing in its Rolla Laboratories, I had first visited the mine on the Buena Suerte property, generally known as the Fresno, in June 1951, accompanied by Mr. Pullism and W. N. McAmulty, a consulting geologist. Mr. McAmulty and I revisited that mine, accompanied by David Gallagher and Siegfried Muessig of the Geological Survey, when DMEA projects in that Big Bend Region of Texas were being inspected by the Field Team on December 16, 1951. On a third trip to that locality, after assisting W. P. Williams of the Geological Survey on another DMEA field examination at Shafter, Texas, further examination of the Fresno mine was made on March 28 and 29, 1952, and additional suggestions were offered to Mr. Pullism to assist in completing his revised DMEA application.

The revised application was submitted to DMEA on April 14, 1952, requesting a $166,088.89 exploration project. That application docket, together with reviews written by Washington officials of DMEA and the Geological Survey, was transmitted to the Field Team on May 18, 1952 with authorization for making a field examination of the Fresno mine and a request to "aid the Applicant in revising his application to suit the conditions and recommendations suggested."

Permission then was obtained in a telephone call from the DMEA Operating Committee for me to draft a proposed Exploration Project Contract which is submitted herewith. Mr. Pullism complied with the Field Team's request that he furnish "either (1) 6 copies of the Owners Consent to Lien, or (2) a valid instrument showing that you have adequate right of possession for at least 10 years....." On May 26, 1952, he

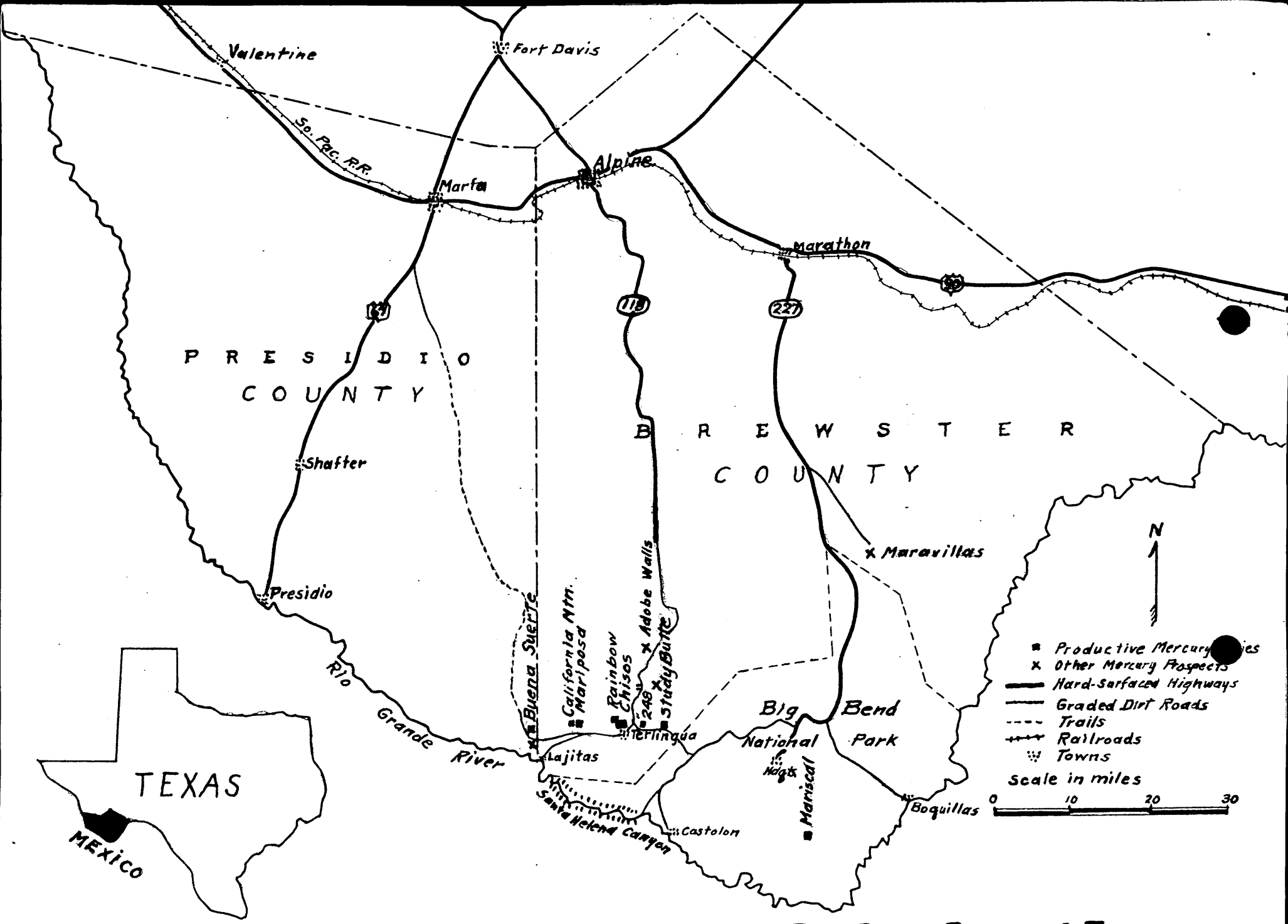
furnished the attached additional copies of the lease agreement. My preliminary draft of the proposed contract was discussed with Mr. Pulliam on June 19, 1952, when I had returned briefly to that locality to start a RMEA project at Shafter, Texas. The proposed Exploration Project Contract for an $90,000 project and attached map was drafted within the framework of the sound recommendations given in McKnight's review and on the basis of all the data available to the Field Team, including the information gained from my field observations and that recently furnished by the applicant concerning equipment costs, rentals, and availability. This accompanying memorandum report summarizes the various factors pertaining to the planning of a comprehensive exploration program at the remote Buena Suerte mercury mining property and may be of some assistance in formulating the decision to be made in the Washington office regarding the application.

Location

The Fresno mine, located in a part of the Buena Suerte mining property, is in Sec. 106, Block 341 of the T.C. Ry. Co. Survey, in the southeastern corner of Presidio County, Texas. Alpine, 103 miles northeasterly by road, is the nearest town with mainline railroad, highway, airline, communication, and other necessary facilities. Most ordinary mining supplies and timbers also can be purchased there; other supplies, equipment, and repairs are generally available in El Paso, 225 miles west of Alpine.

Turning from U. S. Highway No. 90 in Alpine, the Fresno mine is reached as shown on the attached location sketch, by traveling State Highway No. 118 southward 86 miles to the abandoned Terlingua mining town and thence 17 miles westward over an access road built with Government assistance during World War II to Buena Suerte. That was the officially designated name of the post office at the now unoccupied camp which was built at the Fresno mine in 1941. It is 5 miles north of Lajitas, a remote Mexican border trading post on the Rio Grande River, where emergency food supplies and gasoline may be purchased.

The Fresno mine marks the western end of the known, widespread Texas Big Bend region of mercury mineralization. Of the formerly productive mines in that region practically all are in the Terlingua district except the Mariscal mine which is in Big Bend National Park. That district embraces a 20-mile easterly striking zone through the now abandoned mining camps including Buena Suerte, California Mountain, Mariposa, Terlingua, "248", and Study Butte.



Location of Mercury Mines and Prospects in the Big Bend Region of Texas

Facilities and Labor Supply

With the exception of the Fresno, all the camps and mercury mining and processing plants in the Terlingua district have been wrecked and ransacked of all equipment, building materials, and metals with salvage value. Only bleak crumbling adobe and stone walls remain as evidence of the isolated communities which existed there before the close of World War II. During the periods of activity from 1894 to 1945, those mining towns generally consisted of only company-owned collections of floorless huts, usually occupied by mine laborers and their families from Mexico. The maximum populations of the various communities then ranged from about 200 at Buena Suerte to nearly 1,000 in Terlingua which was the town at the famous old Chisos mine. Electrical power transmission lines were never extended south from Alpine. Roads have only recently been improved and permit access the year around; few other modern facilities were ever made available.

The fatal economic blow stuck the mercury mining industry in 1945, and all the laborers remaining in the Terlingua district were forced to migrate. In earlier years, the standard wage scales at most Terlingua district mines averaged one peso per day which could be spent only in the company-owned stores or across the Mexican border. Average wages had risen to about $3 per day in 1942 but increased to $6 before the close of World War II. Competent staff personnel rarely was enticed into those remote desert mining camps.

Employment of Mexican mine labor from south of the Rio Grande now would be virtually impossible and wage offers of $10 to $12 per day will be necessary to recruit labor from the thriving Texas and New Mexico towns to the north.

The Buena Suerte camp, the underground workings, the buildings, and the crushing and furnacing plant at the Fresno mine, all are preserved in fair condition. In 1948, the power, compressor, and hoisting plants and much of the underground mining equipment was moved to a Joplin, Missouri zinc mine being operated by Harris Smith, former partner in the Fresno mining enterprise. For a reasonable cost, however, the Buena Suerte camp and the Fresno mine could be rehabilitated and equipped sufficiently to carry on a conservative mercury mining exploration, development and production program.

The installation of a butane or deisel-powered electrical generating plant would be necessary.

Water can be supplied as before, by hauling from the springs in Fresno canyon, a mile west of Buena Suerte, and that water right is assured.

Physical Features, Climate and Vegetation

Relief on the Fresno mining property ranges from 2,800 to 3,300 feet in surface elevations but the proposed exploration sites are easily accessible. That terrain along with all the Terlingua district is typical of the vast Texas Big Bend desert region where rugged mountains and plateaus predominate, dissected by the drainage channels which broaden into alluvial plains and clay badlands in some places.

The ephemeral creeks discharge from the mountains suddenly, dangerously and heavily laden with silt, after each of the occasional rains. The Buena Suerte area drains into Fresno Creek, a mile to the west, and thence southward into the Rio Grande River.

Annual rainfall in the Big Bend region is erratic with some spots receiving none for a year at a time while other areas receive up to 10 inches, usually during July and August from a few heavy thundershowers, often accompanied by violent winds. Strong dry winds prevail in springtime but violent dust-laden gales often blow for a week at a time.

Temperatures are generally moderate but daytime heat is the rule in summertime with extremes up to 118°; sudden drops to zero, sometimes accompanied by a little snow, have been recorded during some winters.

Some species of the sparse desert shrubs were extensively exploited for fuel to fire the various earlier mercury furnaces and retorts but no trees grew there to furnish the few timbers that were needed in the Terlingua district mines.

History, Production, and Mine Developments

Cinnabar was discovered in 1935 at the present site of the Fresno mine by a Mexican goatherder employed on the nearby ranch of Harris Smith. Mr. Smith formed a partnership with Homer Wilson, a retired mining engineer, to claim the mineral rights, explore, develop, and exploit the deposit. After excavating some shallow prospect shafts, pits, and trenches, an impractical, small concentrating plant and retort furnace were installed through which production was started in 1940.

The shallow, inclined manto-type deposit was mostly mined without advance development work, by merely following the small irregular network of ore bodies in a sort of open, breast-stoping method which was especially applicable when Mexican miners were employed in the mercury mines. After the second year of production the No. 1 and No. 2 shafts were sunk to the 100-foot level and connected by haulage drifts underneath

the stope and a crushing and rotary furnacing plant was installed having a capacity of 30-tons per day. The irregular old stope now slopes from near the surface on the northeast end, 350 feet in length to the 100-foot level on the southwest end. It's greatest width is over 100 feet and maximum height is 32 feet.

Mining was stopped in 1944 after apparent national surpluses had caused the Metals Reserve Corporation to discontinue Government mercury purchases in January. Average mercury prices declined to a low of $100 per flask in July 1944. Then because of the launching of large-scale production of the mercury batteries, which had been developed by the Army Signal Corps in 1943, mercury surpluses quickly reverted to scarcity, resulting in a final price flurry which peaked at $166 per flask in February, 1945.

Mr. Smith did not resume production at the Fresnomine during that price flurry because of the difficulty in reassembling his migrated laborers and because, after the death of Mr. Wilson in 1944, disagreements with the Wilson heirs never were settled.

Afterwards, the threat of foreign surpluses being dumped on the market at the close of the war, dealt a final, and fatal economic blow to the domestic mercury mining industry. Private capital has since been reluctant to invest in rehabilitating, exploring and developing the mercury mines.

Although most of the Texas Big Bend region remains virtually unexplored, likely no obvious shallow deposits are left to be discovered by Mexican herders and few modern technical engineering, geological, and geophysical exploration skills have been employed.

Available Bureau of Mines' records of production[1/,2/] which can be segregated for the years 1940 through 1944, show that a total of 193,040 pounds of mercury was recovered by furnacing 13,789 tons of ore, indicating an average recovery of 14 pounds of mercury per ton of ore mined and processed from the Fresno stope. The relatively small mine waste dumps as compared with the large furnace calcined dump indicates that the output of the stope was mostly ore. The large size of that stope indicates that ore production was much greater than that for which records are definitely available which tends to support the applicant's statement that a total production of 4,000 flasks or about 304,000 pounds of mercury had been recovered from the Fresno ore.

1/ Evans, A. M., and Traver, W. M., Jr., Terlingua Mercury Deposits, Brewster and Presidio Counties, Texas: U. S. Bureau of Mines, R.I. 3995, Jan. 1947.

2/ Mineral Year Books, (U.S.B.M.), and Mineral Resources (U.S.G.S.), 1899 to 1945.

Practically all the other mercury deposits that were productive in the Big Bend region of Texas, had been discovered by other Mexican herders prior to 1905. An approximate total of 11,000,000 pounds of mercury has been calculated from Bureau of Mines' records[2] to have been recovered from the ore taken from all the Big Bend mercury mines from the beginning in 1899 to the close of production in 1945. During that time Texas ranked second to California among the States producing mercury. Therefore the Fresno mine probably can be credited with about two percent of the total Texas mercury production.

In connection with the wartime program of strategic minerals investigations, early in 1943 the U. S. Geological Survey mapped the surface and underground workings of the Fresno and other mercury mines in the Terlingua district[1]. The U. S. Bureau of Mines then diamond drilled nine exploratory holes[1] in an unsuccessful attempt to find mercury ore west of the Fresno stope.

In 1944, Harris Smith churn drilled 26 exploratory holes in areas adjacent and surrounding the Fresno mine. Available records of his sampling and logging of the holes are not sufficiently detailed for use in this report but obviously those holes indicated some favorable areas of mercury mineralization. Development drifting on the 100-foot level toward those areas was interrupted, however, when the mine was forced to close due to the collapse of the mercury price.

Ownership

The Fresno mining claims were forfeited to the State of Texas on February 25, 1946, because the partnership failed to perform the annual assessment work and pay the annual land rental. Mr. Smith then filed on the claims described in the attached lease agreement, and on March 20, 1946 the State awarded him the mining rights (except for hydrocarbon minerals) on the 12 Buena Suerte claims. The Wilson heirs continue, however, to own half of the surface rights, buildings (except for eight small frame houses), and equipment thereon. Mr. Smith did the annual assessment work and paid the rentals to the State in 1946 to 1949, inclusive. He then sold is newly acquired undivided mineral rights, and previously owned ght small frame houses along with his half of the surface rights and er improvements, to his sister and borther-in-law, Mr. and Mrs. Bledsoe, -il 20, 1949. They also complied with the State's requirements laims in 1950.

George A., Jr., Structural Geology of the Terlingua Texas, U. S. Geological Survey, an unpublished aced on file in 1948.

Mr. and Mrs. Bledsoe granted the 10-year lease and purchase-option to the Amerimex Mining Co. on August 25, 1951. Under the terms of that lease, the lessor is required, (1) to pay Mr. and Mrs. Bledsoe $100 per month, or a 5 percent royalty from the gross sales of mineral production, whichever is greater, (2) pay the annual rental of 50 cents per acre to the State of Texas for the 12 claims each containing 20.66 acres, and (3) perform the annual assessment work. Records indicate that all terms of the lease have been complied with to date. The owners refuse, and steadfastly insist that it is unnecessary to sign an "Owner's Consent to Lien". In addition to the right to mine on the Fresno claims, the terms of the lease give the lessor the privilege of (1) purchasing the Buena Suerte claims and improvements thereon owned outright by the lessee for $75,000 to be paid out by the accumulated total royalties and rentals or by cash at anytime within 10 years, (2) extending the effect of the lease beyond that time as long as the terms are complied with, and (3) obtaining water from the previously mentioned Fresno Canyon sources to the west in the adjacent Section 107 of the Smith ranch.

The Amerimex Mining Co. is a Texas Corporation, newly formed to explore, develop, equip, mine and process mercury ore from the Buena Suerte claims. The corporation is capitalized at $1,000, represented by 1,000 shares of common stock held by directors and officials as follows: Robert N. Pulliam, President and a Director--10 shares, L. M. Pulliam, Secretary-Treasurer and a Director--980 shares, and George W. Rice, Vice-President and a Director--10 shares.

In addition to the previously granted privilege for the lessor to use the 8 small frame houses now owned by Mr. and Mrs. Bledsoe in the Buena Suerte camp, they also are understood to be willing to execute a reasonable agreement for the use of their half of the ownership of the other Buena Suerte camp buildings, the surface rights, and the mine and furnacing equipment and buildings at the Fresno mine. So far the Wilson heirs have been unwilling to dispose of their half-ownership in those surface rights and the improvements thereon. Consequently, the proposed contract was drafted to allow for construction and installation of a minimum of new buildings and equipment there to carry on the proposed exploration program.

Because the original arrangements by the Amerimex Mining Co. to acquire the mining equipment from Robert N. Pulliam and other individual joint-owners, were contingent upon the immediate launching of that originally proposed combination exploration, development, mining, and furnacing operations, they have been voided since the denial of that DMA project application. Therefore the Amerimex Mining Co. now virtually owns nothing. Its assets consist primarily of the privileges granted by Mr. and Mrs. Bledsoe in the previously described lease and purchase-option, in addition to the stockholder's avowed intent to pay their full apportioned share of the exploration costs. Provisions therefore were made in the proposed Exploration Project Contract for rental of all the necessary equipment that can be made available. Allowances for the purchase of a few items were necessary.

Because the Amerimex Mining Co. is not yet an operating concern no personnel has been employed. The experience record of Robert N. Pulliam, furnished in the application, was verified to be correct and he appears to be capable of directing and supervising the proposed exploration program and ultimately any mining operation which may emerge therefrom. The ability of the consulting engineer and geologist which Mr. Pulliam tentatively plans to employ is above reproach.

Geology and Ore Deposits

The rocks exposed underground in the various mine workings and on the surface, which is deeply dissected by erosion in the Big Bend region of Texas, are represented by the following stratigraphic column, as adapted from the mapping by the Geological Survey and by W. N. McAnulty.[4]

Recent	Alluvium	shallow mantle in valleys
Tertiary	Chisos Volcanics	mostly removed by erosion
Upper Cretaceous	Tornillo Clay	" " " "
	Aguja Formation	" " " "
	Terlingua Clay	" " " "
	Boquillas Flags (Eagle Ford)	1,000 feet-normal thickness
	Buda Limestone	50-85 feet- " "
	Del Rio Clay (Grayson)	100-170 " - " "
Lower Cretaceous	Georgetown Limestone (Devil's River)	? - " "

Because the base of the Georgetown Limestone has not been exposed and has not been reached by exploratory work in the mercury mining areas of the Big Bend region, the thickness of those strata are not definitely known there. Recent geologic reconnaissance,[5] however, 10 miles southeast of the Fresno mine, in an upthrown block of strata forming the large plateau through which the Rio Grande River has cut the Santa Helena Canyon, has shown there that the Georgetown is 400 feet thick. Underneath is a 40 to 60-foot thickness of Kiamichi Marl separating the Georgetown from the underlying, thick Edwards Limestone, the base of which is not exposed. The stratigraphic column underneath the Fresno mercury mine is expected to be similar.

4/ McAnulty, W. N., Geologic Report on the Fresno Mercury Mine, Terlingua District, Presidio County, Texas, submitted with application Docket DMA-2202X, p. 4.

5/ Personal conversation with L. H. Henderson, Project Geologist, International Boundary and Water Commission, The Department of State, Alpine, Texas, March 28, 1952.

The sedimentary strata in the region obviously have been distorted in many places by igneous intrusions and riddled in a few places outside the Buena Suerte area, which are exposed by erosion. In other places such as the hilltops in the north and west parts of the Buena Suerte area, the strata are blanketed by remnants of the Chisos Volcanics.

Because of the erosion pattern displayed on the distorted sedimentary strata which comprise the almost naked mountains and plateaus, aerial photographs clearly reveal both the general regional structural setting and the exposed localized abundance of complex faults, folds, igneous intrusions, uplifts, and collapse structural features in the Big Bend region as shown in the maps attached to the report by McAnulty, furnished in the application.

Eight miles north of the Fresno mine is the great Solitario,[6] a domical uplift about nine miles in diameter[7] and truncated by erosion, which is the most prominent structural feature of the region. The smaller Contrabando dome structure, where some mercury ore was mined in 1941, is two miles south of the Fresno mine. The small Adobe Walls domical uplift is 15 miles east of the Solitario and the large Marathon dome is 40 miles east of the Solitario, on both of which mercury mineralization was discovered in 1951.

The great Solitario dome surmounts an even broader regional anticlinal uplift, the axis of which gradually pitches southeasterly from the base of the Solitario to the crest of Tres Cuevas Mountain, located 5 miles east of the Fresno mine. Breaking on a line through Tres Cuevas Mountain, the regional anticlinal uplift is flexed abruptly downward to form the westerly striking Terlingua monocline. The highly flexed area along the brow of that monocline appears to be practically synonymous with the area of the Terlingua mercury mining district. On the westward regional downslope from the crest of Tres Cuevas Mountain, both the Terlingua monocline and the hitherto productive Terlingua mining district apparently reach their western terminus in the unevenly collapsed, noselike structure covered by the Buena Suerte claims. Erosion which cut into the upper strata of the Georgetown Limestone in the Tres Cuevas Mountain area, in some places also exposed the top of that limestone, both in the Fresno mine area of the Buena Suerte claims and in the California Mountain and Mariposa mining areas, 6 miles east of the Fresno. Geologically all those areas are similarly situated along the brow of the Terlingua monocline but the California Mountain and Mariposa areas are a mile on the eastward regional downslope from the Tres Cuevas crest. Further eastward but also similarly situated along the brow of the Terlingua monocline, the top of the Georgetown Limestone was reached at 625 feet in depth in the Rainbow mine shaft, 730 feet in the Chisos, and 852 feet in the "248" mine shaft. The surface elevations at the collars of those shafts were practically the same as that at the Fresno mine.

6/ Lonsdale, J. T., Igneous Rocks of the Terlingua-Solitario Region, Texas: G.S.A. Bull. 51, Vol.I, p. 1539, 1940.

7/ Baker, C. L., Major Structural Features of Trans-Pecos Texas, Structural Geology of Texas: University of Texas Bull. 3401, Part II, p. 177, 1935.

The mercury mineralization in the Big Bend region of Texas may be classified generally as manto, fissure and pipe-type deposits. They were formed beneath impervious strata which arrested, or trapped, the upward percolation of the mineralizing solutions in underlying porous bedding planes, fault fissures, and related solution channels which served as avenues of escape from the deep-seated sources.[8] Practically all the mercury mineralization has been cinnabar but rare mercury minerals have been mined in some of the shallower deposits, mostly in the California Mountain and Mariposa mining areas. Most of the mercury ore produced in the Big Bend region was mined from the upper, most porous strata of the Georgetown Limestone which is overlain by the seal of Del Rio Clay. In the deeper mines, however, some mercury ore was mined from more limited, stratigraphically higher deposits in upper strata including the Buda Limestone and Boquillas Flags. In a few of the deposits, igneous sills served as the overlying seal. The larger solution caverns are usually filled with collapse breccia in which large "circle" or "pipe" deposits were exploited in a few of the mines.

Mercury mineralizations in all three types of deposition, have been found in the Fresno mine but the ore which was exploited in the Fresno slope, was in a manto-type deposit directly beneath the Del Rio Clay and in some places on at least two underlying, receptive bedding planes of the Georgetown Limestone strata. Where at least two of those mineralized bedding planes apparently were connected by a network of small, cinnabar-bearing, steeply dipping, fault fissures, a maximum 32-foot face of ore was mined, entirely in the Georgetown Limestone strata, in one central area of the Fresno stope. Mercury mineralization exposed in some other deposits of the Fresno mine, remain practically unexplored.

Except for probably 200 to 300 tons of mercury ore which could be cleaned up on the floor and from pillars of the old Fresno stope, no ore reserves now are definitely indicated there. Any estimates made on the large inferred reserves would be merely an unfounded guess.

The Proposed Exploration Work

Structural implications and exposed traces of mercury mineralization in numerous places within the area of the Buena Suerte claims, geologically indicate that new ore deposits of all three types yet can be found by a carefully planned exploration program. Surface mapping by the U. S. Geological Survey indicated at least 10 circular-type, breccia-filled caverns in that area of the unevenly collapsed Buena Suerte noselike structure. Inconclusive exploration work was

8/ Schuette, C. N., Quicksilver: Bureau of Mines, Bull. 335-1931.

attempted on only three of them. In those breccia-filled, pipelike areas, the fragmented receptive Georgetown host rocks which should be explored, probably have accumulated in the filling of the caverns at depths of 50 to 450 feet below their normal positions. A deeper bed of mercury mineralization now can be geologically postulated on the basis of the recently determined porosity of the upper Edwards Limestone strata directly underlying the relatively impervious Kiamichi Marls which might have served as the "umbrella" to trap much of the upward percolation of mineralizing solutions.

Of more immediate concern, are the fissure and manto-type mercury mineralizations leading from some exposures in the Fresno mine workings and in some nearby rectilinear down-faulted blocks. Both the Fresno churn drilling and some underground exposures indicate that the hitherto most productive strata beneath the Del Rio Clay has been dropped at least slightly below the 100-foot mine level in those down-faulted, rectilinear blocks.

Upon examining the Fresno mine in March, 1952, I concurred with the applicant's selection of the sites designated as Projects No. 1, 2, 3, 11, 10, 8, 6, and 12, in the order of their apparent potentiality for finding ore quickly. I did not approve of most of the applicant's proposed diamond drilling program because exploratory drilling has proved to be a difficult, costly, and unsatisfactory method for finding and sampling Texas mercury ore deposits. The ore is too friable to obtain representative samples by drilling in the highly fractured and altered zones in which the small, irregular deposits are found. They also present a difficult target in directing exploratory drill holes. A few carefully directed preliminary drill holes can be warranted, however, merely to probe for the inferred favorable geologic structures.

Since studying the sound reasoning on which McKnight based the recommendations for Projects No. 1, 3, 6, 7, 8, and 12, in his review of the application, however, I wholeheartedly support them as evidenced by my draft of the proposed Exploration Project Contract submitted herewith.

In addition, I had previously favored some of the underground work proposed by the applicant to explore favorable geologic indications in the sites designated as Projects No. 2, 10, and 11.

From the applicant's designated site of Project No. 2, I favored only driving a crosscut north about 40 feet on a bedding plane containing mercury mineralization, to its intersection with a projected westerly striking fault. One of the most productive manto-type deposits was on the intersection of that same bedding plane with westerly striking fault fissures in the old Fresno stope.

In the applicant's designated site of Project No. 11, I favored only diamond drilling one, downward inclined, 50-foot hole northward. It would explore the desseminated mercury mineralization and fracturing in the flexed Georgetown strata, both of which are indicated to be increasing toward the face of that designated crosscut. That proposed hole would extend through the same projected fault mentioned to the north of the site of Project No. 2 and bottom directly underneath the Del Rio Clay, slightly below the 100-foot level in the indicated rectilinear down-faulted block to the north.

Before undertaking the driving of a crosscut from the applicant's designated site of Project No. 8, I favored first diamond drilling in the overlying strata, only one, 100-foot, upward inclined hole southward from the applicant's designated site of Project No. 10 to probe for a projected fault south of the Fresno stope. That fault is a persistent-appearing, southwesterly striking, breccia-filled, fissure zone, exposed in two large surface cuts. Because they and the fault were not shown on previous maps, the large cuts are believed to have been excavated while doing assessment work during recent years. That fault appears to bound the south edge of the large, unevenly collapsed area in the Buena Suerte noselike structure. That proposed hole was to be directly over, and parallel to a prominent bedding plane containing mercury mineralization and would determine the downward extension of the projected fault which would lend assurance that the proposed crosscut south from the designated site of Project No. 8, could cut that fault.

Clinton C. Knox
Clinton C. Knox
Mining Engineer

/jd

700 FILE COPY
SURNAME:

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

JUL 9 1952

Hon. Lyndon B. Johnson
United States Senate
Washington 25, D. C.

Re: Docket No. DMA-22 2A (Mercury)
Presidio Mine, Terlingua District,
Presidio County, Texas

My dear Senator Johnson:

Acknowledgment is made of your inquiry dated July 3, 1952, enclosing letter under date of July 2 which you received from Mr. J. J. Fulliam, President of the Amerimex Mining Company, with respect to the above-captioned application.

The engineer's report to our Regional Office covering the matters discussed with Mr. Fulliam on June 19, to which he refers, has not as yet been received in the Washington Office. However, please be assured that our best attention will be given the report and recommendations of the Regional Office as soon as they are received, and we will advise you of our decision at as early a date as possible.

We are returning Mr. Fulliam's letter as you requested.

Sincerely yours,

E. O. Mittendorf (for) S.H. 7-9-52

Acting Administrator

Enclosure

GLAult/a

cc to: Adm. Reading File
Docket
Messrs. E. T. McKnight, Rm. 4204 GSA
Ellis
Keller
Miss H. M. Meyer, Rm. 3623
DMEA Field Team, Reg. VI (2)

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WILLIAM H. DARDEN, CHIEF CLERK

United States Senate

COMMITTEE ON ARMED SERVICES

July 4, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 8 1952

Dear Sir:

I am enclosing a communication which I have received from one of my constituents. I will appreciate your giving serious consideration to this problem, based on its merits.

Please let me have as prompt a reply as possible, returning the enclosure, in order that I can inform the writer.

Sincerely

Lyndon B. Johnson

Lyndon B. Johnson

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

COPY

P. O. Box 626
Alpine, Texas
July 2, 1952

(Rubber stamp: Rec'd Jul 4 - 1952)

Honorable Lyndon B. Johnson
UnitedStates Senator
Washington, D. C.

Re: Docket No. DMA-2202X (Mercury)
Fresno Mine, Terlingua
District, Presidio County

Dear Senator Johnson:

Thank you for your letter dated June 19th.

On that date, an engineer from the Joplin DMEA Office arrived here, and he and I worked out a proposed contract within the limitations stipulated by Washington officials.

It is my understanding that the rough draft of the proposed contract was to be sent to Washington by the Joplin Office to be formally drafted and returned for my signature. Doubtlessly, the proposed contract has been sent to Washington and now awaits disposition by DMEA.

Any action which you may take to speed final approval of the DMEA contract toward which we have been working since October 29, 1951, will be deeply appreciated.

With all good wishes, I remain

Sincerely,

/s/ R. N. Pulliam

R. N. Pulliam, President
AMERIMEX MINING COMPANY

RNP:L

AIR MAIL

FILE COPY
SURNAME:

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

MAY 28 1952

Hon. Lyndon B. Johnson
United States Senate
Washington, D. C.

Re: Docket No. [illegible]-2202. (Secury)
Amerimex Mining Company
Fresno Mine, Sierlingo District
Presidio County, Texas

My dear Senator Johnson:

This refers to your letter of May 20, 1952, concerning the application of Mr. P. L. Pulliam in the above captioned case.

We are enclosing herewith a copy of the letter which we wrote to Mr. Pulliam which is self explanatory and we are also returning your copy of his letter dated May 14, 1952.

Sincerely yours,

C. O. Mittendorf

Acting Administrator
Defense Minerals Exploration
Administration

Enclosures-2

HFKeller/jem
5/21/52
cc to: Adm. Reading File
Docket
Messrs. H.M.Meyer, 3623
E.T.McKnight, 4204
Ellis
Keller
Field Team, Region VI (2)

5/21/52 gha

RICHARD B. RUSSELL, GA., CHAIRMAN
HARRY FLOOD BYRD, VA.
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RALPH E. FLANDERS, VT.

WILLIAM H. DARDEN, CHIEF CLERK

United States Senate

COMMITTEE ON ARMED SERVICES

May 20, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 21 1952

Dear Sir:

I am enclosing a communication which I have received from one of my constituents. I will appreciate your giving serious consideration to this problem, based on its merits.

Please let me have as prompt a reply as possible, returning the enclosure, in order that I can inform the writer.

Sincerely

Lyndon B. Johnson

Lyndon B. Johnson

Mr. C. O. Mittendorf, Acting Director
Defense Minerals Exploration Administration
United States Department of the Interior
Washington, D. C.

FILE COPY
SURNAME:

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

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

MAY 28 1952

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

Dear Mr. Pulliam:

We have your letter of May 14, 1952, concerning our correspondence with Senator Lyndon B. Johnson in relation to the subject application.

After your revised application was studied by the commodity specialists and engineers of this Agency, it was the general opinion of all, that your application should be referred to the Regional Executive Officer for a Field Team examination. We have requested that the Field Team co-operate with you in further revising your application in accordance with suggestions from this office.

We too believe that some exploration of the more promising geological structures may be justified even though they are not directly adjacent to the mine workings. A field examination of the applicant's properties is authorized, to ascertain not only the possibilities of the proposed exploration project to discover ore, but also to study the general geology, mineralization and production records of the immediate district, so that the engineers may evaluate the proposed project in relation to the ore potentials of that area.

With reference to your question "how far vertically and horizontally around a drift or drill hole is considered to be explored?" We admit that there can be no general answer that could cover all cases. The distance considered explored would depend entirely on the type of deposit, controlling geological structures, adjacent workings, depth below the surface, local conditions, and type of ore. In spotty deposits such as mercury the distance is naturally much less than would be assumed for disseminated ore deposits or wide well mineralized veins of such metals as lead, zinc and copper.

Your next question asks: "To what extent may the operator delineate and sample the ore?" This, as the previous question, can be answered only in generalities. The operator is not permitted to block out and prepare for mining an ore body that has been discovered or is known to exist, with funds provided for an exploration project.

He may explore the vein horizontally and vertically in accordance with the provisions and limitations of the contract.

In your next question you ask: "Would such delineation and sampling correspond with the requirements of other Governmental agencies so that the Administrator's (Operator's) estimate of the discovery or the development would be adequate as collateral for additional financial assistance?" Ore discovered under an exploration project usually is not sufficiently delineated and sampled to be considered as sufficient collateral for a production loan. Additional development work may be required and certain criteria of the lending agency must be met as well as supplying information as to applicant's integrity, financial standing and responsibility and other data as indicated on the agency's forms.

It is our understanding that, because of an adequate supply of mercury, DMEA presently is not approving applications for Government assistance to expand production. However, DMEA will continue to furnish assistance for exploration in accordance with DMEA Order 1.

I trust that the above information will be useful to you and has satisfactorily answered your questions.

Sincerely yours

C. O. Mittendorf

Acting Administrator

ce 5/28

HFNeller/RJJohnson/jem/pa
5/27/52

cc: Adm. Reading File
Docket
Sen. Lyndon B. Johnson
Messrs. H .M. Meyer, 3623
E.T. E. T. McKnight, 4204
Ellis
Neller
Field Team, Region VI (2)

5/16/52 gh

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 16 1952

AMERIMEX MINING COMPANY
P. O. Box 626
Alpine, Texas
May 14, 1952

Mr. C. O. Mittendorf, Acting Director
Defense Minerals Exploration Administration
United States Department of the Interior
Washington 25, D. C.

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

Dear Mr. Mittendorf:

Your letter dated May 8, 1952, concerning the captioned application addressed to our esteemed Senator, Lyndon B. Johnson, in reply to his inquiry in our behalf has been sent to us for our information.

Your letter mentions that we have complied only in part with the limitations suggested in your letter dated January 30, 1952, requesting revision of the original application.

In the revised application, we made every effort to comply with your suggestions, and we believed that we had done so with the possible exception of the area of the proposed exploration. However, we feel that it might be helpful to you in arriving at a fair and unprejudiced decision if each of the limitations are discussed in the alphabetical order in which they are listed in your recent letter. Our thoughts on each are respectfully submitted for your consideration:

a. Our original application did include estimated cost for some development, mining and furnacing because the wording employed in the application forms, instructions and sample contract led us to believe that funds for such purposes were available through application on Forms MF-100 and MF-103 either as an exploration loan, a direct loan or a production contract.

Such a conclusion on our part is not inconsistent with the objective of the Defense Minerals Exploration Assistance Program as described by Secretary of the Interior Oscar L. Chapman in reply to Question No. 1 of his release dated May 14, 1951, wherein he states that the objective is:

"To encourage the discovery and mining of additional deposits of strategic and critical metals and nonmetallic minerals, so as to strengthen our National security."

If a well financed major mining company obtains Government funds with which to pay 50 percent or more of the cost of an exploration project which results in the discovery and delineation of important orebodies, that company - which may already have substantial reserves of ore to permit continued production for ten or more years - can evade repayment of any part of the funds advanced by the Government simply by not mining ore from the property covered by the project.

If a small operator obtains Governmental assistance with which to pay 50 percent or more of the cost of an exploration project which results in the discovery and delineation of important orebodies, the chances are very great that the small operator will have to try to borrow capital or sell an interest in his operation so that he can begin production as soon as possible to recover his part of the exploration cost and to earn a profit from his property, which will result also in repayment of funds advanced by the Government.

On the other hand, if the small operator is unable to obtain funds with which to develop, mine and reduce for market such ore as may be found by exploration with Governmental assistance, it seems that he could not produce and consequently would be unable to repay the Government.

Therefore, it seemed logical and consistent with the expressed objective of your program that some provision would be made whereby exploration, development and production could be carried on simultaneously with Governmental financial participation.

Regardless of our original misunderstanding, all cost except that directly chargeable to exploration has been deleted from our revised application.

b. We hardly understand how the results obtained in drilling 22 exploratory churn drill holes could properly be termed "unsatisfactory." These holes, drilled by the former operator, were not carefully logged and probably were not properly sampled. These factors - added to the generally unsatisfactory use of churn drilling as a means of mercury exploration in a district where the ore is usually much softer than the gangue in which it occurs - cause us to believe that the results obtained in churn drilling were not "unsatisfactory". The only log record which has been available to us showed only 18 holes, of which 13 showed mercury mineralization; and 5 holes showed ore of commercial grade. However, due to the obviously crude method of sampling and the likelihood of dilution or unwarranted concentration, it would seem fair and proper to regard the logs as mere indications rather than as proving or disproving any particular area.

In addition to the holes logged, the former operator assertedly drilled 7 churn drill holes on which no log is available. He states that these holes all showed mercury mineralization and that "good ore" was found in several of the holes.

It does not seem that the results indicated should justify reduction of the extent of proposed exploration.

Your reference to the limited production obtained from this mine as added justification for the suggested reduction in the extent of proposed exploration is doubtlessly in accordance with some criterion applied by your staff in such cases; however, the mine produced 4,000 flasks of mercury from 1941 to 1944, which would be worth more than $800,000.00 at present prices. The original operators were inexperienced and impoverished. The mine virtually had to finance its own development. The operation was shut down in 1944 due to disagreement between the partner-owners, and subsequent low mercury prices kept the mine closed down. Those factors should certainly be considered in evaluating the production of the mine. The fact that the ore which was mined was of sufficiently high grade to give each of the former owners a comfortable fortune should commend the property and justify an exploration project adequate to explore the more favorable parts of the structure.

c. This paragraph is obviously intended to repeat the context of your Paragraph 3, Page 2, of your original letter dated January 30, 1952. In that letter, you request that the application be revised so as to cover areas not previously explored by drilling and drifting and "which <u>geologically are more favorable</u> for mineralization."

However, in your recent letter to Senator Johnson, you state "That only areas not previously explored by drilling and drifting and <u>which were adjacent to mineralized areas in the mine</u> be explored under the revised application."

You will doubtlessly agree that there is considerable difference in the meaning of these two statements.

We certainly have no desire to spend any of our money or that of the Government in exploring areas previously explored, but your letter to Senator Johnson is the first indication that we have had to the effect that the revised application should confine exploration to <u>only areas adjacent to mineralized areas in the mine</u>. Frankly, <u>we cannot believe that this is a rule which is generally applied</u>; but if it is, we cannot see it as a just limitation or one which will result in advantage for the Government or the operator.

d. Since all diamond drilling from the surface has been deleted from the revised application, there is little use of explaining this paragraph, except as it may apply to the limited underground diamond core drilling.

In the recent past, I have tried to have diamond drilling contracted in the Terlingua District without success. The nearest diamond drill contractors are in Silver City, New Mexico, and they have all of the work which they can do in their own locality. If a contractor could be found, he would demand a very great footage commitment at a high price, or he would probably be some individual with old, inadequate equipment. In either case, it would be most difficult to obtain factual data on the drilling done.

We regret very much that it was necessary to devote two and a half months to the preparation of our revised application and the work incidental to the revision; however, we had completed revision of necessary sections of our original application when we learned of the revised application form issued in June, 1951, and the instructions for its preparation. Consequently, we completely revised and recopied the application in accordance with the latest form and instructions available to us. This time and effort was devoted to trying to comply with your regulations and so to cooperate with your agency as fully as possible - with due regard to the purpose of our undertaking.

The Fresno Mine occurs as a small part of a large structure where surface geology and mineralization indicate the probability that similar orebodies may exist at a number of other places within the same faulted, fractured collapsed and eroded anticline, which is similar in many respects to the Mariposa Mine of the Terlingua District, which mine has reportedly produced as much as 30,000 flasks of mercury from comparatively shallow depths.

We believe that some exploration of the more promising geological structures is justified notwithstanding the fact that such structures may not be adjacent to the mine.

With reference to areas not previously explored by drilling and drifting, it would be enlightening to know how far horizontally and vertically an area around a drift or drill hole is considered to be explored if barren - or if ore is encountered?

If ore should be discovered in such a drift or drill hole, to what extent may the operator delineate and sample the ore so that the Administrator may consider that a discovery or development has resulted and so certify as provided by your regulations?

Would such delineation and sampling correspond with the requirements of other Governmental Agencies so that the

Administrator's estimate "of the discovery of the development" would be adequate as collateral for additional financial assistance?

With the hope that our explanations and questions herein will enable you better to understand our reasoning throughout the applications, we are

Sincerely,

AMERIMEX MINING COMPANY

By R. N. Pulliam

R. N. Pulliam, President

RNP:L

FILE COPY
SURNAME:

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

MAY 1 3 1952

Hon. [illegible] Connally
United States Senate
Senate Office Building
Washington 25, D. C.

Re: Docket No. [illegible]-22[illegible] (Lorency)
Overlander Mining Company
[illegible], Arizona District
[illegible]

Dear Senator Connally:

Acknowledgment is made of your inquiry dated May 9, 1952, with which you enclosed a letter received by you from [illegible], residents of the Overlander Mining Company, with reference to the above-captioned application which is pending under this Agency.

A review of the history of the claim and contest appeal action and the present status of the matter are set forth in the attached copy of my letter to [illegible] of May 6, which, I believe, is the information you desire.

Mr. [illegible]'s letter of April [illegible] is returned in accordance with your request.

If there is any further information I can supply in connection with this matter, please advise me.

Sincerely yours,

C. O. Mittendorf (for) CA 5/13

Acting Administrator

Enclosures 2

GLAult/HFKeller/gla
cc to: Adm. Reading File
Docket
Messrs. E. T. McKnight, Rm. 4204 GSA
Ellis
Miss M. M. Meyer, Rm. 3623
DMA Field Team, Reg. VI (2)

5/12/52 gla

United States Senate

COMMITTEE ON FOREIGN RELATIONS

May 9, 1952

Respectfully referred to

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

with thanks for such consideration as the communication herewith submitted warrants, and for a report thereon, to accompany return of inclosure.

By direction of

Jim Crumell

U.S.S.

TC/3h

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 12 1952

(Copy)

P. O. Box 626
Alpine, Texas
April 26, 1952

Honorable Tom Connally
United States Senator
Washington, D. C.

Re. DMA Docket 2202 (Mercury)
Buena Suerte (Fresno) Mine
Presidio County, Texas

My dear Senator Connally:

As one who has been your friend and supporter for about 20 years, since I first became eligible to vote, I have consistently admired your courageous statesmanship. As a fellow Texan, I have been proud of your great leadership. As a constituent who has called upon you for assistance on many occasions, I am at a loss to express my gratitude for the prompt and courteous aid consistently accorded me.

It is with genuine and heartfelt regret that I have learned of your decision to retire, but you can never retire from the exalted position of love, respect and high esteem which you occupy in the minds and memories of worthwhile people. Your influence will long be felt in State and National affairs, and your intelligent guidance should enable our younger statesmen better to direct the destinies of our Country in the troubled times which lie ahead.

As indicated by the above caption, our application for financial aid in exploration of our mercury mining property has been filed with Defense Minerals Exploration Administration.

Our original application was filed October 29, 1951. On January 30, 1952, we were advised that certain items which we had included for mining and furnacing of ore could not be allowed and that certain proposed exploration work should be deleted.

After considerable additional field work and long tedious planning, our revised application was prepared on a new set of forms and submitted with all supporting data, except that which had previously been sent with the original application. The new applications were received in the Defense Minerals Exploration Administration, Washington Office, on April 15, 1952.

Since it has been approximately a year since we first began our efforts toward obtaining Governmental assistance, and in view of the fact that each day of delay is costly in direct expense and in loss of opportunity for ultimately profitable production, we shall greatly appreciate any assistance which you may render to the end that we may obtain prompt and favorable action on our application, in keeping with the law and policies of DMEA.

c
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p
y

FILE COPY
708 SURNAME:

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

Mr. [illegible] Sullivan, President
American Mining Company
P. O. Box 626
Alpine, Texas

Re: Docket [illegible]-2[illegible] (Secret)
[illegible] Verde (Presno) Mine
Presidio County, Texas

Dear Mr. Sullivan:

Your application for assistance in exploring your property in Presidio County, Texas, under the above captioned docket number, has been reviewed. The pure and fiscal aspects of the definite financial exploration administration have been referred to Mr. David [illegible], Executive Officer, [illegible], Room [illegible], 221 [illegible] 3rd Street, Joplin, Missouri, [illegible] field exploration.

The Department office will [illegible] to our project.

Sincerely yours,

C. O. Mittendorf (for) 5/19

Chief, [illegible]
Defense Minerals Exploration
Administration

UFKeller/jer
5/16/52
cc to: Adm. Pending File
Docket
Messrs. [illegible] Meyer, Rm. 3623
[illegible] Knight, Rm. 4204 GSA
Willis
Keller
Field Team, Region VI

FILE COPY
SURNAME:

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

MAY 1 8 1952

Mr. David [illegible], Executive Officer
DMEA Field Area, Region VI
221 East 3rd Street
Joplin, Missouri

In: Docket No. [illegible]-2[illegible]2 (Mercury)
American Zinc Company
Buena Suerte (Terrell, Zinc
Presidio County, Texas

Dear Mr. [illegible]:

This is your authority to make a field examination of the captioned applicant's properties in Presidio County, Texas.

[illegible] and the commodity specialists have reviewed this application and are of the general opinion that the proposed exploration project, while having merit, is too extensive and costly to be justified by known conditions and past production. [illegible] recommend that your field engineers after studying the status of the proposed exploration work on the ground, recommend the projects that they believe would be most apt to discover ore deposits. In doing this they should take into consideration the recommendations of Edwin A. Schmitt in his memorandum of May [illegible], 1952, copy of which is are enclosing.

Taking into consideration only the projects recommended by Mr. Schmitt we have recalculated the estimated cost of the project. In doing this we have estimated that the work could be done in six months instead of 12 months as estimated originally. The following is a summary of the estimate costs as we revised them to provide for the reduced amount of exploration work and the corresponding reduction in the time required:

Item	Applicant's Estimated Costs	Revised Estimates
Repairs to buildings	[illegible]	[illegible]
Freight	1,100.00	[illegible]
Construction [illegible]	5,200.00	2,600.00
Operating equip. to be rented	[illegible],964.00	[illegible]
Equip. to be purchased	20,337.[illegible]	[illegible],647.00
Labor	56,760.00	25,[illegible]4.00
Supervision	25,800.[illegible]	9,200.[illegible]
Powder, exp. etc.	5,162.[illegible]	3,9[illegible].40

Item	Applicant's Estimated Costs	DMEA Estimated Costs
Air & Water Hose & Acc.	$ 1,835.50	$ 1,463.00
Drill Steel	1,028.40	217.70
Drill Bits	496.00	360.00
Line Rail & Acc.	880.00	820.00
Fuel, Lub., & Acc.	3,397.27	2,901.25
Ventilation Equip. & Acc.	630.00	390.00
Core Boxes	200.00	120.00
Small Tools etc.	571.00	255.00
Kitchen & Camp. Acc.	485.00	365.00
Timber	1,128.00	450.00
Misc'l.	900.00	400.00
Workmens Comp. 2.4%	3,109.44	1,538.50
Social Security 1.5%	1,238.40	514.56
Texas Unemp. Incur. 3%	2,476.80	1,029.12
Transport & Communications 100%	1,800.00	800.00
Accounting Service	1,800.00	800.00
Geol. Consul.	3,640.08	1,500.00
Total	$166,08[illegible].19	$7[illegible],725.53

In the above list we believe that item "Operating Equipment to be Rented" should be still further reduced. In the revised estimate we used the same monthly rental charge as the applicant, but for a six-month period instead of 12 months. We have every reason to believe that items 2, 3, 4, and 5 of the equipment are owned by the applicant, in which case only a depreciation allowance instead of rental is chargeable against the contract. If such is the case, the depreciation allowance per month for each item would be the following: Air Compressors $133.33, Power Plants $207.50, Electric Hoist & Tager complete $82.50, Diamond Drilling equipment $50.00 or a total saving in six months of $4,522.50. There is also the question as to whether this equipment is in workable condition and if so whether it would serve the purpose as well as other equipment which is designed for the specific purpose and which could be obtained on a rental basis.

We recommend that the Field Team aid the applicant in revising his application to suit the conditions and recommendations suggested in this letter.

We are enclosing copies of the subject application and supporting evidence.

cc 5/19

Sincerely yours,
(signed) FRANK E. JOHNSON (HE)

Chairman, Operating Committee
Defense Minerals Exploration
Administration

Enclosures
APPROVED: J. H. Hedges (HE)
Member, Bureau of Mines

D. M. Lemmon (HE)
Member, Geological Survey

HFKeller/jem 5/16/52 cc to; Adm. Reading File Docket, M. Meyer, Rm. 3623, Messrs. E. T. McKnight, Rm. 4204 GSA., Opr. Com. Field Team, Region VI, Ellis Keller

FILE COPY
SURNAME:

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

MAY 8 1952

Honorable Lyndon B. Johnson
United States Senate
Washington 25, D. C.

Re: Docket No. [illegible]-2202[illegible] (Secondary)
Amerimex Mining Company
Fresno Mine, Marfa District
Presidio County, Texas

My dear Senator Johnson:

We have your letter of May 1, 1952, to which was attached a letter from Mr. C. R. Sullivan, President of the Amerimex Mining Company, concerning the captioned application, pertaining to the Fresno Mine in Presidio County, Texas.

For your information we wish to resume the history of the original application and the revised application.

(1) The original application with an estimated cost of $225,565.42 and dated October [illegible], 1951, was received on November 1, 1951.

(2) After this application had been reviewed by the commodity experts in the Bureau of Mines, the Geological Survey and this Agency, the applicant was advised by our letter of January 2[illegible], 1952, that the application should be revised.

(3) We, concurring with the opinion of the other engineers who studied this docket, requested that the application be revised, taking into consideration the following observations:

(a) A large part of the estimated cost of the project was not directly applicable to exploration but rather to development, mining and milling which costs are not permissible in an exploration contract.

(b) That because of the unsatisfactory results obtained by drilling 22 exploratory churn drill holes, and because of the limited production obtained from this mine, we considered that the proposed project was much more extensive than was warranted by the known geological conditions.

(c) That only areas not previously explored by drilling and drifting and which were adjacent to

mineralized areas in the mine be explored under the revised application.

(d) That the proposed diamond drilling be contracted, instead of providing for the purchase of the equipment and the payment of labor.

Complying in part, with the above limitations, the Amerimex Mining Company, after a lapse of two and a half months, filed a revised application with a total estimated cost of 166,08[illegible].69, dated April 14, 195[illegible].

This revised application is now being studied by the commodity specialists of the Geological Survey and the Bureau of Mines. As soon as we have their opinions and have reviewed the application in the light of their findings we shall notify the applicant the decision of this Agency.

As you requested in your letter, we are returning Mr. Gulliam's letter to you.

Sincerely yours,

C. O. Mittendorf (for) J.N. 5-8-52

Acting Administrator

Enclosure

HFKeller/gla
5-6-52
cc to: Adm. Reading File
✓Docket
Messrs. E.F. McKnight, Rm. 4204 GSA
Ellis
Keller
Miss H. [illegible] eyer, Rm. 3623
Field Team, Region VI
Hon. Kenneth [illegible] Keagan
House of Representatives
Washington 25, D. C.

RICHARD B. RUSSELL, GA., CHAIRMAN
HARRY FLOOD BYRD, VA.
LYNDON B. JOHNSON, TEX.
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WILLIAM H. DARDEN, CHIEF CLERK

United States Senate

COMMITTEE ON ARMED SERVICES

May 1, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY - 2 1952

Dear Sir:

I am enclosing a communication which I have received from one of my constituents. I will appreciate your giving serious consideration to this problem, based on its merits.

Please let me have as prompt a reply as possible, returning the enclosure, in order that I can inform the writer.

Sincerely,

Lyndon B. Johnson

Lyndon B. Johnson

Mr. C. O. Mittendorf, Acting Director
Defense Minerals Exploration Administration
Department of the Interior
Washington, D. C.

AMERIMEX MINING COMPANY
P. O. Box 626
Alpine, Texas
April 26, 1952

Honorable Lyndon B. Johnson
Congress of the United States
Washington, D. C.

Re: DMA Docket 2202 (Mercury)
Buena Suerte (Fresno) Mine
Presidio County, Texas

Dear Senator Johnson:

In your letter dated February 12, 1952, you suggested that we notify you when we had submitted our revised application to Defense Minerals Exploration Administration in order that you might follow through on it to see that it is given prompt attention.

Our revised application on Form MF-103 (Revised June, 1951) with supporting data, in addition to that submitted with our original application, was received by DMEA, Washington Office, on April 15, 1952, according to the Registration Receipt returned to us.

Through accomplishmentof a great amount of additional field work on the surface and underground at the mine and by meticulously striving to comply with the law and policies of DMEA, we believe that our revised application should be approved without delay. Our work has required a great amount of time and effort, and the delay has been costly - both in direct expense and loss of a part of the potential mercury market.

The Fresno Mine produced about 4,000 flasks of mercury during World War II. The same production would at present be worth almost $1,000,000.00. This production came from an exceedingly small part of the great structure which comprises the property. Competent minining geologists suggest that previous production represents only a fraction of the potential.

We believe that this property can be brought into production at an early date. If our Government will assist financially in accomplishing the exploration proposed in our application, we believe that important mercury ore reserves can be established.

Anything which you may do to encourage prompt and favorable action on our application, within the concept of the law and policies of DMEA, will be sincerely appreciated.

Again thanking you for your generous assistance and with every good wish for your continued success, I remain

Sincerely,

/s/ R. N. Pulliam

R. N. Pulliam, President
AMERIMEX MINING COMPANY

c
o
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RNP:L

700
FILE COPY
SURNAME:

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

MAY 8 1952

Hon. Kenneth A. Beagan
House of Representatives
House Office Building
Washington 25, D. C.

Re: Docket No. [illegible]-22 2 (Mercury)
Amerimex [illegible] Company
Fresno [illegible], Terlingua District,
Presidio County, Texas

My dear Mr. Beagan:

For your information and in compliance with a telephonic request from your office, we are pleased to enclose a copy of the letter that we sent Senator Lyndon B. Johnson concerning the captioned docket.

We believe that the information contained in this letter is that in which your constituent is interested. If we can be of any other assistance, kindly advise us.

Sincerely yours,

C. O. Mittendorf (for)

Acting Administrator

J.N. 5-8-52

Enclosure

HFKeller/gla
5-6-52
cc to: Adm. Reading File
Docket
Messrs. H. T. McKnight, Rm. 4204 GSA
Ellis
Keller
Miss H. M. Meyer, Rm. 3623
Field Team, Region VI

5/8/52 gla

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
WASHINGTON 25, D. C.

May 8, 1952

Memorandum

To: E. W. Ellis, DMEA

From: Helena M. Meyer, Base Metals Branch

Subject: DMEA - 2202 (Revised), Amerimex Mining Co., Exploration Loan $166,088.89 (Mercury)

I have examined the subject application and believe it is not necessary to refer it to the field team because Robert G. Yates of the United States Geological Survey who is in Washington now has first-hand knowledge of the property.

The Buena Suerte (Fresno) mine is located in the Terlingua mining district, Presidio County, Texas, 17 miles by graded road from Terlingua and 102 miles from Alpine, the nearest railroad shipping point. The property was examined by the U. S. Geological Survey and a report prepared by Geo. A. Thompson and Randall E. Brown is dated May 1943 (Mt. Weather Tech. Files No. 41.18). The report states:

> "Reserves of measured, indicated and inferred ore are small. The limits of the continuous ore in the main orebody have been reached on all sides and only pillars and small areas of ore along the edges remain to be mined. --- There are cinnabar showings in the bottom of the elongate open cut east of the No. 1 shaft and in the southern fault of the graben at the southwest corner of the mapped area. Further development and mining will be necessary to determine whether any quantity of ore is present at these places. ---
>
> "The operators' present program of following cinnabar showings in several prospect shafts and driving an exploratory crosscut northward from the No. 2 shaft should be continued. The ground between the surface and the crosscut, particularly in the faulted synclinal area north of the No. 2 shaft, should be explored by raises or by drill holes, as the flat-lying orebodies have a very small vertical extent and little or no surface showings.

Faults which acted as conduits for the mineralizing solutions often show no evidence of quicksilver mineralization a few feet below the orebodies. Exploration for more ore southwest along the trend of the main orebody is being done by drifting from the south crosscut of the No. 2 shaft and this should be continued. Vertical drill holes from the surface are an alternative means of testing the extension of this ore zone.

"In the area around the graben at the southwest corner of the map, highly favorable conditions of geologic structure, stratigraphic horizon and strength of quicksilver mineralization are combined. Cinnabar showings are present in the Buda limestone here and a small amount of ore has been mined, but the Devils River-Del Rio contact beneath these showings is unexplored. Exploration had best be done by mine workings. Sinking and drifting on the mineralized fault in the Buda limestone is likely to reveal small orebodies and in addition may yield information about the deeper channelways of the mineralizing solutions. The Devils River-Del Rio contact, the most favorable horizon for ore deposition, should then be explored. The depth of exploration would not be over 200 feet.

"A broken synclinal area extending east and west from the breccia pipe crossed by Section A-A' is a favorable location for exploration. This could be tested by sinking pits in the clay pockets from which cinnabar can be panned.

"Further exploration should be guided by extensive panning along the faults trending northeast to east. Where these have favorable indications of mineralization at horizons above the Devils River-Del Rio contact they should be explored at this contact."

Bureau of Mines records show that slightly more than 3,000 flasks of mercury were produced at the Fresno mine in 1939 to 1944, inclusive, and that none has been produced since 1944.

My impression is that the revised application continues to be too ambitious to be justified by the indicated mercury mineralization although estimated costs are not excessive for the proposed footages. I have had the opportunity to see McKnight's proposals, dated May 7, and concur in his recommendations that only those parts of the application that refer to the most favorable areas be approved.

I am not in favor of force-account diamond drilling unless the applicant is thoroughly experienced in the art, and recommend that this part of the work be contracted for to a known responsible firm.

Helena M. Meyer

HELENA M. MEYER

Copy to Minerals Division
Base Metals Branch
Mr. Ellis, Field Team Copy
Mr. McKnight, Rm. 4204, G.S.A. Bldg.
H. M. Meyer
F I L E S

5/7/52 gla

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

May 7, 1952

Memorandum

To: Mr. E. W. Ellis

From: Edwin T. McKnight

Subject: Geological recommendation

Re: DMEA-2202
Amerimex Mining Company
Fresno Mine, Terlingua
District, Texas
Exploration - $166,088.89
Quicksilver

The revised application has eliminated the mining and processing proposals that were woven into the earlier application for exploration and is on the whole a well prepared application. All proposals are now for exploration and represent an extensive revision of the proposals in the earlier application, with elimination of some and extension and modification of others. The earlier application proposed, in part, to follow ore starting at 6 separate unspecified working faces in the existing mine workings, and the applicant's share of exploration costs was to be paid in large part from the operating profits. As the mine was supposed to be worked out, this did not appear to be a very realistic approach. The present application proposes to extend underground workings into the mine walls from 7 locations shown on the mine map, and to judge from the absence of ore at starting points and the geologic objectives clearly stated in the application, all are legitimate as exploration proposals, though some, as will be outlined, are believed to be too poor bets to warrant approval. In addition, there are two proposals for diamond drilling from underground stations that evidently supercede the earlier proposal for extensive surface drilling in the near vicinity of the mine. Three other proposals essentially duplicate ones in the original application.

The rock formations in the vicinity of the Fresno mine were broken by structural processes and extensively leached prior to mineralization. Most of the production from the mine has been obtained from collapse breccias and pockets of clay derived originally from the Del Rio shale, but in part reworked and transported into seams and pockets of various sizes and shapes in the underlying Georgetown limestone. The general stratigraphic horizon is near the contact of the Del Rio with the Georgetown, but this contact has been so modified by solution that perhaps none of the original contact remains. The synclines and faults shown on the applicant's map of the Fresno mine are probably in part the result of the solution collapse, hence they cannot be projected any great distance. However, for the short distances that the applicant proposes to project and explore them, they are probably valid.

Applicant's descriptions of the 12 exploration proposals are briefly and clearly given in his answer to question 3 (a) of Form MF-103, and the proposals are plotted on a mine map accompanying the application, hence, in the following consideration of individual proposals these descriptions will not be repeated.

In consideration of the individual proposals, I have had the collaboration of Robert G. Yates of the Geological Survey who was stationed in the Terlingua District for 2 years during the last war and who helped in working out the geologic relations of the ore at the Fresno mine.

Drift No. 1

This proposed 200 feet of drifting will follow the axis of a minor syncline and will explore the projected intersection with two faults. It has enough merit to warrant approval.

Drift No. 2

This proposal is to follow "the favorable bed" northward 100 feet from the lowest level of the Big Stope, to intersect the projection of several faults that will be explored by appropriate drifts, winzes and raises.

A reference to the mine map on which the different proposals are plotted will show that the structures proposed for exploration were unproductive in a crosscut that lies only 50 feet west of and parallel to the proposed drift, and only 30 feet lower, and none of the structures proposed for exploration were promising enough to be followed from the stope lying east of the proposed drift. Applicant's reference to a favorable bed is misleading because the mineralization has shown no recognizable preference for a particular bed, but is confined to favorable structural or solution situations which may be found in any bed, depending upon local conditions. It is recommended that this proposal be denied.

Drift No. 3

This proposed 130 feet of drifting will attempt to follow a fracture from the present workings to a churn drill hole reported to show promising mineralization. Furthermore, as pointed out by applicant, there is a chance of crossing either a fault or a solutional contact. The proposal includes 80 feet of shafting and winzing to explore any promising structure intersected.

This proposal has enough merit to warrant approval.

Drift No. 4

This proposed drift lies below the structurally favorable zone which has been stoped at a higher level on both sides of the proposed drift. There is no particularly favorable target nor any appreciable ground in the target area. One of the faults proposed for exploration is cut only 30 feet west by the 100 foot level where it shows some mineralization but not of good enough grade for stoping at this level. The only other fault that can be tentatively projected into the target area has produced little effect in the higher and structurally more favorable zone in which it was mapped. It is recommended that the drifting, raising, and winzing in this proposal be denied.

The proposal also calls for 500 feet of diamond drilling into the walls before or after undertaking all or any part of the proposed underground exploration. A similar type of diamond drilling is incorporated in proposals 5, 9, and 10. As pointed out in my previous memo on this docket (dated December 26, 1951), the original docket contained a proposal to diamond drill 4500 feet of holes from the surface in an area concentrated about 100 feet from the outer walls of the present workings. These areas have already been explored by 22 churn drill holes, most of which are reported to have struck mineral, but not of good enough grade to induce development in these areas. Either the log record, or location, or both for all but 2 of the churn drill holes have been lost. Hence, it cannot be said that individual drilling proposals in the revised application will exactly duplicate (from a nearly right angle approach) the earlier lost drilling. But interpreted in its entirety, the earlier drilling was unsuccessful, and the proposed new drilling of the same general ground from underground stations, and particularly random drilling for no specific target, is not believed to be justified.

Drift No. 5

The structural target for this proposed drift is a fault lying 100-120 feet southeast of the mine workings. This fault will be explored by a much shorter drift (proposal No. 8) about 120 feet southwest of the proposed No. 5 drift, and the vicinity of the fault will be reached by the No. 3 drift in the general area 160 feet northeast of the proposed No. 5 drift. If the drifts at No. 8 and No. 3 look promising, there will be additional drifting, under those proposals, in the direction of the proposed No. 5 drift. Hence, I do not believe that a comparatively long crosscut to reach the target half way between two other intersections is justified. If the target structure proves to contain ore at one or both of the other two intersections, it can be stoped from either the No. 2 or No. 8 drifts.

For discussion of the proposed drilling at the end of No. 5 drift, see No. 4 drift.

Drift No. 6

Except for details of the estimated amount of work to explore the geologic target, this proposal is the same as proposal No. 3 of the earlier application. It was approved in my memo of December 26, 1951. The proposed 500 feet of diamond drilling is also warranted.

Crosscut No. 7

Except for details of the estimated amount of work to explore the geologic target, this proposal is the same as that part of proposal No. 6 of the earlier application that was approved in my memo of December 26, 1951. The proposed 500 feet of diamond drilling is also warranted. Mr. Yates has commented that this exploration should be down graded to the bottom of the list of approved proposals, as it is in a direction away from the known mineralization.

Crosscut No. 8

The structural target for this proposed crosscut is a projected fault lying 100-120 feet southeast of the mine workings. As discussed under Drift No. 5, the proposal (No. 8) will reach the target with a minimum of crosscutting, and the proposal, including the diamond drilling, has enough merit to warrant approval.

No. 9 - Diamond Drill Station No. 1

As discussed under Drift No. 4, this diamond drill proposal is too much of a targetless wildcat proposal to warrant approval.

No. 10 - Diamond Drill Station No. 2

The target here is the same structure that will be explored by Crosscut No. 8, and the block proposed for exploration is only a few tens of feet from the ground explored by No. 8. Hence, this No. 10 proposal does not warrant approval. The applicant evidently has the idea that a specific favorable bed should be the target, but as pointed out in the discussion of Drift No. 2, mineralization is dependent on structural or solutional conditions and shows no relation to any particular bed.

Crosscut No. 11

Application suggests that this proposal is contingent on the success of the No. 2 Drift which we have not considered to warrant approval. In addition, the No. 11 proposal is too deep below the structurally favorable zone, near the Del Rio-Georgetown contact, to hold much promise. Note that the 100-foot level, at the depth of the proposed drift, has produced practically no stoping.

No. 12 - Surface Exploration

This proposal calls for 7 days of bulldozing on surface outcrops of faults, sink holes, contact zones, and surface showings of mineral, to be followed by exploration of the more promising areas thus revealed by a surface exploration crew who will sink shallow shafts, drive adits, crosscuts and trenches. The proposal is estimated to cost $900 for the bulldozing and $7,632 for the additional exploration.

This proposal substitutes for a more expensive proposal (No. 4) of the previous application which called for 6250 feet of diamond drilling on certain favorable structures shown on the surface map, and which I previously approved. In addition, this revised proposal calls for similar work in areas covered by proposal 5 and part of proposal 6 of the previous application, which were not believed to be particularly favorable. However, the revised proposal called for relatively inexpensive bulldozing to be followed by further exploration only on the more favorable showings, whereas the initial proposals were for a more elaborate and expensive initial exploration by diamond drilling, test pitting, etc. I believe, therefore, that the new proposal (No. 12) can be approved in its entirety, as the preliminary bulldozing is inexpensive, will be done largely in favorable areas, and will eliminate the more unfavorable areas.

Attention should again be called to certain legal questions of ownership discussed in the second full paragraph of page 4 of my memo of December 26, 1951.

Edwin T. McKnight

Edwin T. McKnight
Geologist

DMEA-2202-
REVISED

4/16/52 gh

AMERIMEX MINING COMPANY
P. O. Box 626
Alpine, Texas
April 14, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration
Washington
APR 15 1952

Mr. C. O. Mittendorf, Acting Administrator
Defense Minerals Exploration Administration
Washington 25, D. C.

Re: DMA-2202 (Mercury)
Buena Suerte (Fresno) Mine
Presidio County, Texas

Dear Mr. Mittendorf:

As suggested in your letter dated January 30, 1952, our application submitted on DMA Form 103 dated October 29, 1951, has been revised.

Every effort has been made to conform with the requirements explained in your letter and with DMEA Order - 1.

Our revised application on Form MF-103 (Revised June 1, 1951) consisting of four copies of the application and all supporting data, except that which has been previously submitted, is inclosed for consideration.

In view of the fact that considerable delay has been occasioned on our application, we shall appreciate early reconsideration.

Sincerely,

AMERIMEX MINING COMPANY

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

RNP:L
Incl:
Form MF-103 (Revised)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D.C.~~
Joplin, Missouri
February 29, 1952

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

Re: DMA-2202(Mercury)
Beuna Suerte(Fresno) Mine
Presidio County, Texas

Dear Bob:

Since reviewing the copies of your applications received with your February 22 letter to Dave Callagher and our subsequent telephone call I have given them much thought. I am delaying returning the copies until Dr. Gallagher has the opportunity to read them.

DMEA (formerly DMA) permits the Field Team to assist in laying out suggested exploration programs for applicants. We are glad to apply whatever field knowledge we have concerning mineral deposits and the problems arising when making exploration applications to Washington. Any suggestion or opinion I express, however, is an earnest effort to assist and must not be construed as implying mandatory acceptance by you. Likewise your acceptance or rejection of my suggestions will not have any bearing upon the decision by DMEA to deny or approve your application.

As you may know, DMA no longer exists. The Defense Minerals Exploration Administration (DMEA) was set up recently to handle only Government aid for exploration for strategic minerals and accept applications on the old DMA forms MF-100 and MF-103 only. All other applications including mining loans(MF-101 and MF-102), purchase contracts (MF-106), access roads (MF-105), etc. are made through DMPA (Defense Materials Procurement Agency), Washington 25, D. C. This Joplin office is now the Region VI Field Team office of DMEA only, but sometimes is consulted by the DMPA office in Washington.

In view of the information available to us concerning your mercury deposits, the market outlook and the domestic mercury policy of the Government ("negative reasoning" as termed in your letter), it is my opinion that the chances for a favorable decision on your application would be enhanced by presenting a more limited exploration program, at least in the preliminary stage.

I believe, that preliminary program should consist of some underground drifting, some surface trenching by bulldozing and probably some diamond drilling. All that work could be directed toward real exploration of some of the most accessible mercury ore which has been

previously inferred. Some of the old churn drill holes nearest the present Fresno mine workings are reported to have encountered appreciable mercury mineralization. It appears reasonable to expect that this suggested preliminary phase of your exploration program would indicate some ore. Adding that to the small reserves now represented by some exposures in the old workings, stope pillars and floor cleanup, might permit early launching of the pay-as-you-go mining and furnacing operations you are striving to start.

We realize that such a conservative program, especially in that isolated Buena Suerte district, would lead a high overhead upon your preliminary exploration costs. I believe the preliminary program would eventually be justified and soon would demonstrate the feasibility of expanding the program to encompass that previously presented in your application.

You can possibly furnish or rent much of the equipment needed for this proposed preliminary phase of the explorations. Some of the work might be let to contractors. With the assistance of a competent consulting geological engineer at required intervals totaling only a few days per month, you could personally supervise much of the work eliminating some of the high overhead costs.

Referring to the copy of your proposed letter to Mr. Mittendorf I believe that the old churn drill holes were too poorly logged and sampled to be relied upon as valid exploratory data, those logs along with surface prospects and geological indications, however, do infer substantial "possible" reserves. Those drill hole logs which were presented with your original application along with reports of previous Bureau of Mines drilling, probably influenced those engineers who are not intimately familiar with Texas mercury deposits to doubt the feasibility of finding ore at the Fresno. I will agree that churn or diamond drilling is generally not adaptable to sampling or "blocking out" mercury ore deposits, particularly in the Big Bend region. Some drilling is usually justified there, however, to probe favorable geological structures. Occasionally some cinnabar can be recovered in drill hole sampling. The ore possibilities of the favorable structures can seldom be eliminated without much systematic underground exploratory drifting.

The word "probable" used in designating the category of the rather hypothetical ore reserves you calculated in Sec. 12(b) of your original MF-100 applidation, might be changed to "possible" or "inferred". In that way, you would indicate that exploratory work is necessary to bring them into the "probable" or "indicated" ore reserve category.

You may be more receptive to this suggested revision when you reconsider some of the following aspects of these DMEA projects:

1) Granting a DMEA project contract constitutes a loan only in so much as it is repayable by a small royalty levied on the production, during the next 10 years, from any ore deposit found by the exploration work.

Therefore, as you are probably aware, you must be prepared to finance at least all the expenditures of the first full month of the project (and likely the 2nd and 3rd month) before you can render a monthly cost report which can be properly approved by this Field Team under the provisions of the contract (Form MF-200 including Exhibit A), which you would sign with the Government upon approval of your application. With our approval, each monthly cost report is transmitted to the Field Finance Officer of the U. S. Bureau of Mines in Amarillo for his certification to the Treasury Department for the amount of Government participation. Then and only then, will you receive a Government check from Dallas for 75 percent of the approved monthly costs.

2) Any equipment purchased for the project will likely be sold to the highest bidder upon termination or completion of the project for the proportionate account of you and the Government.

Therefore you should be in a position to bid in any equipment you might want to continue using after the exploration project is closed and pay cash to the Government for its 75 percent interest less a reasonable depreciation allowance.

3) You will notice on the enclosed copy of Form MF-200 that no cost items of general overhead, corporate management, interest, taxes or other indirect costs are likely to be participated in by the Government.

4) Also the Government may, at any time, by written notice terminate your project for three reasons stated in the contract form MF-200.

After reading your letter and the applications, I began to fear that you are not fully aware of some of these restrictions and implications which would govern you and us on your project. As expressed in your letter, the purpose of the program, described by the phrase, "to encourage the discovery and mining of additional..." is not only difficult for you or the average mine operator to understand but I'm sure you will now believe me when I state that it has been difficult for us to administer on the Field Team level.

With reference to the "Owner's Consent to Lien", I mentioned in our telephone conversation, we have not yet received a supply of those new forms, but I am enclosing a copy from which you can have more typed if you wish to have them executed.

Referring again to your proposed letter to Mr. Mittendorf, Acting Administrator, DMEA, regarding encouragement for mineral production, you should nevertheless address DMPA on all those matters pertaining to production.

Following adequate exploration, any resulting "probable" or "indicated" ore reserves would naturally require mine development or "blocking out", which ordinarily constitutes exposing the assured ore on three sides in mine openings. I realize, and I believe DMPA would be reasonably receptive to the idea, that ore deposits in your Texas

mercury region, very similar to these here in the Tri-State zinc mining region, are of such a character that it is generally impractical to expose them in developing sufficiently in advance of production to rightly define much of the reserve as "measured", "assured", or "blocked out".

The small reserves represented in the limited cinnabar exposures in some of your old Fresno mine working faces, in the stope pillars and floors could be designated as "assured" ore reserves. That small "assured" tonnage is now the only reserve upon which you could base an application to DMPA for an outright Government mine production loan. For your information, I am enclosing copies of Forms MF-101 and MF-102.

Regarding the next paragraphs in the copy of your proposed letter to Mr. Mittendorf, suggesting a guarantee of mercury prices to the operators, I believe your only immediate recourse is to submit an "Application for Purchase Contract" to DMPA, for which I am enclosing a supply of Forms MF-106.

I am certainly sorry that this letter is entirely composed of assistance to you in a "negative" manner but it sums up the knowledge we, and many mine operators, have gained the hard way in our experience with DMA, DMPA and DMTA applications and projects.

With best personal regards, I remain,

Very sincerely yours,

Clinton C. Knox

/jd
Enclosures

FILE COPY
Surname:

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

FEB 11 1952

Hon. Lyndon B. Johnson
United States Senate
Washington 25, D.C.

Re: Docket No. DMA-2202X (Mercury)
R. N. Pulliam, President
Amerimex Mining Company
Alpine, Texas

My dear Senator Johnson:

We wish to acknowledge receipt of your letter of February 5, concerning the above captioned subject, and at the same time to inform you of the status of said application.

After a careful review and study of all available data pertaining to the subject application, Mr. Pulliam was advised by letter of January 30 that the application be revised. It was the consensus of opinion of our engineers that the scope of the exploration project should be reduced so as to explore only the ore possibilities adjacent to the mine. As many of the estimated costs covered mining and milling expenses not permissible under the authority of this agency, he was requested to delete such items from the application.

Please be assured that we shall continue the processing of this application with all possible speed as soon as we receive the necessary information from the applicant.

Sincerely yours,

C. O. Mittendorf (for)

2-11-52

C. O. Mittendorf, Acting Director
Defense Minerals Exploration
Administration

RICHARD B. RUSSELL, GA., CHAIR

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HARRY P. CAIN, WASH.
RALPH E. FLANDERS, VT.

WILLIAM H. DARDEN, CHIEF CLERK

United States Senate

COMMITTEE ON ARMED SERVICES

February 5, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 7 1952

Dear Sir:

My files do not indicate that a full reply has been received since ~~I~~ you wrote ~~you~~ me January 15, 1952 regarding the loan application filed by the Amerimex Mining Company, Alpine, Texas by the President, Mr. R. N. Pulliam.

Won't you please look into this as soon as possible? If a complete reply will be delayed, I wish you would tell me so that I can let my constituent know.

Your help will be very much appreciated.

Sincerely,

Lyndon B. Johnson

Lyndon B. Johnson

Office of the Administrator
Defense Minerals Administration
Washington 25, D. C.

700
FILE COPY
SURNAME:

Williams
Ellis
Meyer
McKnight

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

IN R.

JAN 30 195

Mr. [illegible], President
Americex Mining Company
[illegible] Box 26
Alpine, Texas

Re: [illegible]-2002 (Mercury)
[illegible] Mine Claims
Presidio County, Texas

Dear Mr. Williams:

The Defense Minerals Exploration Administration has received your subject application for aid in the proposed exploration project and has reviewed it informally.

From the data furnished in your application we have come to the following conclusions concerning the financial aspects pertinent to such a project:

1. That you propose financing your proportionate part of the project, in part, from profits obtained in operating the rotary furnace if sufficient ore is discovered to make it feasible.

2. That before starting the project, the Government would be required to advance $12,000.00 to pay off the indebtedness on the equipment on hand, part of which contract [illegible] are not made available. However, of this equipment having an original value of $54,5[illegible].[illegible], some $20,000.00 for the furnace could not be considered as necessary equipment for exploration work. Considering that the allowable depreciation allowance for this equipment is spread over a period of [illegible] years, the depreciation allowance of $34,5[illegible].00 for the 14-month period would be only $8,131.[illegible]7, which is not equivalent to the amount of indebtedness.

3. From a close study of your application it is not apparent that you are prepared to finance your part of such a project.

Concerning the exploration recommendations and the proposed methods of doing this exploration work, we have arrived at the following conclusions:

1. That because of the rather unsatisfactory results obtained in drilling some 22 churn drill holes in areas and adjacent to the mine workings and because of the rather limited production record of this area, we believe that the proposed exploration project is definitely much more extensive than is warranted by known conditions.

2. That a large proportion of the estimated costs of this proposed project are not directly chargeable to exploration but rather to development, mining and milling, none of which can be included in the estimated cost of the project.

3. That the exploration program should be revised so as to cover only areas not previously explored by drilling and drifting, and limited to only those areas which geologically are more favorable for mineralization.

4. The amount of diamond drilling that should be done hardly warrants the purchase of the necessary equipment, especially when such work can be contracted at reasonable price.

If you wish to revise your proposed exploration project estimates to cover only exploration work that would be necessary to delineate the possible ore deposits adjacent to the mine, and are able to finance your proportionate part of the total cost of such a project, we shall be pleased to reconsider your revised application.

For your information we are enclosing the following informative circulars:

Form Int. 3337	Questions and answers on the mineral exploration program.
Form No-5	National Defense Appendix
Form MP-200	Exploration Project Contract.

Sincerely yours,

C. O. Mittendorf (fw)

Acting Administrator
Defense Minerals Exploration
Administration

Enclosures-3

HJ Keller/jem
1-25-52

cc to: Adm. Reading File
Ellis
Field Team, Reg. VI (2)
Docket
Keller
Messrs. Johnson, C.H. Rm. 3621
McKnight, T Rm. 4204 C.L.

FILE COPY
SURNAME:

SAFeitler
Ellis

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

JAN 15 1952

Honorable Lyndon B. Johnson
United States Senate
Washington, D. C.

Re: Docket MN-2202 (Mercury)
R. L. Williams, President
Quicksilver Mining Company
Dallas, Texas

My dear Senator Johnson:

The above exploration application about which you inquired on January 8th is being reviewed. It embodies a comprehensive program for the quicksilver mining claims, namely [illegible] the [illegible] line, in the Lampasas District of your state.

The applicant's proposal includes some normal mining in the project. This part will have to be separated and eliminated as it is not permissible under the authority of the Defense Minerals Exploration Administration. Because of its large size and relative complexity some time will be needed to complete the proceedings.

Please be assured that work on this application will be continued with all possible speed.

Sincerely yours,

C. O. Mittendorf (fw) 1-15-52

Acting Administrator
Defense Minerals Exploration
Administration

SAFeitler/jem
1-11-52
cc to: Adm. Reading File
Docket
Messrs. Ron L.B. Johnson
Feitler
Ellis
Field Team, Region VI (2)

RICHARD B. RUSSELL, GA., CHAIRMAN
HARRY FLOOD BYRD, VA.
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WILLIAM H. DARDEN, CHIEF CLERK

DEFENSE MINERALS
ADMINISTRATION
WASHINGTON, D. C.
JAN 10 10 43 AM '52

United States Senate

COMMITTEE ON ARMED SERVICES

January 8, 1952

Dear Sir:

I am enclosing a communication which I have received from one of my constituents. I will appreciate your giving serious consideration to this problem, based on its merits.

Please let me have as prompt a reply as possible, returning the enclosure, in order that I can inform the writer.

Sincerely,

Lyndon B. Johnson

P.S. This is not a recommendation, but merely a request for information on behalf of a constituent.

LBJ

Office of the Administrator
Defense Minerals Administration
Washington 25, D. C.

C
O
P
Y

AMERIMEX MINING COMPANY
P. O. Box 626
Alpine, Texas
January 6, 1952

Re: DMA-2202 Exploration Loan
Buena Suerte Mining Claims
Defense Minerals Administration
Department of Interior

Honorable Lyndon B. Johnson
Congress of the United States
Washington, D. C.

Dear Senator Johnson:

On October 29, 1951, I filed the application of Amerimex Mining Company for a loan under the Defense Production Act of 1950.

The application, submitted on Forms MF-100 and MF-103 with all accompanying data, was received in the Reports & Records Unit where it was assigned the docket number indicated hereinabove and referred to the Production Expansion Division.

We wish to begin work as soon as possible on this property, which includes the Fresno Mine - the most important producer of mercury in the Terlingua Quicksilver District of Brewster and Presidio Counties of Texas during World War II. It remains a highly important potential source of mercury both from the aspect of immediate production and as a possible source of continued large-scale production in the future.

The Fresno Mine is probably the only property remaining in the once-famous Terlingua Quicksilver District where commercial production can be resumed within a reasonably short time.

The Fresno Mine property contains a greater unexplored structure of promise for the occurrence of major ore bodies than any other of a large district, which - if properly explored - could possibly provide this Nation's mercury needs.

These facts are amply brought out in geological reports by qualified men and in other data submitted with our application.

We are anxious to resume operations. We are motivated by a desire for profit and further by a desire to contribute to National security, the improvement of our local economy and the recovery of our Country's mercury markets lost to foreign producers in 1946 and 1947 when our mines were forced to shut down because metal prices became so low in contract with operating costs that there was neither profit nor other incentive to continue operations.

We shall be deeply grateful for any effort which you may care to make to encourage prompt action on our application.

Thanking you for this and past favors, I remain

Sincerely,

R. N. Pulliam, President
AMERIMEX MINING COMPANY

RNP:L

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

December 26, 1951

Re: DMA-2202
Amerimex Mining Co.
Terlingua District, Texas
"Exploration loan" $228,565.42
Quicksilver

Memorandum

To: Mr. E. W. Ellis

From: Mr. E. T. McKnight

Subject: Approval of exploration loan for modified program.

This application requests funds not only for bona fide exploration, but also for mining. The argument is presented that inasmuch as there is no proven ore in the underground workings, new ore can best be found in the present mine by following favorable structures and showings of mineral on certain faces and mining out the ore encountered as the exploration progresses. In quicksilver deposits that lie in collapsed breccias, chimneys, and solution pockets scattered along certain joints and fractures, following the ore in mining is probably the best form of exploration, but I doubt if this comes within the intent of the exploration program.

There are, however, several proposals that constitute bona fide exploration. The targets for the proposed exploration are potential ore structures and are the same structures that were recommended to the former owner of the mine by the Geological Survey party that worked in the area during the war. All are unattractive financially in that rather close drilling would be required in order to adequately prospect the types of deposits here involved. In the following paragraphs, the applicant's proposals are discussed in the order in which he presents them.

Proposal 1 (p.13): to follow "ore" and favorable structures at six separate unspecified working faces in the existing mine workings, in the hope that such will lead to additional ore bodies. It is not possible to predict the directional trend or extent of such workings in advance of actual mining, but applicant estimates a total of 1440 feet of drifting, 5 x 7 feet cross-section, in this phase of the program. Most of the heavy mining equipment requested in the total program comes under this proposal 1. The applicant expects to recover 30 to 60 tons of ore per day during this "exploration", and expects to pay a large part of his share of the total program cost out of the profits from this operation and from the ensuing mining into which it will lead.

It is believed that this proposal is not a legitimate exploration under the meaning of MO-5. There is also considerable doubt as to whether it would be as successful as the applicant is trusting that it would be; for the previous operator mined out all the available ore to the point where he considered the mine essentially exhausted. There has been some unsuccessful drilling into the walls from the mine openings although this has not exhausted the possibilities.

Proposal 6 (p. 14): to extend the northernmost crosscut of the mine 100 feet to fault J, and drift 100 feet in each direction on the fault, total 300 feet; also establish diamond drill stations at the point where the crosscut hits the fault and at the ends of the drifts on the fault, and drill a fan averaging 10 diamond drill holes from each of the 3 stations, the maximum length of the holes to be 150 feet; total drilling 4500 feet. The drilling is contingent upon favorable indications in the drifting or in the earlier drilling.

This total proposal has enough merit to warrant approval.

A second phase of proposal 6, discussed on pp 17-18 of the application, proposes surface prospecting including test pitting, shallow shaft construction, and associated diamond drilling along faults at localities J, G. and H, and at other localities not specified but where structural conditions are considered favorable. This proposal is a rather indefinite one, involving 5 men for 156 shifts or approximately 6 months. We believe this proposal should not be approved for the following reasons:

Fault J will be explored in part by that phase of proposal 6 recommended above. Fault G was explored unsuccessfully by about 3 angle holes put down to a depth of about 150 feet by the Bureau of Mines during World War II. Fault H is getting well beyond the area of known mineralization, which should be explored before more remote prospects are explored. Other areas covered in this proposal are too indefinite to be given blanket approval.

Proposal 3 (p. 16): from the end of the northwesternmost crosscut, to extend a drift 100 feet in each direction around the wall of the collapsed area shown at locality E; and sink a winze to the base of the Del Rio clay in the collapsed area, estimated not to exceed 150 feet below the level of the main crosscut. The plan should be flexible to allow for following any ore encountered during the course of the exploration.

This proposal has enough merit to warrant approval. The applicant suggests that the winze be sunk vertically in the limestone just outside the collapsed area, with crosscuts to prospect the collapsed

block. This would appear to favor lower costs provided the sink hole can be followed by such a procedure. Applicant is requesting a winze 5' x 7½'.

Proposal 2 (p. 21): to diamond drill a total of 4500 feet, holes averaging 150 feet, in areas A and K surrounding the Fresno mine and east of the mine where these areas connect. The holes are to be concentrated about 100 feet from the outer walls of the present workings.

These areas have already been explored by about 22 churn drill holes, most of which are reported to have struck mineral. Either the log record or the location, or both, for all but 2 of these holes has been lost, and the present proposal in part duplicates work already done. The earlier drilling was not favorable enough to lead to development in these areas, and it is believed that the re-drilling is not justified, even though the proposed drilling would be more systematic and perhaps better planned.

Proposal 4 (p. 24): to diamond drill an average of 5 holes to an average depth of 250 feet in each of five collapsed areas, shown at localities B, C, D, F, and I, on the map; total footage 6250 feet.

Mineralization in the collapse breccias of the specified localities has a possibility of duplicating the famous chimney quicksilver deposit at the Chisos mine, in Terlingua, hence the proposal has enough geologic merit to warrant approval.

Proposal 5 (p. 25): to diamond drill 6 holes to an approximate depth of 750 feet thus exploring both the Boquillas-Buda and Del Rio-Georgetown contacts, in area H. The area is a large down dropped block of considerable displacement, extensively crossfaulted. The proposal calls for possibly 4500 feet of drilling.

Although applicant thinks this is an especially favorable area, Geological Survey geologists who have worked in the area believe that this tract should hold a low priority until more promising areas nearer the Fresno mine and covered in other phases of this application have been explored. It is therefore recommended that proposal 5 not be approved at this time.

The applicant proposes to buy a diamond drill for company operation on the drilling programs. Whether this is allowed or not will depend upon several considerations. Experience in the field indicates that diamond drilling is just as feasible as churn drilling, each

having advantages and disadvantages.

From this application, it may be difficult to segregate the cost of recommended exploration from the cost of the total proposed operation, which includes mining and metallurgical treatment of ore. We have not attempted to make the segregation, as it can best be done by someone more familiar with mining and drilling costs.

Attention should be called to the legal questions discussed in item 19 of Form MF-103. Apparently a half ownership in the surface rights to the property is hostile to the proposed sale or lease of this mine. By furnishing his own buildings and installations, the applicant has apparently circumvented this hostility insofar as surface installations are concerned. However, it is not clear as to how he has solved the problem in relation to surface rights. The underground mineral rights have been cleared by forfeiture and relocation, in which the hostile element was frozen out. ?

Applicant emphasizes the occurrence of "ore" in an area east of the mine workings. Production to date has come entirely from the one ore body, and no others have been found on the property. What the applicant refers to as occurrences of ore away from this one ore body are not occurrences of ore, but places where cinnabar have been found. It is probable that there are more ore bodies in the total area, but it will take a very flexible exploration program to find them. Ideally, this program should be developed as exploration progresses. If the program is directed by competent mining men, we would consider it a good long shot proposition.

From 3 years acquaintance with the operations of the applicant, (Mr. Pulliam) in the district, at least one of our Survey geologists does not consider him to be competent to supervise the program he outlines. If he had a competent man in charge of exploration it would be a different story, but there is nothing in the application to indicate this. His qualifications, as he presents them, do not indicate any experience in either mining or finding ore. The Llano Molybdenum Company was not a successful operation. The Maggie Mine did not develop any ore, even though he had a competent engineer on the job - a man who planned and directed the operation. His description of his experience in Mexican lead-silver mines does not indicate that he even found, developed, or mined any ore.

Edwin T. McKnight

Edwin T. McKnight
Geologist

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

Subject: DMA-2202
Re:Exploration Loan
Buena Suerte Mining Claims

My dear Mr. Pulliam:

This will acknowledge receipt of your application dated October 29, 1951 for a loan under the Defense Production Act of 1950.

Your application was assigned Docket Number DMA-2202 and referred to the Production Expansion Division.

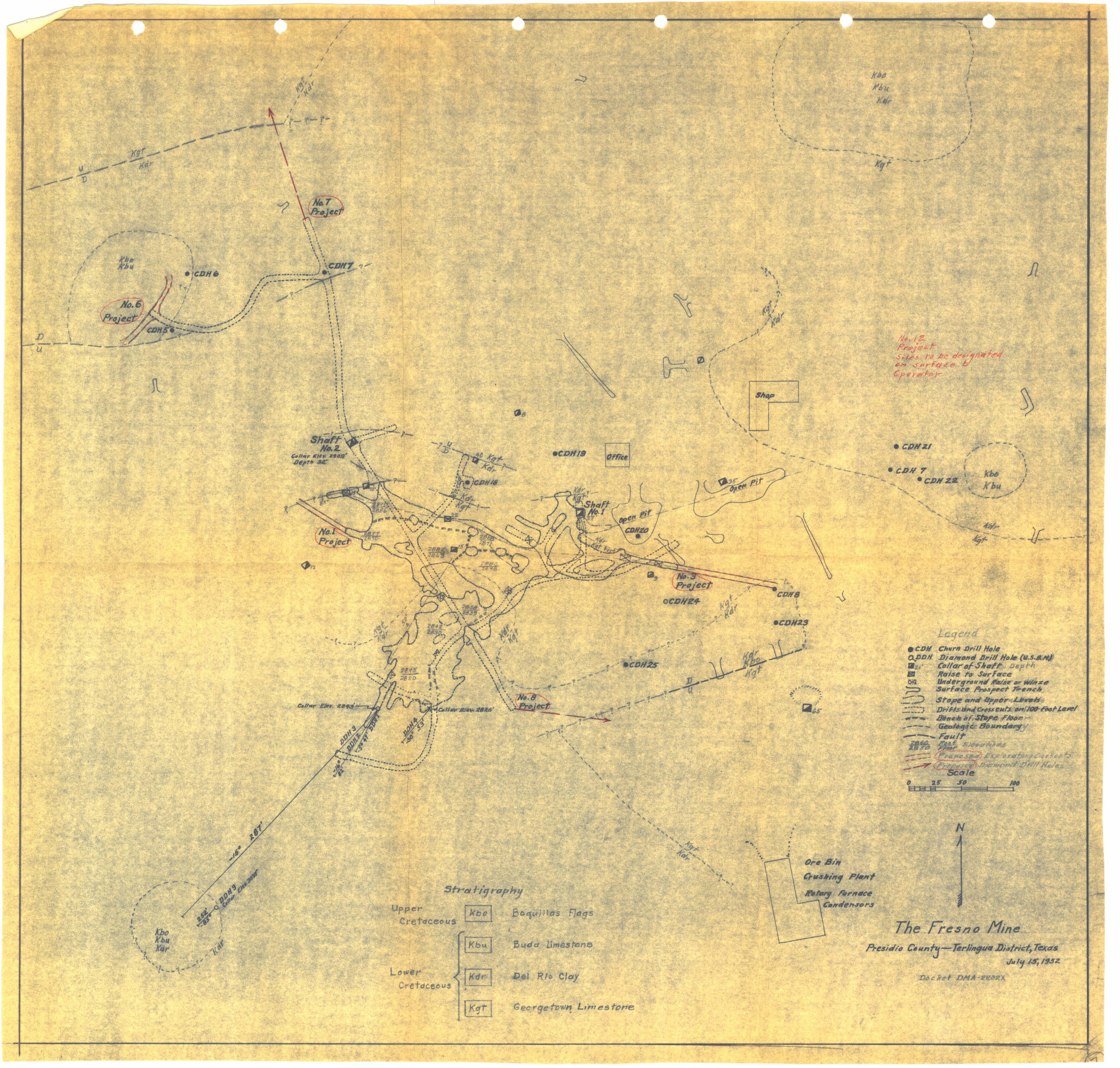
Kindly refer to DMA-2202 in any future correspondence relating to your application.

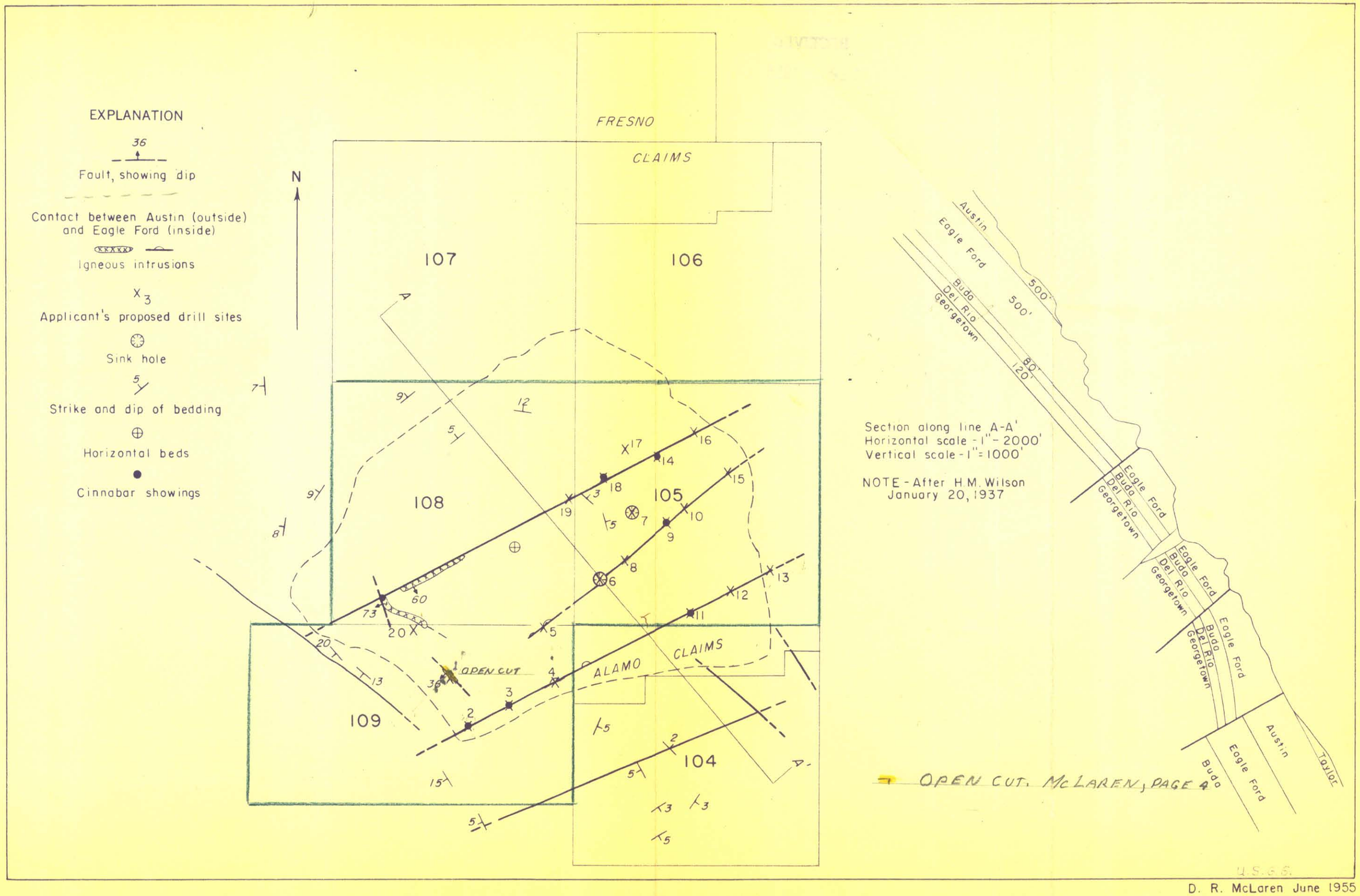
Sincerely yours,

Robert E. Adams

Robert E. Adams, Chief
Reports and Records Unit

2463


No. 7 Project
No. 6 Project
No. 1 Project
No. 3 Project
No. 8 Project
No. 12 Project Sites to be designated on surface by Operator
CDH 6
CDH 5
CDH 7
CDH 19
CDH 18
CDH 20
CDH 24
CDH 8
CDH 23
CDH 25
CDH 21
CDH 7
CDH 22
Shaft No. 2
Collar Elev. 2909'
Depth 92'
Shaft No. 1
Open Pit
Office
Shop
Collar Elev. 2843'
Collar Elev. 2826'
DDH 3
DDH 2
DDH 1
DDH 4
DDH 9
Collar Elev. 3039'
287'
Ore Bin
Crushing Plant
Rotary Furnace
Condensors
Kbo
Kbu
Kdr
Kgt
Legend
CDH Churn Drill Hole
DDH Diamond Drill Hole (U.S.B.M.)
Collar of Shaft - Depth
Raise to Surface
Underground Raise or Winze
Surface Prospect Trench
Stope and Upper Levels
Drifts and Cross cuts on 100-Foot Level
Bench of Stope Floor
Geologic Boundary
Fault
Kgt Floor Elevations
Proposed Exploratory Cross cuts
Proposed Diamond Drill Holes
Scale
0 25 50 100
N
Stratigraphy
Upper Cretaceous
Kbo Boquillas Flags
Lower Cretaceous
Kbu Buda Limestone
Kdr Del Rio Clay
Kgt Georgetown Limestone
The Fresno Mine
Presidio County—Terlingua District, Texas
July 15, 1952
Docket DMA-2202X



D. R. McLaren June 1955

FIGURE 1 -PLAN AND SECTION SHOWING GEOLOGY CONTRABANDO DOME, TERLINGUA MERCURY DISTRICT, PRESIDIO COUNTY, TEXAS

2000 1000 0 2000 Feet