EXTRA COPY
O. M. E.
RECEIVED SEP 14 1959

DATE	INITIALS	CODE

Building 20 - Federal Center
Denver 25, Colorado

September 11, 1959

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

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

Dear Mr. Pulliam:

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

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

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

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

Very truly yours,

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

JWT/cg

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

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

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

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

Dear Mr. Jennings:

At the time of our October 17, 1958, letter we did not know that the Amerimex Mining Company had been formally liquidated and dissolved pursuant to the laws of Texas. Accordingly, the presumption stated in your letter of October 24, 1958, is correct, i.e. that should another company be formed using the name Amerimex Mining Company but having different stockholders, your Company would not be liable as a guarantor.

Sincerely yours,

Frank E. Johnson

Acting Director

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

Memorandum

To: Associate Solicitor
Division of Mineral Resources

From: Acting Director, Office of Minerals Exploration

Subject: Docket No. DMEA-2202 (Mercury), Contract No. Ldm-2468,
Amerdmax Mining Company

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

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

FRANK E. JOHNSON

ACTING Director

Attachment

CEFisher/ame
October 27, 1958

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

N.J.

CROWLEY TAR PRODUCTS CO.

271 MADISON AVE.
NEW YORK
October 24, 1958

ORIGINAL FILE COPY

RECEIVED OCT 27 1958

DATE		CODE
		800

United States
Department of the Interior
Bureau of Mines Exploration
[illegible] 25
[illegible]
[illegible] Minerals Exploration

Re: Docket No. [illegible]
Ameriinex Mining Company
Fresno Mine, Presidio County, Texas
Contract No. Idm-E-[illegible]

Dear Mr. Johnson:

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

The Ameriinex Mining Company has been formally liquidated and dissolved according to the laws of the State of Texas. We presume that when you refer in your letter to Ameriinex Mining Company you refer to the company with the [illegible] stockholders of the original company and that if [illegible] information should be [illegible] stockholders, we [illegible]

We should appreciate your confirmation of this fact.

[illegible]

Vice President

WJ:ree

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

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

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

Dear Mr. Jennings:

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

Sincerely yours,

Frank E. Johnson

ACTING Director
Office of Minerals Exploration

RWLong/eal - 10/15/58

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

October 8, 1958

Memorandum

To: Associate Solicitor
Division of Mineral Resources

From: Director, Office of Minerals Exploration

Subject: Docket No. DMEA-2202 (Mercury), Contract No. IDm-2468,
American Mining Company

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

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

(Signed) C. O. Mittendorf

Acting Director

Attachment

CEFisher/ama
October 7, 1958

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

N.J.

CROWLEY TAR PRODUCTS CO.

271 MADISON AVENUE,
NEW YORK 16

October 2
1958

arg: left m+f.

EXTRA COPY		
CO. MI. E.		
RECEIVED OCT 3 1958		
DATE	INITIALS	CODE
		800

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

Attention: Mr. C. O. Mittendorf
Administrator

Re: Docket No. DMEA-2202(Mercury)
Amerimex Mining Company
Fresno Mine, Presidio County, Texas
Contract No. Idm-468

Gentlemen:

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

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

Yours very truly,

Vice President

WJJ:ma

Mr. Robert N. Pulliam, President
Terlingua Mercury Corporation
P. O. Box 130
Alpine, Texas

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

Re: Docket No. DMEA-2282 (Mercury)
Amerinex Mining Company
Fresno Mine
Presidio County, Texas
Contract No. Idm-E463

Gentlemen:

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

Our file in the matter is now closed.

Sincerely yours,

C. O. Mittendorf

Administrator

CEFisher/GMcC
July 2, 1958

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

MAY 8 1958

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[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

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

Sincerely yours,

/s/

Administrative Assistant Secretary

[illegible]

Enclosures

[redacted]

Chron

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

APR 24 1958

Memorandum

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

From: Associate Solicitor, Division of Mineral Resources

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

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

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

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

Robert P. Dwyer

ROUGH DRAFT
CEFisher/ama
3/25/58

Fisher
Chambers
Martin

Honorable William E. Rogers
The Attorney General
Department of Justice
Washington 25, D. C.

Dear Mr. ~~Attorney General~~:

On December 18, 1952, the Amerimex Mining Company, a Texas corporation, P. O. Box 626, Alpine, Texas, entered into Defense Minerals ~~Exploration Administration~~ Exploration Project Contract Idm-E468 (Docket No. DMA-2202X) with the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration.

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

The exploration was conducted on land owned by E. G. Bledsoe and Elizabeth Bledsoe of Big Bend National Park, Brewster County, Texas, ~~and~~ a

certified copy of the mining lease of those parties to the Operator was incorporated in the exploration contract by attachment. Also, In consideration of the waiver by the Government of the requirement of the Owner's Consent to Lien, R. N. Pulliam (president of Amerimex Mining Company) and his wife, L. M. Pulliam, and N. J. Crowley Tar Products Co. personally guaranteed the payment of any royalty due to the Government under terms of the Contract. Such guarantees were also incorporated in the exploration contract.

Exploration work contemplated by the contract began January 10, 1953, and was stopped by the Operator on August 19, 1953. By notice dated January 5, 1954, the Government terminated the contract because of the Operator's failure to prosecute operations pursuant to the terms of the contract. (Enclosure No. 2.) On January 8, 1954, a certificate of discovery or development was issued by the Defense Minerals Exploration Administration based on the results of the exploration work which had been accomplished. (Enclosure No. 3.)

In a letter dated January 21, 1954, the Operator took exception to the Government's action in certifying that a discovery or development had resulted from the exploration work, Requested was made that the certification be rescinded. It was also stated that, because of certain disallowances of claimed costs applicable to the period January 10 to July 31, 1953, and the withholding of settlement of claimed costs for August, 1953, the Operator was obliged to surrender its lease of the land without any consideration running to the Operator other than relief from the cost of

maintaining its rights under the lease. It was further contended that, under Article 10 of the exploration contract, the Operator was thereby released from all obligation for royalty on any subsequent production from the land, and that the guarantors were ~~likewise~~ also released from such obligation for the reason that their guaranty could not impose a greater liability than would be imposed upon the Operator under the terms of the contract. ~~(Enclosure No. 4.)~~

~~By~~ In a letter dated February 3, 1954, N. J. Crowley Tar Products Company ~~advised~~ asked the Administrator, DMEA, ~~that they were a party in interest and would appreciate a~~ to clarifi~~cation~~y ~~of~~ the basis for ~~facts or of policy relating to~~ the certification of discovery or development, (in view of the Government's denial of the Operator's offer to drill wells for additional proof) (Enclosure No. 5.)

The Reply to this letter ~~was~~ dated February 11, 1954, ~~It~~ stated that the certification was ~~based on~~ issued because the Government~~'s~~ consider~~ation~~ed that a discovery or development had resulted from the exploration work. ~~and~~ It was also pointed out that the Operator had ~~also~~ ~~informed~~ advised (in writing) DMEA that a discovery had been made. A copy of ~~this~~ the letter was furnished to the Operator. (Enclosure No. 6.)

Negotiations ~~attempting~~ to effect an amicable winding-up of the exploration project and settlement of acceptable costs, including disposition of ~~salvageable~~ salvable equipment and materials purchased for use on the project, were conducted for approximately one year. In a letter dated February 24, 1955, to the Operator the Administrator, DMEA, reviewed ~~the matter of~~ these negotiations. The Operator ~~was~~ and advised that ~~inasmuch as~~ since efforts ~~at~~ to settl~~ing~~e the matter by mutual agreement had ~~proven to be~~ not ~~un~~succe~~ssful~~eded, the Government was making a final audit of the contract and

~~proposed to~~ owned settle the Operator's account on that basis. (Enclosure No. 7.)

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

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

~~Extended~~ Efforts by DMEA to secure data relating to the amounts of mercury production and sales by Terlingua Mercury Corporation were culminated in a demand for such data by a registered letter dated October 5, 1956, to Mr. Pulliam. (Enclosure No. 8.) On October 11, 1956, Mr. Pulliam called at the office of the Administrator, DMEA, and discussed the matter. Mr. Pulliam agreed that the requested information would be furnished. A copy of the Administrator's "Memorandum for the Files" relating thereto is enclosed. (Enclosure No. 9.) ~~With letter dated November 14, 1956,~~

and [illegible] from [illegible] he [illegible] infer [illegible] remuneration from the exploration work.

Mr. Pulliam furnished the requested documents with a letter dated July 23, 1957. This letter also contended that an abandonment of the mining property by the Amerimex Mining company had occurred; that, ~~this~~ pursuant to Article 10 of the contract, abandonment relieved the operator from the payment of any royalty; that in the absence of liability of the operator there could be no liability of the guarantors; ~~and~~ that if there was any liability of the guarantors at all it was limited to the payment of royalty on "ore discovered or developed" as a result of the exploration work, ~~and that said liability does not extend~~ rather than for all production from the land described in Article 2 of the Contract, [Enclosure No. 12] [illegible] based upon Mr. Pulliam's letter of July 23, 1957, The Government determined ~~from the documents submitted~~ that an abandonment, as defined by Article 10 of the Contract, had occurred, relieving the operator of liability for payment of royalty if continued for 10 years. The Government also determined that there was no evidence available to indicate that Turlingua ~~Mining Company~~ Mining Exploration had assumed ~~the~~ any liability ~~of any guarantors~~ to the Govt. for royalty.

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

Mr. Pulliam furnished the requested information with a letter dated Nov. 14, 1956. A copy of this letter, but not the voluminous attachments, is enclosed. (Enclosure No. 10.)

In a letter dated June 20, 1957, the Administrator, DMEA, requested copies of any documents ~~ation~~ relating to termination of the mining lease under which Amerimex Mining Company had operated the property, and a copy of any agreement in which ~~whereby~~ Terlingua Mercury Corporation had agreed to assume the royalty obligation of the Pulliams and N. J. Crowley Tar Products Company under their ~~personal~~ guarantees. (Enclosure No. 11.)

Mr. Pulliam furnished the requested documents ~~ation~~ with a letter dated July 23, 1957. (Enclosure No. 12.) This letter also ~~contains a lengthy~~ discussion ~~of~~ the as alleged liability of the operator and the guarantors regarding royalty. Various documents ~~were~~ submitted with his letter, ~~but have been~~ omitted from this enclosure. A ~~valid~~ abandonment of the mining property by Amerimex Mining Company was deemed to have been proven and no evidence was available ~~could be produced~~ indicating that Terlingua Mercury Corporation had assumed the royalty obligations of the guarantors. Mr. Pulliam repeated his contention that abandonment by Amerimex had released that company and also the guarantors from any obligation to pay royalty on production subsequent to such abandonment. He also stated that should it be determined that the guarantors are in any way liable for the royalty, their liability would be limited to payment of royalty on ~~that applicable to~~ "ore discovered or developed" as a result of the exploration work and ~~would~~ not extend to all production from the land described in Article 2 of the contract.

~~In separate letters dated September 17, 1957, to Mr. Pulliam and to N. J. Crowley Tar Products Company, the Acting Administrator, DMEA,~~

~~In a letter dated September 17, 1957, to Mr. Pulliam~~ the acting administrator stated that production made from "Projects 3 & 4 B" during the period Nov. 1954 to December 1955, and Jan. 1 to Sept. 1956, was believed to have occurred as a result of the discovery or development certified by the grant on Jan. 8, 1954. This production resulted in 278 flasks of mercury.

~~stated that the Government's claim for royalty on production subsequent to abandonment by the Operator is limited to that provided by the guarantee agreements, that is, production of "ore discovered or developed" as a result of the exploration work. Demand for payment of $1,631.34 was made for royalty due computed on that basis. (Enclosure No. 13.)~~

N. J. Crowley Tar Products Company ~~advised~~ in a letter dated September 20, 1957, that the matter had been referred to ~~their~~ its attorneys in Houston, Texas, ~~for them~~ to ~~confer with~~ learn Mr. Pulliam's position ~~to learn his side of the story~~. (Enclosure No. 14.)

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

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

The enclosures furnished with this letter are either photostats or copies of the original documents. If the United States Attorney who handles this case requires additional information, it may be requested of either Clinton C. Knox, Executive Officer, DMEA Field Team, Region IV,

Upon examining the issue of the obligation of the guarantors, in the light of possible litigation, we believe that since the Govt. drafted the guaranty instrument and sent a clear opinion as to the nature of the obligation,

P. O. Box 431, Joplin, Missouri, or C. O. Mittendorf, Administrator, Defense Minerals Exploration Administration, Department of the Interior, Washington 25, D. C.

Sincerely yours,

Adm. Asst. Secy.

~~Solicitor~~

Had the Govt. obtained a consent to lien in this case, the landowner would have been relieved of all operation when the operator was released.

The court stated he decided in favor of the guarantors, we inquire, though, whether the Govt. is required to proceed further against the guarantors, ~~in this matter~~

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

JAN 27 1958

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

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

Dear Mr. Jennings:

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

Sincerely yours,

C. C. Wittendorf

Administrator

HCRubin:md
1/24/58

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

N.J.

CROWLEY TAR PRODUCTS CO.

FILE COPY

271 MADISON AVENUE,
NEW YORK 16

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

[redacted]
Fresno Mine
Presidio County, Texas
Contract No. Idm-Eh68

Attention: Mr. F. E. Johnson
Acting Administrator

Dear Mr. Johnson:

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

Very truly yours,

Vice President

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

Re: Docket No. DMEA-2202 (Mercury)
Amerimex Mining Company
Fresno Mine
Presidio County, Texas
Contract No. Idm-3468

Dear Mr. Jennings:

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

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

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

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

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

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

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

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

Sincerely yours,

Administrator

Attachment

CEFisher/wb
January 7, 1958

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

EXTRA COPY
DMEA
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December 17
19 57

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

Attention: E.O. Mittenderf
Administrator
Re: Docket No. DMEA-2202(Mercury)
Amerimex Mining Company
Contract No. Idm-1468

Dear Mr. Mittenderf:

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

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

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

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

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

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

Yours faithfully,

Secretary

WJJ:am

DEC 1[illegible]

Certified Mail
Return Receipt Requested

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

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

Dear Mr. Pulliam:

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

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

Sincerely yours,

C. O. Mittendorf

Administrator

CEFisher/wb
December 6, 1957

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

DEC 12 1957

Certified Mail
Return Receipt Requested

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

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

Dear Mr. Jennings:

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

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

Sincerely yours,

O. O. Stendahl

Administrator

CEFisher/wb
December 6, 1957

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

N.J.

CROWLEY TAR PRODUCTS CO.

271 MADISON AVENUE,
NEW YORK 16

[illegible] 20
[illegible] 7

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

Attention of Mr. Francis [illegible] Johnson,
Acting Administrator

Re: Contract DMEA-[illegible]203 Mercury
[illegible] Mining Company
[illegible]
Presidio County, Texas
Contract No. Itr-[redacted]

Dear Sirs:

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

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

Very truly yours,

W. J. Jennings (S)
Secretary

WJJ:CP

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
Box 431
Joplin, Missouri
September 16, 1957

EXTRA COPY
DMEA
RECEIVED SEP 18 1957

DATE	INITIALS	CODE
		800

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

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

Dear Sirs:

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

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

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

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

Sincerely yours,

CCK/jd

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

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

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

Certified Mail
Return Receipt Requested

Re: Docket No. DRA-2202 (Mercury)
American Mining Company
Fresno Mine
Presidio County, Texas
Contract No. IBm-8466

Dear Mr. Fullion:

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

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

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

It is believed that, of the production reported on the statement which accompanied your letter dated November 14, 1956, covering the period November 1954 to September 1956, those portions applicable to "Projects 34 & 38" and "Projects 40, 41" pertain to ore discovered or developed as a result of the exploration work. The statement indicates that 3,390.26 tons of ore were mined and sorted during the period November 1954 to December 1955. Of this tonnage, 713.10 tons and 992 tons, respectively, were obtained from the areas to which the certification applied. Similarly, during the period January to September 1956,

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

Item	Projects 34 & 38	Projects 40, 41	Totals
Period - Nov. 1954 to Dec. 1955			
Tonnage of ore milled	713.10	992.00	3,390.26
Ratios	21.04%	29.61%	100%
Proceeds from sale of 223 flasks of mercury	$13,434.06	$18,692.79	$63,130.00
Royalty due - 5%	$671.70	$934.64	$1,606.34
Period - Jan. to Sept. 1956			
Tonnage of ore milled	27.00	31.00	1,649.50
Ratios	1.64%	1.88%	100%
Proceeds from sale of 55 flasks of mercury	$232.90	$266.98	$14,202.00
Royalty due - 5%	$11.65	$13.35	$25.00
Total royalty due	$683.35	$947.99	$1,631.34

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

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

Sincerely yours,

Frank E. Johnson

Acting Administrator

Enclosure

CEFisher/vb 9/11/57

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

SEP 17 1957

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

Certified Mail
Return Receipt Requested

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

Dear Mr. Jennings:

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

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

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

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

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

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

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

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

Sincerely yours,

Frank E. Johnson

ACTING Administrator

Enclosure

CEFisher/wb
September 11, 1957

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

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

SEP - 4 1957

Memorandum

To: Administrator, BMA

From: Associate Solicitor, Division of Mineral Resources

Subject: Docket No. BMA-2202, American Mining Company
Contract Ida-0148 (Minerary)

Your memorandum dated August 13, 1957, transmitted Mr. R. H. Fullion's letter, dated July 26, 1957, with attachments, referred to our memorandum dated June 4, 1957, to you, and asked three questions concerning the subject contract, which are answered below.

1. Whether the information submitted by Mr. Fullion establishes that the Operator (American) abandoned the 12 Pieces of Terra Blanca Awards described in the Contract?

We believe that it does.

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

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

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

We believe that, as stated in our memorandum of June 4, 1957, demands may be made upon the guarantors, the Fullians and H. L. Hunting Oil Producing Co., for payment of royalty on such production as falls within the category quoted in the question. However, before any demand is made, disposition should be made of the contention in Mr. Fullian's letter that such production as was made as a result of the exploration work was not in fact "oil," within the meaning of the generally accepted definition of that term.

Robert F. Dwyer

HCRubin/cmd
Copy to: Solicitor's Docket (2)
~~[illegible]~~
~~H. R. [illegible]~~
J. L. Chambers
R. P. Dwyer
H. C. Rubin
chron.

August 13, 1957

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: Administrator

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

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

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

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

(a) actual abandonment by Amerimex was accomplished;

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

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

CEFisher/wb 8/13/57

C. O. Mittendorf

Administrator

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

JUL 18 1957

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

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

Dear Mr. Knox:

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

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

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

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

APPROVED:

P. F. Yopes

Member, Bureau of Mines

Thor H. Kiilsgaard

Member, Geological Survey

Sincerely yours,

W. S. Martin

ACTING Chairman, Operating Committee

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

CEPlisher/mm
July 16, 1957

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

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

Re: Docket No. DMA-2282X (Mercury)
Amerimax Mining Company
Fresno Mine
Presidio County, Texas
Contract No. IDM-E468

Dear Mr. Pulliam:

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

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

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

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

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

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

Sincerely yours,

C. O. Mittendorf

Administrator

CEFisher/wb
June 17, 1957

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

JUN 20 19

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

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

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

Dear Mr. and Mrs. Bledsoe:

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

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

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

Sincerely yours,

C. O. Mittendorf

Administrator

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

CEFisher/wb 6/17/57

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

JUN 4 1957

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

FROM: Associate Solicitor, Division of Mineral Resources

SUBJECT: Docket No. DMEA-[illegible] (Mercury), Amerimex Mining Company Fresno Mine, Presidio County, Texas, Contract Idm-2468

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Robert P. Dwyer

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

HCRubin:md
6/4/57

MAY 22 1957

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: Administrator

Subject: Docket No. DMEA-2202 (Mercury), Amerimex Mining Company
Fresno Mine, Presidio County, Texas, Contract Ism-R468

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

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

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

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

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

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

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

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

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

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

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

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

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

C. O. Mittendorf

Administrator

Attachment

CEFisher/wb 5-20-56

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

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

EXTRA COPY, DMEA RECEIVED APR 26 1957		
DATE	INITIALS	CODE
		800

AIRMAIL

April 25, 1957

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

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

Dear Sirs:

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

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

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

Sincerely yours,

CCK/jd
encl. 2

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

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

First recorded in Vol. ... Page ... 2-19-57

STATE OF TEXAS §

COUNTY OF BREWSTER §

Re: Mineral Awards 29049 to 29334
Sec. 100, Blk. G-5, H.&G.N.G.
Ry. Co., Sec. 106, Blk. 341,
T.C. Ry. Co., Presidio County

STATEMENT OF PRODUCTION AND SALES

Quarter Ended December 31, 1956

MERCURY SALES

47 Flasks (Schedule Attached)			$11,973.00
DEDUCTIONS:			
Cost of Operations from South of Mine			
Mining	$ 965.62		
Furnacing	5,159.71		
Marketing	268.95		
Total		$6,394.28	
Add Purchases of Mercury			
L. C. Bradford	$ 54.00		
Gene Norman	125.00	179.00	
Total Deductions			6,573.28
Net Value			$ 5,401.72
Royalty Due State @ 6-1/4%			$ 337.61

The production made during the quarter ended December 31, 1956, was derived from the furnacing and processing of 633.05 tons of mercury ore.

Signed this the 31st day of January, 1957

TEXAS INDIA MERCURY CORPORATION

By

L. M. Pulliam, Assistant Treasurer

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

Notary Public in and for
Brewster County, Texas

EXTRA COPY
D M E A
RECEIVED APR 26 1957

DATE	INITIALS	CODE

Make required copies 13 pages to DMEA Op. Com. Apr. 4 C.C.K.

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

Re: Mineral Awards 29843 to 29854
Sec. 100, Blk. G-3, M.K.&T.C.
Ry. Co., Sec. 106, Blk. 341,
T.C. Ry. Co., Presidio County

ANALYSIS OF DEDUCTIONS

Hauling			
Driver	$ 78.10		
Surface Tramer - Loading	146.00		
Total Wages		$ 224.10	
Truck Expense			
Depreciation	$ 161.01		
Maintenance & Repair	535.51		
Fuel	45.00		
Total Truck Expense		741.32	
Total Hauling Expense			$ 965.42
Furnacing			
Master Mechanic	$ 300.00		
Supervision	544.50		
Labor	1,254.30		
Total Furnace Wages		$2,099.38	
Payroll Taxes			
Social Security 2%	$ 42.40		
Unemployment .4%	8.49		
Insurance Workmen's Compensation	203.77		
Rent of Furnace & Accessories	150.00		
Repairs & Supplies	298.22		
Butane	1,800.28		
Depreciation Prorate	567.59	3,060.03	
Total Furnacing			5,159.71
Marketing Expense			
Market Reports		$ 5.00	
Telephone & Telegraph		35.55	
Flasks		64.50	
Freight		156.40	
Other		7.52	
Total Marketing			269.97
Purchases			179.00
Total Deductions			$6,573.28

EXTR. COPY
D M E A
RECEIVED 20 1957
DATE | INITIALS | CODE

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

Re: Mineral Awards 29343 to 29354
Sec. 100, Blk. G-5, M.K.&T.R.
Sy. Co. Presidio County

STATEMENT OF PRODUCTION & SALES

Sold To	Shipped By	Invoice No.	Date	No. of Flasks	Unit Price	Total Price
Barada & Page, Inc. Houston, Texas	Alamo Motor Lines	70	10- 3-56	3	$257.00	$ 771.00
Barada & Page, Inc. Corpus Christi, Texas	Southern Pacific Transport Co.	71	10-10-56	3	253.00	765.00
Mine & Smelter Supply Co. El Paso, Texas	Southern Pacific Transport Co.	72	10-15-56	2	257.00	514.00
Barada & Page, Inc. New Orleans, La.	Alamo Motor Lines	73	10-16-56	15	255.00	3,825.00
Barada & Page, Inc. Corpus Christi, Texas	Southern Pacific Transport Co.	74	10-26-56	7	255.00	1,785.00
Barada & Page, Inc. Tulsa, Oklahoma	Alamo Motor Lines	75	11- 1-56	2	255.00	510.00
Mallinckrodt Chemical Works St. Louis, Missouri	Alamo Motor Lines	76	11- 7-56	5	252.00	1,260.00
Barada & Page, Inc. Houston, Texas	Alamo Motor Lines	77	11-13-56	5	255.00	1,275.00
Mallinckrodt Chemical Works St. Louis, Missouri	Alamo Motor Lines	78	11-20-56	5	254.00	1,270.00
				47		$11,975.00

EXTRA COPY
D.M.E.A.
RECEIVED APR 26 1957
DATE | INITIALS | CODE

APR 12 1957

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

Re: Docket No. DMEA-2002 (Mercury)
American Mining Company
Fresno Mine
Presidio County, Texas
Contract No. 14-2468

Dear Mr. Knox:

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

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

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

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

APPROVED:

Frank D. Lamb

Member, Bureau of Mines

Thor H. Kiilsgaard

Member, Geological Survey

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

CEFisher/vb
April 11, 1957

E 468

Correspondence in Docket file subsequent to C.O.M. meeting 12/11/56

1. Letter 11/14/56 from A. M. Pulleins (cc: C. C. Knox) with production reports and mine gas

2. Letter 11/23/56 by Oper. Comm. to Knox requesting his review and comments respecting production subject to royalty.

3. Letter 11/26/56 from Knox requesting copies of quarterly statements and the mine maps. He also stated that he expects to make the semi-annual inspection of this certified project within the next six weeks and that some revision of his previous comments on royalty due probably would be in order.

4. Letter 12/11/56 by Oper. Comm. covering transmittal of mine maps and quarterly statements.

C. E. G.
1/30/57

Memorandum for the Files October 11, 1956

From: Administrator

Subject: Docket DMEA-2202 - Amerimax Mining Co.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

C. O. Mittendorf

Administrator

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

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

OCT - 5 1956

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

Registered Mail
Return Receipt Requested

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

Dear Mr. Pulliam:

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

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

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

CEFisher/wb 10-1-56

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

Sincerely yours,

SIGNED

Administrator

Mr. Chambers

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

APR 1 8 1955

Mr. S. C. Jenkins
Collection Section
Texas Employment Commission
Austin, Texas

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

Dear Mr. Jenkins:

Reference is made to your letter of April 6, 1955, in regard to the nonpayment of unemployment compensation taxes to the State of Texas by the operator of the above-cited contract.

Reference is also made to my letter of March 22, 1954, to the Texas Employers' Insurance Association, attention Mr. Tom Roberts, District Manager, which advised that we were releasing some $2,500.00 to the Amerimex Mining Company under their contract. It was our understanding that a part of this amount would be applied toward the Company's taxes to the State of Texas and to the U. S. Government.

On September 13, 1954, this office received a copy of a letter written by R. N. Pulliam, President of Amerimex Mining Company, to the Texas Employers' Insurance Association, attention Mr. J. Kirby Smith, Assistant General Counsel, which appeared to be an acceptance of a settlement offer made to the Amerimex Mining Company by Mr. Smith. Two paragraphs of this letter are quoted as follows:

> "This is to acknowledge receipt of your letter dated August 31, 1954, which we understand to be an offer whereby you agree to accept $75.00 in addition to dividends due us as payment in full of the account, interest, court costs, attorney fees and any and all other obligations owed or claimed to be owed by Amerimex Mining Company to Texas Employers' Insurance Association.

"Therefore, as payment in full of any and all obligations owed Texas Employers' Insurance Association, enclosed herewith is our check No. 655 in the amount of $75.00 and we respectfully request that a proper receipt, the receipted note and a suitable dismissal order be provided us at your earliest convenience."

I am assuming that the Texas Employers' Insurance Association and the Texas Employment Commission are related agencies.

For your information final settlement of the Amerimax Mining Company account was made by the Government on March 18, 1955. The final amount due Amerimax as determined by the Contract Administration and Audit Division of this Administration was $1[illegible]. Therefore, it appears you will have to look solely to the Amerimax Mining Company for any monies due the Commission.

Sincerely yours,

C. O. Mittendorf

Administrator

JLChambers/wb/ama
April 15, 1955

Copy to: Docket
Admr. Reading File
Administrator
Mr. Selfridge
Mr. Ellis
Mr. Chambers

COPY - Operating Committee
Washington 25, D. C.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~

P. O. Box #431
Joplin, Missouri

Department of the Interior
Defense Minerals Administration
RECEIVED
MAR 17 1955

March 15, 1955

Mr. Donald T. Finch, DMEA Auditor
224 New Customhouse
Denver 2, Colorado

Re: Docket DMA-2202X (Rg)
Contract Idm-2468
Amerimex Mining Company
Alpine, Texas

Dear Don:

This is to acknowledge receiving from you on March 11 by registered mail the files pertaining to the above-cited project contract as listed in your March 7 letter to me. Along with copies of that letter and this, I am returning all that file material today in a separate package by registered mail to the Region IV Finance Officer, U. S. Bureau of Mines, 206 Federal Building, Bartlesville, Okla.

As I indicated by sending you a copy of my letter to that office on March 10, the final settlement of the subject Operator's account has been authorized.

I trust that this will close the case for you, and again I want to express our sincere appreciation for the dispatch, thoroughness, and equity with which you handled it for us. We will certainly call long and loud for you if we are ever so unfortunate as to need such special assistance on any of the other cases in this region.

With best personal regards, I remain

Very sincerely yours,

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

CCK/vks

cc: DMEA Op Com (2)
Region IV Finance Officer
2202X file

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

Defense Minerals Administration
RECEIVED
MAR 8 - 1955

224 New Customhouse
Denver 2, Colorado

March 7, 1955

AIR MAIL

Mr. Jay L. Chambers, Chief
Contract Administration and Audit Division
DMEA, Department Of The Interior
Washington 25, D. C.

Re: Royalties
Exploration Contract Idm-E468
Docket DMA 2202X
Amerimex Mining Company
Alpine, Texas

Dear Mr. Chambers:

Please refer to my letter dated February 24, 1955 concerning an indicated amount of royalties due from Amerimex of $179.80.

In this connection do you wish me to do anything further in this matter? If not, will your office advise Mr. Knox concerning the acceptability of the amount. It was my understanding when I left him at Joplin that he was considering requesting the Regional Finance Officer to effect a set-off of the acceptable amount of royalties due from any funds due the contractor on the exploration contract.

Thank you very much for your letter of March 3, 1955 approving the cost audit report. Enclosed are copies of letters releasing the audit report which are self-explanatory.

Sincerely,

Donald T. Finch

Donald T. Finch,
DMEA Auditor

Reply not necessary. Letter to Knox with full instructions was sent Mar 7, 1955 — Finch doubtless has received his copy by now

JLC 3/9/55

224 New Customhouse
Denver 2, Colorado

March 7, 1955

AIR MAIL

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

Re: Docket No. DMA 2202X(Mercury)
Contract No. Idm-E468
Amerimax Mining Company
Alpine, Texas

Dear Mr. Knox:

In a letter dated March 3, 1955, Mr. Chambers, Chief of the Contract Administration and Audit Division, has approved the final audit report for the Amerimex Mining Company and he has advised that normal distribution may be effected.

Three copies of the audit report are therefore enclosed. One copy is for your files and the other two copies are for the Regional Finance Officer. In view of the recent change in regional organization, it will be appreciated if you will transmit the Finance Officer's copies to the appropriate office.

Sincerely,

Donald T. Finch,
DMEA Auditor

DTF:beh

cc: Subject
Chambers

March 7, 1955

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

Gentlemen:

An audit report pertaining to Exploration Contract Idm-E468, Docket DMA 2202X, including amendments Nos. 1 and 2, for the period January 10, 1953 to November 4, 1954, has recently been approved by the Chief, Contract Administration and Audit Division, of Defense Minerals Exploration Administration.

A copy of this approved audit report is enclosed for your information.

Sincerely,

Donald T. Finch,
DMEA Auditor

Enc.

DTF:beh

cc: Subject
Chambers
Knox

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

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

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

Dear Mr. Knox:

You probably have received a copy of Mr. Finch's audit of the above-cited project which allows a total payment to the Operator of $46,465.04, of which $46,131.65 has already been paid, leaving a balance of $333.39 due the Operator. You probably also have a copy of a letter from Mr. Finch stipulating that the royalty due the Government on the sale of mercury by the Operator amounts to $179.80. This royalty amount should be deducted from the balance due the Operator.

Such deduction may be made in the following manner: The Disbursing Officer may draw two checks, one in the amount of $153.59 payable to the Operator and the second in the amount of $179.80 payable to the Defense Minerals Exploration Administration for deposit as a royalty payment.

Another method of settlement may be as follows: Draw a check for $153.59 net amount due the Operator, and process a journal voucher in the amount of $179.80 charging same to the project cost and crediting it to royalty payment.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

JLChambers/wb
March 4, 1955

APPROVED:

J. H. Hedges
Member, Bureau of Mines

E. L. Newcomb
Member, Geological Survey

Copy to: Docket
Admr. Reading File
Operating Committee
H. M. Meyer
T. H. Kiilsgaard
E. W. Ellis
J. L. Chambers
D. T. Finch
Cora A. Piper

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

224 New Customhouse
Denver 2, Colorado

February 24, 1955

Re: Royalties
Exploration Contract Idm-E468
Docket DMA 2202X
Amerimex Mining Company
Alpine, Texas

Mr. Jay L. Chambers, Chief,
Contract Administration and Audit Division
Defense Minerals Exploration Administration
Department of the Interior
Washington 25, D. C.

Dear Mr. Chambers:

At the conclusion of the preparation of the Final Cost Audit Report on Amerimex a review was made of the available data on the production and sale of mercury resulting from the exploration activities.

To date the operator has never made any supporting sales data available for examination.

You will recall that this operator was doing its own smelting of ores, therefore the company was disposing of its production in the form of flasks of mercury.

The only production data available to date is a group of schedules the operator attached to his final Exploration report.

These schedules indicate a total production of 47 flasks of mercury during the period June 1, to August 31, 1953.

On February 3, 1954, the Executive Officer of the D.M.E.A. Field Team and the Auditor, interviewed Mrs. E. G. Bledsoe one of the co-lessors of the Fresno Mine.

During this interview Mrs. Bledsoe stated that Amerimex Mining Company was purchasing all of its mercury flasks from the lessors and had used at the time of the interview a total of 47 flasks.

She also stated that at the time the Amerimex Mining Company secured the lease on the Fresno Mine there was a quantity of mercury bearing material in both the furnac e bin and the shaft bin.

The D.M.E.A. Field Team had previously observed the existence of the foregoing material.

Analysis of the operator's schedules indicates that only 19 flasks of mercury have been produced and sold which were the results of the Exploration Contract operations.

Based on personal observations the Executive Officer of the D.M.E.A. Field Team is of the opinion the operator's statements concerning the production source of the mercury sold are substantially correct.

It also appears from a Memorandum August 31, 1954, to the Administrator, D.M.E.A. from Acting Assistant Solicitor, D.M.E.A., that the liability for royalties under the Exploration Contract attaches only the ore discovered or developed as a result of such contract rather than covering any production from the land whatsoever.

The following tabulation sets forth the status of D.M.E.A. Royalties due from Amerimex Mining Co. for the period June 1, to August 31, 1953 as determined by the joint analysis of the Executive Officer D.M.E.A. Field Team Region IV and the Auditor. This analysis has been prepared from the information available and is submitted for consideration of the Administrator D.M.E.A. under the last sentence of the guaranties signed by both Mr. and Mrs. Pulliam and the Crowley Tar Products Co.

14 flasks at $189.00	$2,646.00
5 flasks at $190.00	950.00
Total sales value subject to D.M.E.A. Royalties	$3,596.00
D.M.E.A. Royalty due at 5% of sales	$ 179.80

All costs for furnacing, hauling ore and sales and delivery expenses have been eliminated in the foregoing tabulation.

This letter has been coordinated with the Executive Officer of the D.M.E.A. Field Team Region IV.

Sincerely,

Donald T. Finch

Donald T. Finch
Auditor

DTF/vks

FINAL
AUDIT REPORT

[illegible]

[illegible]

AUDIT CERTIFICATE

I have examined the records and transactions of the:

American Mining Company
P. O. Box 525
Alpine, Texas

pertaining to Exploration Contract I[illegible]-[illegible], Docket No. [illegible], Modification Amendments Nos. 1 and 2, covering a project of exploration for mercury ore deposits, located approximately 105 miles from Alpine in Presidio County, Texas, and commonly known as Chono Charro or Fresno Mine, for the period January 16, 1953, to November 4, 1954.

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

The audit disclosed the following costs in regard to the amount to be paid the contractor:

Total cost as billed by the contractor		$75,[illegible]
Less: Proceeds from disposition of property		[illegible]
Net claimed cost		$[illegible]
Exceptions (See Audit Report for details):		
Prior to this audit	—	
During this audit	[illegible]	[illegible]
Total Accepted Cost		[illegible]

The contract calls for a 75 percent participation of contractor costs by the United States Government. Therefore, payment to the contractor by the Government in the amount of Forty-Six Thousand Four Hundred Sixty-Five and 0[illegible]/100 dollars,

$46,465.0[illegible]

is valid and proper.

This certificate is based on the provisions that the Regional Executive Officer, the Administrator, or their representatives collected the receipts or will accept the project as working or service for the terms of the contract.

Donald J. Fenech
Donald J. Fenech, Auditor

Alpine, Texas, [illegible]

A[illegible] [illegible]

I. [illegible]

On February 15 to 21, 1955, a final audit (covering operations for the period of January 10, 1953 to November 4, 1954) was made of the records and transactions pertaining to Exploration Project Contract No. 14-[illegible], Docket No. DA-2302, dated December 18, 1952, including Amendments Nos. 1 and 2, with the:

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

covering a project for the exploration of mercury and associated ore properties located approximately 103 miles south of Alpine in Presidio County, Texas and commonly known as Buena Suerte or Fresno Mine.

The original records under this contract were maintained by and were in the custody of Mrs. [illegible] (M. [illegible]) Pulliam and were located in the office maintained by Mrs. Pulliam at Alpine, Texas.

Mr. Clifton C. Moss, Executive Officer, [illegible] Field Test Region IV collaborated in the audit. His cooperation and assistance greatly facilitated the audit.

II. [illegible]

The company's accounting records consist of a double entry set of books, with subsidiary ledgers for accounts payable and for payroll data required in connection with withholding and payroll taxes. Purchase invoices and other accounting support were filed in order by months. Corporation costs which the operator considered as not being applicable to Exploration were segregated to a "General Fund". A monthly summary sheet covering exploration cost is prepared from source data. Distribution to the site of exploration cost was indicated by a numerical and alphabetical code. Payouts for labor and supervision were supported by signed payroll slips for each individual. These payroll slips were summarized by categories of labor on a monthly payroll summary sheet. This audit, therefore, involved in general, a check of source documents against monthly summary sheets for purchases and payrolls with a reconciliation of these sheets with the corresponding [illegible] reports. Costs were recorded on a combination of cash and accrual basis.

An interim audit covering the period January 10, to May 31, 1953, was made on August 3, to 12, 1953, by this auditor and reflected in audit report dated August 31, 1953.

A second interim audit covering the period June 1, to March 31, 1953 was made by this Auditor on January 20, to February 5, 1954. The Executive Officer of the AEC Field Team Region IV assisted in both of these interim audits. A Final audit report of this second interim audit was not prepared at the completion of the audit for the following reasons:

The operator had ceased exploration operations on August 19, 1953 without prior approval of the A.E.C.A. Preparation of the audit report was deferred pending the clarification of the status of the exploration contract and the receipt of liquidation data. A preliminary summary of the audit findings was transmitted in a letter to the Chief, Contract Administration and Audit Division, dated February 17, 1954.

The present audit involved an examination of a "final" F 104 report and supporting documents submitted by the operator under date of November 4, 1954, and a joint analysis with the Executive Officer of the A.E.C.A. Field Team Region IV of the operations for the entire period of operations, and liquidation, viz: January 10, 1953 to November 4, 1954.

III. SCOPE OF AUDIT AND FINDINGS

The audit was limited to ascertaining the accuracy, propriety and validity of the costs shown in the "Totals to date column of the form F 104, Operator's Monthly Report and Voucher dated November 4, 1954 which the operator has designated as "Schedule 3, Final Report" and the liquidation of the Government's equity in certain property approved by the Executive Officer, A.E.C.A. Field Team Region IV on August 22, 1954.

In view of the previous audit and report covering the period January 10, to May 31, 1953, by this Auditor, except as otherwise indicated, this audit report is restricted to the costs claimed by the operator since that later date.

The audit disclosed a considerable amount of improper distribution of charges by the "Items of Cost" shown on the form F 104. Therefore, the audit findings presented below are those resulting after correction of the Cost Distribution. In the interest of completeness a complete reconciliation with the operator's claimed Cost is shown in the discussion of each element of Cost.

(1) Independent Contractor:

This item of Cost is not applicable to this contract.

(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 was summarized by shifts on an individual pay slip from a daily record kept by the shift boss or foreman. Evidence of receipt of payment was indicated by the employee's signature or witnessed mark. Illiterates' marks were witnessed by fellow laborers.

All charges for labor during the period June 1, 1953 to November 4, 1954, were supported by pay slips described above. All of these pay slips were examined for evidence of receipt of payment by the employees, rates of pay and extension of amounts. Rates of pay were equal or below those rates authorized by the contract.

Analysis of this account follows:

Balance May 31, 1953 per previous audit report		$24,313.30
Reclaim by operator for audit disallowances		
Vincente Salinas	$3.20	
Wages of compressor tender, Jan. 1953, see note No. 2 below	$192.00	195.20
June 1, 1953 to November 4, 1954		12,362.21
Sub-total		$ 37,314.31
Less operator's adjustment for prior disallowances		
Overcharge for cook's wages June, 1953	$ 123.30	
Labor on oversize drift	527.17	650.47
Total claimed by operator on Final [illegible]		$ 36,663.84
Add: Corrections in Accounting Distribution		
Timekeeper's wages from supervision		
Period Jan. 20 to May 31, 1953, disallowed prior audit, reclaimed by operator	$2,219.92	
Period June 1, to July 31, 1953, disallowed by Finance Officer, reclaimed by operator, see Note No. 3	263.74	$ 2,483.66

Labor applicable to underground rehabilitation, disallowed prior audit, reclaimed by operator and charged to initial rehabilitation and repairs [illegible]

Total labor (distribution corrected) before disallowances [illegible]

Disallowances:

Overcharge, Vincente J. Molinar (2 hrs overtime rate at $0.40) disallowed prior audit, reclaimed and disallowed. See Note No. 1 below 2.00

Labor applicable to underground rehabilitation disallowed prior audit reclaimed and redisallowed. See Note No. 4 below [illegible]

Excessive labor claimed subsequent to August 1, 1953, See Note No. 5 below 21,132.25

Total disallowances labor [illegible]

Acceptable cost of labor [illegible]

Note: No. 1

The present Executive Officer of the [illegible] Mining Section IV advised the Auditor in a letter dated February 1, 1954, that a review of the facts indicated the operator's reclaim for wages of the compressor tender, January, 1953, in the amount of $[illegible] should be allowed because such services were essential to the exploration project in its early stages. The item is, therefore allowed in this report.

Note: No. 2

The present Executive Officer also advised in the letter referred to above that the wages of the "Timekeeper Stock Clerk" previously disallowed in the total amount of $1,458.66 and reclaimed by the operator should be allowed as a labor charge because re-investigation disclosed the man in question actually performed the duties of general utility labor and that such services were necessary to the Exploration Project. The item is, therefore, allowed in this report.

Note: No. 3

The previous Audit report disallowed a labor overpayment of $2.00 and showed the item as applicable to wages paid to Vincente Molinar, hoist man. The operator reclaimed this item on the grounds that all wages

paid to Vincente Molinar were correct in amount. During the present audit a re-examination of the payroll records showed that the previous Audit report should have shown the overpayment as being applicable to wages paid to Vincente J. Molinar who was a laborer on the project. This laborer was paid for two overtime days and should have been paid for only one overtime day. Overpayment consisted of 8 hours at $0.40, or $3.20. The reclaim of $3.20 is, therefore, disallowed in this report with the concurrence of the Executive Officer of the R.F.C.L.A. Field Team Region IV.

Note: No. 4

The previous audit disallowed labor applicable to underground rehabilitation in the amount of $653.32 because this was the labor portion in excess of allowable maximum as established by the contract. The operator reclaimed this amount which is again disallowed with the concurrence of the Executive Officer and the Auditor.

Note: No. 5

During the period August 20, 1953 to November, 1954, the operator claimed labor costs for watchman services and dismantling crew totalling $1,677.50. The Executive Officer and the Auditor made a joint analysis of these charges. This analysis indicated that these charges should be prorated between the R.F.C.L.A. project and the company. In order to arrive at an equitable method of proration the following formula was used:

*Replacement value company owned equipment as shown by operator's original application	$55,000.00
Value of materials, supplies, and equipment in which R.F.C.L.A. retained an equity	[illegible]
Total	$64,[illegible]

Value of company equipment equals 85.38% of total value

A disallowance of 85.38% of $1,677.50 (labor claimed for period subsequent to August 19, 1953) or $1,432.29 is made in this report, as being an excessive charge for safe guarding and dismantling equipment subject to R.F.C.L.A. equity. The Executive Officer and the Auditor concur in this disallowance.

*This amount for company equipment was used for formula purposes only. It was recognized that some pieces of equipment included in this amount may not have been on the project site. There were, however, many additional items of company equipment not listed but which were on the project site. In addition there was a larger amount of equipment and facilities which the company had leased and was responsible for its safe-keeping during the period subsequent to August 19, 1953.

(b) Supervision

All charges to supervision for the period June 1, 1953 to November 4, 1954, were supported by the same type of individual pay slips described under labor. These were all examined for rates, amounts and evidence of receipt of payment or accrual. Rates of pay for Superintendent, General Foreman and Master Mechanic did not exceed those authorized by the Exploration Contract. Analysis of the amount is as follows:

Balance May 31, 1953 per previous audit			$4,639.26
Reclaim of prior disallowances			
Wages of Timekeeper, disallowed previous audit. See Note No. 1		$1,119.92	
Portion of salaries applicable to preparation for production disallowed previous audit		315.00	
Supervision for June, 1953, disallowed by Finance Officer. See Note No. 2		375.40	$1,810.32
June, 1953, original claim		$1,255.94	
Less: Operator's adjustment for disallowances			
Original disallowance by Finance Officer	$490.94		
Excess charge applicable to oversize drills	121.07	$ 612.01	
Adjusted claim for June		643.93	
July		1,116.02	
August		1,131.23	
September 1953 to November 4, 1954		1,313.02	$4,464.21
Total claimed by operator Final 27 10%			$ 10,553.73
Transfers to correct distribution			
Wages of Timekeeper transferred to labor; man actually Utility Roustabout-credit			(1,438.60)
Supervision applicable to underground Rehabilitation, disallowed previous Audit, reclaimed by operator and charged to Initial Rehabilitation and Repairs			713.17

Total (distribution corrected) before disallowances [illegible]

Disallowances

Reclaim of supervision applicable to preparation for production disallowed previous Audit and reclaimed by operator, see Note No. 3	$ 315.00	
Portion of supervision applicable to underground rehabilitation disallowed by previous audit and reclaimed by operator. See note No. 4	713.17	
Excessive supervision subsequent to August 31, 1953, see Note No. 5	1,172.38	
Total disallowances supervision		2,201.55
Acceptable cost of supervision		$ 7,[illegible]

Note: No. 1

The reclaimed wages of Timekeeper were allowed and are transferred to Labor. See Note No. 2 under Labor.

Note: No. 2

The reclaimed portion of Supervision for June, 1953, previously disallowed by Finance Officer are allowed by the Executive Officer. In his letter to the Auditor dated Feb. 1, 1954, it was shown the previous disallowance was based on operator's erroneous allocation between Production and Exploration. The net June allowance approved is based on a proper proration of supervision allocated on the ratio of direct labor man hours applicable to exploration and to production.

Note: No. 3

The previous audit disclosed part of the salaries of Supervision for the months of April and May 1953, as being applicable to preparation for production. The operator, reclaimed a portion of this disallowance in the amount of $315.00. After a joint re-analysis by the Executive Officer and the Auditor the item is a $315 disallowed with their joint concurrence.

Note: No. 4

The previous audit disallowed supervision applicable to underground rehabilitation in the amount of $713.17 because this was the supervision portion in excess of allowable maximum as established by the

contract. The operator excluded this amount which is quite disallowed with the concurrence of the Executive Officer and the Auditor.

Note No. 5

During the period September 1, 1953, to November 4, 1954, the operator claimed supervision costs of $1,513.00. Data submitted with the operator's Final LP 104 indicates that D.M.L.A. was charged by the operator for only 50% of the indicated cost of supervision during the period January 1, to November 4, 1954. Total indicated accrued cost of supervision for the period September 1, 1953, to November 4, 1954, has been represented by the operator as amounting to $2,323.00. The Executive Officer and the Auditor made a joint analysis of the total charges for supervision. This analysis indicated there should be a more equitable proration of supervision charges for this period, between D.M.L.A. project and the Company. It was decided to use the same formula of proration as shown by Note 5 under Labor above, viz, 85.38% of total indicated cost of supervision for the period between September 1, 1953 to November 4, 1954, or $1,983.38 has been considered as not applicable to D.M.L.A. project.

A disallowance of $1,173.38 for excessive claimed cost of supervision is made in this report with the joint concurrence of the Executive Officer and the Auditor. The amount of this disallowance was determined as follows:

Total indicated cost of supervision, September 1, 1954 to November 4, 1954	$2,323.00
Less: Portion operator did not show as applicable to D.M.L.A.	810.00
Amount claimed by operator on Final LP 104	$1,513.00
Amount considered by Executive Officer and Auditor as being reasonable cost for D.M.L.A. project during period of liquidation (100%-85.38%) or 14.62% of $2,323	339.62
Amount of excessive supervision disallowance	$1,173.38

(c) Technical services

All charges for Technical services for the period June 1, 1953 to November 4, 1954, were supported by invoices or receipts which were examined. The analysis of the account follows:

Balance May 31, 1953 per previous audit			$326.75
September 1953			
Geological consultation 1-1/2 days, C. R. Fletcher		$150.00	
Expenses:			
Meals	10.50		
Rail transportation	11.57	22.07	172.07
Total claimed by operator on Final MF 104			498.82
Disallowance (see Note No. 1)			172.07
Acceptable cost for Technical services			$ 326.75

Note: No. 1

According to the operator's narrative report for September, 1953, Mr. Fletcher was engaged to make a report on the property for use in making application for approval of more exploration work. Operator had ceased operations under Exploration Contract in August, 1953, without authorization from the D.M.L.A. In view of the foregoing a disallowance of all of Mr. Fletcher's fees and expenses claimed for September 1953 is made because the charges were not applicable to the Exploration project. The Executive Officer of the D.M.L.A. Field Team Region IV and the Auditor concur in the disallowance.

3. Materials and Supplies

All charges for materials and supplies during the period June 1, 1953 to November 4, 1954, were supported by invoices or receipts which were examined. No formal storeroom issue system was maintained and costs were charged when invoices were paid. Analysis of these charges, reflecting corrected Accounting distribution follows:

	Balance 5-31-53	Period 6-1-53 to 11-4-54	Disallowed	Proceeds From Liquidation	Accepted Totals
Timber	342.63	137.57			480.20
Explosives	2,052.83	948.44	(5)	$329.60	2,671.67
(1) Pipe	1,118.11				1,118.11
Track	120.00	4.60			124.60
Sub-Total	$3,633.57	$1,090.61		$329.60	$4,394.58

	Balance 5-31-53	Period 6-1-53 to 11-4-54	Disallowed	Proceeds From Liquidation	Accepted Rebills
Other Supplies:					
Hose & Fttgs.	$ 274.25	$ 5.83	$	$	$ 280.13
Drill steel & bits	662.67	29.75			692.42
(2)Diamond bits & shells	689.76				689.76
(1)Elec.wire & Fttgs	312.80	66.32			379.12
Kitchen utensils	242.43	11.04			253.47
(3)Small tools & supplies	1,408.92	394.76	(4) 2.96	(5) 34.00	1,765.72
(6)Liquidation sales Expense		31.70			31.70
(7)Truck License		107.80	36.34		71.46
Core boxes	133.78				133.78
Engineering supplies	52.01	23.55	12.10		63.46
(8)Fuel, gas & oil	1,385.43	1,009.45	104.75	(5) 292.50	1,997.63
(9)Freight & hauling		461.16			461.16
Total other supplies	$5,162.07	$2,141.41	$156.15	$326.50	$6,820.43
Total Material & Supplies	$8,795.64	$3,232.02	$156.15	$626.70	$11,844.81

Note: No. 1

During the period June 1, 1953 to November 4, 1954, the operator charged $45.20 to pipe which should have been charged to Electric Supplies and Fittings under the general classification of Other Supplies. The distribution has been corrected in this report.

Note: No. 2

Diamond Bits and Shells were included in the Liquidation general bid for Equipment which was approved by the Executive Officer, U.N.E.P. Mobile Team Region IV on August 20, 1954.

Note: No. 3

Small tools and supplies consist of small tools, welding supplies, nails, bolts, screws, nuts, handles, carbide, paint, rope, lamps, hose, etc. All items were reviewed with the Executive Officer and were considered necessary and proper charges to the project.

Note: No. 4

A charge in August 1953 of $2.96 for silver foils is disallowed as not applicable to the exploration project. This disallowance was made on the recommendation of the Executive Officer and the Auditor concurs with it.

Note: No. 5

The credit under Proceeds from Liquidation to Small Tools and Supplies represents supplies returned to Durham Steel and Supply Co. for credit. Likewise, credits to Explosives and Fuel represent sales or merchandise returned for credits. These miscellaneous returns were approved by the Executive Officer D.M.E.A. Field Team, Region IV.

Note: No. 6

Liquidation Sales Expenses consisted of advertising and distribution of bid forms, in connection with the liquidation of the project equipment. Accounting distribution of this item has been corrected in this report.

Note: No. 7

A charge of $107.80 for truck licenses was disallowed in the previous audit. The operator reclaimed this item and charged it to Equipment Purchases. Distribution is corrected in this report. Based on advice from the Operating Committee, the Executive Officer has ruled that a prorata portion of this reclaim may be allowed. A disallowance of 33.71% of $107.80 or $36.34, is therefore made with the joint concurrence of the Executive Officer and the Auditor.

Note: No. 8

The operator has claimed sundry charges for gas, oil, and truck repairs subsequent to August 19, 1953 in the amount of $122.66. The Executive Officer and the Auditor are of the opinion that these charges should be prorated between the D.M.E.A. project and the Company on the same basis as were the Labor and Supervision charges that were claimed subsequent to August 19, 1953. The proration formula is at Note No. 5 under Labor. A disallowance of 85.38% of $122.66 or $104.75 is therefore made in this report.

Note: No. 9

The accounting distribution of Freight & Handling has been changed in this report to show the item under the classification of Other Supplies.

4. Operating Equipment

(a) Rental

All charges for equipment rental for the period June 1, 1953 to November 4, 1954 were supported by invoices which were examined. All rental equipment was rented from A. T. Millin. Analysis of the rental charges follows:

	Balance 5-31-53	Period 6-1-53 to 11-4-54		Disallowed	Accepted
Joy Compressor	$1,788.33	(1) $2,257.66	(2)	787.00	$3,258.99
Sullivan Air Tugger	128.33	168.00	(2)	85.69	210.64
Jeep	140.00	101.34	(2)	48.92	192.42
Jackhammers	325.33	400.00	(2)	196.67	532.66
Drifter	125.00	-			125.00
Gasoline Hoist	583.33	500.00	(2)	306.05	877.28
Bulldozer	337.50	-			337.50
Diamond Core Drill	50.00	138.32			188.32
Totals	$3,175.82	$3,705.32		$1,418.33	$5,762.81
Deduct: Operator's adjustment for oversize drills					78.59
Accepted Total Cost of Rental					$5,684.22

Note: No. 1

Charges for Compressor during Period June 1, 1953 to November 4, 1954, include operator's reclaim of $409.00 Compressor rental disallowed in the previous audit report. This disallowance was originally made on the recommendation of the then Executive Officer. The present Executive Officer of the U.N.R.A. Field Team, Region IV, has found that the operator's reclaim should be allowed and the auditor concurs with this determination.

Note: No. 2

The Executive Officer of U.N.R.A. Field Team, Region IV, has noted the following adjustments should be made in the rentals claimed during the period June 1, 1953 to November 4, 1954:

Portion of Jeep Rentals applicable to Promotion

Joy Compressor	- 10% of claimed amount	$ 7.00	
Air Tugger	10% of claimed amount	9.50	
Jeep	33-1/3% of claimed amt.	19.00	
Gasoline Hoist	10% of claimed amount	12.50	$ 48.00

Rentals claimed subsequent to unauthorized cessation of Exploration are not considered an allowable cost to the D.M.S.A. project $1,349.23

Total disallowances of rentals $2,419.23

The auditor concurs with the foregoing disallowances.

(b) Purchases

There were no additional purchases of equipment during the period June 1, 1953 to November 4, 1954. Charges made to the account during the period were for monthly installment payments on two trucks and a welding machine. The Accounting Distribution of Truck Licenses reclaimed and charged to the equipment account has been corrected in this report. Analysis of the Equipment account follows:

1	Wing tank	12.50
1	Lincoln welder	401.65
1	3-d 1118 Servel Refrigerator	425.00
1	Black and Decker Valve Reseater	120.00
1	Gould pump with hose	174.95
1	Skil Saw	198.75
1	Butane Torch (4) Tanks	60.00
(1)1	Two Ton GMC 1953 truck	2,273.16
(1)1	Pickup 1952 Ford	1,451.97
1	Joy Double Drum Hoist	1,325.00
1	3 x 2 x 7 Duplex pump	190.00
2	Jack Legs	300.00
3	Aluminum tanks	212.52
1	Steel ramp for Slusher	113.66
1	2-door 11 cu. ft. Refrigerator	209.00
1	Brunton Case and Magnifier	97.35
	Truck Licenses (reclaim)	107.00

Total per Operator's Final AF 101 $7,900.60

Deduct transfer of Licenses to other Materials and supplies 107.60

$7,792.00

Disallow:

Payments on GMC and Ford trucks subsequent to August 31, 1953. Operating Committee and Executive Officer, D.M.S.A. decision KV waived D.M.S.A. equity in those trucks because balance

due sellers on September 1, 1953 was greater than appraised value. Operator showed the amount of this disallowance as part of the Proceeds of Liquidation 1,760.14

37,030.36

Deduct: Proceeds from Liquidation ("Blanket" offer) approved August 20, 1953 by Executive Officer 2,000.00

Net Accepted Cost to Project 35,030.36

Included in the net accepted cost of equipment was $2,934.49 Cost of Equity in Trucks which was waived as stated above.

(c) Depreciation

Not applicable to this contract

(5) Initial Rehabilitation and Repairs

There were no new charges to this account during the period June 1, 1953 to November 4, 1954. The Operator filed a reclaim for items of Labor and Supervision applicable to underground rehabilitation which had been disallowed in the previous audit report. He charged this reclaim to this account in error and the distribution has been corrected in this report.

Analysis of the account follows:

	Materials and Supplies	Labor	Supervision	Total
Balance 5-31-53	326.23	1,267.46	1,355.98	2,949.67
Reclaim		633.32	723.17	1,356.49
Totals per Operator's Final of 10%	326.23	1,900.78	2,079.15	4,306.16
Transfer to correct Distribution		633.32	723.17	1,356.49
Total before Disallowance	326.23	1,267.46	1,355.98	2,949.67

	Materials and Supplies	Labor	Supervision	Totals
Allowable maximum established by Amendment No. 2 to the contract under and effective date of 6-13-53	$ 25.23	$ 2.77	———	$ 30.00
Disallowance for excess over allowable maximum	—	$283.65	$ 155.98	$439.67

The Executive Officer and the Auditor concur in this disallowance.

(6) New Buildings, Improvements and Installations

There were no additional charges to this account during the period June 1, 1953 to November 4, 1954.

Analysis of the account follows:

Materials and Supplies	$ 734.15	
(1) Less: Salvage sold or returned to seller for credit with approval of Executive Officer	114.55	$ 619.60
Freight and haulage		111.60
Acceptable travel expense		44.45
Bulldozer rental		75.00
Labor		221.57
Supervision		163.92
Acceptable Cost to Project		$1,236.34

Note: No. 1

The operator erroneously credited other supplies for salvage sold or returned for credit. This accounting distribution has been corrected above.

(7) Miscellaneous

(a) Repairs to Equipment

(a) All charges for repairs to equipment during the period June 1, 1953 to November 4, 1954 were supported by invoices which were examined. The operator filed a reclaim for repairs to equipment in the amount of $138.33 which had been disallowed by the previous audit upon the recommendation of the then Executive Officer. The present Executive Officer has determined the operator's reclaim should be allowed. The Auditor concurs in this determination.

Analysis of the account follows:

	Balance 5-31-53	Period 6-1-53 to 11-4-54	Total
Truck	$ 22.17	$ 35.52	$ 57.67
Light Plant	9.84		9.84
Drills and Engine (Reclaim)		188.32	188.32
Acceptable Cost to Project	$ 32.01	$ 223.84	$255.85

(b) Sampling and Analysis

There were no additional charges to this account during the period June 1, 1953 to November 4, 1954.

Acceptable costs consist of:

5 Mercury ore assays	$ 27.00	
Mercury analysis	16.37	
Acceptable total		$ 43.37

(c) Payroll Taxes

Payroll Taxes consisted of 1-1/2% F.I.C.A., 3/100% F.U.C.A., and Texas Unemployment of 2.7%. Payroll taxes for the entire period Jan. 10, 1953 to November 4, 1954 were determined by the following computation:

F.I.C.A.		
Total salaries and wages allowed	$33,075.03	
Less: 1953 payments to individuals in excess of $3,600.00	510.42	
Net amount subject to tax	$34,564.61	
F.I.C.A. tax at 1-1/2%		$518.47
F.U.C.A. and Texas Unemployment Tax		
Total salaries and wages allowed	$33,075.03	
Less: 1953 payments to individuals in excess of $3,000.00	1,072.71	
Net amount subject to tax	$34,003.34	
Unemployment Tax at 3%		$1,020.10
Total Acceptable Payroll Taxes		$1,538.57

The operator's Final AF 104 report claims Payroll Taxes in the amount of $1,624.10. The excess of Payroll Taxes claimed over the acceptable amount of $1,538.57 or $85.53 is disallowed with the joint concurrence of the Executive Officer and the Auditor.

(d) Truck Insurance

There were no additional charges to this account during the period June 1, 1953 to November 4, 1954. The coverage is authorized by Exhibit A attached to the Exploration Contract. The amount claimed by the operator in the Final AF 104 represents an annual premium from January 15, 1953. On August 19, 1953 the operator ceased exploration operations without authorization from D.M.E.A. and Government equity was waived in the trucks covered by this insurance.

The Executive Officer of the D.M.E.A. Field Team Region IV and the Auditor are of the opinion that only seven months' premium is an acceptable cost to the project. A disallowance of 5/12 of $175.96 or $73.32 is therefore made leaving an acceptable cost of $102.64 for this item.

(e) Workmen's Compensation Insurance

Workmen's Compensation Insurance was evidenced by Policy No. A 38906, Texas Employer's Insurance Association. This policy was written for a term of one year beginning January 1, 1953. Coverage reporting ceased as of August 31, 1953. Subsequent to a payroll audit by the Insurance Association, premium settlement of $3,105.58 was made which covered both the Exploration project and the other activities of the operator: Computation of the Acceptable Cost to the D.M.E.A. Project follows:

Total wages and salaries reported by Americex Mining Company under Policy to August 31, 1953	$4,903.10	100%
Acceptable Cost to D.M.E.A. as of August 31, 1953 of salaries and wages	4,206.17	75.85%

75.85% of $3,105.58 (Final Insurance Settlement) equals $2,356.64 which is considered the acceptable cost to the project for Workmen's Compensation Insurance.

The operator shows a total cost for Workmen's Compensation Insurance in the Final AF-104 of	$2,583.34
Acceptable Cost as above	2,356.64
Excess of Workmen's Compensation Insurance claimed over Acceptable amount, disallowed with the joint concurrence of the Executive Officer and the Auditor	$ 197.70

(f) Travel and communications

All charges to this account for the period June 1, 1953 to November 4, 1954 were supported by documentation which was examined. Analysis of the account follows:

Balance May 31, 1953 per previous audit report		$257.64
Reclaims by operator:		
Part of telephone calls disallowed by previous audit	$ 63.97	
Part of telephone calls disallowed by Finance Officer	58.06	
Air transportation, disallowed by Finance Officer	16.50	138.53
June 1953		
Pulliam's car to El Paso, 450 miles at 6 cents	27.00	
3 meals (Diamond drill emergency)	5.00	32.00
July		
Pulliam's car to El Paso and meals		32.00
August		
Pulliam's car, 2 trips to El Paso	49.25	
Telephone calls	10.65	
Telephone calls to Collector Internal Revenue	2.44	62.34
September		
Telephone calls		11.75
October		
Telephone calls		4.12
November		
Trip to El Paso and meals for map supplies		32.00
December		
Telephone calls		10.95
February, 1954 (Liquidation efforts by Pulliam)		
Trip to El Paso, car, meals, hotel		38.50
April (Liquidation efforts by Pulliam)		
Trip to El Paso, lodging and meals		19.50
July (Liquidation efforts by Pulliam)		
Trip to Houston (1200 miles at 6 cents) 50%	36.00	
Meals - 2 days	9.00	45.00

Jan. 1, to Aug. 31, 1954		
Telephone calls		$ 26.73
Total		$697.26
Less: Operator's adjustment for oversized drifts		15.99
Total claimed by Operator's Final IV 104		$681.27
Disallowances:		
Reclaims by Operator (shown above)	$132.53	
Expenses August through Dec. 1953	119.96	
Telephone calls, January 1, to August 31, 1954	26.73	$279.22
Accepted Cost		$402.05

The ~~following~~ foregoing disallowances are based on the determination by the Executive Officer of the D.M.E.A. Field Team Region IV that the disallowed items were not acceptable costs to the Exploration Contract. The Auditor concurs with the Executive Officer in this determination and with the disallowances.

(c) Accounting

All charges to this account during the period June 1, 1953 to November 4, 1954 were supported by documentation which was examined. Analysis of the account follows:

Balance May 31, 1953 per previous audit			$496.00
June, 1953, 31 hours at $3.00		$ 93.00	
July - 65.3/6 of $129.00		84.22	
Aug. - 72.5/6 of $120.00		87.00	
Sept. thru Dec. 1953		120.00	
Jan. 1 to Nov. 4, 1954			
161½ hrs at $3.00	$ 484.50		
Typist hire	10.21		
50% charged D.M.E.A.	$ 494.71	247.40	631.62
Sub-total			$1,127.62
Less: Operator's adjustment for oversized drifts			9.74
Total claimed by Operator's Final IV 104			$1,077.88

Less: Disallowance of Excessive Charge (see below) $ 357.35

Accepted Cost of Accounting $ 820.55

The foregoing disallowance is based on a joint analysis by the Executive Officer of the D.S.E.A. Field team Region IV and the Auditor. This analysis revealed that Accounting Costs claimed by the operator during the period January 10, 1953 through August 31, 1953 averaged $90.00 per month. In other words Accounting Cost during the period the operator conducted exploration operations was $ 720.24

Accepted cost of accounting was determined to be as follows:

Cost of accounting Jan. 10 to August 31, 1953	$ 720.24
Reasonable additional cost to Liquidate the project (average cost for one month services)	90.00
Typist Hire (100%)	10.31
Total accepted Cost to Project	$ 820.55

The Executive Officer and the Auditor concur in the disallowance of the excess Cost of Accounting in the amount of $357.35.

(a) Disallowance for Excessive Excavation

Upon the recommendation of the then Supervising Engineer, the Finance Officer disallowed a total of $1,410.39 for shaft excavation in excess of Exploration Contract specifications from the operator's June and July 1953 IP 104 reports.

The operator submitted a rebuttal for the foregoing disallowances.

The then Supervising Engineer has recommended a disallowance of $394.05 for crosscut excavations in excess of Exploration Contract specifications from the operator's IP 104 report for August, 1953 which has not been processed by the Finance Officer.

The Executive Officer of the D.S.E.A. Field Team (formerly the Supervising Engineer) has advised the Auditor that a reexamination of the project on February 4, 1954, confirmed the previous findings of excessive excavation.

A total disallowance for excessive excavation of shaft and cross cut of $1804.44 is made in this report at the direction of the Executive Officer D.S.E.A. Field Team Region IV and is concurred with by the auditor.

The amount of this disallowance was determined by applying the percentage of excavation in excess of Contract specifications to the amount the operator reported on his applicable [illegible] 10,-A report as being the cost of the type of excavation involved.

Detail itemization follows:

Shaft	
June, 1953, [illegible].2% of $1,272.7[illegible]	$ 524.7[illegible]
July, 1953, 53.3% of $1,661.56	885.61
Total excessive shaft excavation	$1,410.3[illegible]
Crosscut	
August 1953, 37.7[illegible] $1,0[illegible]	374.05
Total disallowance for excessive excavation	$1,[illegible]

Other Observations

The Executive Officer of the D.M.E.A. Field Team Region IV and the Auditor made an onsite inspection of the project on February 4, 1954 to confirm the operator's inventory of materials, supplies and equipment. This inspection disclosed that all of the purchased equipment listed under (4) operating equipment of this section of the report was on hand and in good condition. It was determined however that the balances due sellers on the two trucks exceeded the appraised resale value of those items. The sundry materials, supplies and small tools listed by the operator in his "Invitation to Bid" were sighted during the inspection.

The operator extensively circulated the "Invitations to Bid" but was able to secure only one bid for the entire lot. The operator was authorized to accept this lot bid on August 20, 1954, by the Executive Officer of the D.M.E.A. Field Team Region IV.

During this audit the Executive Officer and the Auditor made a joint analysis of Amendment No. 2 to the Exploration Contract as it related to "Project No. 3". The Executive Officer determined that the operator had substantially complied with the intent of this part of the Amendment and that there were no equitable grounds for exceptions to be taken to the work as performed. The Auditor concurs with this determination.

IV. CONCLUSION

The audit disclosed that all costs charged to this project, with the exceptions aggregating $9,91[illegible].44, as listed in the preceding section of this report, are reasonable and proper under the terms of the contract.

The adjustments between "Items of Cost" as shown on the operator's Final SF 104 dated November 4, 1954 (Schedule D), the disallowances, proceeds from liquidation and the Accepted Cost as disclosed by this audit are summarized in Exhibit "A" attached hereto.

This contract contained sundry items of Cost expressly designated as "Allowable Maximums". The status of these allowable maximums, after deduction of the disallowances discussed in Section III of this report, is summarized as follows:

	Allowable Maximum	Allowed Costs	Balance
Supervision	$14,735.00	$7,906.74	$ 6,828.26
Technical Services	1,200.00	326.77	873.23
Initial Rehabilitation and Repairs	30.00	30.00	-
New Buildings and Improvements	1,334.00	1,328.34	1.66
Total Contract Costs	$20,000.00	$61,953.39	$18,046.61

At the conclusion of the on site audit on February 5, 1955, the Executive Officer of the D.H.E.A. Field Team Region IV and the Auditor reviewed the audit findings at that time with Mr. A. T. Pulliam, President and Mrs. E. H. (L. M.) Pulliam, Secretary of the Company.

February 21, 1955

Donald T. Finch
Donald T. Finch
Auditor

Exhibit A

ATLANTIC MINING COMPANY

Contract Ida-2468

	Total to date Operator's Schedule # ST 104 Nov. 4, 1954	Distribution Corrected	Disallowed by Audit	Proceeds from Liquidation	Accepted Totals
Independent Contracts					
None					
Labor and Supervision					
Labor	$ 26,663.91	$ 23,780.89	$ 2,093.77	$	$26,687.12
Supervision	10,853.73	10,108.29	2,201.55		7,906.74
Technical Services	498.82	498.82	172.07		326.75
Operating Materials & Supplies					
Timber	480.20	480.20			480.20
Explosives	3,001.27	3,001.27		329.80	2,671.47
Pipe	1,163.31	1,118.11			1,118.11
Track	124.60	124.60			124.60
Other supplies	5,657.62	7,303.48	156.15	326.90	6,820.43
Operating Equipment					
Rental	7,102.57	7,102.57	1,418.53		5,684.04
Purchase	7,898.80	7,771.00	760.64	2,000.00	5,030.36
Depreciation					
Initial Rehab. & Repairs	1,821.16	449.67	419.67		30.00
New Bldgs. & Improvements	1,492.89	1,492.89		164.55	1,328.34
Miscellaneous					
Reprs. to Equipment	255.85	255.85			255.85
Sampling & Analysis	43.37	43.37			43.37
Payroll Taxes	1,624.10	1,624.10	85.53		1,538.57
Truck Insurance	175.96	175.96	73.32		102.64
Workmen's Comp. Insurance	3,769.24	3,769.24	357.20	1,185.40	2,386.64
Freight	461.16				
Travel & Communications	681.27	681.27	279.22		402.05
Accounting	1,077.90	1,077.90	257.35		820.55
Expense of sale	31.70				
Oversize shaft & crosscut			1,324.44		(-1,324.44)
TOTAL	$75,879.48	$75,879.48	$9,929.44	$4,006.65	$62,933.39

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
224 New Customhouse
Denver, Colorado

March 1, 1955

AIRMAIL

Mr. J. L. Chambers, Chief
Contract Administration and Audit
Division
Defense Minerals Exploration Administration
Department of Interior
Washington 25, D. C.

Re: Exploration Contract Idm E-468
Docket No. DMA-2202X
Amerimex Mining Company

Dear Mr. Chambers:

Please refer to your teletype, dated February 25, 1955, relative to the final audit report on the Amerimex Contract.

Question No. 1:

"What is the basis for percentage used under Note (2), page 12?"

Answer:

Operator began full-scale production operations on or about June 1, 1953. It made no adjustments for allocation of rentals on certain equipment between production and exploration in the MF-104 report for June 1953. Its July and August report, however, showed the following allocations of rentals to production.

	July	August
Joy Compressor	10%	10%
Air Tugger	10%	10%
Jeep	34.7 %	27.5 %
Gasoline Hoist	10%	10%

Based on the operator's own adjustment of the foregoing rentals for July and August, the Executive Officer determined a similar adjustment should be made for June 1953 rentals. You will note that all June percentages are the same as the operator's were for July and August with the exception of the adjustment of 33-1/3% for the jeep. This percentage was based on the Executive Officer's estimate of the jeep use in June 1953.

Question No. 2:

"Were any telephone bills disallowed applicable to property disposal or project management?"

Answer:

So far as could be determined from available data, the telephone calls reclaimed by the operator and redisallowed, totaling $122.03, were either not applicable to or, in the opinion of the Executive Officer and the Auditor, were not essential to project management. It has been definitely established this group of disallowed telephone charges were not applicable to property liquidation.

Telephone calls claimed by the operator for August thru December 1953, totaling $70.71, which were disallowed were either not applicable to or in the opinion of the Executive Officer and Auditor were not essential to project management. There was no indication that any of these telephone calls were applicable to property disposal.

The following telephone and telegraph charges were listed by the operator as project costs on its final MF-104 report, with no other information than indicated below:

1-20	Joplin Telegram	$1.45	
1-21	Washington Telegram	2.48	
2-24	Washington Telegram	2.36	
4-1	Washington	8.60	
6-29	Houston	5.40	
8-20	Joplin Re French Bid	2.50	
8-21	Houston Telegram	2.69	
8-21	Joplin Telegram	1.25	
	Total		$26.73

The Executive Officer determined all of the foregoing items totaling $26.73 should be disallowed as not essential to either project management or property liquidation. The Auditor's concurrence in this disallowance is based on his observation of the operator's previous methods of telephone and telegraph usage. The Auditor is also of the opinion the items in the case at hand were properly a charge to overhead and further that documentary support for the charges was very "sketchy".

Question No. 3:

"On page 19, first line of last paragraph, under item (F), should not the word following be changed to foregoing?"

Answer:

Yes, the word should be "foregoing." Please correct your copies of the audit report. Changes have been made on the remaining copies.

Sincerely,

Donald T. Finch

Donald T. Finch

cc: Clinton C. Knox

Contract Admin. & Audit Division
Defense Minerals Exploration Admin.
Fx4401(01) Revolving Fund,
Defense Production Act, Interior (Allocated
Working Fund to the Office of Secretary)

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

TELETYPE

FEB 25 1955

Mr. Donald T. Finch
DMEA Auditor
224 New Customhouse Building
Denver 2, Colorado

Refer Amerimex audit. What is basis for percentage used under note (2) on page 12. Were any telephone bills disallowed applicable to property disposal or project management? On page 19, first line of last paragraph, under item (f), should not the word following be changed to foregoing? Reply by letter.

(Signed) J. E. Chambers

Jay E. Chambers, Chief
Contract Administration
and Audit Division

JLChambers/wb
February 25, 1955

Copy to: Docket - DMEA 2202
Admr. Reading File
Mr. Chambers
Confirmation

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

224 New Customhouse
Denver 2, Colorado

February 24, 1955

Re: Exploration Contract
Idm-E468
Docket DMA 2202X
Amerimex Mining Co.
Alpine, Texas

Mr. Jay L. Chambers, Chief
Contract Administration and Audit Division
Defense Minerals Exploration Administration
Department of the Interior
Washington 24, D. C.

Dear Mr. Chambers:

Enclosed are three copies of the Audit Certificate and two copies of the Final Audit Report for Amerimex Mining Co., submitted for your consideration.

These are being forwarded from Joplin, Mo., and an unofficial copy (not for distribution) has been left with the Executive Officer.

Reference is made to letter addressed to Mr. Knox from Mr. Selfridge dated January 31, 1955. In this connection a tabulation is submitted below summarizing the settlement which would have been allowable had the operator accepted the Termination Agreement.

Total cost as billed by operator				$75,879.48
Less: Proceeds from Liquidation				4,006.65
Net amount billed				$71,872.83
Total disallowances per Audit report			$9,919.44	
Deduct disallowances which would not have been necessary if Termination Agreement had been accepted				
Underground rehabilitation				
Labor	$658.32			
Supervision	713.17	$1,371.49		
Initial rehabilitation and repairs				
Labor	263.69			
Supervision	155.98	419.67		
Payroll taxes (4½% of $1,791.16)		80.60		
Workmen's Compensation Insurance (6.92% of $1,791.16)		123.95	1,995.71	
Net disallowances				$ 7,923.73

Allowable Cost if Termination Agreement had been accepted	$63,949.10
Allowable Cost per Audit report	61,953.39
Difference	$ 1,995.71
Difference in Government Participation (75% of $1,995.71)	$ 1,496.78

A direct confirmation of Government participation payments to date was made during this audit with the Finance Officer at Bartlesville, Okla. The status of the Government participation is tabulated below:

Total Governmental participation (See Audit Certificate)	$46,465.04
Total Disbursements to date	46,131.65
Balance due on Exploration Contract	$ 333.39

In connection with the balance due the operator, attention is directed to Memorandum report on Royalties dated today and which shows an indicated royalties due the Government of $179.80.

It will be appreciated if you will advise me if I should furnish Mr. Pulliam with a copy of the Final Audit Report when it is approved by your office.

Sincerely,

Donald T. Finch

Donald T. Finch
Auditor

333.39
179.80
Royalty due
To be Pd 153.59

DTF/vks

Copy to:
Mr. Knox, Executive Officer
D.M.E.A. Field Team
Region IV

Reclaims disallowed	$ 3,268.95	
New Audit disallowances	6,650.49	$ 9,919.44

Reclaims allowed – Prior audit exceptions	$ 1,909.07
" Cert. Off "	714.14
	$ 2,623.21
Reclaims disallowed (Total above)	3,268.95
Total Reclaims (MF-104 dated 12/15/53)	$ 5,892.16

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

MAR 3 - 1955

Mr. Donald T. Finch
DMEA Auditor
224 New Customhouse Building
Denver 2, Colorado

Re: Idm-E468, DMA-2202X
Amerimex Mining Company

Dear Mr. Finch:

Receipt is acknowledged of your letter of March 1, 1955, in regard to the above-cited contract.

My questions regarding the audit report have been answered satisfactorily. Therefore, the report is accepted and normal distribution may be effected.

The Washington office thinks you did a very fine job on this audit and I again wish to thank you.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

JLChambers/wb
March 2, 1955

Copy to: Docket
Admr. Reading File
Mr. Chambers

Noted file

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
Received
FEB 14 1955

P. O. Box #431
Joplin, Missouri

February 10, 1955

Mr. Jay L. Chambers, Chief
Contract Administration and Audit Division
Defense Minerals Exploration Administration
Department of the Interior
Washington 25, D. C.

Re: Docket DMA-2202X (mercury)
Amerimex Mining Co.
Alpine, Texas
Project Contract Idm-E468

Dear Mr. Chambers:

Thanks for your telegram today offering your copies of certain of the subject Operator's MF-104 Reports. I believe they will not be needed, however, since I am confident that I have all the necessary copies complete here in the Field Team file. Since it is becoming voluminous, an index-abstract was prepared last week in an effort to expedite the audit when it starts next Tuesday, and my approval proposals under the suggested settlements (a) and (b) have been rough-drafted.

In my Memos to Bartlesville, I was merely trying to make certain that none of the originals of the documents Mr. Finch might want to scrutinize, had become misplaced when the Region IV Office was moved from Amarillo.

I realize that it is irregular to forward unapproved copies of MF-104's to Washington, but in this case I believe it would be preferable to you and will be simple for me to send you the data to post thereon later when available.

Very sincerely yours,

Clinton C. Knox

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

CCK/vks

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

Department of the Interior

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

Defense Minerals Exploration Admin.
14X4401(01) Revolving Fund
Defense Production Act, Interior (Allocated
Working Fund to Office of the Secretary)

TELEGRAM

FEB 10 1955

MR. CLINTON C. KNOX
EXECUTIVE OFFICER
DMEA FIELD TEAM, REGION IV
P. O. BOX 431
JOPLIN, MISSOURI

REFER TO YOUR MEMORANDUM FEBRUAY 7, 1955 TO L. A. HILL, REGION IV, RE AMERIMIX MINING COMPANY, IDM-E468, DMA-2202X. YOU SENT THIS OFFICE COPY OF FINAL REPORT AND MF-104 IN YOUR MEMORANDUM NOVEMBER 19, 1954. WIRE IF YOU NEED IT AND WE WILL SEND BY AIR MAIL .

(Signed) J. L. Chambers

JAY L. CHAMBERS, CHIEF
CONTRACT ADMINISTRATION
AND AUDIT DIVISION

JLChambers/wb
February 10, 1955

Copy to: Docket
Admr. Reading File
Mr. Chambers
Confirmation

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 9 1955

P. O. Box #431
Joplin, Missouri

February 8, 1955

Airmail

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

Re: Docket DMA-2202X (mercury)
Project Contract IdM-E468
Amerimex Mining Company
Alpine, Texas

Dear Mr. Selfridge:

Your two copies of each of all the MF-104 Reports received from the subject Operator during January 1954 inadvertently have been retained in the Field Team files covering the Operator's cost claims for the following months in 1953, during which the project remained inactive: September, October, November, and December. The copies of all the other Operator's reports were forwarded to you.

Although you probably became somewhat familiar with the items in all those claims through Mr. Finch's letter to Mr. Chambers on February 17, 1954, and my subsequent correspondence, I realize now that the enclosed, yet unapproved copies, also should have been forwarded a year ago for your more complete information. In view of your letter to me on January 31, 1955, however, the two copies each of those four Operator's Monthly Reports belatedly are forwarded herewith so that it will be possible for you to refer to items therein in case telephonic consultation with your office should be deemed necessary.

In a telephone call from Mr. Finch on January 31, his arrival here for the proposed final reconcilliation of the subject Operator's account and coordination of our reports and recommendations, was scheduled for next Tuesday, February 15.

Very sincerely yours,

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

CCK/vks

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

COPY - DMEA Operating Committee
Washington 25, D. C.

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

Department of the Interior
Defense Minerals Administration
RECEIVED
FEB 9 1955

XXXXXXXXXXXXXXXXXXXX

P. O. Box #431
Joplin, Missouri

February 7, 1955

Memorandum

To: L. A. Hill, Acting Chief, Division of Administration, Region IV
Through: W. M. Smith, Regional Director, Bartlesville, Okla.

From: Executive Officer, DMEA Field Team, Region IV

Subject: Voucher DMEA 6.-74, Operator's August 1953, MF-104 Report Project Contract Idm-E468, Amerimex Mng. Co., Alpine, Tex. Docket DMA-2202X (mercury)

Thanks for your Feb. 2 Memo with information on the above-cited voucher payment. To aid Mr. Finch in reviewing and assembling his pertinent files when he expects to stop over only briefly in Denver next week enroute to Joplin from his present assignment at Pocatello, I am sending him the copy of your Memo and of this.

I believe the subject voucher and schedule you mentioned as having been paid by the Disbursing Officer on March 5, 1954, must be the document Mr. Finch referred to when talking to me on the phone last Monday morning, since as well as I can recall now, Waldrop's original of that August MF-104 Operator's Monthly Report and Voucher was with the others when Finch and I made the audit in Alpine, a year ago.

Disturbed upon being unable to state positively the location of such documents, probably my inquiry to you on January 31 was premature, but in searching the 1953 Field Team correspondence file in the subject docket, I failed to find anything to confirm my recollection that Waldrop's copy had been placed in the hands of the Auditor. I did note where the original of that August 1954 MF-104 Report (when the project work was stopped) had been approved and forwarded to Waldrop at Amarillo on November 27, 1953, by W. P. Williams, who was the Executive Officer then, a copy of the telegram from him 3 days later, cautioning Waldrop not to certify that claim for payment, and a copy of Williams' January 11, 1954, letter transmitting to Waldrop the originals of the Operator's September 1953 MF-104 Report and Reclaim MF-104 (dated 12-15-53) for

Waldrop's file, but advising that Field Team approval would be withheld thereon pending a terminal audit.

As I recall further, I handed Mr. Finch the originals (all received by Field Team in January, 1954) of the Operator's MF-104 reports for October, 1953, November 1953, and December 1953, likewise unapproved, when I met him for the audit at Alpine, Texas, a year ago. Then when the Operator's Final Cost and Liquidation Report was received by this office on November 9, 1954, I forwarded the originals to Mr. Finch in Denver, and two copies to Washington with my Memorandum of November 19, 1954.

I also am sending Mr. Waldrop a copy of this in case he could add any useful recollections for us.

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

CCK/vis

cc: DMEA Op. Com (2) w/c Hill's Memo
Finch, w/c Hill's Memo
Waldrop, w/c " "
2202 X file

C
O
P
Y

February 2, 1955

Department of the Interior
Defense Minerals Administration
RECEIVED
FEB 9 1955

Memorandum

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

From: Acting Chief, Division of Administration, Region IV

Subject: Docket DMA-2202X (mercury), Amerimex Mining Company, Alpine, Texas, Project Contract Idm-E468

This will acknowledge receipt of your memorandum dated Jan. 21 on the above subject and your letter of January 31 addressed to the Regional Director Harold M. Smith.

We have been attempting to find in the files which were transferred to us from Amarillo the vouchers and correspondence which would assist us in understanding the problem in this particular case. Apparently all of our file has been sent to Mr. Finch. We are unable to locate any of the vouchers covering previous payments. This is to advise you that the original of Voucher DMEA-6.-74 is not in our files and we are unable to locate it.

We do have our copy of the voucher and schedule of payments on which Bureau Voucher DMEA-6.-74 was paid by the Disbursing Officer on March 5, 1954. The amount of the payment was $2,519.45. Payment was made to Amerimex Mining Co, P. O. Box 626, Alpine, Texas. Reference is made to contract Idm-E468, August 1953; however, we do not have the original of the voucher which would normally be attached to our copy of the schedule. There is a memorandum attached which indicates the computation that was used to arrive at the approved amount of $2,519.45. Apparently the approved amount of the voucher was $3,359.26.

I am not sure how we can help you and the auditor if you should come here to discuss the matter with our Finance Officer. Our complete file presently consists of: A copy of your letter to Ed Waldrop, Regional Finance officer at Amarillo, dated February 26, 1954; a memorandum listing of the items contained in the report of the operator, and from which the above mentioned payment was made in the amount of $2,519.45; the original of your memorandum of January 21, 1955, with which you forwarded a copy of your letter to Mr. Pulliam, President of the Amerimex Mining Company; and your letter of January 31, with attachments. Any information which you may be able to give us as to the location of the original documents from which payments were made by the Regional Office will be appreciated.

L. A. Hill, Acting Chief
Division of Administration, Region IV

note JK

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D. C.~~

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB - 1 1955

224 New Customhouse
Denver, Colorado

January 31, 1955

Airmail

Mr. J. L. Chambers, Chief
Contract Administration and
Audit Division
Defense Minerals Exploration
Administration
Department of the Interior
Interior Building
Washington 25, D. C.

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

Dear Mr. Chambers:

When your letter concerning conference with Mr. Knox was received I was home ill with an involved sinus.

I have just talked to Mr. Knox and arrangements have been made for me to arrive at Joplin the morning of February 15, 1955.

I am leaving tonight for Pocatello, Idaho, to complete two royalty audits and two exploration reports in connection with Contracts E597 and E649. Considerable analysis time has already been spent on these reports and the Executive Officer of Region III has arranged a special appointment for me tomorrow morning with representatives of the Simplot Company. I expect to return to Denver Saturday morning, February 5.

Mr. Knox stated that Tuesday, February 15, would suit him better and the week of February 7 will give me additional time to work on several very pressing cases now in my desk in various stages of completion.

Please send me another book of Travel Requests. - TR's mailed 2/4/55.

Should I encounter unusual difficulty in the Amerimex matter, I shall advise you immediately.

Sincerely,

Donald T. Finch

Donald T. Finch
DMEA Auditor

cc: Clinton C. Knox

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

JAN 25 1955

AIR MAIL

Mr. Donald T. Finch
DMEA Auditor
224 New Customhouse Building
Denver 2, Colorado

Re: Docket DMA-2202X (Mercury)
Contract No. IGs-E468
Amerimex Mining Company
Alpine, Texas

Dear Mr. Finch:

Reference is made to your letter of January 3, 1955, in response to my letter of December 27, 1954, regarding the above-cited contract.

You probably know that Amerimex has refused to sign proposed Amendment No. 3 which was offered to clarify the contract in certain respects. The problem now is to settle the contract in its present status. We wired Mr. Knox in regard to a time and place for a meeting between you two. This morning we received a reply which reads as follows:

> "Will arrange to work with Finch any time he can be here or anywhere convenient to him."

I am suggesting that you meet with Knox in Joplin at your very earliest convenience (or inconvenience). To accomplish this arrangement without coming through my office suppose you determine a time and write to Knox directly, furnishing me a copy of your letter.

I understand the office here will give Mr. Knox some general instructions in a letter which is being prepared. When this letter is released I shall send you a copy of it; however, do not wait on this letter to make your arrangements for the meeting.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

JLChambers/wb
January 25, 1955

Copy to: Docket
Admr. Reading File
Mr. Knox
Mr. Ellis
Mr. Chambers

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

(51)

W. P. MARSHALL, PRESIDENT

FX-1201

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

SB050

1955 JAN 24 PM 5 12

S JPA168 21 GOVT COLLECT=JOPLIN MO 24 344PMC=

:GEORGE C SELFRIDGE, CHAIRMAN DMEA OPERATING COMMITTEE=

DEPARTMENT OF THE INTERIOR WASHDC=

WILL ARRANGE TO WORK WITH FINCH ANY TIME HE CAN BE HERE OR ANYWHERE CONVENIENT TO HIM=

:CLINTON C KNOX EXECUTIVE DMEA REG IV=

Minerals Management Service
RECEIVED
JAN 25 1955

Department 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 (Allocat
Working Fund to Office of the Secretary)

TELEGRAM

JAN 24 1955

MR. CLINTON C. KNOX
EXECUTIVE OFFICER
DMEA FIELD TEAM, REGION IV
P. O. BOX 431
JOPLIN, MISSOURI

PROPOSE TO SETTLE AMERIPEX PROJECT, IDM-E468, DMEA-2202X, ON PRESENT CONTRACT WITHOUT AMENDMENT REJECTED BY PULLIAM. WHAT TIME WOULD BE CONVENIENT FOR FINCH TO COME TO JOPLIN TO WORK WITH YOU?

George C. Selfridge
CHAIRMAN, OPERATING COMMITTEE

JLChambers/wb
January 24, 1955

Copy to: Docket
Admr. Reading File
Operating Committee
Mr. Ellis
Mr. Chambers
Confirmation

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

Defense Minerals Administration
RECEIVED
JAN 6 1955

224 New Customhouse
Denver 2, Colorado

January 3, 1955

Mr. Jay L. Chambers
Chief, Contract Admin. & Audits Div.
Defense Minerals Exploration Administration
Department of the Interior
Interior Building
Washington 25, D. C.

Re: DocketDMA-2202X (Mercury)
Project Contract Idm-E468
Amerimex Mining Co.
Alpine, Texas

Dear Mr. Chambers:

Reference is made to the third paragraph of your letter dated December 27, 1954 concerning any comments I might care to make concerning the letter Mr. Knox sent to the Operating Committee on December 17, 1954.

There have been numerous developments since the last audit examination and I am of the opinion that any statements I might make at this time would be premature.

It is also my opinion that before any satisfactory conclusions are developed, Mr. Knox and myself should make a joint analysis of these developments and review all financial data submitted by the operator since our last examination.

Sincerely yours,

Donald T. Finch

Donald T. Finch
Auditor

Copy to: Clinton C. Knox
Executive Officer
DMEA Field Team, Reg. IV
P. O. Box 431
Joplin, Missouri

CC: DOCKET FILE

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

December 27, 1954

Mr. Donald T. Finch
DMEA Auditor
224 New Customhouse
Denver 2, Colorado

Dear Mr. Finch:

Reference is made to your letter of December 16, 1954, in regard to making royalty audits for projects whose productions result in small royalty payments. You propose to issue a condensed memorandum report instead of an on site audit report. I think the suggestion is all right in this instance and in others similar where an engineer has visited the project and reports that evidence indicates the Government is getting royalty on all production.

I note that Mr. Knox has sent you a copy of a letter to the Operating Committee in regard to the Amerimex contract. I shall be glad to have any comments you may wish to make on this letter.

I wish for you and your family a very Merry Christmas and a Happy New Year. It has been a pleasure to work with you during the past year.

Sincerely yours,

/s/ Jay L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

JLChambers/ama
December 23, 1954

Copy to: Mails & Files
Admr. Reading File
Mr. Chambers

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

I N T E R I M

FLKnouse/gla

DMEA, Department of the Interior

11/XII-01(01) Revolving Fund, Defense Production Act, Interior (Allocated Working Fund to the Office of Secy.)

CLINTON C. KNOX, EXECUTIVE OFFICER
DMEA FIELD TEAM, REGION VI
P. O. BOX 431
JOPLIN, MISSOURI

RE DMEA 2202 ACCIDENT MINING COMPANY FINAL NP-101, PLEASE FURNISH BY LETTER DETAILED RECOMMENDATIONS AS TO WHAT ACTION THE GOVERNMENT SHOULD TAKE UNDER THESE COST ITEMS.

George C. Selfridge

GEORGE C. SELFRIDGE, CHAIRMAN
OPERATING COMMITTEE

FLKnouse/gla
12-13-54
cc to: Admr. Reading File
Operating Committee
Docket
Messrs. H. M. Meyer, Rm. 2623
T. H. Kiilsgaard, Rm. 5221
Code 700
Mr. Knouse
Confirmation to Region VI
Mr. Chambers, Rm. 1118

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 22 1954

P. O. Box #431
Joplin, Missouri

November 19, 1954

Memorandum

To: DMEA Operating Committee, Interior Building, Washington 25, D. C.

From: Field Team, Region VI, Joplin, Mo.

Subject: Transmittal of Final Cost and Liquidation Reports and return of Termination Agreement as unacceptable by Amerimex Mining Co., Box 626, Alpine, Tex., Docket DMA-2202X (mercury), Fresno Mine, Presidio County, Tex. project contract Idm-E468

Enclosed herewith for your inforamtion are self-explanatory copies of:

1. The subject Operator's Final Cost and Liquidation Reports (the original and documentation is being sent to Finch in Denver).

2. The Operator's letter to me on November 10 rejecting the termination Agreement of September 20.

3. My stopgap reply to the above mentioned letter.

4. The Termination Agreement (in case you should decide to reword it) - I'm still at a loss for suitable words but I am inclined to recommend that you take no action and just hold this agreement until Mr. Pulliam writes asking for it to be returned for his signature. As yet, I can not see any reason for serious objections to it.

No doubt you will suggest or advice me on a wiser course of action.

Clinton C. Knox
Clinton C. Knox
Executive Officer

CCK/vks
Encl (16)
cc: DMEA Oper. Com.
Finch, Denver
2022X file

COPY: Operating Committee
Washington, D. C.

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

P. O. Box #431
Joplin, Missouri

November 19, 1954

Airmail

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

Re: Docket DMA-2202X (mercury)
Project Contract Idm-E468
Amerimex Mining Co.
Alpine, Texas

Dear Bob:

This is to acknowledge receiving your letter of November 4, transmitting your Final Cost and Liquidation Reports, and your letter ofNovember 10 returning unsigned, the copies of the Termination Agreement of September 20, with your objections to paragraphs 4, 5, 6, and 7 therein.

I hope you will bear with me when I admit that time yet has not permitted digesting all the material in, and pertaining to those letters, reports, and the agreement. Unfortunately, therefore, I have not been able to frame the quick, adequate, pleasant reply to you that I would prefer. In fact, I decided that my reply to you must await counsel and suggestions based on the copies of your reports and letters which I forwarded for reviews by the Washington Office and by Mr. Finch, DMEA Auditor in Denver.

On first glance at your Final Cost and Liquidation Vouchers I was inclined to believe that virtually no item therein can be approved until some document on the order of the Termination Agreement is put into effect. Even then, as I understand existing DMEA regulations and instructions pertinent to your contract which have been issued to date, I doubt that a good many of your claims can be approved. Also at first glance, from a practical standpoint, it does not appear logical to me that the Government would participate to the extent of a very large sum in safeguarding and disposing of equipment from which it can realize only a fraction of that sum in return.

I am sure that we all are in agreement on one point: the desired settlement does present quite a complex problem. I assure you that I will make every effort to help solve it, and

I am confident that I and all the other DMEA personnel involved will not see anything personal in the position you have taken or any comments you make.

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

Very sincerely yours,

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

CCK/vks

cc: DMEA Operating Committee (2)
Finch, Denver
2202X File

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

880

OCT 11 1954

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

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

Dear Mr. Knox:

Reference is made to our letter of July 1, 1954, in which you were requested to withhold certain amounts o f monies from the above-cited project to guarantee the payment of taxes due the State of Texas and the United States Internal Revenue Service.

It appears now that the Amerimex Mining Company has satisfied these claims and in the final settlement of this project, when made, you need not make any deductions therefor.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

APPROVED:

J. H. Hedges

Member, Bureau of Mines

Thor H. Kiilsgaard

Member, Geological Survey

JLChambers/wb
October 7, 1954

cc to: Docket
Admr. Reading File
Operating Committee
Mr. T. H. Kiilsgaard, Rm. 5227
Mr. H. M. Meyer, Rm. 2623
Mr. Ellis
Mr. Finch
Mr. Chambers

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UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D. C.~~
P. O. Box #431
Joplin, Missouri

September 16, 1954

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

Re: Docket DMA-2202X (mercury)
Contract Idm-E468
Amerimex Mining Company
Alpine, Texas

Dear Bob:

This will acknowledge receiving your letter dated September 14, concerning payment made by Mr. French for the jointly owned equipment and materials. Copies were made and sent for the files of Mr. Finch, DMEA Auditor in Denver, and DMEA in Washington, D. C.

I also take this opportunity to give you the following information which I have been asked to give all DMEA Project Operators:

Henceforth checks or other remittances are to be inscribed payable to the Defense Minerals Exploration Administration when they are repayments, royalties, refunds, or other settlements to the Government in connection with its minerals program.

Very sincerely yours,

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

CCK/vks

cc: DMEA (2)
Mr. Finch
2202X file

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AMERIMEX MINING COMPANY
INCORPORATED

Box 626
ALPINE, TEXAS

September 14, 1954

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

Re: Docket DMEA-2202 (mercury)
Contract Idm-E468
Presidio County, Texas

Dear Clint:

Mr. French paid for the jointly owned machinery, equipment, materials and supplies; and checks have been issued to the U. S. Department of Internal Revenue and to Texas Employers' Insurance Association in settlement of obligations owed.

You have already received or will soon receive formal notice from the Internal Revenue Service that their account has been paid.

The copy of our letter to Texas Employers' Insurance Association is enclosed for your files, which will show also their proposal for settlement dated August 31, 1954.

We are preparing and will submit as soon as possible the Final Report, and we hope that early settlement will be possible.

We were called away from the City on urgent personal business about two weeks ago and have just returned, which accounts for the delay in completion of the Final Report.

With every good wish, I remain

Sincerely,

/s/ R. N. Pulliam

R. N. Pulliam, President
Amerimex Mining Company

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AMERIMEX MINING COMPANY
INCORPORATED

Box 626
ALPINE, TEXAS

September 13, 1954

Texas Employers' Insurance Association
P. O. Box 2759
Dallas 21, Texas

Attention: Mr. J. Kirby Smith, Assistant General Counsel

Re: Workmen's Compensation
Policy No. 38908

Gentlemen:

This is to acknowledge receipt of your letter dated August 31, 1954, which we understand to be an offer whereby you agree to accept $75.00 in addition to dividends due us as payment in full of the account, interest, court costs, attorney fees and any and all other obligations owed or claimed to be owed by Amerimex Mining Company to Texas Employers' Insurance Association.

Therefore, as payment in full of any and all obligations owed Texas Employers' Insurance Association, enclosed herewith is our check No. 655 in the amount of $75.00 and we respectfully request that a proper receipt, the receipted note and a suitable dismissal order be provided us at your earliest convenience.

I deeply regret the unfortunate chain of peculiar circumstances which resulted in my inability to handle the affairs of Amerimex Mining Company in more satisfactory manner, but I must point out that of all our creditors your Company is the only private concern to resort to drastic action to effect collection.

Kindly notify the Government that this account has been settled in full and that no funds should be withheld from final settlement of our Contract.

Sincerely,

R. N. Pulliam, President
AMERIMEX MINING COMPANY

RNP:L

cc: United States Department of the Interior
Defense Minerals Exploration Administration
P. O. Box 431
Joplin, Missouri

Mr. Thomas I Roberts, District Manager, El Paso Office

Mr. R. M. Chatham, Field Vice Pres., San Antonio Office

COPY: Mr. Mi[redacted]ndorf (1)
Mr. Chambers (1)
DMEA Operating Commitee (2)
Mr. D. Finch (1)

C
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U. S. TREASURY DEPARTMENT

OFFICE OF THE DIRECTOR OF INTERNAL REVENUE
Box 1327, Pecos, Texas
September 14, 1954

Mr. Clinton C. Knox
Executive Officer
Defense Minerals Exploration Adm.
U.S. Department of the Interior
P. O. Box 431
Joplin, Mo.

In Re: AmerimexMining Company
DMEA Contract No. Idm-E468
Alpine, Texas

Notice of Levy,
Dated June 25, 1954
Unpaid Taxes $1,170.35

Dear Mr. Knox:

Please be advised that the Amerimex Mining Co., of Alpine, Texas, have discharged the above Federal Tax liability by paying the account in full.

This letter will be your authority to release our levy and such funds as would be effected.

Very truly yours,

/s/ Martin G. Walberg
Martin G. Walberg,
Collection Officer
Internal Revenue Service

cc: Colon H. Bobbitt, Chief
Delinquent Accounts & Returns Branch
Collection Division, Austin, Texas

Vaughan Clarke, Group Supervisor
El Paso, Texas

Amerimex Mining Co
Alpine, Texas

File in contract folder

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

T E L A T Y P E

DMEA - Department of the Interior
14X14.02(01) Revolving Fund, Defense Production Act, Interior
(Allocated Working Fund to the Office of the Secy.)

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XXXXXXXXXXXXXXXXXXXXXXXX

CLINTON C. KNOX, EXECUTIVE OFFICER
DMEA FIELD TEAM, REGION VI
P. O. BOX 431
JOPLIN, MISSOURI

(Mercury)

REFERENCE AUGUST 16 DMEA-2202 AMERICAN MINING COMPANY IF YOU RECOMMEND SELLING REMAINING EQUIPMENT, MATERIAL AND SUPPLIES FOR TOTAL OF TWO THOUSAND DOLLARS YOU ARE AUTHORIZED TO APPROVE SALE.

C. O. Mittendorf

C. O. MITTENDORF, ADMINISTRATOR

FLKnouse/gla
8-19-54
cc to: Admr. Reading File
Docket
Messrs. Miss Helena M. Meyer, Rm. 2623
Mr. E. L. Newcomb, Rm. 5227
Mr. Chambers, Rm. 4542
Code 700
Mr. Knouse
Confirmation to Region VI

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

Mr. Donald T. Finch
DMEA Auditor
224 New Customhouse Building
Denver 2, Colorado

AIR MAIL

Re: Docket No. DMEA-2202 (Mercury)
Amerimex Mining Company
Fresno Mine
Presidio County, Texas
Contract No. Im-1468

Dear Mr. Finch:

Reference is made to your letter of July 8, 1954, in regard to the above-cited contract.

It is evident that I did not make the point of the audit clear in the letter which I prepared for the Operating Committee. The letter intended to convey the idea that all the work on the audit could be done immediately after the amendment was signed with the exception, of course, of finalizing the equipment account and finding the acceptable project costs. Then upon receipt of information from Mr. Knox in regard to equipment settlement you could readily prepare your audit report without further contact with the Amerimex office.

One reason for performing the audit in this manner is to come to some conclusion as to whether or not there will be sufficient monies left in the project account to pay the Federal Government Internal Revenue bill and the State of Texas for certain employer's liability accounts.

Sincerely yours,

Jay L. Chambers, Chief
Contract Administration
and Audit Division

JLChambers/wb
July 12, 1954

Copy to: Docket
Admr. Reading File
Mr. Chambers

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

224 New Customhouse
Denver 2, Colorado

July 8, 1954

Mr. Jay L. Chambers, Chief
Contract Administration & Audit Div.
DMEA -- Interior Building
Washington 25, D. C.

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

Dear Mr. Chambers:

Subsequent to the receipt of the enclosure in your letter of June 25, 1954, I received a copy of the Operating Committee's letter of July 1, 1954, to Mr. Knox.

Mr. Knox also sent me copies of other correspondence on the same project, which were received today. On one of these copies he had placed a pencilled query asking if I were ready to proceed.

In an effort to coordinate the final audit of this project with other work, I telephoned Mr. Knox today.

He advised that the property in which the Government has a participation equity has not been disposed of to date.

We are both confused, in view of the statement in the Operating Committee's letter of July 1, 1954, which states in effect, in the third paragraph, that the auditor will proceed immediately with the final audit upon receipt of a copy of the Termination Agreement and Amendment to the Contract.

Please advise if it is your desire that the audit be made before the disposition of the property and equipment, and that the certificate be made subject to a disposition of this property at some later date -- or should such audit be deferred until the property is disposed of?

In either event, Mr. Knox and myself are both in agreement with your original suggestion that we meet in Amarillo for conferences during the finallizing of the matter. This meeting is

extremely necessary because there are a number of items involved which will require administrative decisions by the Executive Officer of the Field Team.

Sincerely yours,

Donald T. Finch

Donald T. Finch
Auditor

cc: Mr. Clinton C. Knox
Executive Officer
DMEA Field Team, Region VI
P.O.Box 431
Joplin, Mo.

JUL 1954

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

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

Dear Mr. Knox:

Reference is made to your letter of June 17, 1954, in regard to the above-cited project in which you suggest that we immediately allow payment for taxes to the Texas Employers' Insurance Association in the amount of $621.20 and to the Director of Internal Revenue of the United States, in the amount of $1,080.43.

It is the opinion of the Audit Division that these taxes should be held until the final audit and settlement is made on this project. It was hoped that Mr. Pulliam would use part of the February payment for this purpose.

The Termination Agreement to the contract which also amends certain provisions of the contract will be sent to your office within the next few days and if approved by you and the Amerimex Mining Company, the auditor should receive a copy directly from you and finish his audit report immediately after receipt of the amendment. The Audit Division is notifying the auditor to give this matter priority.

You will have received a telegram from Mr. Mittendorf prior to the receipt of this letter in regard to certain action to be taken on the Texas Employers' Insurance Association.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

APPROVED:

J. H. Hedges

Member, Bureau of Mines

Philip W. Guild

Member, Geological Survey

JLChambers/wb/ama 6-30-54
cc to: Docket
Admr. Reading File
Operating Committee
Benj. Gildersleeve, Rm. 5221
H. M. Meyer, Rm. 2623
Mr. Ellis
Mr. Chambers
Mr. Finch
Region VI (2)

COPY: Mr. Chambers

File

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
[redacted]

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
Amerimax 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
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. Clancy

C
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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. Chandler.

C
O
P
Y

U. S. TREASURY DEPARTMENT
Office Of The Director Of Internal Revenue
Austin, Texas

In replying refer to: DIR:AUS:C:DAR:WRN:gp

June 25, 1954

Mr. Clinton C. Knox
Executive Officer
Defense Minerals Exploration Adm.
U. S. Deparament of the Interior
P. O. Box 431
Joplin, Missouri

IN RE: Amerimex Mining Company
DMEA Contract No. Idm-E468
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,

/s/ W. R. Nowotny
W.R. NOWOTNY, Acting Assistant Chief
Delinquent Accounts & Returns Branch
Collection Division

Encl.
WRN:gp

COPY
Form 668-A
U.S. Treasury Department
Internal Revenue Service
Revised Nov. 1952

L E V Y

United States Internal Revenue
Austin District,
State of Texas

To: Defense Minerals Exploration Administration

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, to the United States of America the sum of Eleven Hundred Seventy Dollars and 35/100 ($1,170.35) 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 said tax liability.

Dated at Austin, Texas

This 25 day of June 1954.

/s/ R. L. Phinney
District Director of Internal Revenue

By: /s/ W. R. Nowotny
Internal Revenue Agent

COPY
Form 69
U.S.Treasury Department
Internal Revenue Service
(Revised Nov. 1952)

WARRANT FOR DISTRAINT

	DATE	DEBITS	CREDITS	UNPAID BAL.
Amerimex Mining Company P. O. Box 626 Alpine, Texas		$1,658.80 11.11	ABA 718.05	$950.86
WFT 1953-Nov-10769 Qtr. 9-30-53	Date of 1st notice 12-10-53 Date of 2nd notice 1-15-54	Penalty of 5 percent... 47.54 Interest from 12-10-53 to 7-10-54.... 33.32 Total.....$1,031.72 Additional interest - Total.....$1,031.72		
Account number and remarks				

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 interests, 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 29 day of June, 1954.

/s/R.L. Phinney
District Director of Internal Revenue
Austin, Texas District
/s/ W. R. Nowotny

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

JUN 29 1954

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

Re: Docket No. DMEA-2202 (Hagerty)
Contract No. Idm-F466
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. Kmax, 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. Mittenderf

Administrator

Copy to: Mr. R. N. Pulliam

FLKnouse/am;JLChambers/vb
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)

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

P. O. Box #431
Joplin, Missouri

C
O
P
Y

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 $721.20 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
REURLET 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 MITTENFORF 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

Department 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.)

JUN 25 1954

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

C. O. MITTENDORF, ADMINISTRATOR

JLChambers/wb
June 25, 1954

Copy to: Docket
Admr. Reading File
Mr. Chambers
Mr. Ellis

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

Mr. Donald T. Finch
DMEA Auditor
224 New Customhouse Building
Denver 2, Colorado

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

Jay L. Chambers, Chief
Contract Administration
and Audit Division

Enclosure

JLChambers/wb
June 25, 1954

Copy to: Docket
Admr. Reading File
Mr. Chambers

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)
Amerimax 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.

CCK/vks

Clinton C. Knox

Enclosure

cc Operating Committee (1)
Mr. Chambers
Mr. Finch
Mr. Pulliam
Docket File

C
O
P
Y

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

File in Project folder

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS ADMINISTRATION
[redacted]
WASHINGTON 25, D. C.

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 understand 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).

CCK/vks
Enclosures

Clinton C. Knox

cc Operating Committee
Mr. Chambers
Mr. Finch
Mr. Waldrop
Docket file (2)

Mr. Chambers

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/vlm

cc: Operating Committee (2)
Mr. Chambers
Mr. Finch
Mr. Waldrop
Docket File

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

MAR 2 6 1954

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

Mr. Chambers' copy

Noted JLC
File

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

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-5468
Amerimax 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. R. N. Pulliam, President, Amerimax 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 these 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/vlm
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
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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

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-E468

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

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 10 1954

224 New Customhouse
Denver 2, Colorado

March 8, 1954

Mr. J. L. Chambers, Chief
Contract Administration and Audit Division
Defense Minerals Exploration Administration
Interior Building
Washington 25, D. C.

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

Dear Mr. Chambers:

Thank you for your letter and enclosures dated March 3, 1954.

In order that the closing of this account be expedited without further complications, I shall follow your suggestion and arrange to meet Mr. Knox in Amarillo for a final conference on the audit as soon as possible after the operator accepts the Amendment No. 3 to the contract.

In reviewing the Operating Committee's letter to Mr. Knox concerning the various disallowances I have one question. Please see Item No. 10, "Equipment Purchases (Installment Payment beginning September, 1953) - $857.00" under Section II, which reads in part as follows:

"The Government has waived its equity in the trucks, thereby making this item a responsibility of the Operator after September 1, 1953."

Included in the claimed balance of $857.00 for Installment Purchases were payments on the Lincoln Arc Welder of $32.12 per month for the months of September, October and November, or a total of $96.36. The arc welder originally cost $481.95 and final payment was made in November, 1953. My letter of February 17, 1954, did not clearly seggregate this item.

The question is: Should this item be allowed? I realize the amount involved is relatively small, but the point is raised be-

96,36

cause of the wording of the Operating Committee's letter to Mr. Knox and the desire to avoid the possibility, if any, of jeopardizing the Government's legal position in connection with the disallowance of truck installments.

I will appreciate your advice in this matter.

Yours very truly,

Donald T. Finch

Donald T. Finch
Auditor

Copy to: Clinton C. Knox

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)
American Mining Company
Fresno Mine
Presidio County, Texas
Contract No. Idm-E468

Dear Mr. Knox:

Reference is made to a telephone call Friday, February 26, 1954, made by Mr. J. L. Shumbera 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 American 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

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 Reclaim 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 $1,627.32, are allowable under the contract provided the Executive Officer deems them to be necessary and reasonable expenses for the exploration work.

C. Reclaimed items Rediallowed

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. Those 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. Pullium, 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, Pullium - $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

APPROVED:

J. H. Hedges

Member, Bureau of Mines

D. M. Larrabee

Member, Geological Survey

Copy to: Docket
Admr. Reading File
Operating Committee
Mr. Bishop
Mr. Kinkel
Mr. Ellis
Mr. Finch
Mr. Chambers

Enclosure

AMERIMEX MINING COMPANY
EXPLORATION PROJECT CONTRACT IDM-E468
DOCKET NO. DMEA-2202

AMENDMENT NO. 3

Contract Idm-E468 (Docket No. DMEA-2202), dated December 18, 1952, between the United States of America and the Amerimex Mining Company of Alpine, Texas, is amended effective January 11, 1953, as follows:

1. Amendment No. 1 (effective date January 11, 1953), and Amendment No. 2, (effective date January 11, 1952) are hereby rescinded, and Amendment No. 3 is hereby issued in lieu thereof.

2. The specified list of "Equipment to be rented" set forth in Item 4b of Exhibit "A" of the contract is amended to include the rental of:

a. a used drifter Sullivan L-57, clamp and shell and column and arm type U30-6069 @ $75.00 per month for one and two-thirds (1-2/3) months;

b. a jack hammer with cradle mount @ $50.00 per month for one and two-thirds (1-2/3) months;

c. 2 jackhammers @ $40.00 each per month beginning March 1, 1953;

d. a new air compressor, Portable Joy WK80, cap. 315 CFM with Caterpillar D-318 Engine @ $470.00 per month;

3. The specified list of "Equipment to be rented" set forth in Item 4b of Exhibit "A" of the contract is changed to delete the following items:

a.	1 315 CFM compressor 6 mos. @ $335	$2,010.00
b.	1 power plant, 125 KVA, 6 mos. @ $400	2,400.00
c.	1 power plant, 30 KVA 6 mos. @ $120	720.00

4. The specified list of "Equipment to be purchased" set forth in Item 4c of Exhibit "A" of the contract is changed as follows:

Add:

(a)	2 JAL-48 Jack Legs equipped with attachments for L. 57 @ $195.00 each	$390.00
(b)	1 Lincoln Arch Welder, 180 amp. D. C. 25 watt, portable unit with gasoline motor and accessories complete	481.95

Delete:

(a)	1 heavy Jack Hammer	365.00
(b)	1 drifter	750.00
(c)	Column, arm, cradle, and other drill accessories	250.00

5. Project No. 3, as set forth on page 2 of Exhibit "A", last line reading, "No additional work on Project No. 3 is permitted by this contract," is deleted and the following sentence is substituted therefor: "An additional 250 feet of drifting, crosscutting and raises on Project No. 3 is hereby authorized."

6. Following the second paragraph of Project No. 12, add this sentence; "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.

7. Article 3 of the contract is changed to extend the contract from 6 month duration to 12 months.

8. Item 2 of Exhibit "A" Supervision, is changed to extend the time to a maximum of 12 months, but the total salaries of the superintendent, the general foreman and the master mechanic shall not exceed $10,000 for the total time of the contract. This amount, however, may be in addition to any of the supervisory and technical salaries charged to Items 5 and 6 of Exhibit "A" as amended.

9. Item (5) of Exhibit "A", Page 6 of the contract, is changed to read as follows:

a. Repair buildings 500

b. Rehabilitate mine headframe 500

Total Rehabilitation & Repair $1,050.00

10. Item (6) of Exhibit "A", Page 6 of contract, is changed as follows:

a. The amount of $2600 specified for construction materials for foundations, etc., is reduced to $1,600.00.

b. Rehabilitation of mine headframe is transferred to to Item 5, under No. 9 of this amendment. Underground rehabilitation of shafts and mine workings is hereby transferred to items 2, 3, and 4 of Exhibit "A" of the contract, not to exceed a total cost of $2,000.00.

11. This amendment 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.

This amendment is necessary to correct mutual misunderstanding between the Government and the operator, which resulted in amendments Nos. 1 and 2; and to correct certain erroneous classifications made in the original contract. For more complete justification see letter of February 13, 1954 from Clinton C. Knox, Executive Officer of Region VI, addressed to DMEA Operating Committee.

MAR 3 1954

ald T. Finch
ditor
w Customhouse
r 2, Colorado

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

ear 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. Rumx, 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 watchman 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 Amarillo 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/ame
March 3, 1954

Copy to: Dock[illegible]
Admr. Reading [illegible]
Mr. Chambers

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

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-E468, Docket DMA 2202X
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 1371.49	$1964.81

(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	186.00
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
2.	Portion of Supervision, April and May, applicable to preparation for production	315.00
3.	Truck licenses	107.80
4.	Travel expenses	63.97
5.	June long distance	58.06
6.	June and July, Oversize Shaft	1410.39
	TOTAL	$1958.42

Disallowed by Final Audit pending Clarification

1.	Labor subsequent to August 19, 1953 (date of unauthorized recess)	$556.50
2.	Supervision subsequent to August 19, 1953	1209.44
3.	Technical Services, September, 1953, for new application	172.07

4.	Explosives returned for credit	$329.80
5.	Other Supplies received after August 19, 1953	2.96
6.	Fuel, Gas & Oil, subsequent to August 19, 1953	58.70
7.	Oil returned for credit	47.30
8.	Equipment rental, June, applicable to production	73.00
9.	Equipment rental, subsequent to August 19, 1953	1345.53
10.	Equipment purchases (Installment payment beginning September, 1953)	(857.00)
11.	New Buildings (Cement returned or sold)	163.55
12.	Truck Insurance, 5/12 of annual premium	73.34
13.	Workmen's Compensation, excess charge	131.47
14.	Workmen's Compensation, deposit credit by Insurance Company	445.00
15.	Workmen's Compensation, cost discount credited by Insurance Company	227.46
16.	Reduction of premium on Cook's Wages	108.05
17.	Air Transport, Long Distance Telephone, and Travel Expense, Pulliam	130.46
18.	Accounting, subsequent to August, 1953	120.00 ?
19.	Oversize Shafts and Drifts, August, 1953	394.05
	TOTAL	$6445.68

Summary

Total claimed by Operator, December MF-104		$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	$3,116.00	
Balance due, August 31, 1953	1,293.08	
Equity, August 31, 1953		$1,822.92
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
		6,934.00

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

Donald T. Finch,
Auditor

Copy to: Mr. Clinton C. Knox
221 West 3rd Street
Joplin, Missouri

MAR [illegible] 1954

Mr. [illegible] Pulliam, President
Anadarko Mining Company
Box 666
Alpine, Texas

Re: Docket No. DMA-2202 (Forestry)
Contract No. I[illegible]-[illegible]
[illegible]

Dear Mr. Pulliam:

This letter will serve to confirm the contents of my telegram to you dated February [illegible], 1954, which was as follows:

"[illegible] ANADARKO MINING COMPANY [illegible] TWENTY-FIVE [illegible] SETTLEMENT [illegible] ITS INTEREST [illegible] 1, 1953, WITH NO CONTINGENT OBLIGATION FOR THE TRUCKS THEREAFTER, AS AGREED IN YOUR TELEPHONE CONVERSATION ON FEBRUARY 25 WITH MR. ELLIS.

In order to expedite payment we have enclosed one of your vouchers which is a little less than $[illegible].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 acknowledgment of receipt of recent correspondence which will be answered in due time.

Sincerely yours,

C. O. Mittendorf

Administrator

FLKnowse/EWEllis/gm
2-26-54
cc to: Adm. Reading File — FLKnowse
Docket File — EWEllis
Messrs. Eddleman, Rm. 3623 — IPEA Ft. Reg. VI(2)
APFinkel, Jr., D-2621, OGA Bldg. Chauncey

Friden *Automatic Calculators*

THE THINKING MACHINE OF AMERICAN BUSINESS

LOIS E. ATHA

FRIDEN CALCULATING MACHINE CO., INC.
1724 WISCONSIN AVE., N. W.
WASHINGTON 7, D. C.

TELEPHONE
HOBART 2-4356 2-4357

MAR 1 1954

JHChambers/
FHNewman/cbs 2-26-54

DMEA - Department of the Interior

[illegible]970 Working Fund, DMEA

R. N. FULLIAM, PRESIDENT
ANDERSON MINING COMPANY
BOX 606
ALPINE, TEXAS

REFERENCE FILES AND 3b, DMEA-[illegible], ANDERSON MINING COMPANY HAVE AUTHORIZED RELEASE OF TWENTY-FIVE HUNDRED DOLLARS APPLICABLE TO FINAL SETTLEMENT STOP THE GOVERNMENT RIGHTS WAIVED THE INTEREST IN THE TWO TRUCKS AS OF SEPTEMBER 1, 1953, WITH NO GOVERNMENT OBLIGATION FOR THE TRUCKS THEREAFTER, AS AGREED IN YOUR TELEPHONE CONVERSATION 9 FEBRUARY 25 WITH MR. ELLIS.

C. O. Mittendorf

C. O. MITTENDORF, ADMINISTRATOR

cc to: Adm. Reading File
Docket
Managers. JHChambers, Rm. 4542
JHHoffland, Rm. 4627
FHNewman
Code 700
DMEA Field Team, Region VI (2)

File JH

C. O. MITTENDORF 2-25-54

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 WIT HOLDING FUNDS TO CUASE OUR RUIN? WHY PLEASE?

AMERIMEX MINING COMPANY

1958.42
6445.68
8404.10
3221.86
5182.24

107.88
58.06
63.97
229.83
556.50
230.00
31.53
1345.00
857.00
3221.86

5071.47
3221.86
8293.33

File in contract folder

COPY: Mr. Chambers

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

Defense Minerals Administration
RECEIVED
MAR 1 - 1954

P. O. Box #431
Joplin, Missouri

February 26, 1954

Mr. Edgar L. Waldron
Regional Finance Officer
U. S. Bureau of Mines
514 Sanfield Building
Amarillo, Texas

Re: Contract Id-466
American Mining Co.
Fresno Mine
Presidio County, Tex.
Docket AA-2202A (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 American 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 5 of the subject contract.

Therefore, I hereby rescind the instructions that I gave in a telegram to you on last November 30, cautioning you not to certify the August 31-1954 voucher of the American Co., which he previously had approved and submitted to you. At this time, however, I am approving the Government participation payment on only $3,351.20 of the project costs claimed in that August 31-1954 report (pending the final audit adjustments) or an interim payment of $2,514.03 to the operator, based on the following justification:

Authorized Advance for August 31-1954 Cost Report (4-2-54)

Labor.....	2,990.79	(9-10).10 as per agreed 11-23-1953)
Supervision.....	[illegible]	(leave for final audit adjustments)
Operating Supplies:		
Explosives.....	109.70	(6-32).30 for returns to vendor for credit 12-1(-53)
Other supplies..	424.72	(9-19.38 as per agreed 11-23-1953)

Equipment:

Rental.....	None	(leave for final audit adjustment)
Purchase.....	$222.28	(installment payments to be allowed)
Payroll taxes.....	119.[illegible]	(requires final audit adjustment)
Work. Comp.....	274.[illegible]	($-55.95 as per [illegible] 11-22-1953)
Travel, etc.....	None	(to be considered in final audit)
Accounting.....	87.00	(tentatively as billed)

Total..... $3,359.26 x 75 = $2,519.[illegible]

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 [illegible] requirements 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 consideration here. I will appreciate having you post the usual [illegible] data in the lower right corner of the [illegible]-104, and upon its return I will forward both Washington copies, which I find 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. [illegible]
Executive Officer
[illegible] Field Team, [illegible]

CCK/vms

cc: Operating Committee (2)
Mr. [illegible] Finch
Mr. Chambers
Mr. Fulling
Docket File

C
O
P
Y

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

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

C
O
P
Y

AMERIMEX MINING COMPANY
INCORPORATED

Box 626
Alpine, Texas

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

Noted JLC - 1/26/54

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

224 New Customhouse
Denver 2, Colorado

January 22, 1954

Mr. J. L. Chambers, Chief
Contract Administration & Audit Division
Defense Minerals Exploration Administration
Interior Building
Washington 25, D. C.

Re: Amerimex Mining Co.
Contract Idm-E468

Dear Mr. Chambers:

Your letter concerning my illness was received shortly after I talked with you on the telephone Friday. Thank you very much for your consideration.

Pursuant to Mr. Mittendorf's telephone call to Mr. King the Tucson arrangements have been cancelled. Mr. Knox telephoned me from Joplin and he is to be the DMEA Field Team representative during the audit of the Amerimex Mining Company at Alpine, Texas. Arrangements have been made for me to meet Mr. Knox at Alpine, Texas Thursday night, January 28. I plan to leave Denver Monday morning, January 25, and arrive in Amarillo that evening.

Tuesday and Wednesday I will be in the Bureau of Mines office there. The analysis at the Amarillo office is extremely vital in this audit because of the "scrambled" condition of this operator's records.

I will leave Amarillo the morning of the 28th and arrive at Alpine that evening, and will stay at the Alpine Hotel. I have requested that any letter of instructions which you may have mailed to the Denver office be immediately forwarded. I have decided to drive my own car in order to avoid approximately two days additional travel time for Mr. Knox, and approximately the same amount of travel time for myself due to train schedules.

If I encounter any unusual difficulty in connection with the situation I will immediately contact you either by phone or air mail.

Sincerely,

Donald T. Finch

Donald T. Finch
Auditor

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

1220

(28)

1954 JAN 21 PM 4 32

SYMBOLS

DL=Day Letter

NL=Night Letter

LT=Int'l Letter Telegram

VI=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

WP066 LONG DL PD=ALPINE TEX 21 253PMC=

C O MITTENDORF, ADMINISTRATOR, DEFENSE MINERALS EXPLORATION ADMN=US DEPARTMENT OF THE INTERIOR=

RETEL YESTERDAY TO JOPLIN OFFICE AS FOLLOWS WITHOUT RESPONSE QUOTE IMPERATIVE THAT FUNDS BE RELEASED IMMEDIATELY BY DMEA OR REQUEST GOVERNMENT REPRESENTATIVE ARRIVE PROMPTLY TO MEET PAST DUE TRUCK INSTALLMENTS, WATCHMEN'S SALARY AND OTHER PAST DUE COMMITTMENTS AND TO ASSIST IN REMOVAL AND DISPOSITION OF JOINTLY OWNED PROPERTY TO PREVENT LOSS OF EQUITIES AND FURTHER UNNECESSARY EXPENSE UNQUOTE OPERATIONS ONLY FUNDS ARE THOSE HELD BY DMEA=

AMERIMEX MINING CO R N PULLIAM IDM E468 DMEA 2202=

answered by Mittendorf telephone message to William Pullian and Roy Jan 22, telling them that Trial by Dennis will start Jan 25 and requesting that Pullian to wire accordingly

JH/25

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 22 1954

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

FORMS MF-104

COPY: DMEA Operating Committee
Washington, 25, D. C.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Office Of
Regional Director

Region IV

Room 206 Federal Building
Bartlesville, Oklahoma

March 22, 1955

Memorandum

To: Clinton C. Knox, Executive Officer, DMEA Field Team, Region IV, Joplin, Missouri

From: L. A. Hill, Acting Chief, Division of Administration, Region IV, Bartlesville, Oklahoma

Subject: Final Payment, Contract Idm-E468

Final payment was made on Contract IDM-E-468 as per Audit Report. A copy of the 1034 effecting payment is attached for your information.

DMEA Voucher 4.-83 in the amount of $153.59 was paid March 18, 1955, by R. E. Waters, symbol 411.

L. A. Hill

Enclosure

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

Budget Bureau No. 42-R1036.4
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

Schedule C

Month of FINAL REPORT, 195..... Docket No. DMEA 2202 Contract No. Idm-E468

Operator's Name Amerimex Mining Company Minerals Mercury

Address Box 626, Alpine, Texas

Contract Amount, $ 80,000.00 Government Participation: 75 % Amount, $ 60,000.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts: LIQUIDATION Credits						
Drilling						
Bulldozing						
Crosscutting		(Including)				
Drifting		(Reclaim)				
(2) Labor and Supervision:						
Labor		26,663.91	26,663.91			
Supervision		10,853.78	10,853.78			
Technical Services		498.82	498.82			
(3) Operating Mat'ls. and Supplies:						
Timber		480.20	480.20			
Explosives	329.80	3,001.27	2,671.47			
Pipe		1,163.31	1,163.31			
Track		124.60	124.60			
Other Supplies	491.45	6,657.62	6,166.17			
(4) Operating Equipment:						
Rental		7,102.57	7,102.57			
Purchase	2,760.64	7,898.80	5,138.16			
Depreciation						
(5) Initial Rehabilitation and Repairs		1,821.16	1,821.16			
(6) New Bldgs., Improvements, etc.		1,492.89	1,492.89			
(7) Miscellaneous:						
Repairs to Equipment		255.85	255.85			
Sampling and Analysis		43.37	43.37			
Payroll Taxes		1,624.10	1,624.10			
Tr. Liability Insurance		175.96	175.96			
Workmen's Comp.	1,185.40	3,769.24	2,583.84			
Freight		461.16	461.16			
Travel & Comm.		681.27	681.27			
(8) Contingencies (specify):						
Accounting		1,077.90	1,077.90			
Exp. of Sale						
(Printing, etc)		31.70	31.70			
TOTALS	- 4,767.29	75,879.48	71,112.19			

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

Date 11-4-54 *Payee Amerimex Mining Company

Per R. N. Pullin Title President

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

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

(Instructions on reverse)

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

$.....

Signature .....
(Authorized Certifying Officer)

Date ..... Vou. No. .....
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

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

Signature ..... Title ..... Date .....

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature ..... Title ..... Date .....

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

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

Budget Bureau No. 42-R1036.4
Approval expires 6-30-53

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

Schedule B

Month of FINAL REPORT, 195 Docket No. DMEA 2202 Contract No. Idm-E468

Operator's Name Amerimex Mining Company Minerals Mercury

Address Box 626, Alpine, Texas

Contract Amount, $ 80,000.00 Government Participation: 75 % Amount, $ 60,000.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent / Short Form } Contracts: LIQUIDATION EXPENSE						
Drilling						
Bulldozing						
Crosscutting		(Including)				
Drifting		(Reclaim)				
(2) Labor and Supervision:						
Labor	1,121.00	25,542.91	26,663.91			
Supervision	810.00	10,043.78	10,853.78			
Technical Services		498.82	498.82			
(3) Operating Mat'ls. and Supplies:						
Timber		480.20	480.20			
Explosives		3,001.27	3,001.27			
Pipe		1,163.31	1,163.31			
Track		124.60	124.60			
Other Supplies	76.10	6,581.52	6,657.62			
(4) Operating Equipment:						
Rental		7,102.57	7,102.57			
Purchase		7,898.80	7,898.80			
Depreciation						
(5) Initial Rehabilitation and Repairs		1,821.16	1,821.16			
(6) New Bldgs., Improvements, etc.		1,492.89	1,492.89			
(7) Miscellaneous:						
Repairs to Equipment		255.85	255.85			
Sampling and Analysis		43.37	43.37			
Payroll Taxes	153.89	1,470.21	1,624.10			
Tr~~Liability~~ Insurance		175.96	175.96			
Workmen's Comp.		3,769.24	3,769.24			
Freight		461.16	461.16			
Travel & Comm.	123.73	557.54	681.27			
(8) Contingencies (specify):						
Accounting	247.40	830.50	1,077.90			
Exp. of Sale						
(Printing, etc)	31.70		31.70			
TOTALS	2,563.82	73,315.66	75,879.48			

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

Date 11-4-54 *Payee Amerimex Mining Company

Per R. N. Sullivan Title President

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

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

(Instructions on reverse)

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

$

Signature
(Authorized Certifying Officer)

Date Vou. No.
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

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

Signature ..... Title ..... Date .....

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature ..... Title ..... Date .....

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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GPO 83-38476

FORM MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas

Schedule A
FINAL REPORT

ANALYSIS OF DISALLOWANCE FOR OVERSIZE SHAFTS & DRIFTS (Not Reclaimed)
For Purpose of Integrating Figures

	Totals 12-31-53	Adjustment Oversize Shafts & Drifts	Totals 12-31-53
(2) Labor & Supervision			
Labor	$26,070.08	- $ 527.17	$25,542.91
Supervision	10,164.85	- 121.07	10,043.78
Technical Services	498.82		498.82
(3) Operating Materials & Supplies			
Timber	480.20		480.20
Explosives	3,062.99	- 61.72	3,001.27
Pipe	1,163.31		1,163.31
Track	124.60		124.60
Other Supplies	6,639.53	- 58.01	6,581.52
(4) Operating Equipment			
Rental	7,181.14	- 78.57	7,102.57
Purchase	7,898.80		7,898.80
(5) Initial Rehabilitation & Repairs	1,821.16		1,821.16
(6) New Bldgs., Improvements, etc.	1,492.89		1,492.89
(7) Miscellaneous			
Repairs to Equipment	255.85		255.85
Sampling & Analysis	43.37		43.37
Payroll Taxes	1,573.57	- 103.36	1,470.21
Truck Insurance	175.96		175.96
Workmen's Compensation Insurance	3,769.24		3,769.24
Freight	461.16		461.16
Travel & Communications	573.53	- 15.99	557.54
Accounting	840.24	- 9.74	830.50
Expense of Sale			
Total	$74,291.29		$73,315.66
Less Oversize Shafts & Drifts	975.63	- 975.63	
Total	$73,315.66		$73,315.66

FORM MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas

FINAL REPORT

EXPLORATION CREDITS

			Cont. Acct.
Returned Merchandise			
Alpine Lumber Co.			
Cement Returned	$ 144.39		3E
Brewster County Motors			
Powder Returned	329.80		3B
Magnolia Petroleum Co.			
Mobiloil Returned	47.30		3E
Diesel Returned (Net)	245.60		3E
Total		$ 767.09	
Sales			
Carl E. Thain			
Cement	$ 20.16		3E
Durham Steel & Supply Co.			
Supplies	34.00		3E
R. D. French			
Balance of Assets	2,000.00		4B
Total		2,054.16	
Other Credits			
Texas Employers' Insurance Ass'n Dividend Earned. Other Credits & Transfer of prorata of Expense to General Account (See Schedule Attached "Workmen's Compensation Insurance")		1,185.40	7E
Total Exploration Credits		$4,006.65	
Add			
Truck payments charged after 9-1-53 (DMEA waived interest in 2 trucks effective 9-1-53)		760.64	4B
Total Exploration Credits		$4,767.29	

FORM MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas

FINAL REPORT

WORKMEN'S COMPENSATION INSURANCE (Analysis of Credit)

Total Wages Paid to 8-31-53 (End of Coverage Reporting)		$44,900.10	100.0%
Total Wages Claimed DMEA Reports (Including Labor in Items 5 & 6, MF-104)		37,356.92	83.2%
Balance Remaining in General Account		$ 7,543.18	16.8%
Total Cost of Workmen's Compensation Insurance carried in DMEA Report		$ 3,769.24	
Total Premium Settlement With Texas Employment Ins. Ass'n	$3,105.58		
Exploration Portion	83.2%	2,583.84	
Credit Exploration Account (Previously reported as $780.51)		$ 1,185.40	

FORM MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas

FINAL REPORT

GENERAL ACCOUNT CREDITS

Returned Merchandise			
Mine & Smelter Supply Co.	$ 11.65		
" " " "	51.83		
		$ 63.48	
Sales			
Brewster County Motors - Dump Truck Bed	200.00		
R. D. French - Balance of Assets	1,000.00		
		1,200.00	
Other Credits			
Jim Francois Agency			
Ford PU - Coll., Fire, Theft	20.77		
" " BI & PD	15.39		
GMC - Coll., Fire, Theft	34.35		
		70.51	
Total		$1,333.99	Genl

Form MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas

FINAL REPORT

DISBURSEMENTS AND COMMITMENTS

1954		Amount	Contract Account
1- 1	Butler, Binion, Rice & Cook, Houston		
	Legal	$ 15.01	Genl
	Mine & Smelter Supply Co.,		
	Items purchased for use during operation - not charged to Exploration	14.44	Genl
	Returned for credit at less than cost (See list of credits)	59.90	Genl
	M. A. Ohlund Machine Shop		
	8-22-53 Turn Armature Starter Engine on Hoist	1.00	Genl
2-11	Newspaper Printing Corp. - Advertising		
	Dump Trucks	5.60	Genl
15	Jim Francois Agency		
	Ford PU Insurance		
	Coll., Fire, Theft	55.75	Genl
	BI & PD	36.00	Genl
	GMC Insurance		
	Coll., Fire, Theft	92.20	Genl
	(See list of credits)		
3- 8	Jim Francois Agency		
	GMC Insurance		
	BI & PD	30.90	Genl
	(See list of credits)		
8	First National Bank, Alpine		
	Interest Truck Notes	207.94	Genl
11	Brewster County Motors - Ford PU		
	Gas & Oil	5.10	3E
15	" "	5.13	3E
16	" "	2.05	3E
19	" "	9.11	3E
17	Lajitos Trading Post		
	Gas & Oil	7.75	3E
30	Brewster County Motors - Service Ford PU	5.75	3E

Form MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas

FINAL REPORT

DISBURSEMENTS AND COMMITMENTS

1954			Amount	Contract Account
3-30	Secretary of State, Austin - Franchise Tax		$ 27.50	Genl
30	Brewster County Tax Collector - License PU		16.80	Genl
31	Shoppers Guide - Office Supply		2.25	Genl
4- 3	Bell's Cosden - Ford PU			
	Gas		6.00	3E
	Tire Repair		1.00	7A
14	Brewster County Motors - Repairs Ford PU		4.55	7A
5- 3	Bell's Cosden - Ford PU			
	Gas		6.12	3E
	Tire Repair		1.50	7A
5-12	Cosden Petroleum Corp - Gas & Oil		2.90	3E
5-26	" " " " "		4.90	3E
6-21	Bell's Cosden - Gas		7.75	3E
8- 7	Bell's Cosden - Gas		6.49	3E
25	First National Bank, Alpine - Balance			
	Interest Truck Notes		7.25	Genl
31	Distribution of Bid Forms			
	Printing by Shoppers Guide		24.00	Sale
	" " " "		5.75	Genl
	Postage		7.20	Sale
	"		.60	Genl
	Envelopes		.50	Sale
	"		.50	Genl
31	Other Postage - 8 months		9.45	Genl
31	Director of Internal Revenue			
	Interest & Penalty SS & WH Taxes Qtr. 9-30-53		94.72	Genl
	" " .3% Unemp. Taxes Year 1953		10.92	Genl
31	L. M. Pulliam - Accounting Service 8 months			
	161½ hrs. @ $3.00	$484.50	247.40	7H
	Typist Hired	10.31 $494.81	247.41	Genl

FORM MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas

FINAL REPORT

DISBURSEMENTS AND COMMITMENTS

1954			Amount	Contract Account
8-31	Payroll - Watchman Service		$ 826.60	2A
	Other Labor		294.40	2A
	Supervision of Liquidation 81 days @ $20.00	$1,620.00	810.00	Genl
			810.00	2B
31	Director of Internal Revenue FICA Tax	54.81	16.20	Genl
			38.61	7C
	.3% Unemployment Tax	8.22	5.79	7C
			2.43	Genl
31	Texas Employment Comm. 2.7% Unemployment Tax	74.01	52.14	7C
			21.87	Genl
31	R. N. Pulliam - Reimbursement Travel & Communications	152.11	123.73	7C
			28.38	Genl
31	Texas Employment Ins. Assn. Balance of Account		75.00	Genl
	RECLAIM			
	Payroll Taxes (See Reclaim Statement Attached)		57.35	7C
	Total		$4,459.59	

Form MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas

FINAL REPORT

RECLAIM STATEMENT	Audit Apprvd to 5-31-53 & Jun & Jul	Reclaim	August	Sept Oct Nov Dec	Totals to 12-31-53
From Schedule "A" Joplin Letter of 9-29-53					
Labor	$23,450.89	$ 11.90	$2,159.89	$ 447.40	$26,070.08
Supervision	6,520.28	1,810.32	1,131.25	703.00	10,164.85
From Audit Item 5 ($449.67)					
Labor	267.46	658.32			925.78
Supervision	155.98	713.17			869.15
From Audit Item 6 ($1,492.89)					
Labor	291.47				291.47
Supervision	185.99				185.99
Total Payroll	$30,872.07	$3,193.71	$3,291.14	$1,150.40	$38,507.32
Less: Unemployment Tax Exemption					
R. N. Pulliam	1,000.00		600.00		1,600.00
C. E. Thain			393.75	703.00	1,096.75
Total Payroll for Unemployment Tax	29,872.07	3,193.71	2,297.39	447.40	35,810.57
3% Tax	896.16	95.81	68.92	13.42	1,074.31
Total Payroll	30,872.07	3,193.71	3,291.14	1,150.40	38,507.32
Less: SS Tax Exemption					
R. N. Pulliam	400.00		600.00		1,000.00
Total Payroll for SS Tax	30,472.07	3,193.71	2,291.14	1,150.40	37,507.32
1½ %	457.08	47.90	34.37	17.26	556.61
Total Payroll Taxes	1,353.24	143.71	103.29	30.68	1,630.92
Payroll Taxes Entered MF-104	1,273.82	128.04	119.96	51.75	1,573.57
Reclaim - Payroll Taxes	$ 79.42	$ 15.67	-$ 16.67	-$ 21.07	$ 57.35

FORM MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas

FINAL REPORT

PAYROLL: Watchman - Maintenance
W. M. Roberts

1954	Gross	FICA	WH Tax	Net Salary	Cont. Acct.
Jan.	$ 108.00	$ 2.16	$ 9.80	$ 96.04	
Feb.	108.00	2.16	9.80	96.04	
Mar.	70.60	1.41	2.60	66.59	
Apr.	108.00	2.16	9.80	96.04	
May	108.00	2.16	9.80	96.04	
Jun.	108.00	2.16	9.80	96.04	
Jul.	108.00	2.16	9.80	96.04	
Aug.	108.00	2.16	9.80	96.04	
	$ 826.60	$ 16.53	$ 71.20	$ 738.87	2A

FORM FM-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas

FINAL REPORT

LABOR (March, 1954)	Gross	FICA	WH Tax	Board	Net Salary
Guillermo De LaRosa	$ 36.30	$ .73	$ 4.70	$ 5.20	$ 25.67
Andres F. Gonzales	32.00	.64			31.36
Amando Granado	42.90	.86	3.20	5.20	33.64
Manuel V. Granado	49.50	.99	7.30	5.20	36.01
Florentino Muniz	36.30	.73	2.20	5.20	28.17
W. M. Roberts	37.40	.75	4.90	5.20	26.55
Carl E. Thain	60.00	1.20	9.30	5.20	44.30
	$ 294.40	$ 5.90	$ 31.60	$ 31.20	$ 225.70

Contract Account 2A

FORM MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas

FINAL REPORT

SUPERVISION OF LIQUIDATION - R. N. Pulliam

1954			Gross	FICA	Net
Jan.	16	days @ $20.00	$ 320.00	$ 6.40	$ 313.60
Feb.	11	" " "	220.00	4.40	215.60
Mar.	18	" " "	360.00	7.20	352.80
Apr.	8	" " "	160.00	3.20	156.80
May	6	" " "	120.00	2.40	117.60
Jun.	6	" " "	120.00	2.40	117.60
Jul.	8	" " "	160.00	3.20	156.80
Aug.	8	" " "	160.00	3.20	156.80
		Total	$1,620.00	$ 32.40	$1,587.60

Exploration 2B	$ 810.00
General Acct.	810.00

FORM MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas

FINAL REPORT

CODE

(2) Labor and Supervision
- A. Labor
- B. Supervision

(3) Operating Materials and Supplies
- A. Timber
- B. Explosives
- C. Pipe
- D. Track
- E. Other Supplies

(4) Operating Equipment
- A. Rental
- B. Purchase

(5) Initial Rehabililation and Repairs

(6) New Buildings, Improvements, etc.

(7) Miscellaneous
- A. Repairs to Equipment
- B. Sampling and Analysis
- C. Payroll Taxes
- D. Truck Insurance
- E. Workmen's Compensation Insurance
- F. Freight
- G. Travel and Communications
- H. Accounting
- I. Expense of Sale (Printing, etc.)

RECEIVED
MINERALS TECHNOLOGY
DIVISION
NOV 9 1954
BUREAU OF MINES
JOPLIN, MO.

November 4, 1954

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

Re. Docket No. 2202 (Mercury)
Contract No. Idm-F468
Presidio County, Texas

Dear Clint:

Inclosed herewith is the Final Report and Voucher of Amerimex Mining Company dated November 4, 1954, showing total cost incurred in the amount of $71,112.19 instead of the $80,000.00 approved by Defense Minerals Exploration Administration under the terms of our Contract.

It is believed that the items of expense and credits are self-explanatory with the possible exception of the following:

Supervision: This item includes only one-half of the actual time from January 1, 1954, to August 31, 1954, which I devoted to preserving and disposing of the facilities and equipment owned by the Government and the Operator.

Labor: This item includes watchman's salary from January 1, 1954, to August 31, 1954. Without a watchman, loss by theft of equipment and supplies could have and probably would have been sustained, for which the Government could have held the Operator liable.

It will be noted that watchman's salary has been reduced for March, 1954, when a part of his time was devoted to labor for which he was paid his regular rate. This labor is included on a separate schedule with that of other laborers who spent the time shown in March in removing pipe and other equipment from underground and on surface and in separating, inventorying and preparing for sale and severance from the premises the machinery, equipment and supplies in which the Government owned an interest.

Three schedules "C","B" and "A" precede the detailed statements of each copy of the Final Report.

Schedule "A" is a breakdown of various items included

in the cost of oversize shafts and drifts disallowed by Interim Audit and Field Team decisions. The portion of this cost which Operator did not attempt to Reclaim has been integrated with the totals according to the various classifications previously reported.

Schedule "B" is a detailed statement of liquidation and winding-up expenses incurred from January, 1954, when Operator was formally notified of "Termination of Exploration Project Contract, under the Terms of the Contract, Before Completion of the Work" until August 24, 1954, when final liquidation was accomplished.

Schedule "C" shows the items of credits for return of unused merchandise and the liquidation sale of equipment, materials and supplies jointly owned by Operator and the Government.

With kindest personal regards, I remain

Sincerely,

R. N. Pulliam, President
AMERIMEX MINING COMPANY

RNP:L

Incl: Final Report

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

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

JAN 25 195

Wash. Copy

OPERATOR'S MONTHLY REPORT AND VOUCHER

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 9 1954

Month of December, 195 4 Docket No. DMEA 2202 Contract No. Idm-E468
Operator's Name Amerimex Mining Company Minerals Mercury
Address P. O. Box 626, Alpine, Texas
Contract Amount, $ 80,000.00 Government Participation: 75% Amount, $ 60,000.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent / Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor	123.40	25,946.68	26,070.08			
Supervision	28.00	10,136.85	10,164.85			
Technical Services		498.82	498.82			
(3) Operating Mat'ls. and Supplies:						
Timber		480.20	480.20			
Explosives		3,062.99	3,062.99			
Pipe		1,163.31	1,163.31			
Track		124.60	124.60			
Other Supplies	10.21	6,629.32	6,639.53			
(4) Operating Equipment:						
Rental	120.00	7,061.14	7,181.14			
Purchase	190.16	7,708.64	7,898.80			
Depreciation						
(5) Initial Rehabilitation and Repairs		1,821.16	1,821.16			
(6) New Bldgs., Improvements, etc.		1,492.89	1,492.89			
(7) Miscellaneous:						
Repairs to Equipment		255.85	255.85			
Sampling and Analysis		43.37	43.37			
Payroll Taxes	6.81	1,566.76	1,573.57			
Trk Liability Insurance		175.96	175.96			
Workmen's Comp		3,769.24	3,769.24			
Freight		461.16	461.16			
Travel & Comm.	10.25	563.28	573.53			
(8) Contingencies (Specify): Accounting	30.00	810.24	840.24			
	518.83	73,772.46	74,291.29			
Less Oversize Shafts & Drifts		975.63	975.63			
TOTALS	518.83	72,796.83	73,315.66			

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

Date 1-23-54 *Payee Amerimex Mining Company

Per J. N. Pullin Title President

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

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

(Instructions on reverse)

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

$

Signature
(Authorized Certifying Officer)

Date Vou. No.
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

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

Signature ..... Title ..... Date .....

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature ..... Title ..... Date .....

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104
Docket DMEA-2202
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of December, 1953

PAYROLL - Watchman-Maintenance Service and Other Labor

December, 1953	Gross	FICA Tax	W H Tax	Other Ded.	Net Salary	Contract Acct.
Master Mechanic						
Carl E. Thain	$ 28.00	$ .42	$ 2.50	$20.16*	$ 4.92	2B
Mechanic's Helper						
Wesley E. Roberts	108.00	1.62	10.90	10.00	85.48	2A
Truck Driver						
Manuel Granado	15.40	.23	2.30		12.87	2A
Total	$151.40	$2.27	$15.70	$30.16	$103.27	

Form MF-104
Docket DMEA-2202
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of December, 1953

CHECK DISBURSEMENTS and COMMITMENTS

1953					Amount	Contract Acct.
12-19	E. G. & Elizabeth Bledsoe - Mineral Lease				$ 100.15	Genl.
31	R. N. Pulliam - Rental of Equipment					
	Gasoline Hoist	@ $125.00	per mo.	1/2 Rental	62.50	4B-5
	Air Tugger	35.00	" "	" "	17.50	4B-6
	2 Jackhammers	80.00	" "	" "	40.00	4B-10
				($120.00)		
	Buda JH-4 Engine	225.00	" "		112.50	Genl.
	Jackhammer	40.00	" "		20.00	Genl.
				($132.50)		
	R. N. Pulliam - Account for Company				11.31	Genl.
	Travel and Communications				10.25	7G
	Brewster County Motors					
	Drum Rent		$ .45			
	Gasoline		7.06			
	Gasoline		2.70		10.21	3E
	First National Bank, Alpine					
	GMC Truck	Prin. Note #10			117.56	4C-8
		Interest			10.57	Genl.
	Ford PU	Prin. Note #10			72.60	4C-9
		Interest			6.54	Genl.
	L. M. Pulliam - Accounting Service				30.00	7H
	Postage				3.00	Genl.
	Director of Internal Revenue					
	1-1/2% Social Security Tax				2.27	7C
	.3% Unemployment Tax				.45	7C
	Texas Employment Commission					
	2.7% Unemployment Tax				4.09	7C
			Total		$ 631.50	
	Total Payroll Owed				151.40	
			TOTAL		$ 782.90	

Docket DMEA-2202
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of December, 1953

OPERATOR'S MONTHLY NARRATIVE REPORT

Since the Operator has only such capital as may be receivable from DMEA for expenses and commitments previously made by the Operator, it was not possible to resume operations.

It has remained necessary to maintain watchman services on the property. The Mechanic's Helper has served in this capacity at one-half his customary rate of pay. Other wages listed are for a trip to the mine by the Master Mechanic and Truck Driver for the purpose of hauling to town dynamite, lubricating oil and an oxygen cylinder returned to local dealers for credit on unpaid accounts. Also, 16 sacks of cement were delivered to Carl E. Thain and credited at $1.25 per sack in the total amount of $20.16.

Equipment rental expense reduced by 50% on the equipment used or retained on the property during this period is shown on the itemized receipt attached.

In addition to the expectation of the Operator to find it possible to resume operations through receipt of August reimbursement and/or Reclaim recovery of Interim Audit disallowances, it was the hope of the Operator to obtain DMEA approval of the Proposed Amendment to the Contract providing for a substantial amount of additional exploration work which it is believed would have made the possibility of a commercial discovery sufficiently attractive to interest new capital. This probably would have justified financial reorganization and refinancing.

Consequently, any removal and replacement of equipment would have been at unjustified expense. On the other hand, the Operator has had no funds with which to remove and return rented equipment to the owner. Likewise, even if it had been possible to predict the termination of operations, no removal or disposition of equipment, materials and supplies would have been possible without release by DMEA of a substantial part or all of the Operator's funds being withheld.

These circumstances justified continuation of equipment rental on a basis of 50% of the regular rate and justified the maintenance of watchman service on the property to protect and preserve the property owned jointly by the Operator and the Government.

Equipment Purchases include only monthly installments due on trucks and other equipment in which the Government owns an interest.

Docket DMEA-2202
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of December, 1953

Operator's Monthly Narrative Report

Payroll taxes include Social Security and Unemployment Compensation on salaries for watchman-maintenance and other wages paid.

Communication expense itemized has been incurred exclusively for the necessary conduct of the exploration project, as explained on the itemized receipt.

The cost of Accounting Service for the month of December has been entered.

Every effort has been made to reduce and maintain at a minimum expenses necessary to maintain and protect the rights and interests of the Government and the Operator.

Respectfully,

R. N. Pulliam
General Superintendent

Form MF-104
Docket DMEA-2202
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of December, 1953

CODE	ITEMS OF COST
(2)	A. Labor
	B. Supervision
(3)	E. Other Supplies
(4)	Operating Equipment
	B. Equipment Rented
	C. " Purchased
(7)	Miscellaneous
	C. Payroll Taxes
	G. Travel & Communications
	H. Accounting

Report [illegible]
Contract [illegible]

[illegible] Mining Company
[illegible], Texas

[illegible]

[illegible]

Exploration

1	[illegible] 220/440 volt, 3-phase, 60-cycle, [illegible] for 1-[illegible], electric motor [illegible] 147. [illegible]	
	Rubber covering [illegible]	[illegible]
1	[illegible] and mounted [illegible] attachments for [illegible] (1-140-[illegible]) [illegible]	[illegible]
1	[illegible] (1[illegible] [illegible] No. [illegible])	[illegible]
2	[illegible]	[illegible]
1	[illegible]	[illegible]
1	[illegible] 4-burner kitchen stove with [illegible]	[illegible]
1	[illegible] complete with lic. [illegible]	[illegible]
1	[illegible] with lic. [illegible]	[illegible]
1	[illegible]	[illegible]
1	[illegible]	[illegible]
1	[illegible] complete with attachments # 147-013	[illegible]
1	[illegible] complete with [illegible] motor and accessories	[illegible]
	[illegible] 4-cu. ft., 4-door	[illegible]

Lease

1	[illegible]	[illegible]

Exploration

1	Servel Refrigerator # [illegible] 14-cu. ft.	[illegible]

Docket [illegible]
Contract Ibm-[illegible]

[illegible] Mining Company
Alpine, Texas

[illegible]

[illegible]

Exploration

1 Large portable Joy air compressor [illegible] 310 c.f.m. gen. Caterpillar [illegible] engine [illegible] rented from H. H. Sullivan @ $47[illegible].00 per mo. new.

1 Willys Jeep, Motor [illegible] used, rented from H. H. Sullivan @ $[illegible] mo.

1 International [illegible] gasoline-powered engine, single-drum hoist welded on skids and bolted down temporarily on old concrete foundation, rented used from H. H. Sullivan @ $1[illegible]5.00 mo. Eng. [illegible]4183.

1 Air tugger, Sullivan [illegible], ser. [illegible]1438, rented used from H. H. Sullivan @ $25.00 mo.

1 [illegible] Jackhammer, 4[illegible] [illegible]39, rented used from H. H. Sullivan @ $40.[illegible] per mo.

General

1 Sullivan 1-57 Jackhammer [illegible]1460 rented used from H. H. Sullivan @ $40.[illegible] per mo.

1 Gasoline, Buda JB-4 ser. no. [illegible]-A 4-cyl. 6¼ x 7 1/8". Stationary engine is used to drive entire crusher-furnace assembly 3 shifts totalling 24 hours per day. Rented used from H. H. Sullivan @ $[illegible]5.00 per mo.

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

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

JAN 1954

Wash. Copy.

OPERATOR'S MONTHLY REPORT AND VOUCHER

Defense Minerals Administration
RECEIVED
FEB 9 1954

Month of November, 1954 Docket No. DMEA 2202 Contract No. Idm-E468
Operator's Name Amerimex Mining Company Minerals Mercury
Address P.O. Box 626, Alpine, Texas
Contract Amount, $ 80,000.00 Government Participation: 75 % Amount, $ 60,000.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent / Short Form Contracts:		Including Audit Reclaim				
Drilling						
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor	108.00	25,838.68	25,946.68			
Supervision	225.00	9,911.85	10,136.85			
Technical Services		498.82	498.82			
(3) Operating Mat'ls. and Supplies:						
Timber		480.20	480.20			
Explosives		3,062.99	3,062.99			
Pipe		1,163.31	1,163.31			
Track		124.60	124.60			
Other Supplies	8.85	6,620.47	6,629.32			
(4) Operating Equipment:						
Rental	226.66	6,834.48	7,061.14			
Purchase	222.28	7,486.36	7,708.64			
Depreciation						
(5) Initial Rehabilitation and Repairs		1,821.16	1,821.16			
(6) New Bldgs., Improvements, etc.		1,492.89	1,492.89			
(7) Miscellaneous:						
Repairs to Equipment		255.85	255.85			
Sampling and Analysis		43.37	43.37			
Payroll Taxes	14.98	1,551.78	1,566.76			
Liability Insurance		175.96	175.96			
Trk-Workmen's Comp		3,769.24	3,769.24			
Freight		461.16	461.16			
(8) Contingencies (specify): Travel & Comm.	32.50	530.78	563.28			
Accounting	90.00	720.24	810.24			
	928.27	72,844.19	73,772.46			
Less Oversize Shafts & Drifts		975.63	975.63			
TOTALS	928.27	71,868.56	72,796.83			

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

Date 1-21-54 *Payee Amerimex Mining Company

Per R. N. Sullivan Title President

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

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

(Instructions on reverse)

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

$

Signature
(Authorized Certifying Officer)

Date Vou. No.
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

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

Signature ..... Title ..... Date .....

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature ..... Title ..... Date .....

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form PF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of November, 1953

PAYROLL - Repair, Maintenance and Watchman Service

November, 1953	Gross	FICA	Withholding	Net Salary	Cont. Acct.
Master Mechanic					
Carl E. Thain	$ 225.00	$ 3.38	$ 34.10	$ 187.52	2B-3
Mechanic's Helper					
Wesley E. Roberts	108.00	1.62	10.90	95.48	2A-5
	$ 333.00	$ 5.00	$ 45.00	$ 283.00	

Form MF-104
Docket DMA-8202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of November, 1953

CHECK DISBURSEMENTS AND COMMITMENTS

1953

11-10	E. G. & Elizabeth Bledsoe - Mineral Lease			$ 100.15	Genl
14	First National Bank, Alpine				
	GMC Truck	Prin Note #9		117.56	4C-8
		Interest		10.57	Genl
	Ford PU	Prin Note #9		72.60	4C-9
		Interest		6.54	Genl
30	Big Three Welding Equipment Company				
	Note No. 10		$33.73	32.12	4C-15
	Interest			1.61	Genl
30	R. M. Pulliam - Account for Company			4.87	Genl
	Travel and Communications			32.50	7G
	R. M. Pulliam - Rental of Equipment				
	Air Compressor @ $470.00 per mo. 1/2 Rental			106.63*	4B-2
	Gasoline Hoist	125.00 " " " "		62.50	4B-5
	Air Tugger	35.00 " " " "		17.50	4B-6
	2 Jackhammers	80.00 " " " "		40.00	4B-10
			($226.66)		
	Buda JH-4 Engine	225.00 " " " "		112.50	Genl
	Jackhammer	40.00 " " " "		20.00	Genl
			($132.50)		
	Director of Internal Revenue				
	1 1/2% Social Security Tax			4.99	7C
	Director of Internal Revenue				
	.3% Unemployment Tax			.99	7C
	Texas Employment Commision				
	2.7% Unemployment Tax			9.00	7C
	L. M. Pulliam - Accounting Service				
	September	$30.00			
	October	30.00			
	November	30.00		90.00	7H
		Total		$ 842.66	

Form MF-104
Docket DMA-2203X
Contract

Amerimex Mining Company
Alpine, Texas
Month of November, 1953

PETTY CASH DISBURSEMENTS

1953

11- 2	Postage	$4.50		Genl
9	Telegram - Patterson Houston	3.34		Genl
14	H. T. Metcalfe - Mac Supplies	8.85		ZE
	Total		$ 16.69	
	Total Check Disbursements & Commitments		842.66	
	Total Payroll Owed		333.00	
	Total		$1,192.35	

Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of November, 1953

OPERATOR'S MONTHLY NARRATIVE REPORT

Since the Operator has only such capital as may be receivable from DMEA for expenses and commitments previously made by the Operator, it was not possible to resume operations.

It remained necessary to maintain watchman services on the property. The Master Mechanic and one other employee have continued to do watchman service and maintenance work at half their customary rate of pay.

Equipment rental expense reduced by 50 per cent on the equipment used or retained on the property during this period or a part thereof is shown on the itemized receipt attached.

In addition to the expectation of the Operator to find it possible to resume operations through receipt of August reimbursement and/or Reclaim recovery of Interim Audit disallowances, it was the hope of the Operator to obtain DMEA approval of Proposed Amendment to the Contract providing for a substantial amount of additional exploration work which would have made the possibility of a commercial discovery sufficiently attractive to interest new capital. This probably would have justified financial reorganization and refinancing.

Consequently, any removal and replacement of equipment would have been at unjustified expense. On the other hand, the Operator had had no funds with which to remove and return to the owner rented equipment. Likewise, even if it had been possible to predict the termination of operations, no removal or disposition of equipment, materials and supplies would have been possible without release by DMEA of a substantial part or all of the Operator's funds being withheld.

These circumstances justified continuance of equipment rental on a basis of 50 per cent of regular rate and justified the maintenance of watchman service on the property to protect and preserve the property owned jointly by the Operator and the Government.

Equipment Purchases include only monthly installments on trucks and other equipment in which the Government owns an interest.

Payroll taxes include Social Security and Unemployment Compensation on salaries for watchman-maintenance crew.

Any Travel and Communication expenses itemized have been incurred exclusively for the necessary conduct of the exploration project, as explained on the itemized receipts.

Docket DMA-2202X
Contract Idm-M468

Amerimex Mining Company
Alpine, Texas
Month of October, 1953

OPERATOR'S MONTHLY NARRATIVE REPORT

Accounting services cover cost itemized on the statement attached for the work completed for the Months of September, October, and November and cover far less than the time required and expense involved in the preparation of those respective Monthly Reports, Reclaim for Interim Audit Disallowances, etc.

Every effort has been made to reduce and maintain at a minimum expenses necessary to maintain and protect the rights and interests of the Government and the Operator.

Respectfully,

R. N. Pullian
General Superintendent

Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas

EQUIPMENT INVENTORY

PURCHASED

Exploration

1	Double Drum Hoist 5HP, 220/440 Volt. 3-Phase, 60-Cycle, Shop #25015 Joy S-211, Electric Motor Fairbanks-Morse #R89947. Amsco Scraper, Model V26A #89301F	$1,325.90
	Slusher Loading Ramp	113.65
1	JAL-48 Jack Legs equipped with attachments for L-57 Drills (N-1419-DG) Shop #30892 & #30893	390.00
1	3x2x4 Duplex Pump (FBM Shop No. 768602)	190.00
3	Aluminum Tanks, each 1,222 gal. cap.	312.51
1	Used Army Surplus wing tank	12.50
1	Used Butane 4-burner kitchen stove with oven	80.00
1	New 52 Ford 1/2-ton cap. pickup Motor #FIR2DLa1327 & Accessories complete with lic. $16.80	1,960.37
1	New 53 GMC 2-ton cap. truck Motor #A248176097 complete with lic. $81.00	3,116.00
1	New Gould Centrifugal Pump Fig. 3670 & Gasoline engine complete with 15' suction hose	170.95
1	Used Skilsaw #107	138.75
1	New Black & Decker HD Valve Reseater complete with attachments # 1672013	120.00
1	Lincoln S-7072, 180 Amp. Arc-Welder #A-277866 complete with gasoline motor and accessories	481.95
1	Servel Refrigerator 11-cu. ft., 2-door	225.00

General

1	1953 Ford F6 Truck 164" Chassis & Cab Motor No. F60W3D 13067	2,708.80

Exploration

1	Servel Refrigerator # BR1118 13-cu. ft.	425.00

Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas

EQUIPMENT INVENTORY

RENTED

Exploration

1 large portable Joy Air Compressor Wk-80 315 c.f.m. cap. Caterpillar D-318 engine #50019 rented from R. N. Pulliam @ $470.00 per mo. new.

1 Willys Jeep, Motor #J83920 used, rented from R. N. Pulliam @ $30.00 mo.

1 International 30 HP gasoline-powered engine, single-drum hoist welded on skids and bolted down temporarily on old concrete foundation, rented used from R. N. Pulliam @ $125.00 mo. Eng. #274183.

1 Air tugger, Sullivan F113, Ser. #1469, rented used from R. N. Pulliam @ $35.00 mo.

1 C. P. Jackhammer, 42-W #3039, rented used from R. N. Pulliam @ $40.00 per mo.

General

1 Sullivan L-57 Jackhammer #101460 rented used from R. N. Pulliam @ $40.00 per mo.

1 Engine, Buda JB-4 Ser. No. 200800-A 4-Cyl. 6" x 7 1/8". Stationary engine is used to drive entire crusher-furnace assembly 3 shifts totalling 24 hours per day. Rented used from R. N. Pulliam @ $225.00 per mo.

Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas

CODE	Items of Cost
(2)	A. Labor
	B. Supervision
(3)	E. Other Supplies
(4)	Operating Equipment
	B. Equipment to be rented
	C. " " " purchased
(7)	Miscellaneous
	C. Payroll Taxes
	G. Travel and Communications
	H. Accounting

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

JAN 23 1954

Budget Bureau No. 42-R1036.4
Approval expires 6-30-53.

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

Work Copy

DEPARTMENT OF THE INTERIOR Defense Minerals Administration RECEIVED FEB 9 1954

Month of October, 3 195 Docket No. DMEA 2202 Contract No. M-E468
Operator's Name Amerimex Mining Company Minerals Mercury
Address P. O. Box 626, Alpine, Texas
Contract Amount, $ 80,000.00 Government Participation: 75 % Amount, $ 60,000.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:		Including Audit Reclaim				
Drilling						
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor	108.00	25,750.68	25,858.68			
Supervision	225.00	9,686.85	9,911.85			
Technical Services		498.82	498.82			
(3) Operating Mat'ls. and Supplies:						
Timber		480.20	480.20			
Explosives		3,062.99	3,062.99			
Pipe		1,163.31	1,163.31			
Track		124.60	124.60			
Other Supplies	9.71	6,610.76	6,620.47			
(4) Operating Equipment:						
Rental	570.00	6,464.48	6,854.48			
Purchase	222.28	7,264.00	7,486.36			
Depreciation						
(5) Initial Rehabilitation and Repairs		1,821.16	1,821.16			
(6) New Bldgs., Improvements, etc.		1,492.89	1,492.89			
(7) Miscellaneous:						
Repairs to Equipment		255.85	255.85			
Sampling and Analysis		43.37	43.37			
Payroll Taxes	14.98	1,536.80	1,551.78			
rk ~~Liability~~ Insurance		175.96	175.96			
Workmen's Comp.		3,769.24	3,769.24			
Freight		461.16	461.16			
Travel & Comm.	4.12	526.66	530.78			
(8) Contingencies (specify):						
Accounting		720.24	720.24			
Less Oversize	954.09	71,890.10	72,844.19			
Shafts & Drifts		975.63	975.63			
TOTALS	954.09	70,914.47	71,868.56			

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

Date 1-20-54 *Payee Amerimex Mining Company

Per P. N. Pulli Title President

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

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

(Instructions on reverse)

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

$

Signature
(Authorized Certifying Officer)

Date Vou. No.
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

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

Signature ..... Title ..... Date .....

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature ..... Title ..... Date .....

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of October, 1953

PAYROLL - Repair, Maintenance and Watchman Service

October, 1953	Gross	FICA	Withholding	Net Salary	Cont. Acct.
Master Mechanic					
Carl E. Thain	$ 225.00	$ 3.38	$ 34.10	$ 187.52	2B-3
Mechanic's Helper					
Wesley L. Roberts	108.00	1.62	10.90	95.48	2A-5
	$ 333.00	$ 5.00	$ 45.00	$ 283.00	

Form AF-154
Docket DMA-2202X
Contract Idm-E468

Amerinex Mining Company
Alpine, Texas
Month of October, 1953

CHECK DISBURSEMENTS AND COMMITMENTS

1953

10- 7	L. H. & Elizabeth Bledsoe - Mineral Lease		$ 100.15	Genl
	Big Three Welding Equipment Company			
	Note No. 9	$33.75	33.75	4C-15
	Interest & Carrying Charge		1.61	Genl
19	Universal C.I.T. Corporation			
	Payment on Dump Truck		34.72	Genl
30	Beacom Giles, Commissioner, General Land Office			
	Royalty - State of Texas		76.64	Genl
31	First National Bank, Alpine			
	GMC Truck Prin. Note #8		117.06	4C-8
	Interest		13.57	Genl
	Ford PU Prin. Note #3		72.00	4B-9
	Interest		5.04	Genl
31	W. D. Sullivan - Account for Company		4.12	7G
	Travel & Communications		134.82	Genl
31	Brewster County Motors			
	Drum Rent		1.80	3E
31	S. A. Fullian - Rental of Equipment			
	Air Compressor @ $470.00 per mo. 1/2 Rental		235.00	4B-2
	Jeep 30.00 " " " "		15.00	4B-8
	Gasoline Hoist 125.00 " " " "		62.50	4B-5
	Air Tugger 35.00 " " " "		17.50	4B-6
	4 Jackhammers 80.00 " " " "		40.00	4B-10
		($570.00)		
	Buda JU-4 Engine 225.00 " " " "		112.50	Genl
	Jackhammer 40.00 " " " "		20.00	Genl
		(132.50)		

Total Check Disbursements and Commitments - Forward $1,160.45

Form MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of October, 1953

Check Disbursements & Commitments - Forward			$1,160.45	
1953				
10-31	Director of Internal Revenue 1 1/2% Social Security Tax		4.99	7C
	Director of Internal Revenue .3% Unemployment Tax		.99	7C
	Texas Employment Commission 2.7% Unemployment		9.00	7C
		Total	$1,175.45	

PETTY CASH DISBURSEMENTS

1953				
10- 2	Telegram - New York	$2.99		Genl
21	Brewster County Motors Gasoline	3.71		3E
24	Brewster County Motors Gasoline	4.20		3E
	Total		10.90	
	Total Payroll Owed		333.00	
	Total Check Disbursements & Commitments		$1,519.33	

Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of October, 1953

OPERATOR'S MONTHLY NARRATIVE REPORT

Since the Operator has only such capital as may be receivable from DMEA for expenses and commitments previously made by the Operator, it was not possible to resume operations.

It remained necessary to maintain watchman services on the property. The Master Mechanic and one other employee have continued to do watchman service and maintenance work at half their customary rate of pay.

Equipment rental expense reduced by 50% is considerably less costly than would otherwise be the case. If rental equipment were removed and returned to the property, such costs would be considerably more than rental.

Furthermore, the equipment materials and supplies could not have been removed from the property because the Operator has only such funds as may be recovered from DMEA.

Equipment Purchases include only monthly installments on trucks and other equipment in which the Government owns an interest.

Payroll taxes include Social Security and Unemployment Compensation on salaries for watchman-maintenance crew.

Travel and Communications include only a long distance telephone call to Texas Employers' Insurance Association to urge that action be withheld on collection of premium due because payment was precluded when Interim Audit retroactive disallowances and Field Team disallowances were deducted from June and July reimbursements expected by Operator for expenses and commitments made for the exploration.

Unless the Operator had been prepared to state that there was no intention to resume the Operation, the reported standby expenses would have been necessary and in the best interest of both the Government and the Operator. The Operator has hoped that through the availability of additional funds through release by DMEA or from outside sources, resumption of the exploration work would be possible.

Respectfully,

R. N. Pulliam

R. N. Pulliam
General Superintendent

Docket DMA-2202X
Contract Idm-1463

Amerimex Mining Company
Alpine, Texas

EQUIPMENT INVENTORY

PURCHASED

[illegible]

Exploration

1	Double Drum Hoist 5HP, 220/440 Volt. 3-Phase, 60-Cycle, Shop #25015 Joy S-211, Electric Motor Fairbanks-Morse #R89947. Amsco Scraper, Model V36A #89301F	$1,325.90
	Blusher Loading Ramp	117.85
1	JAL-48 Jack Legs equipped with attachments for L-57 Drills (X-1419-DG) Shop #30892 & #30893	[illegible]
1	3x2x4 Duplex Pump (FBM Shop No. 768602)	190.00
3	Aluminum Tanks, each 1,222 gal. cap.	219.51
1	Used Army Surplus wing tank	12.50
1	Used Butane 4-burner kitchen stove with oven	85.00
1	New 62 Ford 1/2-ton cap. pickup Motor #1F20L 1387 & Accessories complete with lic. $16.80	1,[illegible]
1	New 63 GMC 2-ton cap. truck Motor #A948176097 complete with lic. $91.00	3,116.00
1	New Gould Centrifugal Pump Fig. 3670 & Gasoline engine complete with 15' suction hose	170.95
1	Used Skilsaw #107	138.75
1	New Black & Decker [illegible] Valve Reseater complete with attachments	120.00
1	Lincoln S-7072, 150 Amp. Arc-Welder #[illegible]-277866 complete with Gasoline motor and accessories	481.95
1	Servel Refrigerator 11-cu. ft., 2-door	325.00

General

1	1953 Ford F6 Truck 154" Chassis & Cab Motor No. F60 [illegible] 12067	2,7[illegible]3.00

Market [illegible] - [illegible]
Contract [illegible] - [illegible]

[illegible] Company
[illegible], Texas

[illegible] as of October 1, 195[illegible]

[illegible]

Exploration

1 large portable Joy Air Compressor [illegible] c.f.m. cap. Caterpillar D-[illegible] engine [illegible] rented from [illegible] Gulliver $ [illegible] per mo. new.

1 [illegible] jeep, Motor [illegible] used, rented from [illegible] Gulliver $ [illegible] mo.

1 International 30[illegible] gasoline-powered engine, skids-from [illegible] welded on skids and bolted down temporarily on old concrete foundation, rented used from [illegible] Gulliver $ [illegible] mo. Eng. [illegible].

1 Air [illegible], Sullivan [illegible], Ser. [illegible], rented used from [illegible] Gulliver $ [illegible] mo.

1 C. [illegible] Jackhammer, [illegible], rented used from [illegible] Gulliver $ [illegible] per mo.

General

1 Sullivan L-[illegible] Jackhammer [illegible] rented used from [illegible] Gulliver $ [illegible] per mo.

1 Engine, Ford [illegible] Ser. No. [illegible] 4-Cyl. [illegible] x 7 1/[illegible]. Stationary engine used to drive entire crusher-furnace assembly [illegible] totalling [illegible] loads per day. Rented used from [illegible] Gulliver $ [illegible] per mo.

Form MF-104
Contract No. Idm-F468
Docket No. DMA-2202X

Amerimex Mining Company
Alpine, Texas

OPERATOR'S MONTHLY REPORT AND VOUCHER

CODE — Items of Costs

(1) Independent contracts - none

(2) Labor, supervision and technical services:
- A. Labor
- B. Supervision
- C. Technical services

(3) Operating Materials and supplies
- A. Timber
- B. Explosives
- C. Pipe
- D. Track
- E. Other Supplies

(4) Operating equipment

B. Equipment to be rented:
1. Bulldozer
2. Air Compressor 315 c.f.m.
3. Power Plant, 125 KVA
4. " " 30 KVA
5. Hoist, cage and accessories
6. Air tugger
7. Diamond Drill & accessories
8. Jeep
9. Drifter
10. Jackhammer, heavy

C. Equipment to be purchased
1. Jackhammer
2. Drifter
3. Double-drum slusher, scraper, cable & accessories
4. Ventilation fan & motor
5. Diamond drill 10' core barrel
6. Diamond " 5' " "

Form MF-104
Contract No. Idm-1168
Docket No. DMA-2202X

Amerimex Mining Company
Alpine, Texas

Operator's Monthly Report and Voucher (Cont'd)

Items of Costs

(4) Operating equipment (Cont'd)

C. Equipment to be purchased (Cont'd)

7. Duplex hi-pressure water pump
8. Truck, ½-ton - down payment
9. Pickup, ½-ton - down payment
10. 3 steel water supply tanks
11. Cert. water pump & engine
12. Butane cook stove
13. " refrigerator
14. Refriger. food storage cabinet
15. Misc.

(5) Initial Rehabilitation and repairs

(6) New Buildings, improvements & installations

(7) Miscellaneous

A. Repairs to Equipment
B. Sampling & Analysis
C. Payroll Taxes
D. Truck Insurance
E. Workmen's Compensation
F. Freight
G. Travel & Communication
H. Accounting & Supplies

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

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

JAN 7 1954

Wash Copy

DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration
RECEIVED
FEB - 9 1954

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of September, 1953 Docket No. DMEA 2202X Contract No. Idm-E468
Operator's Name Amerimex Mining Company Minerals Mercury
Address P. O. Box 626, Alpine, Texas
Contract Amount, $ 80,000.00 Government Participation: 75 % Amount, $ 60,000.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:		including Audit Reclaim				
Drilling						
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor	108.00	25,622.68	25,730.68			
Supervision	225.00	9,461.85	9,686.85			
Technical Services	172.07	326.75	498.82			
(3) Operating Mat'ls. and Supplies:						
Timber		480.20	480.20			
Explosives		3,062.99	3,062.99			
Pipe		1,163.31	1,163.31			
Track		124.60	124.60			
Other Supplies	13.30	6,597.46	6,610.76			
(4) Operating Equipment:						
Rental	370.00	6,094.48	6,464.48			
Purchase	222.28	7,041.80	7,264.08			
Depreciation						
(5) Initial Rehabilitation and Repairs		1,821.16	1,821.16			
(6) New Bldgs., Improvements, etc.		1,492.89	1,492.89			
(7) Miscellaneous:						
Repairs to Equipment		255.85	255.85			
Sampling and Analysis		43.37	43.37			
Payroll Taxes	14.98	1,521.82	1,536.80			
Trk Liability Insurance		175.96	175.96			
Workmen's Comp.		3,769.24	3,769.24			
Freight		461.16	461.16			
Travel & Comm.	11.75	514.91	526.66			
(8) Contingencies (specify):						
Accounting		720.24	720.24			
		70,752.72	71,890.10			
Less Oversize Shafts & Drifts		975.63	975.63			
Totals	1,137.38	69,777.09	70,914.47			

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

Date 12-29-53 *Payee Amerimex Mining Company

Per R. M. Pulli Title President

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

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

(Instructions on reverse)

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

$

Signature
(Authorized Certifying Officer)

Date Vou. No.
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

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

Signature ..... Title ..... Date .....

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature ..... Title ..... Date .....

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

U. S. GOVERNMENT PRINTING OFFICE 205675

Form MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of September, 1953

PAYROLL - Repair, Maintenance and Watchman Service

September, 1953	Gross	FICA	Withholding	Net Salary	Cont. Acct.
Master Mechanic					
Carl E. Thain	$ 225.00	$ 3.38	$ 34.10	$ 187.52	2B-3
Mechanic's Helper					
Wesley E. Roberts	108.00	1.62	10.90	95.48	2A-5
	$ 333.00	$ 5.00	$ 45.00	$ 283.00	

Form Mf-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of September, 1953

CHECK DISBURSEMENTS AND COMMITMENTS

1953			Amount	Contract Account
9- 3	Mrs. Ogarita B. Wilson - Surface Property Rental $		150.00	Genl
8	Motor Inn Machine Shop			
	Furnace Repair	14.00		
	Dump Bed Installation	152.77	167.00	Genl
9	Great Southern Life Insurance Co.		35.35	Genl
15	Universal CIT Corp.			
	Payment on Dump Truck		99.73	Genl
10	E. G. & Elizabeth Bledsoe - Mineral Lease		100.15	Genl
10	E. G. & Elizabeth Bledsoe			
	Surface Property Rental		150.00	Genl
	E. G. & Elizabeth Bledsoe			
	Frame Houses		50.00	Genl
30	F. N. B. Alpine			
	GMC Truck - Prin. Note #7		117.56	4C-8
	Interest		10.57	Genl
	Ford PU - Prin. Note #7		72.60	4C-9
	Interest		6.54	Genl
	Big Three Welding Equipment Co.			
	Note No. 8	(33.73)	32.12	4C-15
			1.61	Genl
	R. N. Pulliam - Account for Company			
	Travel & Communications		11.75	7G
	Meals for Consulting Geologist	(23.69)	10.50	2C
	A. R. Fletcher			
	Geological Examination & Report		150.00	2C
	Shoppers' Guide Press Account			
	5-11 Sea Foam Bond (Office)	1.25		
	7- 1 3 Dozen Pencils (Comm.)	2.10		
	1 Box Envelopes (Comm.)	2.00		
	7-20 Sea Foam Bond (Office)	1.40	6.75	Genl

Form MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of September, 1953

CHECK DISBURSEMENTS AND COMMITMENTS

1953

9-30	Director of Internal Revenue 1½% Social Security						$ 4.99	7C
	Director of Internal Revenue .3% Unemployment						.99	7C
	Texas Employment Commission 2.7% "						9.00	7C
	R. N. Pulliam - Rental of Equipment							
	Air Compressor @ $470.00 per mo. 1/2 Rental						235.00	4B-2
	Jeep	30.00	"	"	"	"	15.00	4B-8
	Gasoline Hoist	125.00	"	"	"	"	62.50	4B-5
	Air Tugger	35.00	"	"	"	"	17.50	4B-6
	2 Jackhammers	80.00	"	"	"	"	40.00	4B-10
					($370.00)			
	Buda JH-4 Engine	225.00	"	"	"	"	112.50	Genl
	Jackhammer	40.00	"	"	"	"	20.00	Genl
					($132.50)			
	Total Check Disbursements and Commitments						$1,689.70	

Form MF-104
Docket DMA-2302X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of September, 1953

PETTY CASH DISBURSEMENTS

1953		Amount	Cont. Acct.
8-20	Big Bend Gulf Station - Gas for Pickup	$ 2.90	3E
9- 4	Gulf Servicenter - Gas for Pickup	4.27	3E
4	Safeway - Camp Groceries	2.95	Genl
4	Webb Publishing Co. - 2 Col. Pads	1.30	Genl
10	Gulf Servicenter - Gas for Pickup	1.63	3E
10	Safeway - Camp Groceries	14.46	Genl
12	Southern Pacific Lines - Fare Paid for A. R. Fletcher, Consulting Geologist	11.57	2C
17	Telegram - New York	1.27	Genl
18	Telegram - New York	2.43	Genl
28	Telegram - New York	3.30	Genl
28	Brewster County Motors - Gas for Pickup	4.50	3E
30	Telegram - New York	3.54	Genl
	Total Petty Cash Disbursements	$ 55.13	
Total Check Disbursements and Commitments		1,689.70	
Total Payroll Owed		333.00	
	TOTAL	$2,075.82	

Docket No. DMEA-2202X
Contract No. Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of September, 1953

OPERATOR'S MONTHLY NARRATIVE REPORT

Since the Interim Audit and the retroactive and other disallowances which resulted deprived the Operator of his last operating capital, it was not possible to resume operations during September.

Consequently, it became necessary for the Operator to maintain watchmen on the premises and to meet other expenses necessary to protect both the rented equipment and the equipment, materials and supplies owned jointly by the Government and the Operator.

In view of the Operator's intention to resume operations by financial reorganization of the Company if necessary, Mr. A. R. Fletcher, Consulting Geologist, was employed to make a report on the property and he recommended considerably more exploration work, which was incorporated in the Operator's Proposed Amendment to the DMEA Contract submitted November 11, 1953.

The Master Mechanic and one other employee, whose salaries are shown at half the usual rate, agreed to stay on the property to do watchman service and maintenance work for half their customary salaries.

Technical Services include only the fee charged by Mr. A. R. Fletcher for his Geologic Report and a part of his actual expenses.

Other Supplies include only gasoline used in going nack and forth from the mine to supply the watchmen and to make the trip with Mr. Fletcher, Consulting Geologist.

Equipment Rental expense was reduced by 50% because the equipment was not in actual operation although kept in place on the property. Also, it may be added that regardless of the intention of the Operator, the equipment, materials and supplies of all kinds could not have been removed from the property because all funds of the Operator are held by DMEA as various disallowances and potential reimbursements.

Equipment Purchases include monthly installments on trucks and equipment in which the Government owns an interest.

Payroll taxes include Social Security and Unemployment Taxes on salaries for watchman-maintenance crew.

Travel and Communications include long distance telephone

calls to the Regional DMEA Office in Joplin, Missouri, and to the Finance Office in Amarillo, Texas, made in a desperate effort to obtain release of funds being withheld by DMEA and urgently needed by the Operator to meet past due commitments.

In conclusion, this Operator respectfully points out that the operation was forced into suspension by having been deprived of essential operating funds as a result of disallowances made retroactively on the Interim Audit and by allocation of costs to Production which the Operator believed to be justly Exploration expenses.

Unless this Operator had been prepared immediately to state that there was no intention to resume the Operation and so had begun to remove without delay all equipment, materials and supplies from the property, stand-by expenses would have been unavoidable and in the best interest of both the Operator and the Government. Consequently, such expenses are an essential and justified part of the cost of the project in which the Government should participate.

Respectfully,

R. N. Pulliam
General Superintendent

Report [illegible]
Contract [illegible]

[illegible] Engine Company
[illegible], Texas

[illegible]

[illegible]

[illegible]
RECEIVED
FEB 19 [illegible]

Explanation

1	Double [illegible], Model [illegible], [illegible] Volt, [illegible]-phase, [illegible]-cycle, [illegible] speed [illegible]-mill, electric motor [illegible] or [illegible], [illegible] or [illegible], model [illegible]	[illegible]
	Under [illegible]	[illegible]
1	[illegible] equipped with attachments for [illegible] mills ([illegible]) [illegible]	[illegible]
1	[illegible] use ([illegible])	[illegible]
[illegible]	[illegible], each [illegible] cap.	[illegible]
1	[illegible]	[illegible]
1	[illegible] burner [illegible] with oven	[illegible]
1	[illegible] 1/2-ton cap. [illegible] motor [illegible] complete with [illegible]	[illegible]
1	[illegible] -ton cap. truck motor [illegible] complete with [illegible]	[illegible]
1	[illegible] centrifugal [illegible] complete with [illegible]	[illegible]
1	[illegible]	[illegible]
1	[illegible] complete with attachments	[illegible]
1	[illegible], [illegible], arc-[illegible] complete with [illegible] motor and [illegible]	[illegible]
1	[illegible] refrigerator 11-cu. ft., [illegible]	[illegible]

Lot [illegible]

1	[illegible] truck [illegible] motor [illegible]	[illegible]

Docket DMA-3202X
Contract IGM-E438

Amerimex Mining Company
Alpine, Texas

EQUIPMENT INVENTORY as of October 1, 1953

REVISED

Department of the Interior
Bureau of Mines Administration
Denver
[illegible]

Exploration

1 Large portable Joy Air Compressor Wk-60 315 c.f.m. cap. Caterpillar D-318 engine #50019 rented from R. N. Pulliam @ $470.00 per mo. new.

1 Willys Jeep, Motor #J83920 used, rented from R. N. Pulliam @ $30.00 mo.

1 International 30 HP gasoline-powered engine, single-drum hoist welded on skids and bolted down temporarily on old concrete foundation, rented used from R. N. Pulliam @ $125.00 mo. Eng. #274183.

1 Air Tugger, Sullivan F113, Ser. #1438, rented used from R. N. Pulliam @ $35.00 mo.

1 C. P. Jackhammer, 42-[illegible] #3039, rented used from R. N. Pulliam @ $40.00 per mo.

General

1 Sullivan L-57 Jackhammer #101430 rented used from R. N. Pulliam @ $40.00 per mo.

1 Engine, Buda JB-4 Ser. No. 200800-A 4-Cyl. 6" x 7 1/8", Stationary engine is used to drive entire crusher-furnace assembly 3 shifts totalling 24 hours per day. Rented used from R. N. Pulliam @ $225.00 per mo.

Form [illegible]-1[illegible]4
Contract No. [illegible]
Docket No. [illegible]

[illegible] Company
[illegible]

[illegible]

[illegible] Items of Costs

(1) Independent contracts - none

(2) Labor, supervision and technical services:
a. Labor
b. Supervision
c. Technical services

(3) Operating materials and supplies
a. Timber
b. Explosives
c. Fuel
d. Rock
e. Other supplies

(4) Operating equipment

a. Equipment to be rented:
1. Bulldozer
2. Air compressor 315 c.f.m.
3. Power plant, 1 6 [illegible]
4. " " 60 [illegible]
5. Point, rope and accessories
6. Air tugger
7. Diamond drill & accessories
8. Jack
9. Drifter
10. Jack hammer, heavy

b. Equipment to be purchased
1. Jack hammer
2. Drifter
3. Double-drum skipper, scraper, cable & accessories
4. Ventilation fan & motor
5. Diamond drill 1[illegible] core barrel
6. Diamond " 5[illegible] "

Form [illegible]
Contract No. [illegible]
Docket No. [illegible]

[illegible] Company
[illegible], Texas

Operator's Monthly Report and Voucher (Cont'd)

Item of Cost

(4) Operating Equipment (Cont'd)

C. Equipment to be purchased (Cont'd)

7. Duplex 1-pressure water pump
8. Truck, [illegible]-ton - down payment
9. Jeep, [illegible]-ton - down payment
10. [illegible] steel water supply tanks
11. Cent. water pump & engine
12. Butane cook stove
13. " refrigerator
14. Office, food storage cabinet
15. Misc.

(5) Initial rehabilitation and repairs

(6) New buildings, improvements & installations

(7) Installations

A. Repairs to equipment
B. Sampling & analysis
C. Payroll taxes
D. Truck Insurance
E. Workmen's Compensation
F. Freight
G. Travel & Communication
H. Accounting & supplies

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

DEC 22 1953

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1086.1
Approval expires 6-30-53.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
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DEC 28 1953

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of RECLAIM, 195.... Docket No. DMEA 2202X Contract No. Idm-E468
Operator's Name Amerimex Mining Company Minerals Mercury
Address P. O. Box 626, Alpine, Texas
Contract Amount, $ 80,000.00 Government Participation: 75 % Amount, $ 60,000.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:	RECLAIM	AUDIT Approved plus Aug. Report				
Drilling						
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor	11.90	25,610.78	25,622.68			
Supervision	1,810.32	7,651.53	9,461.85			
Technical Services		326.75	326.75			
(3) Operating Mat'ls. and Supplies:						
Timber		480.20	480.20			
Explosives		3,062.99	3,062.99			
Pipe		1,163.31	1,163.31			
Track		124.60	124.60			
Other Supplies		6,597.46	6,597.46			
(4) Operating Equipment:						
Rental	405.00	5,689.48	6,094.48			
Purchase	107.80	6,934.00	7,041.80			
Depreciation						
(5) Initial Rehabilitation and Repairs	1,371.49	449.67	1,821.16			
(6) New Bldgs., Improvements, etc.		1,492.89	1,492.89			
(7) Miscellaneous:						
Repairs to Equipment	188.32	67.53	255.85			
Sampling and Analysis		43.37	43.37			
Payroll Taxes	128.04	1,393.78	1,521.82			
Trk ~~Liability~~ Insurance		175.96	175.96			
Workmen's Comp.	326.37	3,442.87	3,769.24			
Freight		461.16	461.16			
Travel & Comm.	132.53	382.38	514.91			
(8) Contingencies (specify): Accounting		720.24	720.24			
	4,481.77	66,270.95	70,752.72			
Oversize Shafts & Drifts	+ 1,410.39	-2,386.02	- 975.63			
TOTALS	5,892.16	63,884.93	69,777.09			

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

Date 12-15-53 *Payee Amerimex Mining Company

Per R. N. Sullivan Title President

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

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

(Instructions on reverse)

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

$.....

Signature .....
(Authorized Certifying Officer)

Date ..... Vou. No. .....
(See other side)

* $2,386.02 Disallowed by Field Team for Oversize Shafts and Drifts.

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

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

Signature ..... Title ..... Date .....

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature ..... Title ..... Date .....

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
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Docket No. DMA-3502X
Contract No. Idm-1466
Exploration Project Contract

Ameritex Mining Company
Alpine, Texas
December 15, 1953

RECLAIM
Recapitulation

	Interim Audit	June Report	July Report	Reclaim Totals
LABOR & SUPERVISION				
Labor	$ 3.20	$- 123.30		
	132.00			$ 11.90
Supervision	315.00	375.40		
	1,119.92			1,810.32
OPERATING MATERIALS				
Timber				
Explosives				
Pipe				
Track				
Other Supplies				
OPERATING EQUIPMENT				
Rental	405.00			405.00
Purchases	107.80			107.80
INITIAL TRANSPORTATION	658.32			
& REPAIRS	713.17			1,371.49
NET BUILDINGS, Etc.				
MISCELLANEOUS				
Repairs to Equipment	188.32			188.32
Sampling & Analysis				
Payroll Taxes	44.12	9.61	74.31	128.04
Truck Insurance				
Workmen's Compensation	267.49	27.51	31.37	326.37
Freight				
Travel & Communications	63.97	58.06	10.50	132.53
Accounting				
	$4,018.31	$ 347.28	$ 116.18	$4,481.77
Disallowed by Field Team for Oversize Shaft and Drifts		524.78	885.61	1,410.39
Totals	$4,018.31	$ 872.06	$1,001.79	$5,892.16

Docket No. DMEA-2202X
Contract No. Idm-E468
Exploration Project Contract

Amerimex Mining Company
Alpine, Texas
December 15, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
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RECLAIM - June

PAYROLL SUMMARY

	Hours		Gross Payroll		
	Prod.	Expl.	Production	Exploration	
6-15	1,007	2,214	$1,113.77	$2,569.87	
6-30	1,578	2,472	1,566.57	2,748.12	
Totals	2,585	4,686	$2,680.34	$5,317.99	
Total Payroll					$7,998.33

586 shifts
[illegible] shifts/day
[illegible]
[illegible]

Docket No. DMEA-[illegible]
Contract No. Idm-[illegible]
Exploration Project Contract

RECLAIM - June

Americex Mining Company
Alpine, Texas
December 15, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 28 1953

PAYROLL DISTRIBUTION Between Exploration and Production
Period 6-1-53 through 6-15-53

Labor	Hours Prod.	Hours Expl.	Gross Payroll Production	Gross Payroll Exploration	Total Payroll	Cont. Acct.
Tomas Lujan		54		$ 112.00	$ 112.00	2A-1
Guillermo De La Rosa		104		123.20	123.20	2A-3
Andres Garcia		32		32.00	32.00	
Jesus Garcia		32		32.00	32.00	
Reynaldo Garcia		96		110.00	110.00	
Amando Granado		80		88.00	88.00	
Benjamin Macias Sr.		96		112.52	112.52	
Andres Reyes		90		104.50	104.50	
Wesley Roberts		100		115.50	115.50	
Vicente Molinar		105		109.00	109.00	2A-4
Isabel Vera		96		100.00	100.00	
Alfonso Alamodova		96		90.00	90.00	2A-5
Ausencio Carrasco		48		38.40	38.40	
Manuel Carrasco		56		48.00	48.00	
Lucio Galindo		40		32.00	32.00	
Manuel Garcia		8		6.40	6.40	
Santiago C. Garcia		8		6.40	6.40	
Benigno Granado		48		38.40	38.40	
Domingo Hinojas		40		32.00	32.00	
Pillar Llanez		88		88.80	88.80	
Salamon Longorio		120		118.80	118.80	
Timoteo Lopez		104		112.00	112.00	
Pedro C. Lujan		56		46.00	46.00	
Cruz Ochoa		40		32.00	32.00	
Simon Villa		48		38.40	38.40	
Johnnie Matthews	55	97	$ 68.75	121.25	190.00	2A-6
Manuel Granado		196		197.60	197.60	
	55	1,899	$ 68.75	$2,001.17	$ 2,069.92	

Defense Minerals Administration
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DEC 28 1953

Docket No. DMEA-2202X
Contract No. Idm-E468
Exploration Project Contract

Amerimex Mining Company
Alpine, Texas
December 15, 1953

RECLAIM - June

PAYROLL DISTRIBUTION Between Exploration and Production
Period 6-1-53 through 6-15-53

	Hours Prod.	Hours Expl.	Gross Payroll Production	Gross Payroll Exploration	Total Payroll	Cont. Acct.
Labor						
Juan Chavez	88		$ 79.20		$ 79.20	Prod.
Silberio Dominguez	8		6.40		6.40	Prod.
Martin Estrada	48		48.00		48.00	
Pablo Huerta	40		32.00		32.00	
Salamon Macias	88		82.80		82.80	
Tomas Rodriguez	96		90.00		90.00	
Victor Suchil	48		38.40		38.40	
	416		$ 376.80		$ 376.80	
Santiago Garcia Furnace Supt.	112		$ 150.00		$ 150.00	
Jose Guiterrez	96		89.10		89.10	Furn.
Florentino Muniz	104		86.40		86.40	
Jose Padilla	56		48.00		48.00	
Manuel Suchil	8		6.40		6.40	
Toribio Suchil	8		6.40		6.40	
	384		$ 386.30		$ 386.30	
TOTAL LABOR	855	1,899	$ 831.85	$2,001.17	$2,833.02	
		2,092 admin. 18.2 highway				
Supervision						
R. N. Pulliam	43	77	$ 108.00	$ 192.00	$ 300.00	2B-1
Jess R. Cornelison 22.5%	27	93	40.50	139.50	180.00	2B-2
Carl E. Thain	43	77	81.00	144.00	225.00	2B-3
Bernard J. Socha	39	68	52.42	93.20	145.62	2B-4
TOTAL SUPERV.	152	315	$ 281.92	$ 568.70	$ 850.62	
Add: Total Labor	855	1,899	831.85	2,001.17	2,833.02	
TOTAL PAYROLL	1,007	2,214	$1,113.77	$2,569.87	$3,683.64	

Docket No. DMEA-2202X
Contract No. Idm-E468
Exploration Project Contract

Ameritex Mining Company
Alpine, Texas
December 15, 1953

Defense Minerals Administration
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DEC 28 1953

RECLAIM - June

PAYROLL DISTRIBUTION Between Exploration and Production
Period 6-16-1953 through 6-30-1953

	Hours		Gross Payroll		Total	Cont.
	Prod.	Expl.	Production	Exploration	Payroll	Acct.
Exploration Project No. 12 Shaft						
Angel Renteria		64		$ 68.00	$ 68.00	2A-3
Manuel Terrazas		64		68.00	68.00	
Alvaro Flores		64		54.40	54.40	2A-5
Lino Hernandez		48		38.40	38.40	
Javier Hernandez		48		38.40	38.40	
Roman Villa Chavez		64		61.20	61.20	
David Carrasco		64		51.20	51.20	
Manuel Galindo		48		38.40	38.40	
Manuel Hinojas		48		38.40	38.40	
		512		$ 456.40	$ 456.40	
Tomas Lujan		81		$ 164.00	$ 164.00	2A-1
Guillermo De La Rosa		26		28.60	28.60	2A-3
Martin C. Estrada		88		92.00	92.00	
Andres Garcia		96		100.00	100.00	
Benjamin Macias Sr.		90		105.77	105.77	
Wesley Roberts		103		113.50	113.50	
Vicente Molinar		96		110.00	110.00	2A-4
Isabel Vega		90		103.40	103.40	
Ausencio G. Carrasco		120		102.40	102.40	2A-5
Lucio Galindo		96		80.00	80.00	
Benigno P. Granado		88		73.60	73.60	
Domingo Hinojas		96		80.00	80.00	
Pablo Huerta		96		80.00	80.00	
Timoteo Lopez		96		100.00	100.00	
Pedro Lujan		96		80.00	80.00	
Victor Suchil		90		75.20	75.20	
Johnnie D. Matthews	43	77	$ 53.75	96.25	150.00	2A-6
Manuel Granado		110		135.30	135.30	2A-7
	43	1,635	$ 53.75	$1,720.02	$1,773.77	
	43	2,147	$ 53.75	$2,176.42	$2,230.17	

Docket No. DMEA-2802X
Contract No. Idm-E468
Exploration Project Contract

Ameriinex Mining Company
Alpine, Texas
December 15, 1953

RECLAIM - June

PAYROLL DISTRIBUTION Between Exploration and Production
Period 6-16-1953 through 6-30-1953

	Hours Prod.	Hours Expl.	Gross Payroll Production	Gross Payroll Exploration	Total Payroll	Cont. Acct.
Exploration Project No. 12 Shaft						
Juan Chavez	90		$ 84.60		$ 84.60	Prod.
Silberio Dominguez	90		76.20		76.20	
Manuel Carrasco	96		80.00		80.00	
Jesus S. Garcia	96		100.00		100.00	
Manuel P. Garcia	96		81.20		81.20	
Cruz Ochoa	90		75.20		75.20	
Domingo Salazar	16		12.80		12.80	
Simon Villa	88		73.60		73.60	
	662		$ 583.60		$ 583.60	
Santiago Garcia Furnace Supt.	96		$ 125.00		$ 125.00	
Jose Guiterrez	90		81.00		81.00	Furn.
Florentino Muniz	90		73.60		73.60	
Manuel Suchil	96		80.00		80.00	
Santiago C. Garcia	104		87.60		87.60	
Jose G. Suchil	48		38.40		38.40	
Jose R. Padilla	96		80.00		80.00	
Toribio Suchil	96		80.00		80.00	
	716		$ 645.60		$ 645.60	
TOTAL LABOR	1,421	2,147	$1,282.95	$2,176.42	$3,459.37	
		26% Surface 20.6% Mine				
Supervision						
R. N. Pulliam	43	77	$ 108.00	$ 192.00	$ 300.00	2B-1
Jess R. Cornelison 22.5%	27	93	40.50	139.50	180.00	2B-2
Carl E. Thain	43	77	81.00	144.00	225.00	2B-3
Bernard J. Socha	44	78	54.12	96.20	150.32	2B-4
TOTAL SUPERVISION	157	325	$ 283.62	$ 571.70	$ 855.32	
Add: Total Labor	1,421	2,147	1,282.95	2,176.42	3,459.37	
TOTAL PAYROLL	1,578	2,472	$1,566.57	$2,748.12	$4,314.69	

Docket No. DMLA-2203X
Contract No. Idm-E463
Exploration Project Contract

Amerimex Mining Company
Alpine, Texas
November 30, 1953

RECLAIM OF DISALLOWANCES MADE ON INTERIM AUDIT
Covering the Period January 10 to May 31, 1953

It is the belief that there is no desire or intent on the part of any employee of the Defense Minerals Exploration or the Contract Administration and Audit Division to impose an unjust burden of expense upon any Operator through failure to understand the contractual authority for various expenditures made in good faith by the Operator as reasonable and necessary costs of the Exploration Project. The Operator requests that careful consideration be given the following explanation of facts and circumstances upon which reclaim of the various sums is requested.

Perhaps a general statement of fact would be appropriate before proceeding with a discussion of each disallowance on which reclaim is sought.

This Operator has at all times sought to abide by the terms of his Contract with the United States of America, and where phraseology employed seemed indefinite, not clear, or contradictory, his criterion for the contractual propriety of his expenditures or actions has been simply: Is it reasonable and necessary to the exploration project and does it serve both the interest of the Operator and the Government in finding out as quickly and as economically as possible whether or not the property contains an orebody of commercial importance? It is the belief of the Operator that this is the substance of the Contract and the fundamental reason for the existence of the Defense Minerals Exploration Administration. It has certainly been the intent of the Operator and it is believed that he has strictly adhered to the spirit and purpose of the Contract. However, the Interim Audit and the withholding of Government repayments of vitally needed funds which the Operator had reasonably expected to use to continue the project, resulted in forced suspension of operations.

The Field Team and the Auditor were notified at the time of the Interim Audit on August 7th that it would be necessary to suspend the operation unless the reimbursements for June and July were received promptly and without substantial disallowances for the reason that the Operator was without funds.

Since this suspension is the direct result of the Government's action in withholding reimbursements an inordinately long time and in making retroactive disallowances for expenditures made during previous months for which the Operator had been previously reimbursed after his operation had been examined and his reports and documentary receipts scrutinized and certified, the Government should participate

in paying essential standby expenses necessary to protect both the Government's interest and that of the Operator in equipment, materials and supplies.

Such standby expenses have been necessary for preservation of the equities in equipment, materials and supplies which had to be looked after and protected from theft, vandalism and from the elements while the Operator through this writer has tried to formulate a satisfactory Reclaim for recovery of essential funds with which to continue the operation.

Furthermore, the writer in his capacity as Superintendent of the Operation is making every effort and all reasonable concessions in trying to bring about resumption of operations through refinancing the business sufficiently to permit completion of the present DMEA Contract and the pending requested Amendment thereto in the belief that the Operation can be made a highly successful project.

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

American Mining Company
Alpine, Texas
November 30, 19[illegible]

Reclaim of Disallowances Made on Interim Audit
Covering the Period January 10 to May 31, 19[illegible]

Page 3

3. Section 5(A), Page 3, Interim Audit Report, dated August [illegible], 19[illegible], shows the following disallowances of Labor costs:

Overpayment to Vincente [illegible], Hoistman, 4-1[illegible] [illegible].00
Duplicate payroll receipt in the files of the operator and presumably the original submitted with report for April shows that the employee worked [illegible] hours of regular time at $1.[illegible] per hour equals $[illegible] and 8 hours overtime at $1.[illegible] per hour equals $1[illegible], making a total of $100.[illegible] total earnings for the period ended 4-[illegible]-[illegible] from which was deducted F.I.C.A. in the amount of $1.[illegible], Board 13 days at $1.10 totalling $14.[illegible], and overpayment adjustment for March 1[illegible], 1953 in the amount of $[illegible], showing total deductions to have been $[illegible].00, leaving net payment in the amount of $78.[illegible]. The Operator fails to see where there has been an overpayment and requests that this sum be allowed and reinstated.

Compressor tender, January, 1[illegible] 1[illegible].00
In the opinion of the Executive Officer, not necessary to the project work. Due to the fact that it was necessary to begin work on a routine basis in only one face on a two shift basis, and since the compressor had to be operated when neither the Hoistman (who was essentially located some 41 miles from the compressor) or the Master Mechanic were on duty, it was absolutely necessary to the project and to the reasonable financial protection of the Operator and the Government, who were jointly responsible for the care, maintenance and repair and replacement of rented equipment, that someone be at hand at all times when the [illegible] compressor was in operation. This policy was maintained consistently by the Master Mechanic, Timekeeper and Stock Clerk, Hoistman and Truck Driver who alternately contributed their time without remuneration when a second shift was working.

In such service, the best equipment occasionally fails. Fan belts break; water hoses come loose or break; fuel, oil, and air lines are broken by vibration and unless someone is on hand immediately to stop the machine, it may be virtually destroyed. For these reasons, based on many years of operating experience, the operator requests that this sum be reinstated and allowed as an expense essential to the project.

Docket No. [illegible]-[illegible]
Contract No. Idm-[illegible]
Exploration Project Contract

American Mining Company
Alpine, Texas
November [illegible], 195[illegible]

Reclaim of Disallowances Made on Interim Audit
Covering the Period January 10 to May 31, 195[illegible]

Page 4

Portion of Labor applicable to that part of Underground Rehabilitation in excess of the allowable maximum for this item [illegible].32

Any excess of the allowable maximum for Underground Rehabilitation is occasioned by the fact that the wording at the heading of Section [illegible], Page 4, Exhibit A, of the Contract is worded in such manner as to seem certainly to mean that labor, supervision and technical services were to have been used on constructions, installations, repairs and rehabilitations, and it has been the belief of the Operator and members of the Field Team that Section No. 5, Rehabilitation and Repairs, and Section No. [illegible], New Buildings, Improvements and Installation applied only to the actual labor used for those purposes and not to the labor and supervision accounted for under those general headings.

Therefore, it is requested that this disallowance be reinstated and allowed by amendment to the Contract or by such other means as may be permissible as necessary to the exploration and allowable by the terms of the Contract and by instructions of the Field Team.

[illegible]. Section [illegible], Page 4, Interim Audit Report, dated August 20, 195[illegible], shows the following disallowances of Supervision Costs:

(1) [illegible]% of salaries of Superintendent and of Master Mechanic for months of April and May, 195[illegible], considered applicable to preparation for production. [illegible]
In April, $[illegible].80 was spent for labor used in preparing for production; and in May, $[illegible] was spent for labor used in preparing for production. Each employee was paid for the actual time spent in production labor out of the General Account.

This labor in April consisted principally the nailing back of the sheet metal roofs which had been blown off of the furnace ore bin and the condenser system. Neither roof covered a big area; and since the corrugated iron roofing remained nailed to relatively large section of the wood frame, it is presumed that laborers simply lifted those section back in place and nailed them on. The Superintendent simply told the laborers to replace the blown off roofs in the manner just described, and in a few days went back to check the completed job.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
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DEC 28 1953

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

American Tinton Corporation
Alpine, Texas
November 20, 1953

Reclaim of [illegible] Under Supervision Audit
Covering the Period January 1[illegible] to July 31, 1953

The labor preparatory for production done in May consisted of sweeping and cleaning of the old stope. The men employed in this work were paid by separate check out of the General Account for the actual time put in. The Superintendent took the men into the old stope and explained exactly what was to be done and advised the time foreman to observe in assuring that the men continued their work until the job was finished. The place where the men were working in the old stope had to be passed by all supervisory personnel to reach any part of the mine except Project 2; no observation of the work indicated no great effort was being made on the part of the supervisory personnel.

Also on May 14th, [illegible] Garcia, an experienced furnace operator who formerly was the furnaceman at the Silver Line and P48 Line, was employed as furnace supervisor; and he was instructed to clean up the furnace and condensers and to have fast the various seals and gaskets, fabricated where necessary and installed various drive belts preparatory to beginning production. He was assisted on occasions by the Master Mechanic and did consult the Superintendent at regular intervals; however, it is believed that not more than 15 per cent of the time of the Superintendent and Master Mechanic were devoted to supervision related to the preparation for production. Therefore, it is requested that the difference between the amount disallowed and the 15 per cent of $[illegible] total supervisory salaries paid the Superintendent and Master Mechanic be reinstated and allowed as a necessary cost of the exploration. [illegible]0.00

(5) Salary of Time-Keeper-Stock Clerk [illegible]
Total salary to May 31, 1953, was disallowed because the stock records kept by this individual were not subject to single audit, and in the opinion of the Executive Officer, the Supervisory 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.

It is requested that this sum of $[illegible] supervision be reinstated and allowed as a justifiable, necessary expense essential to the exploration.

The Time-Keeper-Stock Clerk did check in all materials and supplies against the invoices, and he did issue materials and supplies to the various mine employees as needed. It is a tribute to his efficiency that no time was ever lost because of shortage of material or supplies. It is true that materials and

supplies were charged off as purchased and reported monthly on the [illegible]-104. Consequently, no requisition system or perpetual inventory card system was maintained because the method employed seemed appropriate for a small organization such as ours. Had such a system been undertaken to provide information subject to finite audit, it doubtedly would have been a full time job requiring the services of one much more skilled in clerical procedure than the employee used who made his services invaluable to the exploration by doing willingly anything and everything which needed to be done in addition to carefully keeping the time of each employee and checking in and out various materials and supplies.

If this man's salary cannot be reinstated and allowed as [illegible]-type clerk supervisory expense, then it should be allowed by amendment or otherwise, because every cent of the total salary paid this man was used, properly documented, and his full time and effort was devoted to work essential to the exploration.

(F) Portion of supervision applicable to that part of Underground Rehabilitation in excess of the allowable maximum [illegible]

If this disallowance is in excess of the allowable maximum, the operator should not be penalized because the wording employed in the Contract at the heading of Section 4, Page 4, Exhibit A, specifically states that Labor, supervision, and technical services may be employed on constructions, installations, repairs and rehabilitations [illegible]. Furthermore, it was assumed by the operator and by the members of the field team that the sums allocated for estimates for Rehabilitation and Repairs, and for New Buildings, Improvements, and Installations were to cover materials only. This was carried out in all Monthly Reports and until the Interim Audit, no exception was taken. This may be confirmed by reference to Paragraph 4, Page 5, of the Interim Audit Report.

4. Section 4( ), Note (d), Page 7, of the Interim Audit Report disallows [illegible].00 per month for March, April, and May for compressor rental being the difference between [illegible].00 per month and $470.[illegible] and refers to Note (c), Paragraphs 2 and 3, Page 9 of the Interim Audit Report, making a total disallowance of [illegible] for Compressor Rental.

It is correct that the contract shows estimated rental cost of $300.00 per month for a 315 cu. ft. air compressor and an additional rental cost of $520.00 per month for the electric generating plants needed to produce electrical energy with which to operate the specific compressor combination. Therefore, installation of the compressor rented for $285.00 per month would have resulted in the actual payment of $805.00 rental per month for compressor and power plants. Despite the fact that this equipment was the individual property of the superintendent who had contractual authority to rent it to the operator, he preferred to sacrifice the difference in rental income in an effort to effect operating economy.

In view of the fact that under existing circumstances, a substantially lesser amount was actually spent for rental of operating equipment than had been estimated and in view of the fact that the amount of rental actually charged for the 315 cu. ft. diesel powered air compressor is the amount of monthly rental currently charge in this area, it is requested that the amount disallowed be reinstated and allowed as a reasonable and necessary expense of the exploration as per article 6 (b) of the Contract.

4. Section 4(b), paragraph 4, page 12, of the Interim Audit Report disallows as a part of Equipment Purchases the cost of truck licenses for the GMC truck $81.00 and for the Ford pickup truck $16.00, without which the trucks could not be operated on the highways of Texas; therefore, it is the belief of the operator that this sum totalling $97.00 should be reinstated and allowed as an actual necessary cost in keeping with article 6(b) of the Contract. Since the receipts from licenses are generally utilized to build and maintain the highways used by vehicles so licensed, this could hardly be construed to be a single tax as mentioned in Article 6(c) of the Contract, but should be looked upon as the operator's share of the cost of building and maintaining a splendid highway and road system as valuable to the exploration as any other factor $ 97.00

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

American Mining Company
Alice, Texas
November [illegible], [illegible]

Review of Reallowances Made on Interim Audit
Covering the Period January 10 to May 31, [illegible]

Page 3

5. Section (c), Initial Rehabilitation and Repairs, Page 11, Interim Audit Report, showing a total of [illegible].27 for this item, including [illegible].13 for Labor and $155.96 for Supervision as a correction in accounting distribution, may be justified by the facts. If this distribution is maintained, the allowable maximum for this item will be exceeded by reason of Article 4, Amendment No. [illegible], effective June 20, [illegible], whereby at the Operator's request, Contract Item [illegible], "Rehabilitation and Repairs" was reduced from $[illegible] to $[illegible], and the difference of $[illegible] was transferred to become a part of increase in Supervision because this sum was deemed not to be needed for Rehabilitation and Repairs based upon inclusion of Labor and Supervision for this purpose as a part of general Labor and Supervision estimates set forth in the Contract.

Therefore, in order to avoid further complication and unjustified liability being imposed on the Operator on a subsequent audit, it is requested that the Contract be amended to transfer the sum of $[illegible] back out of Supervision to Rehabilitation and Repairs.

6. Section (d), New Facilities, Improvements, etc., Page 12, Interim Audit Report, showing a total of $1,[illegible], including Labor $[illegible].27 and Supervision $185.96, which was in the maximum allowable permitting for this item in the amount of $1,[illegible] after transferring $1,[illegible] out of this item to Supervision in accordance with Amendment No. [illegible] effective June [illegible].

Therefore, it is requested that the Contract be amended to transfer back into "New Facilities and Improvements" the sum of $[illegible] from Supervision so that the allowable maximum will be sufficient to cover the total determined allowable to this item by the audit rather than the previous smaller figure determined by the Operator which did not take into account the apportionable Labor and Supervision previously believed not to be segregated from their general allocations.

7. [illegible], (a) [illegible] to equipment, [illegible], amounts [illegible] disallowance [illegible] originally charged to the [illegible] materials and supplies because in the opinion of the executive [illegible] and [illegible] authorized rental allowance for this equipment is sufficient for owning or [illegible] use of such equipment.

It is believed that the rental charged for a [illegible] of equipment is not more than the [illegible] bid price for an 8-hour day [illegible] contractors to make all needed repairs and to return the equipment in a good state of repair as it was when rented, less normal wear. So [illegible] rental equipment or [illegible] knowledge will permit the use [illegible] day as has been done in the [illegible] of this operation or will it pay any cost for repairs or maintenance of equipment rented.

Therefore, it is requested that the [illegible] for [illegible] be [illegible] and allowed as a reasonable and necessary cost of the exploration since it is a fiduciary [illegible] responsibility of the owner to repair or maintain rented equipment and since the equipment on this project has been used two shifts per day a large part of the time. [illegible]

(c) [illegible], [illegible], [illegible], disallowance [illegible] amount of [illegible] wages and salaries disallowed: [illegible] supervision [illegible], of which [illegible] has been made previously [illegible]; [illegible] and [illegible], totalling [illegible], but [illegible] if allowed will justify reimbursement and allowance of [illegible] thereof or [illegible] which is requested. [illegible]

(f) Workmen's compensation insurance, item 16, [illegible] Audit Report, disallowance [illegible] representing [illegible] of wages and salaries previously disallowed, of which [illegible] has been reinstated on the basis of reasoning set forth previously known. Therefore, it is requested that premium in the amount of [illegible] be allowed and reinstated on [illegible], wages and salaries previously paid by the operator for services reasonable and necessary to the exploration. $67.49

(h) Travel and Communication, long distance telephone calls and cable fees, fourth paragraph, Page 1a, Interim Audit Report, disallows this item in the amount of $91.63 as not being a direct cost of the Exploration. This item of expense is expressly authorized by Exhibit A attached and a part of the Contract, and the Operator has been extremely careful in paying out of the Exploration Fund bank account and charging as an expense of the exploration only those long distance calls and cable fees which were believed to be allowable actual necessary costs of the Exploration. Other long distance telephone calls and telegraph fees have been paid out of the General Account, a special bank account maintained to meet expenses not justifiably chargeable to the Exploration.

The expense claimed for long distance telephone calls and telegrams has been essential to the efficient and economical conduct of the Exploration. This item of expense is supported by invoices and receipts submitted with Monthly Reports showing to whom the calls were made and to whom messages were sent, leaving little doubt as to the need for such communication as a direct necessary cost of the Exploration, not in excess of any allowable maximum, as provided by Article 6b of the Contract.

Due to the fact that it has been agreed by the Auditor and the Field Team that the allowance made for Public Liability Insurance in Exhibit A, Article 7, of the Contract refers only to such insurance on the trucks and was not intended to provide for premium payment for general public liability and property damage insurance, the Operator makes no effort to reclaim this disallowance and agrees that if the premium is not allowable, the long distance telephone and cable charges, totalling $27.66 spent for this purpose should also not be allowed, and this sum is deducted from the $91.63, leaving $63.97 believed to be justified and allowable costs of the project for which reclaim is requested. $ 63.97

TOTAL $4,[illegible].[illegible]

Docket No. DMEA-2502X
Contract No. Idm-E468
Exploration Project Contract

Ameriner Mining Company
Alpine, Texas
December 15, 1953

REQUESTED RECLAIM FOR FIELD TEAM AND FINANCE OFFICE DISALLOWANCES
Deducted from June and July, 1953, Monthly Reports and Vouchers

Notice of Recommended Field Team Disallowances dated September 15 includes the following items which were deducted from the Government's participation payment and for which reclaim is requested as follows:

(1) Supervision: Contract Item No. 2B should be revised and adjusted in keeping with the formula suggested during the Interim Audit based on distribution of supervisory salaries according to ratio of utilization of labor for Exploration and Production.

Since the Superintendent, Master Mechanic, and Timekeeper-Stock Clerk were engaged in working with and supervising both underground and surface employees except furnace personnel who were under the direct supervision of the Furnace Supervisor, but who have been nevertheless included among Production personnel, as stipulated by the Auditor and Field Team, the salaries paid these men have been distributed on a ratio of 64 per cent to Exploration and 36 per cent to Production as the ratio of man-hours of labor devoted to Exploration and Production respectively bears to the total man-hours of all labor as shown on the attached schedule of comparative time and cost for labor and supervision distribution.

Therefore, the mine personnel whose total man-hours were devoted 77.5 per cent to Exploration and 22.5 per cent to Production provide the ratio basis for distribution of the time and pay of the Mine Foreman whose only concern was with the mine personnel.

On the basis of this distribution, the following revisions are justified and are reflected as parts of the respective totals on the Form 104 attached:

Cont. Item No.		Amount Paid June Report	Corrected Total	Amount Received
2 -	Labor	$4,300.09	$4,176.79	- 123.30
2 -	Supervision	765.00	1,140.40	+ 375.40

Please note that reclaim has been included for the $295.94 paid to the Timekeeper and Stock Clerk on the basis of Section 2, Subsection 2, of the Reclaim on Disallowances during Interim Audit included as a preceding part hereof. If there is any item of expense unquestionably needed and necessary to the Exploration Project, it is that part of the salary of the employee designated as Timekeeper and Stock Clerk, who did maintain such records as were believed necessary and appropriate for a small-scale operation and in addition thereto willingly devoted his full time and effort to the operation.

Docket No. DMEA-2202X
Contract No. Idm-E468
Exploration Project Contract

Amerimex Mining Company
Alpine, Texas
December 15, 1953

Requested Reclaim for Field Team and Finance Office Disallowances Deducted from June and July, 1953, Monthly Reports and Vouchers

(2) Reclaim is requested for long distance telephone calls itemized and submitted with the Form MF-104 Monthly Report and Voucher for the Month of June. Whereas allowance is expressly made for "Sustenance, Communications, Travel and Transportation" in Exhibit A, Item 7, of the Contract and each and every long distance telephone call for which charge has been made for Exploration has been for some purpose directly essential to carrying on the Exploration Project. In such instances, the ultimate cost for having failed to utilize the telephone would have been decidedly greater to both the Government and to the Operator.

$58.06

(4) Reclaim is requested for that portion of disallowance made for Project No. 12 Shaft due to its being oversize in excess of 5' x 7'. It was not possible to sink this shaft 5' x 7' outside the timber and leave enough room for a staggered offset ladder-way and a hoisting compartment of sufficient size to permit efficient work.

The ground in which this shaft is sunk is in a fault zone composed of Del Rio Clay containing boulders scattered throughout. Many such boulders will not break clean but will cave out of the shaft walls bringing large quantities of material with them.

It was planned to use wall and end plates of 6" x 6" with 2" lagging, which would have reduced a 5' x 7' shaft to 3' 10" x 5' 10" inside the timber, making vertical ladder-way mandatory; therefore, it was decided to break the shaft 6' x 8'; but the nature of the ground resulted in overbreakage and continued sloughing of the shaft walls, which accounted for the unpreventable excess size unless each round was to have been followed by indeterminate picking and hand moiling, which would have cost considerably more.

A copy of a letter from Texas Employers' Insurance Association dated June 11, 1953, with reference to that Company's demands for safety requirements in the main entry shaft to the mine, leaves no doubt as to their demands for the safety factors which the Operator sought to incorporate in Project No. 12 Shaft, without which insurance would probably have been cancelled.

In view of these facts and circumstances, reclaim is respectfully requested for the sums disallowed for overbreakage of Project No. 12 Shaft during the Months of June and July as follows; and it is suggested that consideration be given the fact that if the disallowances are not deleted and if the total disallowed $1,410.39 is deducted from the total cost of Project 12 Shaft, the cost per foot would be $31.12

Docket No. DMEA-2202X
Contract No. Idm-E468
Exploration Project Contract

Amerimex Mining Company
Alpine, Texas
December 15, 1953

Requested Reclaim for Field Team and Finance Office Disallowances Deducted from June and July, 1953, Monthly Reports and Vouchers
(4) Continued

as compared with an average cost of $58.53 for drifiting, $53.47 for crosscutting and $47.78 for raising. It is neither correct nor reasonable to assume that the shaft could have been sunk for less per foot than the cost for drifiting or crosscutting.

June Disallowance Reclaimed	$ 524.78	
July " "	885.61	
TOTAL Reclaimed for Oversize Shaft during June & July		$1,410.39

Reinstatement or adjustment of disallowances made by the Finance Officer during the months of June and July is based on the following payroll revisions and clarification of overtime and tax policies:

JUNE

A.	Workmen's Compensation Allowed				$ 442.72
	Salaries corrected to include reclaim			$5,317.79	
	Less remuneration paid extra for overtime, which is 1/3 of total overtime of $217.16, leaving deductible overtime			144.77	
	Premium per $100.00	$9.09	x	5,173.02	470.23
	Difference Reclaimed				27.51
B.	Payroll Taxes Allowed			737.96	
	Reclaimed FICA 1.5% of $5,317.79		$ 79.77		
	Salaries approved by Mr. Finch	$19,452.56			
	June salaries corrected to include reclaim	5,317.79			
	Texas Employm't Comm. 2.7% of	24,770.35	667.80	747.57	9.61
TOTAL	June Tax Reclaim				$ 37.12

Docket No. DMEA-2202X
Contract No. Idm-E468
Exploration Project Contract

Amerimex Mining Company
Alpine, Texas
December 15, 1953

Requested Reclaim for Field Team and Finance Office Disallowances Deducted from June and July, 1953, Monthly Reports and Vouchers

JULY

A.	Payroll Tax Allowed			$ 229.05		
	Reclaimed FICA 1.5% of $5,453.52		$ 81.80			
	Texas Employm't Comm 2.7%		147.25			
	Director of Internal Revenue .3% of Salaries approved by Mr. Finch	$19,452.56				
	Plus June including reclaim	5,317.99				
	.3% of	$24,770.55	74.31	303.36	$	74.31
B.	Workmen's Compensation insurance allowed			445.70		
	Reclaim based on $5,453.52		5,453.52			
	Less Exploration's 65.3% of total extra remuneration paid for overtime of $314.36 or		205.28			
	Premium per $100.00	$9.09 x	5,248.24	477.07	$	31.37

C. Travel and Communications allowed under Item 7, Exhibit A of the Contract expressly allows travel presumably essential to the Exploration.

On the occasion of flying the Master Mechanic and a new cook to the mine at a cost of $10.50, which has been disallowed and for which reclaim is requested, the Master Mechanic had come to town, a distance of 100 miles, in his own car to bring the distributor off the mine hoist to repair it in his own machine shop in order to permit resumption of hoisting muck as soon as possible and to notify me that the camp cook was leaving immediately and that it would be necessary to locate the replacement whom I had been in town trying to find and get him to the mine without delay.

While the Mechanic was in town, a very heavy rain fell on the watershed of Terlingua Creek and washed out the bridge approach, rendering the road impassable for several days; so I sent the Master Mechanic and the Cook to the mine by plane at a cost of $10.50 when to have undertaken the trip by other means would have been not only futile and foolish, but even with the road in good condition, they could not have been hauled to the mine and the Company Pickup returned to Alpine for less than $10.50. Furthermore, a few shifts of underground work would have been lost, and it is certain that some of the employees would have

Docket No. DMEA-2202X
Contract No. Idm-E468
Exploration Project Contract

Amerimex Mining Company
Alpine, Texas
December 15, 1953

Requested Reclaim for Field Team and Finance Office Disallowances
Deducted from June and July, 1953, Monthly Reports and Vouchers

(July "C" Continued) Forward	(	$ 74.31
	(	31.37
quit when the Cook returned to his home at Lajitas, a nearby community. If there is any justification for the use of transportation, including a plane, it seems that this is an example of extreme economy and efficiency through utilization of modern facilities. For these reasons, reclaim is requested for the sum disallowed		$ 10.50
TOTAL July Reclaim		$ 116.18

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 28 1953

TEXAS
EMPLOYERS' INSURANCE ASSOCIATION

El Paso, Texas

June 11, 1953

El Paso
District

526 E. Yandell Blvd.

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

Re: Tex.WC-38908

Dear Mr. Pulliam:

Mr. Henry Herndon, our Industrial Hygiene Engineer, and Mr. Gene Gimble paid a visit to your mine on June 3, 1953. I am sorry they did not get to see you on that visit. The following recommendations were left with Mr. Cornelison:

1. Straighten and tie (or nail securely) all manway ladders.

2. Construct standard railings around all manway landings.

Your prompt attention to these matters will be appreciated.

Sincerely yours,

/s/ Tom Roberts

Tom Roberts
District Manager

TR:cs

C O P Y

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS ADMINISTRATION

WASHINGTON 25, D. C.
~~XXXXXXXXXXXXXXX~~
Joplin, Missouri
December 22, 1953

RECEIVED
DEC 28 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

Dear Sirs:

Enclosed herewith is a copy of RECLAIM of interim audit disallowances which has been prepared by the Operator of the above referenced project. A copy of this reclaim has been sent to Mr. J. E. Chambers, Chief, Contract Administration and Audit Division for his consideration. A copy of my letter of transmittal to Mr. Chambers is also attached hereto. I suggest that the points raised by the Operator in his reclaim of audit disallowances be covered by a terminal on-site audit of the above project.

Sincerely yours,

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

WPW:jd
Enc.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D. C.~~
Joplin, Missouri
December 22, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 28 1953

Jan 22, Answered by ongoing telephone authorizing for Denver to audit project Jan 25, 1954 JLC 4/20/54

Mr. J. L. Chambers, Chief
Contract Administration and
Audit Division
Defense Minerals Exploration
Administration
Interior Building
Washington 25, D. C.

Re: DMEA-2202X Idm-E168
Amerimex Mining Co.
Presidio County, Texas
Mercury

Dear Mr. Chambers:

For your information I am forwarding to you herewith a copy of a RECLAIM of interim audit disallowances which has been prepared by the Operator of the above referenced project on standard form MF-104. The itemized MF-104 entitled Reclaim is accompanied by a text in which each item is discussed and argument set forth in the effort to substantiate the Operator's basis for reclaim.

You may recall that the interim audit on this project was conducted by Mr. Donald T. Finch during the first week of August, 1953. The Field Team was present during the interim audit and all disallowances were discussed with the Operator at that time. In his justification for reclaim the Operator has raised many points which are undoubtedly speculative and worthy of consideration by personnel in DMEA and in the Contract Administration and Audit Division. In a letter to the Administrator, DMEA, dated December 11, 1953, I recommended that this project be closed by on-site audit by an appropriate member of the Contract Administration and Audit Division. The termination date of this contract was December 18, 1953. I should like to repeat the suggestion that this project be closed by terminal audit and that all points covered in the enclosed Operator's reclaim be considered at that time.

Very sincerely yours,

W. P. Williams

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.
Joplin, Missouri
October 9, 1953

Defense Minerals Administration
RECEIVED
OCT 12 1953

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

Re: DMEA-2202x Idm-E468
Amerimex Mining Co.
Presidio County, Texas
Mercury

Dear Bob:

Receipt of your October 6 letter hereby is acknowledged and the copy of "Schedule C" which you requested, is enclosed herewith. It was prepared by the Finance Officer at Amarillo to show the disallowances he made upon recalculating payroll taxes, etc., on your MF-104 Cost Reports to August 1, 1953.

The furnishing of the authoritative advice requested in the last paragraph of your letter concerning your proposed reclaim of disallowances, must await the return of Bill Williams, now on a trip to Washington, D. C. In my personal opinion, however, based on all the previous similar reclaims we have received here, your filing of "one complete and entirely separate Reclaim" would be "permissible and entirely satisfactory." Therefore I do not believe the necessary delay in furnishing you the requested authoritative advice should cause further undue hardship in preparing your MF-104 Report for August.

I expect that the decisions on the reclaim you propose to submit to the Field Team, must be made by the DMEA Contradt Administration and Audit Division in Washington, probably after being reviewed by the Field Team, the Finance Officer, and Mr. Finch, who audited your project cost accounts in August. You may rest assured, however, that an equitable settlement will be made as soon as possible which very often has been at the time of the terminal audit upon completion of a project.

We hope that you soon can resume work on the project.

Sincerely,

Clinton C. Knox

:jd
Encs.
cc - Operating Committee

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

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

RECEIVED MAR 25 1954

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

Month of August, 1953 Docket No. DMEA [illegible] Contract No. 1[illegible]

Operator's Name Ascarinex Mining Company Minerals Mercury

Address P. O. Box 620 Alpine, Texas

Contract Amount, $ 60,000.00 Government Participation: 25% Amount, $ 60,000.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor	2,159.89	23,450.89	26,610.78			
Supervision	1,131.26	6,530.29	7,661.55			
Technical Services		326.75	326.75			
(3) Operating Mat'ls. and Supplies:						
Timber		480.20	480.20			
Explosives	439.56	2,623.43	3,062.99			
Pipe		1,168.31	1,168.31			
Track		124.60	124.60			
Other Supplies	514.66	6,082.80	6,597.46			
			45,017.75			
(4) Operating Equipment:						
Rental	669.75	5,020.75	5,690.40			
Purchase	222.38	6,711.72	6,934.00			
Depreciation						
(5) Initial Rehabilitation and Repairs		449.67	449.67			
(6) New Bldgs., Improvements, etc.		1,492.69	1,492.69			
(7) Miscellaneous:						
Repairs to Equipment		67.53	67.53			
Sampling and Analysis		43.37	43.37			
Payroll Taxes	119.90	1,273.82	1,393.72			
Trk. Liability Insurance		175.96	175.96			
Workmen's Comp.	530.64	3,112.23	3,642.87			
Freight		461.16	461.16			
(8) Contraval (specify) Coun.	61.34	321.04	382.38			
Acctg. & Sup.	87.00	633.24	720.24			
Totals	5,755.33	60,556.62	66,270.95			
Less Disallowances		2,306.02	2,306.02			
TOTALS	5,755.33	58,149.60	63,904.93			

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

Date 11-7-53 *Payee Ascarinex Mining Company

Per J. N. Pullin Title President

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

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

(Instructions on reverse)

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

$ 2,519.45

Signature
(Authorized Certifying Officer)

Date 3/1/54 Vou. No. 6-74

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E468 in accordance with the terms of the contract.

Signature Clinton C. Knox Title Mining Engineer Date Nov. 25, 1953

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. P. Williams Title Exec. Off. Date Nov. 25, 1953

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

NOV 12 1953

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

Defense Minerals Administration
MAR 25 1954

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of August 1953 Docket No. DMEA 2203R Contract No. 1G1-2203

Operator's Name Americex Mining Company Minerals Mercury

Address P.Box 696 Boise, Idaho

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting	ft.	3,989.37	54'-6"	35,777.36	394	90.83		
Crosscutting	"	1,372.35	10'-6"	9,435.14	177	53.47	1,160	Not Stated
Raising	"	185.43	2	3,065.15	136	47.78		" "
Shafts	"			2,989.29	49	60.90	280	" "
Winzes								
Drilling: Core	"			5,192.03	905	5.46	1,500	" "
Churn								
Auger								
Stripping								
Trenching	Hrs.			122.50	9	12.60	50	12.50
Test Pits								
Roads and Trails	Hrs.			235.00	10	12.50	10	12.50
Bulldozer Bldg. Site					3	12.50	3	12.50
See Below								
TOTAL DISTRIBUTED COSTS		5,513.00		58,[illegible]				TOTAL COSTS AUTHORIZED BY CONTRACT
Tech. Service				344.70				2,700.00
Operating Equipment Purchased		222.88		6,002.10				10,370.00
Initial Rehabilitation and Repairs				[illegible]				1,[illegible]
New Buildings, Improvements, etc.				1,[illegible]				2,[illegible]
Crescent Camp				3,[illegible]				2,985.00
TOTAL COSTS		5,735.88		71,[illegible]				[illegible]
Less Disallowances				7,[illegible]	63,[illegible]			

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

REMARKS:

Date 11-2-53 Operator Americex Mining Company

Per [signature] Title President

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

(Instructions on reverse)

(For Government use only)

DMEA-6.-74
3-1-54

INSTRUCTIONS

Preparation of Form MF–104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF–104A has been designed to tie in with Form MF–104 for both monthly and cumulative costs. The "Total Costs" on Form MF–104A for each month should equal the monthly "Total Costs" as reported on Form MF–104. This is also true of the "Total Costs To Date".

In preparing Form MF–104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 83-38475

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON~~
P.O. Box #431
Joplin, Missouri

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 25 1954

March 23, 1954

Memorandum

Re: Idm-E468
Amerimex Mining Company
Box 626, Alpine, Texas
Docket DMA-2202X (mercury)

To: DMEA Operating Committee

From: Clinton C. Knox

Subject: Release of funds due on Operator's August 1953 Report

With reference to my letter on February 26, 1954, to E. L. Waldrop, Regional Finance Officer, copies of which were furnished to you at the time, your second file copy of the subject report is attached herewith.

The schedule data for release of funds to the Operator, as authorized by me at that time, has been posted by Mr. Waldrop on the enclosed MF-104 Voucher, but yet is to be posted on the first copy of the subject report, previously sent to you.

Clinton C. Knox

Clinton C. Knox
Executive Officer
DMEA Field Team, Reg. VI

CCK/vks

Enclosure

c.c. Operating Committee
File (DMA-2202X)

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

XXXXXXXXXXXXXXXXXX
P.O. Box #431
Joplin, Missouri

March 23, 1954

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Clinton C. Knox
Executive Officer
DMEA Field Team, Reg. VI

CCK/vks

Enclosure

c c. Operating Committee
File (DMA-2202X)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.
Joplin, Missouri
November 25, 1953

Re: DMEA-2202X Idm-E468
Amerimex Mining Co.
Presidio County, Texas
Mercury

Defense Minerals Administration
RECEIVED
NOV 25 1954

Memorandum

To: W. P. Williams, Executive, DMEA Field Team, Region VI

From: Clinton C. Knox

Subject: Operator's August Report, Amerimex Mining Co., Alpine, Texas
Project Contract Idm-E468

I have reviewed the subject Operator's August Report, received by the Field Team on November 12. That report covers the project work done from August 1 until the company suspended all operations on August 19, 1953. The Operator's proposal for an Amendment No. 3 to the contract, received on November 17, and supporting maps and a geologic report by Mr. A. N. Fletcher, Consulting Geologist, received on November 19, also have been reviewed.

Of the total $5,735.33 project costs claimed in the subject August Report, calculated Field Team disallowances amounting to $1,405.63 are recommended for the costs itemized below in which the Government apparently should not participate under the existing contract stipulations and DMEA regulations. Therefore the claimed costs in the subject report evidently can be approved by the Field Team only to the extent of the remaining $4,329.70 providing that the Finance Officer is instructed to withhold certification for the Government's participation payment on the assumption that it may be the last and subject to a possible terminal audit soon by the DMEA Contract Administration and Audit Division, as per instructions reiterated in the October 27 letter from Selfridge to you; and furthermore the payment should be withheld pending a satisfactory settlement of royalties apparently due the Government on mercury reportedly produced and sold from ore mined as a result of the project work.

My disallowance recommendations largely stem from existing DMEA policies, also reiterated in the above-mentioned Selfridge letter which stated "the Government cannot participate in costs incurred during the recessed period." My calculations of the costs incurred after August 19 were based on scrutiny of the Operator's cost supporting documentation submitted with the report.

Although actual production operations evidently were suspended after the Field Team left there August 11, following the project inspection and cost audit, most of the project work reported for that month, altogether consisting of only 75 feet of drift, crosscut, and raise advances, also had been completed, so in my opinion there is no justification for the Operator's charge of all the supervision costs to the exploration project during the last half of August. Likewise, I believe that the costs claimed for telephone and telegraph services, office supplies, trips to El Paso for the few small supplies evidently purchased, and for transportation of a new Mine Foreman, all should have been charged to corporation overhead expense. ?

Your attention also is directed to costs claimed for gasoline purchases for the Ford pickup and G.M.C. truck in the latter part of August. They indicate that equipment in which the Government holds an equity is being used during the project recess, costs of which possibly could be determined and charged to the corporation.

Itemized Field Team disallowances recommended:

Labor after 8/19/53 --

G. De LaRosa	8/20-31	20½ hrs. @ $1.10	$22.55
M. Granado	8/20-31	20½ hrs. @ $1.10	22.55
W. Roberts	8/20-31	64 hrs. @ $1.00	64.00
Total labor chargeable to corporation overhead			$109.10

Supervision -- 35 percent Aug. 15 to 19, and all thereafter --

R. N. Pulliam (Superintendent) - $300 x .35 $\frac{(19 - 15)}{16}$ + 300 $\frac{(31 - 19)}{16}$ - $251.25

C. E. Visel (Mine Foreman) 35% of 7 days @ $15.00 + 2 days @ $15.00 - 66.75

C. E. Thain (Master Mechanic-Watchman) 225 x .35$\frac{(19 - 15)}{16}$ + 225$\frac{(31 - 19)}{16}$ - 188.44

Total supervision chargeable to corporation overhead $506.44

Petty cash disbursements --

7/15	Metcalfe Co. (office supplies)	$ 3.25
8/25	Collector of Internal Rev.(telegraphic M.O.)	1.44

Pulliam expense account

8/7	Trip to El Paso)	16.00
8/13	" " " "	33.25
7/31	Telephone to Williams-Joplin	8.75
8/14	" " Jonas-Amarillo	1.90

Texas Employers Ins. Ass'n

8/31	Workmen's Comp. $615.54 @$9.09	$55.95

Pulliam - equipment rental Aug. 19 to 31 --

8/31	1 - jeep	$\frac{(31 - 19)}{31}$ x 21.75	$ 8.42
	1 - compressor	$\frac{12}{31}$ x $423	163.74
	1 - hoist	$\frac{12}{31}$ x $112.50	43.55
	1 - tugger	$\frac{12}{31}$ x $ 31.50	12.19
	2 - jackhammer	$\frac{12}{31}$ x 80.00	30.97
	Total equipment rent charged when not used--		$258.87

Brewster County Motors --

8/21	gas & tire repair	- G.M.C. truck	$ 6.06
8/25	gas	- Ford pickup	2.70
8/31	gas	- G.M.C. truck	4.91

Mine & Smelter Supply Co.

8/27	Inv. #316231		2.96
	Total incurred expenses chargeable to corporation overhead		$1,011.58

Driving of the 14-foot crosscut south from the bottom of Project No. 12 shaft had been completed when I last inspected the project on August 9. That crosscut averaged 7½x7½-foot in size, violating the 5x7-foot size limitation specified in Amendment No. 2. Using the Operator's reported August crosscutting costs, the oversize chargeable to mine development for production was calculated as follows:

Actual excavation - 14x7½x7½ = 787.5 cu. ft.
Authorized " - 14x5x7 = 490 cu. ft.
oversize 297.5 cu. ft. or

$\frac{297.5}{787.5}$ = 37.78 percent of the cost of 14 feet of crosscut;

But 18.5 feet of crosscut reportedly cost $1,378.25

Therefore the recommended disallowance for oversize crosscut is calculated: $.3778 \times \frac{14}{18.5} \times \$1,378.25 = \$394.05$

Total Field Team disallowances recommended = $1,405.63

Because of the Operator's apparent inability to satisfactorily accomplish the relatively small amount of justifiable project work authorized under the existing contract which has been in force nearly a year, and because no definite assurance has been given that the Operator can resume work on the project, approval of the proposed Amendment No. 3 and the extension of time for completion of the work that would be required, are not recommended.

Clinton C. Knox
Clinton C. Knox
Mining Engineer

:jd
cc - Operating Committee(2)
Finance Officer
L. T. McIlvenny
C. C. Knox

Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas

STATEMENT OF COMPARATIVE EXPLORATION and PRODUCTION COSTS

August, 1953

	Exploration	Production & General	Totals
OVERHEAD			
Office		$ 29.68	$ 29.68
Interest & Carrying Charge		18.72	18.72
Rental - Surface		300.00	300.00
Houses		50.00	50.00
Mineral Lease		100.00	100.00
Mercury Purchase		20.00	20.00
LABOR & SUPERVISION			
Labor	$2,159.89	993.80	3,153.69
Supervision	1,131.25	253.75	1,385.00
OPERATING MATERIALS			
Explosives	439.56	48.84	488.40
Other Supplies	~~519.76~~ 514.66	351.00	~~870.76~~ 865.66
OPERATING EQUIPMENT			
Rental	668.75	336.25	1,005.00
Purchase	222.28	99.72	322.00
MISCELLANEOUS			
Repairs		9.47	9.47
Payroll Taxes	119.96	45.50	165.46
Workmen's Comp. Ins.	330.64	125.41	456.05
Travel & Communications	61.34	157.07	218.41
Accounting ~~& Supplies~~	87.00	33.00	120.00
TOTALS	~~$5,740.43~~ 5,735.33	$2,972.21	$8,~~712~~.64 8,707.54

Form MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of August, 1953

PAYROLL DISTRIBUTION Between Exploration and Production
Period 8-1-53 through 8-15-53

	Hours Prod.	Hours Expl.	Gross Payroll Production	Gross Payroll Exploration	Total Payroll	Cont. Acct.
Exploration Project No. 12 Shaft						
Manuel Terrazas		86		$ 90.00	$ 90.00	2A-3
David Carrasco		86		70.00	70.00	2A-5
Victor Suchil		86		70.00	70.00	2A-5
Simon Villa		86		70.00	70.00	2A-5
Manuel Garcia		82		68.80	68.80	2A-5
Pedro Garcia		80		67.20	67.20	2A-5
Lino Hernandez		80		67.20	67.20	2A-5
Benigno Grando		80		67.20	67.20	2A-5
		666		$ 570.40	$ 570.40	
Other Exploration & Production Labor						
Guillermo De La Rosa		88.5		102.02	102.02	2A-3
Martin Estrada	48	40	$ 45.82	38.18	84.00	2A-3
Andres Garcia	16	64	16.00	64.00	80.00	2A-3
Jesus Garcia	8	80	8.37	83.63	92.00	2A-3
Angel Renteria	16	66	14.42	54.38	68.80	2A-3
Wesley Roberts	44	44	46.00	46.00	92.00	2A-3
Isabel Vega	14	74	16.85	84.35	101.20	2A-4
Vicente Molinar	14	74.5	16.99	85.03	102.02	2A-4
Magdalino Araiza		75.5		60.40	60.40	2A-5
Ausencio Carrasco	40	72	36.24	66.16	102.40	2A-5
Manuel Carrasco		56.5		45.20	45.20	2A-5
Alvaro Flores	16	72	13.38	60.22	73.60	2A-5
Lucio Galindo	8	80	6.70	66.90	73.60	2A-5
Pablo Huerta		88		73.60	73.60	2A-5
Timoteo Lopez	15	73.5	15.44	77.31	92.75	2A-5
Pedro Lujan		80		64.00	64.00	2A-5
Jose Padilla	20	68	16.72	56.88	73.60	2A-5
Domingo Salazar	20	68	16.72	56.88	73.60	2A-5
Ramon Galindo	40	72	49.55	90.45	140.00	2A-6
Manuel Granado	44	45	50.85	52.00	102.85	2A-7
	363	1,381.5	$ 370.05	$1,327.59	$1,697.64	
		2,047.5		$1,897.99	$2,268.04	

Form MF-104
Docket DMA-2202X
Conytract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of August, 1953
Page 2

PAYROLL DISTRIBUTION Between Exploration and Production
Period 8-1-53 through 8-15-53

	Hours		Gross Payroll		Total	Cont.
	Prod.	Expl.	Production	Exploration	Payroll	Acct.
Exploration Project No. 12 Shaft						
Furnace Supervision & Labor						
Santiago Garcia Furnace Supt.	100		$ 137.50		$ 137.50	
Helpers:						
Roman Chavez	91		86.85		86.85	
Alberto Ramirez	96		83.20		83.20	
Florentino Muniz	92		88.20		88.20	
Santiago Garcia C.	84		68.80		68.80	
Manuel Suchil	90		76.00		76.00	
Jose Suchil	96		83.20		83.20	
	649		$ 623.75		$ 623.75	
Total Labor	1,012	2,047.5	$ 993.80	$1,897.99	$2,891.79	
Supervision						
R. N. Pulliam	42	78	$ 105.00	$ 195.00	$ 300.00	2B-1
Arthur G. Blucher	42	78	70.00	130.00	200.00	2B-2
Carl E. Thain	42	78	78.75	146.25	225.00	2B-3
Total Supervision	126	234	$ 253.75	$ 471.25	$ 725.00	
Add: Total Labor	1,012	2,047.5	$ 993.80	$1,897.99	$2,891.79	
TOTAL PAYROLL	1,138	2,281.5	$1,247.55	$2,369.24	$3,616.79	

Form F-104
Docket D[illegible]
Contract Idm-[illegible]

Amerimex Mining Company
Alpine, Texas
Month of August, 1953

PAYROLL DISTRIBUTION Between Exploration and Production
Period 8-15-1953 through 8-31-1953

[illegible] 2 5 1954

EXPLANATION	Hours Prod.	Hours Expl.	Gross Payroll Production	Gross Payroll Exploration	Cont. Acct.
Labor					
Magdalino Arreiza		40		$ 40.00	2A-5
Guillermo De La Rosa		44.5		48.95	2A-2
Manuel Granado		44.5		48.95	2A-7
Wesley Roberts		88		88.00	2A-5
Manuel Terrazas		36		36.00	2A-5
Total Labor		253		$ 261.90	
Supervision					
J. . Pulliam		120		$ 300.00	2B-1
Clifton L. Viard		72		135.00	2B-2
Carl L. Thain		120		225.00	2B-3
Total Supervision		312		$ 660.00	
Add: Total Labor		253		261.90	
TOTAL PAYROLL		565		$ 921.90	

Form MF-104
Docket DMA-[illegible]02X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of August, 1953

PAYROLL SUMMARY

	Hours		Gross Payroll		
	Prod.	Expl.	Production	Exploration	
8-15	1,138	2,281.5	$1,247.55	$2,[illegible]69.24	
8-31		565		921.90	
Totals	1,138	2,846.5	$1,247.55	$3,291.14	
Total Payroll					$4,538.69

Form MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of August, 1953

DISBURSEMENTS - Petty Cash - Receipts Attached

1953		Amount	Contract Account
7-13	Crowder & Wise - Gasoline for Pickup	$ 4.10	3E
7-15	R. M. Metcalfe - Map Supplies	3.35	3E
	" "	8.15	3E
8- 7	Francis Wagner Invoice 884 Hose Gaskets	5.88	3E
	R. M. Metcalfe Co. - Map Supplies	3.30	3E
8- 8	Alpine Drug - Welding Flux	1.45	3E
8-10	Regular Mail Fee	.37	Genl.
~~8-11~~	~~Brewster County Motors~~	~~5.10~~	~~3E~~
8-17	A. C. Schoenwaldt N. Y. - Telegram	2.58	Genl.
8-17	Crowley Tar Products Company N. Y. - Telegram	2.58	Genl.
8-19	Manuel Terrazas - Purchase of 11 pounds of mercury cleaned out of old abandoned furnace	20.00	Genl.
8-25	Collector Internal Revenue - Telegram	1.44	3G

Total Petty Cash Disbursements $ 38.30

— 5.10

Form MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of August, 1953

CHECK DISBURSEMENTS and CURRENT COMMITMENTS

1953			Amount	Contract Account
8- 4	Mrs. Ogarita B. Wilson - Surface Property Rental		$ 150.00	Genl
10	E. G. & Elizabeth Bledsoe - Mineral Lease		100.15	Genl
15	Univ. C. I. T. Corp. - Truck Payment		99.72	Genl
20	E. G. & Elizabeth Bledsoe - Surface Property Rental		150.00	Genl
	Rental-Purchase - Frame Houses		50.00	Genl
24	Newspaper Printing Corp. - Want ad for Mine Foreman		29.16	Genl
31	Mine & Smelter Supply Company Invoice 318230		23.29	3E
	318231		2.96	3E
	Sea-Bo Packing Co. Inc. Invoice 1445 Asbestos		9.47	Genl
	Car Parts Depot		52.74	3E
	Brewster County Motors		95.44	3E
			439.56	3E
			48.84	Genl
	Alpine Butane Company		8.00	3E
			351.00	Genl
	Magnolia Petroleum Company		306.10	3E
	B. N. Pulliam - Rental of Equipment Jeep (72.5% of	$ 30.00	21.75	4B-8
			8.25	Genl
	Air Compressor (196 hrs. actual mining or approx. 10% of total hrs. of mine labor - 1,830.5) (10% of	470.00	47.00	Genl
			423.00	4B-2
	Gasoline Hoist (10% of	125.00	12.50	Genl
			112.50	4B-5
	Air Tugger (10% of	35.00	3.50	Genl
			31.50	4B-6
	2 Jackhammers		80.00	4B-10

Form [illegible]-1[illegible]4
Docket [illegible]-[illegible]-02x
Contract Idm-[illegible]

Americex Mining Company
Alpine, Texas
Month of August, [illegible]

CHECK LIST [illegible] and [illegible]

1953

8-31	L. S. Sullivan - Rental of Equipment			
	1 Jackhammer		40.00	Genl
	Buda JB-4 Engine		15.00	Genl
	Big Three Welding Equipment Co. - Note $733.73		[illegible]	40-15
	Carrying Charge		1.61	Genl
	First National Bank, Alpine			
	G. M. C. Truck - Prin. Note #8		117.56	40-[illegible]
	Interest		1[illegible].87	Genl
	Ford [illegible] Prin. Note #6		72.80	40-9
	Interest	($[illegible]07.[illegible]7)	6.54	Genl
	Texas Employment Insurance Ass'n.			
	(7[illegible].5% of	456.05	338.54	7[illegible]
			1[illegible].41	Genl
	Texas Employment Commission			
	Gross Payroll $4,[illegible]8.89 - 993.75			
	equals $3,544.94			
	7[illegible].5% of the 2.7% Payroll Tax of	93.7[illegible]	69.[illegible]	70
			[illegible]	Genl
	Director of Internal Revenue			
	Gross Payroll $4,[illegible]8.89 - 993.75			
	equals $3,544.94			
	7[illegible]% of .3% Unemployment Tax	10.63	7.[illegible]	70
			[illegible]	Genl
	L. S. Sullivan - Accounting Service			
	(7[illegible]% of	1[illegible].00	87.[illegible]	7[illegible]
			[illegible]	Genl
	L. S. Sullivan - Reimbursement for			
	Company Travel and Communications		89.[illegible]	7[illegible]
			7[illegible].[illegible]	Genl
	Director of Internal Revenue			
	Gross Payroll $4,[illegible]8.89 - 600.00			
	or $3,[illegible]8.89 [illegible] or $11[illegible].16 - 59.[illegible]			
	equals $59.11			
	7[illegible].5% of 1[illegible] Social Security Tax	59.11	4[illegible].[illegible]	70
			[illegible]	Genl
	Total Cash Disbursements		$4,115.[illegible]	

Form MF-104
Docket DMA-92032
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of August, 1953

CHECK DISBURSEMENTS and CURRENT COMMITMENTS

Total Check Disbursements		$4,115.75	
Total Petty Cash Disbursements		58.20	- 5.10
		$4,173.95	
Payroll - Labor	$3,153.69		
Supervision	1,385.00	4,538.69	
TOTAL DISBURSEMENTS		$8,712.64	
LESS GENERAL EXPENSES			
Production Payroll	$1,247.55		
Other General Expenses	1,724.66	2,972.21	
TOTAL EXPLORATION EXPENSES		$5,740.43	
		5.10	
		5,735.33	

Project [illegible]
Contract [illegible]

[illegible] Company
[illegible], Nevada

[illegible] as of March [illegible], 1953

[illegible]

Equipment

1	[illegible] Volt. [illegible], [illegible] Shop #[illegible] for [illegible]. Electric [illegible] [illegible] Diagram [illegible]. Image Damper, [illegible] [illegible] IF [illegible]	[illegible]
2	[illegible] [illegible] (X-[illegible]) Shop #[illegible] & [illegible]	[illegible]
1	[illegible] (TDT Stock No. [illegible])	[illegible]
3	[illegible], [illegible] 5,000 cal. [illegible].	[illegible]
1	[illegible]	[illegible]
2	[illegible]	[illegible]
1	[illegible] 1/2-[illegible] [illegible] & [illegible]	[illegible]
1	[illegible]	[illegible]
1	[illegible]	[illegible]
3	[illegible]	[illegible]
1	[illegible] Dodge [illegible] Volts [illegible]	[illegible]
1	[illegible], [illegible]	[illegible]
1	[illegible], [illegible], [illegible]	[illegible]
	Total	
1	[illegible] 3D [illegible]	[illegible]

Project [illegible]
Contract [illegible]

[illegible] Company
[illegible], Texas
Month of [illegible], 19[illegible]

[illegible] as of September 1, 19[illegible]

[illegible]

[illegible] RECEIVED [illegible] 25 1954

[illegible]:

1 [illegible] portable [illegible] compressor [illegible] [illegible] engine #5001 rented from [illegible] Pulliam @ [illegible] per mo. [illegible].

2 [illegible], rented from [illegible] Pulliam @ [illegible].

3 [illegible] 90 HP [illegible] engine, [illegible] temporarily on old concrete [illegible], rented from [illegible] Pulliam @ $100.00 mo. [illegible].

4 [illegible], rented [illegible] from [illegible] Pulliam @ [illegible].00 mo.

5 [illegible], rented [illegible] from [illegible] Pulliam @ [illegible] per mo.

6 [illegible] #[illegible], rented [illegible] from [illegible] Pulliam @ [illegible] per mo.

General

1 [illegible] #[illegible] rented [illegible] from [illegible] Pulliam @ [illegible] per mo.

2 [illegible] [illegible]. Rented [illegible] from [illegible] Pulliam @ [illegible].00 per mo.

Form MF-104
Contract No. Idm-E468
Docket No. DMA-2202X

Amerimex Mining Company
Alpine, Texas

OPERATOR'S MONTHLY REPORT AND VOUCHER

CODE **Items of Costs**

(1) Independent contracts - none

(2) Labor, supervision and technical services:
A. Labor
B. Supervision
C. Technical services

(3) Operating Materials and supplies
A. Timber
B. Explosives
C. Pipe
D. Track
E. Other Supplies

(4) Operating equipment

B. Equipment to be rented:
1. Bulldozer
2. Air Compressor 315 c.f.m.
3. Power Plant, 125 KVA
4. " " 30 KVA
5. Hoist, cage and accessories
6. Air tugger
7. Diamond Drill & accessories
8. Jeep
9. Drifter
10. Jackhammer, heavy

C. Equipment to be purchased
1. Jackhammer
2. Drifter
3. Double-drum slusher, scraper, cable & accessories
4. Ventilation fan & motor
5. Daimond drill 10' core barrel
6. Diamond " 5' " "

Form MF-104
Contract No. Idm-E468
Docket No. DMA-8202X

Amerimex Mining Company
Alpine, Texas

Operator's Monthly Report and Voucher (Cont'd)

Items of Costs

(4) Operating equipment (Cont'd)

C. Equipment to be purchased (Cont'd)

7. Duplex Hi-pressue water pump
8. Truck, 2-ton - down payment
9. Pickup, ½-ton - down payment
10. 3 steel water supply tanks
11. Cert. water pump & engine
12. Butane cook stove
13. " refrigerator
14. Refriger. food storage cabinet
15. Misc.

(5) Initial Rehabilitation and repairs

(6) New Buildings, improvements & installations

(7) Miscellaneous

A. Repairs to Equipment
B. Sampling & Analysis
C. Payroll Taxes
D. Truck Insurance
E. Workmen's Compensation
F. Freight
G. Travel & Communication
H. Accounting & Supplies

Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of August, 1953

DEPARTMENT OF THE INTERIOR
Bureau of Mines
Austin
MAR 25 1954

OPERATOR'S MONTHLY NARRATIVE REPORT

Special Note

When the Interim Audit was made August 7 to 11, it was explained to the DMEA Field Team and the Auditor that it would be necessary to suspend mine operations unless the Government reimbursement for June expenditures was received by August 14, when the semi-monthly payroll became due.

On August 14, reimbursement for June had not been received, and it became necessary for the writer personally to borrow the money with which to pay the men because the Operating Company had neither funds nor credit standing. At that time, most of the men were laid off, and only a skeleton crew was returned to remove tools and supplies from underground workings and to prepare the mine for temporary work suspension.

Meanwhile, the Interim Audit had been made through the Month of May; and despite the fact that the Operator had tried deligently to interpret correctly and adhere to the terms of the DMEA Contract, it was indicated that many retroactive disallowances would be made and deducted from the reimbursements for expenditures made by the Operator during the Months of June, July and August.

The Operator had never read any clause of the Contract nor had he ever received other official notice that such retroactive disallowances could possibly be made on expenditures honestly made, properly documented and used for the payment of actual, necessary costs incurred not in excess of the allowable maximums for the exploration provided for by the Contract. Once the Monthly Reports had been submitted, certified by the DMEA Field Team, certified by the Finance Office and paid by the Treasury Officer, the Operator had no reason to believe that the Government would disallow and take away from the Operator a comparatively large sum of money urgently needed to carry on the operation unless there were some evidence of attempted fraud or purposeful evasion of the Contract.

When the June reimbursement was received August 21, it had been reduced by the disallowance of $2,082.03; and only $1,624.41 was received for July reimbursement after Field Team and Audit disallowances had been deducted.

Thus, all of the funds received were not adequate to pay expenses incurred, and operations have of necessity remained suspended.

Efforts have been made to induce the present stockholders

or outside interests to put up additional capital with which to resume work. To date, no commitment has been made; and while it is hoped that additional capital will be made available so that operations can be resumed, there is no assurance it will be possible.

The Form MF-104

The cost items shown on the Form MF-104 include items chargeable directly to Exploration and items prorated on the basis of their application to both Exploration and Production, which are more completely explained as follows:

Labor: Direct labor has been distributed on the basis of actual man-hours spent doing exploration, mining and ore hauling, indicating that approximately 10% of such man-hours was spent in mining exclusive of furnacing and ore hauling and approximately 90% in Exploration. The percentage basis on which the time of hoistmen and surface trammers has been prorated is in direct ratio to total man hours spent in Exploration and Production exclusive of furnacing. Direct labor, underground and surface including furnace and all other labor, reflects the total following percentage ratio on which labor and supervision costs have been prorated between Exploration and Production, as indicated on the comparative statement included herewith.

Exploration	64.61%
Production	35.39%

Supervision: Supervision costs, exclusive of the Furnace Supervisor, whose salary is included with "Furnace Supervision and Labor," has been prorated on the same percentage ratio as labor Exploration and Production Costs, despite the fact that the furnace had its own supervisor and independent labor, and it is believed should not be included as a part of the total labor cost in calculating percentage of Supervisory cost and other costs for allocation between Exploration and Production.

Operating Materials and Supplies: Distribution of costs for operating materials and supplies between Exploration and Production is based upon estimation that roughly 10% of the total labor was devoted to mining, where such material and supplies were used in contrast to the tramming and handling of the low grade ore previously saved from Exploration and to direct Exploration.

The mining done during August was principally some scaling of walls in the Project 3A and 3B Area and elsewhere in the old stope

in an effort to extract some "high grade" to mix with the material saved from Exploration in an effort to produce a furnace grade ore. A total of 363 man-hours were spent in Production labor, based upon actual time and estimated time for certain labor common to both exploration and production.

A total of 162.8 tons of material was delivered to the furnace bin and processed. Most of this came from material accumulated as a result of Exploration.

Equipment Rental: Such expenses have been prorated on the basis of actual man-hours devoted to Production labor as distinguished from Exploration labor and labor exclusively for furnace operation, which results in roughly 10% of such costs being allocated to Production in addition to those xpenses exclusively for Production.

Payroll Taxes and Workmen's Compensation Insurance have been prorated between Exploration 72.5% and Production 27.5% on the basis each bears in ratio to the total labor monetary value allocated to each.

Travel & Communication: These expenses are allocated to each Exploration and Production on the basis of the actual purpose for which such expenses were incurred, and allowance is expressly made in the Contract for such necessary expenses.

Accounting: This expense, totalling $120.00, has been prorated between Exploration, 72.5%, and Production, 27.5%, of the total in keeping with the percentage of the monetary totals for labor.

The total operating expenses for the month of August were $8,707.54, of which $5,735.33 was for Exploration and $2,972.21 was for Production. There was no work on Production after August 14.

General Operating Conditions

When on the last day of July, the Operator had not received reimbursement from the Government for June DMEA expenditures, work was begun with some misgivings but with the firm belief that reimbursement would be forthcoming very soon.

However, when the Interim Audit was begun on August 7 and the Operator was then informed that reimbursements were being withheld pending outcome of the Audit, the Operator knew that any substantial disallowances of sums previously paid to be deducted from reimbursements due or any substantial disallowances of items on

which reimbursements were being awaited would greatly hamper, if not force suspension, of operations. This was explained to the DMEA Field Team and Auditor - but to no avail.

When no funds had been received from DMEA by August 14, the writer personally arranged for money with which to meet the payroll and laid off all but a skeleton crew, who were used intermittently during the remainder of the month.

Because the writer has no liquid resources of substantial nature, and because any standing of the operating company in this area has been based upon a lifetime of honorable relationships on the part of the writer, to say nothing of the high hopes and sincere faith he felt in the ultimate success of this venture, the apparent unfairness and injustice of most of the disallowances made on the Audit and on the subsequent months of June and July left both the writer and his wife, who does the accounting for the operating company, in a state of abject despair.

Despite this serious handicap, which one can understand only after personal experience, Exploration was carried on in Project 3A, 3B and in Project 12 Shaft, and continued furnace tests were carried on primarily with material saved from previous exploratory work supplemented to some extent by small quantities of better mineralized "ore" mined. It was found that regardless of the methods employed, the material saved from exploration and that mined would not produce a grade of ore which would pay even the costs.

Project No. 3 Previous Total 403' 6" Present 452' 6" Advance 49'

The Main Drift, Project No. 3, was not extended during August.

Crosscut 3A was extended 4' 6" from 119' to 123' 6"; and a drift was driven N 64° W a distance of 16', following significant mercury mineralization, from a point 26' from the opening of Crosscut 3A. From this same point, a drift was driven S 64° E a distance of 6' 6", following significant mercury mineralization. Both of these drifts followed mercury mineralization which occurs in altered Del Rio Clay and Limestone along the Northwest-Southeast trending limestone fault wall, which seems to form the Northeast and high side of a fault measuring some 30 feet or more wide at Crosscuts 3A and 3B.

Project 3A Raise was extended upward 2' from 21' to 23' and short lateral drifts were driven 4' in each direction along the fault from the top of the raise which indicate a local southwest dip and improved mineralization.

Project 3B Crosscut was not extended during August, but at the place where the crosscut cut the Limestone fault wall previously described in connection with 3A Crosscut and Raise, 32' from the opening of 3B Crosscut, a drift was driven southeast a distance of 12' along the strike of the fault where mercury mineralization was found to occur irregularly in caliche or altered Limestone. A well defined wall does not exist at this point; but due to the irregularities of extensively fractured Limestone because of block movement, local structural changes are to be expected without materially effecting the general trend.

Project No.12 Shaft Previous Depth 49' Present Depth 49'
Drifting Advance 12' Crosscutting Advance 14'
Total Advance 26' Project Total 75'

This shaft was not deepened during August, but a crosscut was driven from the 49' level south a distance 14' to the Limestone fault wall or contact, which may be seen on the surface south of the shaft trending in an east-west direction. When the contact was reached, a drift was driven east a distance of 12' along the contact, keeping the solid limestone on the south and the shattered Del Rio clay containing large limestone boulders on the north. Slight mercury mineralization was found along the contact followed by the drift; however, the best showings occurred in the Shaft at the 30 to 35-foot Level.

Work in the shaft was carried on through the use of a hand windlass, which should be replaced by some adequate headframe and an air hoist when operations are resumed. It is presumed that amendment to the Contract would be necessary to provide for erection of the headframe and installation of hoist.

The Maps

The geologic contour and mine plan map with underground workings extended to show work completed as of August 31 will be submitted within the next few days after prints have been obtained in El Paso. There will also be included a small sketch map showing the plan and vertical cross sections of the Project No. 3 Area to show the approximate trend and theoretical extent of mineralization with respect to the fault in that area believed to control mineralization.

Respectfully,

R. N. Pulliam

R. N. Pulliam
General Superintendent

C
O
P
Y

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
Joplin, Missouri
November 27, 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

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of July, 1953 Docket No. DMEA 2202X Contract No. Idm-E468
Operator's Name Amerimex Mining Co. Minerals Mercury
Address P. O. Box 626, Alpine, Texas
Contract Amount, $ 80,000.00 Government Participation: 75 % Amount, $ 60,000.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor	4,337.50	20,465.84	24,803.34			
Supervision	1,116.02	8,595.26	9,711.28			
Technical Services		438.61	438.61			
(3) Operating Mat'ls and Supplies:						
Timber Hoses, B	29.75	1,102.09	1,131.84			
Explosives	137.57	342.63	480.20			
Pipe Elec Fixts	58.30	2,565.13	2,623.43			
Track	2.15	355.41	357.56			
Kitchen Uten.	4.60	1,213.61	1,218.21			
Fuel, Etc.	2.50	317.47	319.97			
Small Tools	165.46	1,725.78	1,891.24			
(4) Operating Equipment:	179.02	1,597.71	1,776.73			
Rental Diam D		823.54	823.54			
Purchase	729.91	4,499.58	5,229.49			
Depreciation	222.28	6,537.39	6,759.67			
(5) Initial Rehabilitation and Repairs		28.79	28.79			
(6) New Bldgs., Improvements, etc.		784.15	784.15			
(7) Miscellaneous:						
Repairs to Equipment	35.52	17.38	52.90			
Sampling and Analysis		43.37	43.37			
Payroll Taxes	321.36	1,211.80	1,533.16			
Yr Liability Insurance		500.25	500.25			
Yr Truck Ins		175.96	175.96			
Workmen's Comp.	477.04	2,988.25	3,465.29			
(8) Contingencies (specify):						
Freight		572.89	572.89			
Travel & Comm	42.50	569.09	611.59			
Accounting	84.24	593.77	678.01	2165.88	55,989.72	58,1547.60
TOTALS	~~7,945.72~~	58,065.75	66,011.47	-885.61		

Deduct Int. Rev. Service for Social Security $960.00 Income Tax 3.0 + 1953 Royalty $400

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

Date 8-30-53 *Payee Amerimex Mining Co.

Per [signature] Title President

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

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

(Instructions on reverse)

$4,300

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

$1,624.41

Signature
(Authorized Certifying Officer)

Date 9-24-53 DMEA Vou. No. 6-68
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E468 in accordance with the terms of the contract.

Signature Clinton C. Knox Title Mining Engineer Date Sept. 15, 1953

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature ..... Title ..... Date .....

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

U. S. GOVERNMENT PRINTING OFFICE 205675

Form MF-104A
(April 1952)

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

SEP 4 1953

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 2 1953

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of July 195 3 Docket No. DMEA 2202X Contract No. Idm-E468
Operator's Name Amerimex Mining Company Minerals Mercury
Address P. O. Box 626, Alpine, Texas

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH 98	COSTS TO DATE	UNITS TO DATE 817	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting	Ft.	1285.14	22	31,817.99	554	57.43	1160	Not Stated
Crosscutting	"	3093.87	55	8,086.89	159	50.86		" "
Raising	"	1030.76	21	4,899.80	104	47.11		" "
Shafts 7½ X 10'	"	~~1661.55~~	27	~~2,935.28~~	49		288	" "
~~Winzes~~ 5 X 7½'		775.94 C.C.K.		1,524.69 C.C.K.				
Drilling: Core		652.12	175	3,292.08	603	5.46	1500	" "
Churn								
Auger								
Stripping								
Trenching	Hrs			112.50	9	12.50	56	12.50
Test Pits								
Roads and Trails	"			225.00	10	12.50	10	12.50
Bulldozing Bldg. Site See Below					6	12.50	6	12.50
TOTAL DISTRIBUTED COSTS		7723.44		51,369.54				TOTAL COSTS AUTHORIZED BY CONTRACT
Tech. Serv.				344.70				62,620.00
Operating Equipment Purchased		222.28		6,759.82				10,700.00
Initial Rehabilitation and Repairs				2,203.54				1,095.00
New Buildings, Improvements, etc.				1,669.41				2,600.00
Workmen's Comp. Incl.		above		3,664.46				2,935.00
TOTAL COSTS		~~7945.72~~ 7060.11 C.C.K.		~~66,011.47~~ 65,125.86 C.C.K.				80,000.00

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

Date 8-30-53 Operator Amerimex Mining Co.

Per R. N. Pulliam Title President

R. N. Pulliam

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

(Instructions on reverse)

REMARKS: Notice of Disallowances on June Report reducing from $9,244.31 to $7,162.28 has not been received; therefore, no adjustment or Reclaim is possible with this Report. Lack of operating funds because of delay in receipt of reimbursement from DMEA hamper operations and increase all costs. Reimbursement for June arrived August 21, 1953. See Narrative Report.

(For Government use only)

INSTRUCTIONS

Preparation of Form MF–104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF–104A has been designed to tie in with Form MF–104 for both monthly and cumulative costs. The "Total Costs" on Form MF–104A for each month should equal the monthly "Total Costs" as reported on Form MF–104. This is also true of the "Total Costs To Date".

In preparing Form MF–104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

U. S. GOVERNMENT PRINTING OFFICE 205676

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

~~XXXXXXXXXXXXXX~~
Joplin, Missouri
September 15, 1953

No: DMEA-2202X - IDM-4168
Amerimex Mining Co. (Mercury)
Presidio County, Texas

Memorandum

To: W. P. Williams, Executive Officer, DMEA Field Team, Region VI

From: Clinton C. Knox

Subject: July Report, Amerimex Mining Co., Alpine, Texas
Project Contract Idm-4168

Since returning from my vacation on Friday, September 11, I reviewed the subject report received by this Field Team office on September 4. Immediate Field Team approval of that report is recommended providing that $885.61 is disallowed, as explained below, for the calculated excess cost of sinking the Project #12 prospect shaft 7½ x 10 feet in cross section instead of the 5 x 7-foot size, specified by Amendment #2 to the project contract. Otherwise the Operator's Cost Voucher, exploration-production cost distributions, supporting documentation, and other submitted data appear to be acceptable, and although there are some inconsequential errors in arithmetic on payroll calculations, etc., the subject report is in far better form than that for the preceding month of June. This recommended approval, however, would be subject to any adjusting that is specified or indicated by the August Audit Report by Mr. Don T. Finch, when it is received b this office, and also subject to any future audits that likely will be made.

Based on the engineering measurements I made during the August 9 project inspection, and upon the Operator's reported cost for the lower 27 feet of the Project #12 prospect shaft which was sunk during July, a calculated 2,025 cubic feet was actually excavated from the shaft which averaged 7½ x 10 feet in size, at a total cost of $1,661.55. If the prospect shaft had been sunk only 5 x 7 feet in size, as specified in Amendment #2, only 945 cubic feet should have been excavated. Therefore I estimated that 53.3 percent of the July shaft sinking costs were in violation of the contract stipulations.

Somewhat confirmed by evidence when the Field Team last inspected the project on August 9, and as also reported by the Operator, all the July production was incidental to exploration work and no stoping is believed to have been done as was done during the previous months. Therefore the Operator's distribution of one-third of the supervision costs to production in July appears very reasonable although I recomended half of the supervision costs be charged to production in my review of the June report, during which month the bulk of the production was reported to have come from the old stopes. Also the Operator presented a more acceptable formula in the July report, for segregating the various cost accounts applicable to the exploration project, on the basis of actual time records of the laborers and presumably upon proper allocation of supplies and materials. That sort of formula will be essential, particularly in the forthcoming August Report, during which month some stoping was attempted from the Project #3 exploratory workings before the Operator reportedly suspended all operations on August 19.

Regarding a question which arose on maximum allowable footages, the apparent intent of Amendment #2 was to increase the maximum allowable linear footage of underground exploratory openings on Project #3 from the 210 feet, specified in the original contract, to 460 feet. That amendment actually specifies, however, only the extension of 3A x-cut, 100 feet from the face existing on May 26, 1953, plus 100 feet of drifts, raises or other openings therefrom, and an additional 50 feet of work from 3B x-cut or #3 drift.

The total lengths of the Project #3 working places to August 1, 1953, were calculated from the Operator's reports and the Field Team's notes, as follows:

#3 main drift east	=	137'
3A x-cut north	=	119' (35' prior to 5/26/53)
3A drift west	=	12'
3A raise	=	32'
3B x-cut north	=	36'
3B drift west	=	5'
3B drift east	=	10'
3B raise	=	22'
3B sub-level drift west	=	32'
3B sub-level drift east	=	12'
Total Project #3	=	417'

On the basis of the apparent intent of Amendment #2, the work on Project #3 lacked 43 feet of reaching the allowable maximum. By a stringent interpretation of the actual wording of that amendment, however, the work from 3B x-cut evidently has exceeded the allowable maximum by 29 feet, as shown by the following calculations:

Proj.#3 maximum footage originally specified by contract	= 210'
plus additional permitted from #3 drift or 3B x-cut by Amend. #2	= 50'
Total authorized on Project #3 but incl. only 35' of 3A x-cut	= 260'
Actual total footages driven:	
#3 drift east	= 137'
3B x-cut, drifts, raise, & sub-levels	= 117'
3A x-cut to May 26, 1953, as per Amend #2	= 35'
Total footage driven on Project #3 but incl. only 35' of 3A x-cut	= 289'
Excess apparently driven in 3B sub-levels, over the allowable maximum	= 29'

But only 84 feet of the allowable maximum 100-foot extension of 3A crosscut beyond the face existing on May 26, 1953, as permitted by Amendment #2, had been completed on August 1, 1953. And only 44 feet of the allowable maximum 100 feet of justifiable exploratory opening had been driven from 3A crosscut, as permitted by that amendment.

I do not recommend disallowance of the apparent 29-foot overage, however, on the assumption that Amendment #2 will be clarified or superseded when the previously proposed Amendment #3 is adopted. I do wish to point out now however, that until a practicable amendment to the contract is put into effect, the Field Team likely will be unable to approve much of the expenditures in the forthcoming August Operator's report.

Clinton C. Knox
Clinton C. Knox

:jd

cc: Operating Committee(2) ✓ - mailed 1 copy 9/15/53
Ray C. Jonas
L. T. McElvenny
C. C. Knox

Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas

STATEMENT OF COMPARATIVE EXPLORATION and PRODUCTION COSTS

July, 1953

	Exploration	Production & General	Totals
OVERHEAD			
Office		$ 19.73	$ 19.73
Interest & Carrying Charge		18.72	18.72
Rental - Surface		300.00	300.00
Houses		50.00	50.00
Mineral Lease		100.00	100.00
LABOR & SUPERVISION			
Labor	$4,337.50	2,339.59	6,677.09
Supervision	1,116.02	557.98	1,674.00
OPERATING MATERIALS & SUPPLIES			
Hoses, Bits	29.75		29.75
Timber	137.57		137.57
Explosives	58.30	123.44	181.74
Electrical Fixtures	2.15		2.15
Track	4.60		4.60
Kitchen	2.50		2.50
Fuel, Etc.	165.46	637.01	802.47
Small Tools	179.02	89.50	268.52
OPERATING EQUIPMENT			
Rental	729.91	338.41	1,068.32
Purchase	222.28	99.72	322.00
MISCELLANEOUS			
Repairs to Equipment	35.52		35.52
Payroll Taxes	321.36	137.46	458.82
Workmen's Comp. Ins.	477.04	253.50	730.54
CONTINGENCIES			
Freight		134.66	134.66
Travel & Communications	42.50	57.93	100.43
Accounting	84.24	44.76	129.00
TOTALS	$7,945.72	$5,302.41	$13,248.13

Form MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of July, 1953

PAYROLL DISTRIBUTION Between Exploration and Production
Period 7-1-53 through 7-15-53

	Hours		Gross Payroll		Contract
	Prod.	Expl.	Production	Exploration	Account
Exploration Project No. 12 Shaft					
Manuel Terrazos		88.5		$ 92.50	2A-3
David Carrasco		64		54.40	2A-5
Angel Renteria		64		64.00	2A-3
Manuel Hinojos		64		54.40	2A-5
Javier Hernandez		72		60.80	2A-5
Lino Hernandez		72		60.80	2A-5
Manuel Galindo		64		54.40	2A-5
		488.5		$ 441.30	
Other Exploration & Production Labor					
Tomas Lujan		72		152.00	2A-1
Guillermo De La Rosa		72		83.60	2A-3
Andres Garcia		64		64.00	2A-3
Jesus Garcia		72		76.00	2A-3
Benjamin Macias	65		78.64		2A-3
Wesley Roberts		100		106.00	2A-3
Vicente Molinar		96		110.00	2A-4
Isabel Vega		88		101.20	2A-4
Manuel Carrasco		72		60.80	2A-5
Ausencio Carrasco		120		108.80	2A-5
Roman Chavez		97		90.90	2A-5
Alvaro Flores		84		70.40	2A-5
Lucio Galindo		72		60.80	2A-5
Domingo Hinojas		72		60.80	2A-5
Pablo Huerta		72		60.80	2A-5
Timoteo Lopez		96		100.00	2A-5
Pedro Lujan		72		60.80	2A-5
Cruz Ochoa		56		44.80	2A-5
Alberto Ramirez		24		19.20	2A-5
Domingo Salazar		88		73.60	2A-5
Manuel Suchil		96		80.00	2A-5
J. D. Matthews	40	80	50.00	100.00	2A-6
Manuel Granado	46	46	51.70	51.70	2A-7
	151	1,711	180.34	$1,736.20	

Form MF-104
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Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of July, 1953

PAYROLL DISTRIBUTION Between Exploration and Production
Period 7-1-53 through 7-15-53

	Hours		Gross Payroll		Contract
	Prod.	Expl.	Production	Exploration	Account
Other Production Labor					
Martin Estrada	64		$ 68.00		2A-3
Silberio Dominguez	64		54.40		2A-5
Juan Chavez	64		61.20		2A-5
Cecilio Garcia	56		44.80		2A-5
Manuel Garcia	88		73.00		2A-5
Timoteo Gonzales	24		19.20		2A-5
Benigno Granado	64		54.40		2A-5
Victor Suchil	64		54.40		2A-5
Simon Villa	88		73.60		2A-5
	576		$ 503.00		
Furnace Supervision & Labor					
Santiago Garcia	104		$ 135.00		
Santiago C. Garcia	112		96.00		
Jose Guitterez	102		99.45		
Florentino Muniz	97.5		91.35		
Jose Padillo	72		60.80		
Jose Suchil	72		60.80		
Toribio Suchil	72		60.80		
	631.5		$ 604.20		
Supervision					
R. N. Pulliam	40	80	$ 100.00	$ 200.00	2B-1
Arthur G. Blucher	40	80	66.66	133.34	2B-2
Carl E. Thain	40	80	75.00	150.00	2B-3
Bernard J. Socha	24	48	30.00	60.00	2B-4
	144	288	$ 271.66	$ 543.34	
Total Labor	1,358.5	2,199.5	$1,287.54	$2,177.50	
Total Supervision	144	288	271.66	543.34	
TOTALS	1,502.5	2,487.5	$1,559.20	$2,720.84	

Form MF-104
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Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of July, 1953

PAYROLL DISTRIBUTION Between Exploration and Production
Period 7-16-53 through 7-31-53

	Hours		Gross Payroll		Contract
	Prod.	Expl.	Production	Exploration	Account
Exploration Project No. 12 Shaft					
Angel Renteria		100		$ 98.60	2A-3
Manuel Terrazas		105		109.50	2A-3
Benigno Granado		40		32.00	2A-5
Javies Hernandez		32		25.60	2A-5
Lino Hernandez		72		57.60	2A-5
Pedro Garcia		72		57.60	2A-5
David Carrasco		88		73.60	2A-5
Manuel Garcia		88		70.40	2A-5
		597		$ 524.90	
Other Exploration & Production Labor					
Tomas Lujan		16		32.00	2A-1
Guillermo De La Rosa		104		118.80	2A-3
Andres Garcia		88		92.00	2A-3
Jesus Garcia		88		92.00	2A-3
Wesley Roberts		128		144.00	2A-3
Vicente Molinar		104		118.80	2A-4
Isabel Vega		104		118.80	2A-4
Magdalino Araiza		35		28.00	2A-5
Auscencio Carrasoc	42	86	$ 39.46	78.94	2A-5
Manuel Carrasco		27		21.60	2A-5
Martin Estrada		88		73.60	2A-5
Alvaro Flores		52		41.00	2A-5
Lucio Galindo		88		73.60	2A-5
Pablo Huerta		80		67.20	2A-5
Timoteo Lopez		104		108.00	2A-5
Pedro Lujan		88		73.60	2A-5
Jose Padilla	88		73.60		2A-5
Domingo Salazar	104		86.40		2A-5
Victor Suchil		88		73.60	2A-5
Simon Villa		104		86.40	2A-5
Ramon Galindo	24	48	30.00	60.00	2A-6
John D. Matthews	24	48	30.00	60.00	2A-6
Manuel Granado	52	52	59.40	59.40	2A-7
	334	1,600	$ 318.86	$1,621.34	

Form MF-104
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Amerimex Mining Company
Alpine, Texas
Month of July, 1953

PAYROLL DISTRIBUTION Between Exploration and Production
Period 7-16-53 through 7-31-53

	Hours		Gross Payroll		Contract
	Prod.	Expl.	Production	Exploration	Account
Furnace Supervision & Labor					
Santiago Garcia	128		$ 185.00		
Roman Chavez	120		121.95		
Jose Guitterez	16		14.40		
Alberto Ramirez	96		83.20		
Santiago Garcia C.	88		70.40		
Florentino Muniz	96		86.40		
Toribio Suchil	39		31.20		
Jose Suchil	92		75.20		
Manuel Suchil	79	16	65.44	13.76	
	754	16	$ 733.19	$ 13.76	
Supervision					
R. N. Pulliam	40	80	$ 100.00	$ 200.00	2B-1
Arthur G. Blucher	40	80	66.66	133.34	2B-2
Carl E. Thain	40	80	75.00	150.00	2B-3
Bernard J. Socha	40	80	44.66	89.34	2B-4
	160	320	$ 286.32	$ 572.68	
Total Labor	1,088	2,213	$1,052.05	$2,160.00	
Total Supervision	160	320	286.32	572.68	
TOTALS	1,248	2,533	$1,338.37	$2,732.68	

Form MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of July, 1953

PAYROLL SUMMARY

	Hours		Gross Payroll	
	Prod.	Expl.	Production	Exploration
7-15	1,502.5	2,487.5	$1,559.20	$2,720.84
7-31	1,248	2,533	1,338.37	2,732.68
Totals	2,750.5	5,020.5	$2,897.57	$5,453.52

Total Payroll $8,351.09

Form MF-104
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Amerimex Mining Company
Alpine, Texas
Month of July, 1953

PETTY CASH DISBURSEMENTS

1953			Amount	Account
7- 1	Wagner Co. Inv. 53-2990	$	1.95	3D
7- 6	Circle Serv. Texaco Station Gasoline & Oil		4.41	3L
7- 7	Telegram to Jess Cornelison, Joplin		1.43	Genl.
7-20	Addington's Texaco Station		3.96	Genl.
	" "		4.25	Genl.
7-22	Big Bend Flying Service - To fly in to Mine the Master Mechanic & Cook		10.00	7G
	& to bring out mercury order during wet weather		10.00	Genl.
7-23	Addington's Texaco Service		3.96	Genl.
	" "		2.88	Genl.
7-25	T. A. Beard - Gasoline		7.43	3L
7-27	Telegram - Schmitz-Schoenwaldt-Turner Co.		2.30	Genl.
	" " " "		2.30	Genl.
7-30	" " " "		2.30	Genl.
	D. L. Crowley - Telegram		1.78	Genl.
7-30	Postage		4.50	Genl.
7-28	Big Bend Wool & Mohair Co. 2 Ortho Fly Killer		2.50	3K
	Total Petty Cash Disbursements	$	65.95	

Form MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of July, 1953

CHECK DISBURSEMENTS and CURRENT COMMITMENTS

1953		Amount	Contract Account
7- 4	Ogarita B. Wilson - Surface Property Rental	$ 150.00	Genl.
7	E. G. & Elizabeth Bledsoe - Mineral Lease	100.15	Genl.
14	R. N. Pulliam - Rental of Equipment		
	Jeep *(65.3% of $30.00)	19.59	4B-8
		10.41	Genl.
	Air Compressor (576 hrs. mining, or approx. 10% of total hrs of Mine Labor - 5,473) (10% of $470.00)	423.00	4B-2
		47.00	Genl.
	Gasoline Hoist (10% of $125.00)	12.50	Genl.
		112.50	4B-5
	Air Tugger (10% of $35.00)	3.50	Genl.
		31.50	4B-6
	2 Jackhammers ($740.00)	80.00	4B-10
	1 Jackhammer	40.00	Genl.
	Buda JH-4 Engine (24 hrs. per day)($265.00)	225.00	Genl.
7-14	Univ. C. I. T. Corp. - Truck payment	99.72	Genl.
7-20	Border Machinery Co. - Drill Steel	29.75	3B
	E. G. & Elizabeth Bledsoe - Surface Property		
	Rental	150.00	Genl.
	Rental-Purchase - Frame Houses	50.00	Genl.
7-23	First National Bank, Alpine		
	G. M. C. Truck - Prin. Note # 5	117.56	4C-8
	Interest	10.57	Genl.
	Ford PU Prin. Note # 5	72.60	4C-9
	Interest ($207.27)	6.54	Genl.
7-24	Big Three Welding Equipment Co. Note # 6	32.12	4C-15
	Carrying Charge	1.61	Genl.
7-31	Mine & Smelter Supply Co.	116.22	3D
	Inv. 315085	4.60	3G
	($122.97)	2.15	3J
	Inv. 316902	5.35	3D

Form MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of July, 1953

CHECK DISBURSEMENTS and CURRENT COMMITMENTS

1953			Amount	Account
7-31	Car Parts Depot		$ 1.45	3D
	Brewster County Motors		65.16	3L
			34.00	3D
			35.52	7A
		($192.98)	58.30	3A
	Magnolia Petroleum Co. (65.3% of $135.47)		88.46	3L
			47.01	Genl.
	Container Deposit		5.00	Genl.
	Alpine Lumber Co.		137.57	3F
		($157.62)	20.05	3D
	Alpine Butane Co. Furnace Butane		585.00	Genl.
	Texas Employers Insurance Ass'n. (65.3% of $730.54)		477.04	7D
			253.50	Genl.
	Texas Employment Commission Due for July 2.7% Payroll (65.3% of $225.48)		146.13	7F
			79.35	Genl.
	Director of Internal Revenue Employment Tax due for July .3% (65.3% of $25.05)		14.61	7F
			7.93	Genl.
	Due January through June .3% Exploration Payroll (65.3% of $85.35)		78.49	7F
	Other		6.86	Genl.
	L. M. Pulliam - Accounting Service (65.3% of $129.00)		84.24	7H
			44.76	Genl.
	R. N. Pulliam - Rental of Diamond Core Drill & Accessories 19 days @ $100.00 per mo.		63.32	4B-7

Form MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of July, 1953

CHECK DISBURSEMENTS and CURRENT COMMITMENTS

1953			Amount	Account
7-31	R. N. Pulliam - Reimbursement for Company Travel & Communications		$ 32.50	7G
		($ 75.38)	42.88	Genl.
7-31	Director of Internal Revenue			
	1½% Social Security Tax		43.32	Genl.
	(65.3% of $125.45)		82.13	7E
7-31	D. L. Brown, Agent, Freight Mercury		124.66	Genl.
7-31	E. G. & Elizabeth Bledsoe			
	5,800 ft. Charter Oak Fuse @ 11.80 per thousand		68.44	Genl.
	250 lbs. Dynamite, Gelodyne # 40 @ 20.00 per hundred		55.00	Genl.
	50 ft. 1" square braided asbestos rope packing @ .50 per ft.		25.00	Genl.
	43 Flasks @ $1.50	($212.94)	64.50	Genl.
7-31	Bank Service Charges 2.51 2.46		4.97	Genl.

Total Check Disbursements and Current Commitments		$ 4,831.09
Total Petty Cash Disbursements (Other Than Labor)		65.95
Payroll - Labor	$6,677.09	
Supervision	1,674.00	8,351.09
TOTAL DISBURSEMENTS		$13,248.13

LESS GENERAL EXPENSES

Production Payroll	$2,897.57	
Other General Expenses	2,404.84	5,302.41

TOTAL EXPLORATION EXPENSES $ 7,945.72

Docket [illegible]
Contract Idn-[illegible]

[illegible] Mining Company
Alpine, Texas

[illegible] INVENTORY as of August 1, 1953

Purchased:

1	Double Drum Hoist 5 HP, 220/440 Volt. 3-Phase 60-Cycle, Shop #25015 Joy S-211. Electric Motor Fairbanks-Morse #[illegible]947. Ansco Scraper, Model [illegible] #[illegible]	$2,[illegible]
	Slusher Loading Pump	113.65
2	3[illegible]L-[illegible] Steel Legs equipped with attachments for I-57 Drills (X-1419-DG) Shop #30[illegible] & #30[illegible]	3[illegible].00
1	5x2x4 Duplex Pump (FDM Shop No. 7[illegible]602)	1[illegible].00
3	Aluminum Tanks, each 1,222 gal. cap.	312.51
1	Used Army Surplus wing tank	12.50
1	Used Lutcher 4-burner kitchen stove with oven	[illegible]
1	New 52 Ford 1/2-ton cap. pickup Motor #1[illegible]DL21327 & accessories compl to with lic. $16.30	1,[illegible].37
1	New [illegible] 1-ton cap. truck Motor #A2[illegible]176097 complete with lic. $91.00	3,[illegible].00
1	New Gould Centrifugal Pump Fig. 3670 & gasoline engine complete with 15' suction hose	170.95
1	Used Sullair #[illegible]	1[illegible].75
1	New Black & Decker MD Valve Reseater complete with attachments	1[illegible].00
1	Lincoln S-7072, 300 Amp. Arc-Welder #A-27[illegible]66 Complete with gasoline motor & accessories	4[illegible].95
1	Servel Refrigerator 11-cu. ft., 2-door	2[illegible].00

Docket DMA-2202
Contract Idm-2463

American Mining Company
Alpine, Texas
Month of July, 1953

EQUIPMENT INVENTORY as of August 1, 1953

Rented:

1 Large portable Joy Air Compressor WK-60 315 c.f.m. cap. Caterpillar D-318 engine #50019 rented from R. H. Pulliam @ $470.00 per mo. new.

1 Willys Jeep, Motor #JG3920 used, rented from R. H. Pulliam @ $30.00 mo.

1 International 30 HP gasoline-powered engine, single-drum hoist welded on skids and bolted down temporarily on old concrete foundation, rented used from R. H. Pulliam @ $125.00 mo. Eng. #274133

1 Air tugger, Sullivan F113, Ser. #1469, rented used from R. H. Pulliam @ $35.00 mo.

1 D. P. Jackhammer, 42-W #3039, rented used from R. H. Pulliam @ $40.00 per mo.

1 Sullivan L-37 Jackhammer #101471, rented used from R. H. Pulliam @ $40.00 per mo.

1 Diamond Core Drill, Longyear Ser. #578 with rod puller and drill rod @ $100.00 per month, rented used from R. H. Pulliam

1 Sullivan L-37 Jackhammer #101460 rented used from R. H. Pulliam @ $40.00 per mo.

1 Engine, Auto JH-4 Ser. No. 200300-A 4-cyl. 6" x 7 1/8". Stationary engine is used to drive entire crusher-furnace assembly 3 shifts totalling 24 hours per day. Rented used from R. H. Pulliam @ $225.00 per mo.

Form MF-104
Contract No. Idm-E466
Docket No. DMA-2202X

Amerimex Mining Company
Alpine, Texas

OPERATOR'S MONTHLY REPORT AND VOUCHER

CODE — Items of Costs

(1) Independent contracts

(2) Labor, supervision and technical services:
- A. Labor
- B. Supervision
- C. Technical services

(3) Operating materials and supplies:
- A. Power and other blasting supplies
- B. Air and water hoses, steel, bits and other drilling supplies
- C. Mine rail, air and water pipe and fittings
- D. Shovels, small tools and misc. items
- E. Ventilation tubing and accessories
- F. Timber
- G. Diamond drilling acc. & core boxes
- H. 5 Diamond-set drill bits
- I. " reaming shells
- J. Electrical wire, fixtures, etc.
- K. Kitchen and camp utensils, etc.
- L. Fuel, lubricants, etc.

(4) Operating equipment

B. Equipment to be rented:
1. Bulldozer
2. Air Compressor 315 c.f.m.
3. Power Plant, 125 KVA
4. " " 30 KVA
5. Hoist, cage and accessories
6. Air tugger
7. Diamond Drill & accessories
8. Jeep
9. Drifter
10. Jackhammer, heavy

C. Equipment to be purchased:
1. Jackhammer
2. Drifter
3. Double-drum slusher, scraper, cable & accessories
4. Ventilation fan and motor
5. Diamond drill 10' core barrel
6. " " 5' " "
7. Duplex Hi-pressure water pump
8. Truck, 2-ton - down payment
9. Pickup, ½-ton - down payment
10. 3 steel water supply tanks
11. Cent. water pump & engine

Form MF-104
Contract No. Idm-E468
Docket No. DMA-2202X

Amerimex Mining Company
Alpine, Texas

Operator's Monthly Report and Voucher (Cont'd)

CODE | Items of Costs

(4) Operating equipment (Cont'd)

C. Equipment to be purchased (Cont'd)

12. Butane cook stove
13. " refrigerator
14. Refrig. food storage cabinet
15. Misc.

(5) Rehabilitation and repairs:
Repair buildings

(6) New buildings, improvements & installations

A. Buildings, etc.
C. Rehabilitation of mine headframe, shaft & underground workings

(7) Miscellaneous

A. Repairs & Maint. of trucks & other newly purchased equipment
B. Public Liab., Property Damage, Fire & Theft Insurance on trucks, etc.
C. Freight on equipment, Materials and supplies
D. Workmen's Compensation Insurance
E. Social Security Taxes
F. Taxes Unemployment Insurance
G. Sustenance, communications, travel & transportation
H. Accounting & preparation of cost reports
I. Analyses of 150 mercury ore samples

Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of July, 1953

OPERATOR'S MONTHLY NARRATIVE REPORT

The Form MF-104

The attached Form MF-104 and supplemental data represents the Operator's best effort to comply with the suggestions of various DMEA Officials in its preparation.

The items of cost shown on the Form MF-104 include items chargeable directly to Exploration only and certain items prorated on the basis of their application to both Exploration and Production, which are more completely explained as follows:

Labor has been distributed on the basis of total man-hours, as divided between Exploration and mining, ore-hauling and furnacing, which are all regarded as Production.

Exploration - 2/3 of total hours
Production - 1/3 " " "

Supervision has been distributed on basis of percentage proration of labor for Exploration and Production as defined in explanation of labor distribution.

Exploration - 2/3 of total hours
Production - 1/3 " " "

Operating Materials and Supplies have been distributed on the basis of actual cost. Limited test mining in the old stope northeast of the beginning of Project No. 1, which resulted in the saving of 107 buckets of ore estimated to total 38 tons, occasioned a total of 576 man-hours of work and the use of materials and supplies itemized as a part of this Report in addition to drill steel and bits contributed for this purpose by R. N. Pulliam.

Equipment Rental expenses for equipment used in common for both Exploration and Production have been prorated on the basis of actual man-hours devoted to Production labor, as distinguished from Exploration labor and labor exclusively for furnace operation, which results in 10% of such expenses being allocated to Production costs, in addition to those expenses which are exclusively for Production.

Payroll Taxes and Workmen's Compensation Insurance expenses have been prorated between Exploration, 65.3%, and Production, 34.7%, on the basis each bears to the monetary total arrived at by allocation of man-hours devoted to each.

Travel & Communications expenses are divided between Exploration and Production, based on the actual purpose for which such expenses were incurred.

Accounting expense, totalling $129.00, has been prorated between Exploration, 65.3%, and Production, 34.7%, of the total in keeping with the percentage of the monetary totals for labor cost.

Despite the fact that the total costs for furnace supervision and furnace labor are included as a part of the total production labor hours used as a basis for proration of supervisory and other costs between Exploration and Production, this is believed to be unfair and unjust.

A mercury furnace operates around the clock. There is usually one man, as in the case of this Operator, charged with supervision of the furnace. Santiago Garcia was in charge of the furnace and was solely responsible for its continued operation. The furnace and production did not require anything like 1/3 of all supervisory time.

Acutal mining done by the Operator consists of a total of 576 man-hours, which included underground tramming and handling of some 38 tons of ore mined and saved and the sorting and handling of a part of some 254 tons of rock furnaced from the accumulation at Project No. 3 which had been saved throughout the Exploration at Project No. 3.

The Statement of Comparative Exploration and Production Costs show that according to the prescribed formula, Exploration costs were $7,945.72; and Production costs and other costs paid out of our General Fund were $5,302.41, or a combined total of $13,248.13 for July.

The Statement of Check Disbursements and Current Commitments itemizes each expense and designates the Contract Account Number by code, according to the code sheet attached, or identifies the expense as a General Fund Expense, as distinguished from Exploration Account.

Please note that although the Operator was notified by the Regional DMEA Office in Joplin, Missouri, that the total of the June Report had been tentatively approved for $5,371.71 instead of for $7,162.28, expected on the basis of $9,244.31, which was the total of expenses for Exploration reported by Operator, no notice of disallowances has been received to date.

If the reimbursement for June was to have been reduced and withheld from the Operator until August 21, as it was, the Operator should have been notified at the earliest possible time.

The funds of the Operator had been depleted by payment of 25%, or $12,205.36, of all previous Exploration expenses, totaling $48,821.44, plus the Operator's payment of various overhead and other expenses in which DMEA would not participate plus the total Exploration costs for June in the amount of $9,244.31, for July Exploration and other costs, $13,248.12, and for approximately half of the monthly total for August, as yet not calculated in detail.

It can be seen very readily that the Operator's required 25%, or $20,000.00, of the Contract total of $80,000.00 would have been insufficient to meet all monthly operating expenses for even the month of June. Since no reimbursement for June was received until August 21, the Operator had capital tied up to the extent of $34,697.80 and in addition thereto all General Fund or Production expenditures (except for July, which are included in the July total) and all expenses for both Exploration and Production for the first half of August.

Under such circumstances, an unbearable hardship is unnecessarily imposed upon the small Operator, to whom the meeting of each payroll and each current obligation is absolutely necessary to continued operation.

General Operating Conditions

During July, Exploration work was continued in Project No. 3, where 3A Crosscut was extended 55 lineal feet toward the objective designated by Mr. Fletcher; and 3A Crosscut Raise was driven 21 lineal feet on an irregular incline from a point about 32 lineal feet from the beginning of 3A Crosscut in an effort to follow the strongest mercury mineralization to determine its upward trend along what appears to be an east-west fault controlling the mineralization. Work was also carried on in Project No. 3, 3B Left sub-level trending N 37° W from its previous extension from 3B Raise for an additional distance of 20 lineal feet.

This shows that a total of 96 lineal feet of underground work was completed in Project No. 3 during July. To accomplish even this meager success, it was necessary to work two faces during two shifts per day. Recurrent misfires caused much trouble and delay in blasting the faces in Project No. 3 and ventilation became a problem

in both the raises and in the long Crosscut 3A, where tramming required greater time as the work progressed.

Project No. 12 Shaft, which was sunk to a depth of 49 feet required two shifts per day. It was sunk in Del Rio Clay containing a jumble of limestone boulders of various sizes, which caused very irregular breaking and subsequent sloughing. Timber was bought and end and wallplates and spreaders of 6x6's were hitched in at 11-foot intervals to provide platforms for ladders and supports for guides to be subsequently installed. It was also planned to put in 2x12 lagging to prevent further caving of the shaft walls. Lack of experienced timbermen caused delay and increased cost of timbering. Also, the lack of a headframe and the use of a windlass for hoisting all muck increased cost.

On July 1, Arthur G. Blucher, a young Mining Engineer, was employed as Underground Foreman. His energy and enthusiasm offset to some extent his lack of practical experience; however, when left to his own devices, he showed inability to adhere strictly to instructions or to substitute thoroughly good judgment in lieu thereof.

Since the inception of this operation, three different men with varying qualifications have been employed as Mine Foreman, and each has failed to meet the job requirements in many highly important respects.

During this period, there were no serious equipment failures; and there was no installation, rehabilitation or new construction.

<u>Project No. 3</u> Previous Total 307' 6" Present 403' 6" Advance 96'

The Main Drift, Project No. 3, was not extended during July.

Crosscut 3A was extended 55 feet to a total of 119' toward the objective designated by Mr. Fletcher. The crosscut continued through Georgetown limestone showing increased alteration and in places has almost the characteristics of "caliche" or calcareous ash. Occasional small fractures showed iron mineralization; but as the work approached the objective, the absence of major fractures and more extensive mineralization was disappointing.

Project 3A Raise was driven on an upward, irregular incline at a point to the west of Crosscut 3A about 32 lineal feet from the beginning of 3A. This raise, followed a strong mercury occurence on the contact between the Del Rio clay "jaboncillo" and a wall of limestone, which trends east-west and seems to be the high side of a

fault which cuts off the mineralization and may account for the mineralization occurring along it to the south which extends at least in some places all the way to the Main Drift of Project No. 3. Strong mercury mineralization seems to persist both upward beyond the present height of 3A Raise and laterally to the west toward the unexplored area east of Shaft No. 1, where a projection of the fault and mineralization discovered in Project No. 3 would intersect the strong clay-filled fracture exposed on the 100-ft Level at Shaft No. 1 and near Churn Drill Hole No. 11 in Drift No. 25, where strong mercury mineralization occurs.

Project 3B Left Sub-level was extended 20 lineal feet, but the final 8 or 10 feet of this work erroneously followed a fracture into the limestone fault wall until the fracture pinched. Although there was local enrichment in the fracture, it appears that the true contact continues in a more westerly direction from a point 8 or 10 feet from the present face.

This face was carried on toward the west at a height of 24 feet above Project No. 3 Main Drift following mercury mineralization in an effort to see if some break occurred in the limestone fault wall where the mineralization could be followed through or over the fault. No such opening has been indicated, but the mineralization seems to persist vertically above the Main Drift level in 3A Raise and both vertically above and below the level at 3B Raise.

The mineralization seems to persist in reduced area but of improved grade to the northwest from 3A Raise with the implication of a possible juncture of the Project 3 structure if projected to intersect the strong, wide, clay-filled fracture which parallels on the north the stoped area of the mine.

A similar juncture of two strong structures may be inferred by projecting the mineralized fault discovered in Project No. 3 toward the Southeast to a juncture with the strong clay-filled fault or collapsed area trending east-west along the south side of the main stope of the mine, the presence of which is amply indicated by surface geology and confirmed by the diamond drilling from Project No. 8 on the 100-ft. Level where a vertical fan of diamond drill holes proves the presence of a wide and obviously deep clay-filled fault, fracture or depression. The juncture of the mineralized structure of Project No. 3 could conceivably produce an excellent orebody.

The mercury mineralization in Project No. 3 should be explored to both the east and west, and a winze should be sunk in the vicinity of 3B Raise to ascertain if the mineralization goes down; and, if so, whether there is improvement in the grade.

Project No. 12 Shaft Previous Total 22' Present 49' Advance 27'

This shaft was sunk in Del Rio clay near a limestone contact on the site of Churn Drill Hole No. 7, the log of which showed mercury ore estimated to average 10 pounds per ton occurring at 30 feet and becoming leaner as greater depth was reached.

Mercury mineralization was encountered in the shaft at 20 feet and persisted irregularly to the present depth of 49 feet. The best mercury mineralization was found at from 30 to 35 feet where the limestone fault wall which exists a short distance from the shaft on the surface appears to dip into the south side of the shaft and then dip away again. It was adjacent to this contact that the best mineralization occurred.

It is believed that by drifting from the present bottom of the shaft to the limestone-clay contact and by following that contact eastward to the sink, which occurs near the contact, ore may be found of commercial importance.

Project No. 8

Diamond drilling was continued; and Holes No. 6, 7 and 8 were completed by July 19, when the driller had to quit to look after his business in Alpine.

A detailed log is included as a part of this Report showing the direction, angle of incline and core recovery of each.

A small vertical cross-section sketch is included to show the indicated contour of the limestone-clay contact in the fault defined by the diamond drill holes from Project No. 8. While the imposed weight of the clay on the underlying limestone contact may have made the structure too tight to give vent to the mercury mineralizer, the opposite side of the structure may dip in such manner as to produce an overhang or canopy effect where the angle of repose of the clay filling would be more favorable to mineralization.

No further diamond drilling is contemplated from Project No. 8.

NOTE: The log of Project No. 8 diamond drill holes No. 1, 2, 3, 4 and 5, included with the June Report were erroneously reported as to bearing. Each hole of the vertical fan was reported bearing N 35° W, which is exactly opposite to the true bearing of each,

which should be changed to S 35° E. This error was obviously occasioned by the young engineer's having misread his Brunton and changed the log record before it was copied by the stenographer. The error went unnoticed by the writer until now.

Furnace Operation

On June 10, the 3' x 30' rotary Cottrell Quicksilver Furnace was put into operation primarily to test both the furnace operation and to provide a large tonnage test of the low grade mercury ore which had been saved from the muck produced incidental to the exploration of Project No. 3.

When furnacing was started, the furnace bin contained about 90 tons of low grade ore, and it was estimated that the bin at Main Shaft No. 2 contained about 25 tons with about 25 additional tons in bins underground, all of which had been put there by the previous Operator. In addition to this ore, there were about 40 tons of high grade fines which were swept from the floor of the old mine stope. This ore was furnaced during 14 days of intermittent furnace operation in June and produced 23 flasks of 76 pounds each of mercury.

In July, the furnace was operated 26 days and treated 291.9 tons of low grade ore saved from exploration in Project No. 3. This ore had not been mined but had been saved from exploration muck without tedious hand sorting, although some care was exerted to throw out large pieces of waste or to discard some rounds blasted which were predominately waste. The 291.9 dry tons treated produced 14 flasks of 76 pounds each.

It was found that the clay ore from Project No. 3 created a dense dust in the rotary furnace. Due to the great surface area of the small particles, furnace heat was quickly absorbed, and the dust had a smothering effect on the butane flame. Furnace temperature would frequently drop as much as 100 degrees in a few minutes. Another factor which contributed to furnace difficulties was the moisture content of the clay, which due to the temperature drop condensed in the entire condenser system where the first four sets of tubes are usually too hot to permit condensation of water but are the condensers where most mercury is precipitated. This caused the condenser soot to become a sticky mess, and little mercury was recovered from it. Serious loss may have occurred.

Through continued experimentation, some improvement was achieved in furnace operation by the end of the month, but ores which cause excessive furnace dust will inevitably reduce furnace capacity unless serious furnace losses are to be sustained. Great care and

controlled experimentation over a period of time are needed to achieve correct furnace adjustment.

Due to the poor recovery achieved during July from the ore saved from Project No. 3 and based upon the method of allocating Production cost required by DMEA, it is apparent that a substantial loss was sustained on furnace operation during July.

It may be possible by selective mining and reasonably careful sorting to produce a much better grade of furnace head ore. If so, there is no doubt that furnace operation can be adjusted to bring about satisfactory recovery.

The Map

The geologic contour and mine plan map with underground workings extended to show work completed during both July and August will accompany the August Report to be submitted within the next week, if possible.

Respectfully submitted,

R. N. Pulliam
General Superintendent

Docket DMA-2202X
Contract Idm-E-468

Amerimex Mining Company
Month of July, 1953

PROJECT No. 8

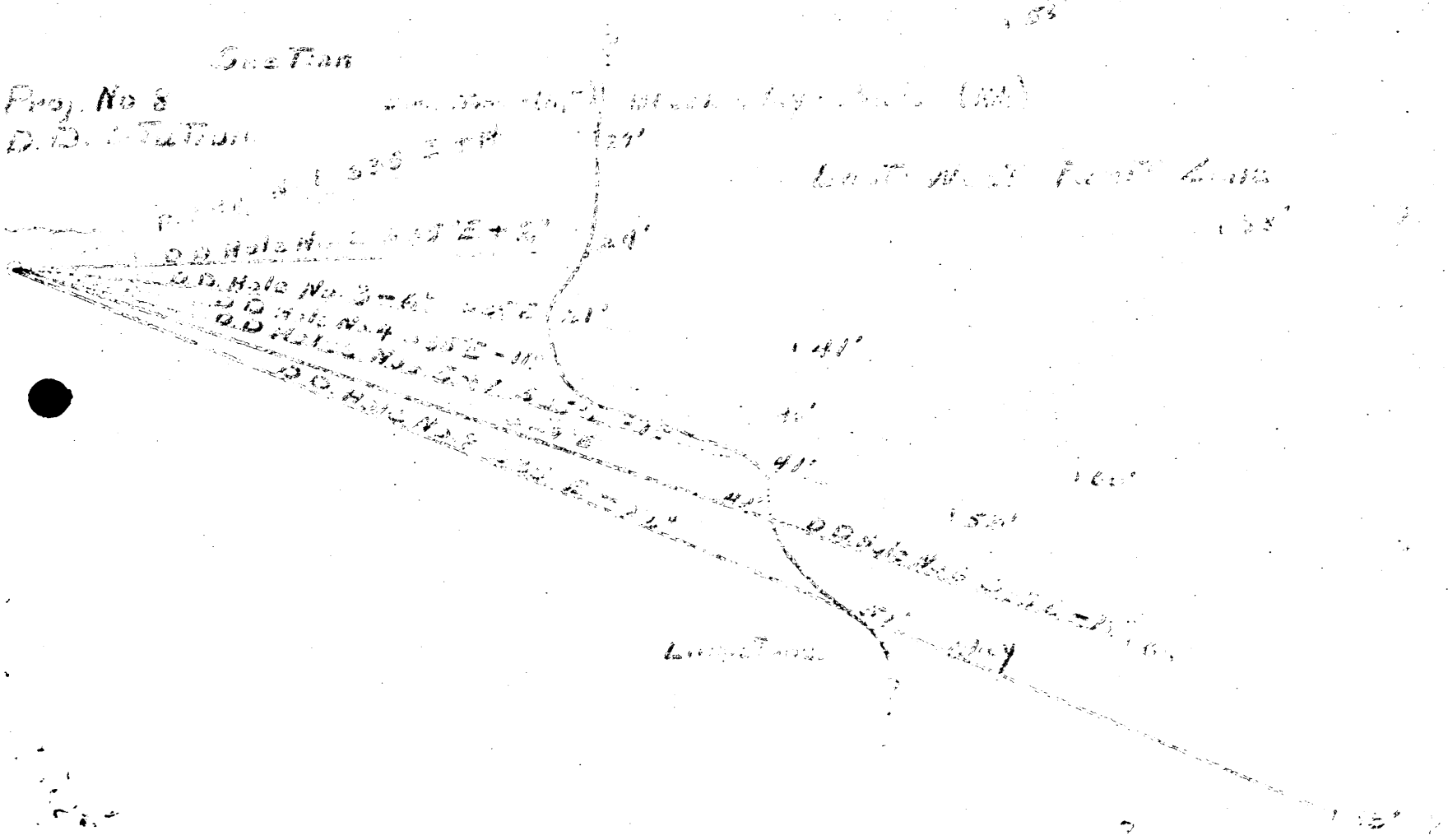
Hole No.	Bearing	Dip	From	To	Core Recovery	Core Description
6 AX Bit	S35°E	- 18°	0'	10'	7'	Brecciated Fine-grained white Kgt. caliche cement slight Fe mineralization
			10	37	32	Brecciated white porous Kgt Fe & caliche cement. Purple siltstone fragments at 32'
			37	42	3	Red & purple clay with white limestone fragments. Extensively fractured.
			42	66	9	Black Kdr clay
7 AX Bit	S29°E	- 15°	0	8	7.5	Brecciated fine-grained white Kgt Fe & calcite cement
			8	34	24	Brecciated grey white porous Kgt calcite cement, slight Fe mineralization.
			34	39	4.5	Brecciated grey fine-grained Kgt
			39	43	0.3	Black Kdr clay
8 AX Bit	S35°E	- 22°	0	6	5.5	Brecciated fine-grained white Kgt Fe & calcite cement
			6	11	4	Brecciated Med-grained grey Kgt Fe & calcite cement
			11	32	20	Brecciated porous white Kgt Fe & calcite cement
			32	38	8	Brecciated grey-white med-grained Kgt Fe & calc cement
			38	40	2	Brecciated white limestone & purple siltstone. Fe cement
			40	46	5.5	Slightly fractured grey-wht fossiliferous porous Kgt Fe & calcite cement
			46	51	5	Hard grey fine-grained Kgt Fe mineralization.
			51	60	7	Black & grey clay & silt-stone breccia. Porous in some places.
EX			60	78	7	Black clay & white limestone breccia
			78	83	3.5	Limestone & red clay (jaboncilla) breccia

Project No. 3
Vertical Cross-Section + Plan
Contact

Proj. No. 3 Plan

Section

Proj. No. 8
D.D. Section



DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
SEP 17 1953

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.
xxxxxxxxxxxxxxx
Joplin, Missouri
September 15, 1953

Re: DMEA-2202X IDM-E468
Amerimex Mining Co.(Mercury)
Presidio County, Texas

Memorandum

To: W. P. Williams, Executive Officer, DMEA Field Team, Region VI

From: Clinton C. Knox

Subject: July Report, Amerimex Mining Co., Alpine, Texas
Project Contract Idm-E468

Since returning from my vacation on Friday, September 11, I reviewed the subject report received by this Field Team office on September 4. Immediate Field Team approval of that report is recommended providing that $885.61 is disallowed, as explained below, for the calculated excess cost of sinking the Project #12 prospect shaft 7½ x 10 feet in cross section instead of the 5 x 7-foot size, specified by Amendment #2 to the project contract. Otherwise the Operator's Cost Voucher, exploration-production cost distributions, supporting documentation, and other submitted data appear to be acceptable, and although there are some inconsequential errors in arithmetic on payroll calculations, etc., the subject report is in far better form than that for the preceding month of June. This recommended approval, however, would be subject to any adjusting that is specified or indicated by the August Audit Report by Mr. Don T. Finch, when it is received by this office, and also subject to any future audits that likely will be made.

Based on the engineering measurements I made during the August 9 project inspection, and upon the Operator's reported cost for the lower 27 feet of the Project #12 prospect shaft which was sunk during July, a calculated 2,025 cubic feet was actually excavated from the shaft which averaged 7½ x 10 feet in size, at a total cost of $1,661.55. If the prospect shaft had been sunk only 5 x 7 feet in size, as specified in Amendment #2, only 945 cubic feet should have been excavated. Therefore I estimated that 53.3 percent of the July shaft sinking costs were in violation of the contract stipulations.

Somewhat confirmed by evidence when the Field Team last inspected the project on August 9, and as also reported by the Operator, all the July production was incidental to exploration work and no stoping is believed to have been done as was done during the previous months Therefore the Operator's distribution of one-third of the supervision costs to production in July appears very reasonable although I recomended half of the supervision costs be charged to production in my review of the June report, during which month the bulk of the production was reported to have come from the old stopes. Also the Operator presented a more acceptable formula in the July report, for segregating the various cost accounts applicable to the exploration project, on the basis of actual time records of the laborers and presumably upon proper allocation of supplies and materials. That sort of formula will be essential, particularly in the forthcoming August Report, during which month some stoping was attempted from the Project #3 exploratory workings before the Operator reportedly suspended all operations on August 19.

Regarding a question which arose on maximum allowable footages, the apparent intent of Amendment #2 was to increase the maximum allowable linear footage of underground exploratory openings on Project #3 from the 210 feet, specified in the original contract, to 460 feet. That amendment actually specifies, however, only the extension of 3A x-cut, 100 feet from the face existing on May 26, 1953, plus 100 feet of drifts, raises or other openings therefrom, and an additional 50 feet of work from 3B x-cut or #3 drift.

The total lengths of the Project #3 working places to August 1, 1953, were calculated from the Operator's reports and the Field Team's notes, as follows:

#3 main drfit east	=	137'
3A x-cut north	=	119' (35' prior to 5/26/53)
3A drift west	=	12'
3A raise	=	32'
3B x-cut north	=	36'
3B drift west	=	5'
3B drift east	=	10'
3B raise	=	22'
3B sub-level drift west	=	32'
3B sub-level drift east	=	12'
Total Project #3	=	417'

On the basis of the apparent intent of Amendment #2, the work on Project #3 lacked 43 feet of reaching the allowable maximum. By a stringent interpretation of the actual wording of that amendment, however, the work from 3B x-cut evidently has exceeded the allowable maximum by 29 feet, as shown by the following calculations:

Proj.#3 maximum footage originally specified by contract	= 210'
plus additional permitted from #3 drift or 3B x-cut by Amend. #2	= 50'
Total authorized on Project #3 but incl. only 35' of 3A x-cut	= 260'
Actual total footages driven:	
#3 drift east	= 137'
3B x-cut, drifts, raise, & sub-levels	= 117'
3A x-cut to May 26, 1953, as per Amend #2	= 35'
Total footage driven on Project #3 but incl. only 35' of 3A x-cut	= 289'
Excess apparently driven in 3B sub-levels, over the allowable maximum	= 29'

But only 84 feet of the allowable maximum 100-foot extension of 3A crosscut beyond the face existing on May 26, 1953, as permitted by Amendment #2, had been completed on August 1, 1953. And only 44 feet of the allowable maximum 100 feet of justifiable exploratory opening had been driven from 3A crosscut, as permitted by that amendment.

I do not recommend disallowance of the apparent 29-foot overage, however, on the assumption that Amendment #2 will be clarified or superseded when the previously proposed Amendment #3 is adopted. I do wish to point out now however, that until a practicable amendment to the contract is put into effect, the Field Team likely will be unable to approve much of the expenditures in the forthcoming August Operator's report.

Clinton C. Knox
Clinton C. Knox

:jd

cc: Operating Committee(2)
Ray C. Jonas
L. T. McElvenny
C. C. Knox

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.
Joplin, Missouri
September 15, 1953

Defense Minerals Administration
SEP 17 1953

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

Re: DMEA-2202X IDM-E468
Amerimex Mining Co. (Mercury)
Presidio County, Texas

Dear Bob:

Your monthly report of exploration on Forms MF104-104A for July, 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 five copies of forms to be used for your next monthly report.

I am sorry to learn of your difficulties with your exploration project. Inspite of our differences encountered during the recent audit of the project please do not hesitate to call upon me for any assistance I may be able to give in regard to your exploration project. I sincerely hope you will be able to resume operations very soon.

With best personal regards to you and Mrs. Pulliam,

Sincerely yours,

W. P. Williams
Executive Officer
DMEA Field Team, Region VI

WPW:jd
Enc.

cc - Operating Committee

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
RECEIVED
SEP 23 1953

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of June, 1953 Docket No. DMEA 2202X Contract No. Idm-2468
Operator's Name Amerimex Mining Company Minerals Mercury
Address P. O. Box 626 Alpine, Texas
Contract Amount, $ 80,000.00 Government Participation: 75 % Amount, $ 60,000.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor	4,300.09	16,165.75	20,465.84			
Supervision	1,265.04	7,330.32	8,595.26			
Technical Services		438.61	438.61			
(3) Operating Mat'ls. and Supplies:						
Timber Hoses, Bits	7.35	1,094.74	1,102.09			
Explosives		342.63	342.63			
Pipe Elec Fixt	518.30	2,052.83	2,565.13			
Track	45.20	310.21	355.41			
Kitchen Uten.		1,213.61	1,213.61			
Fuel, Etc.	42.54	274.93	317.47			
Small Tools	306.35	1,419.43	1,725.78			
(4) Operating Equipment: Diam. D.	185.61	1,412.10	1,597.71			
Rental		823.54	823.54			
Purchase	815.00	3,684.58	4,499.58			
Depreciation	222.28	6,315.11	6,537.39			
(5) Initial Rehabilitation and Repairs		28.79	28.79			
(6) New Bldgs., Improvements, etc.		784.15	784.15			
(7) Miscellaneous:						
Repairs to Equipment		17.38	17.38			
Sampling and Analysis		43.37	43.37			
Payroll Taxes	857.72	354.08	1,211.80			
1 Yr. Liability Insurance		500.25	500.25			
1 Yr. Truck Ins.		175.96	175.96			
Workmen's Comp.	478.25	2,510.00	2,988.25			
(8) Contingencies (specify):						
Freight		572.89	572.89			
Travel & Comm	122.68	446.41	569.09			
Acctg & Sup	93.00	500.77	593.77			
TOTALS	9,244.31	48,821.44	58,065.75	7,162.28	48,821.44	55,983.72 ams

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

Date 7-14-53 *Payee Amerimex Mining Company

Per J. N. Pullin Title President

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

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

(Instructions on reverse)

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

$ 5,371.71

Signature
(Authorized Certifying Officer)

Date 8/17/53 Vou. No. DMEA 6-66

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idaho E-468 in accordance with the terms of the contract.

Signature Edwin T. Perkins Title Mining Engineer Date Aug 14, 1953

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Clinton C. Knox for L. J. McElvenny Title Acting Executive Officer DMEA Field Team Region VI Date Aug. 14, 1953

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

U. S. GOVERNMENT PRINTING OFFICE 205675

Form MF-104A
(April 1952)

JUL 22 1953

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration
RECEIVED

OPERATOR'S UNIT COST AND PROGRESS REPORT

SEP 23 1953

Month of June 1953 Docket No. DMEA 2202X Contract No. Idm-2468
Operator's Name Amerimex Mining Company Minerals Mercury
Address P. O. Box 626 Alpine, Texas

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE 719	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting	Ft	4,049.31	60	30,532.85	532	57.39	(1160	Not Stated
Crosscutting		1,983.27	29	4,893.02	104	48.00	(	" "
Raising			-	3,869.04	83	46.61	(	" "
Shafts		1,273.73	22	1,273.73	22	57.90	280	" "
~~[illegible]~~		1,237.47	222	2,639.96	428	6.16	1500	" "
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching	Hrs	-	-	112.50	9	12.50	56	12.50
Test Pits								
Roads and Trails		-	-	225.00	10	12.50	10	12.50
Bulldozer for new		-	-		6	12.50	6	12.50
Bldg. incl. below								
TOTAL DISTRIBUTED COSTS		8,543.78		43,646.10				TOTAL COSTS AUTHORIZED BY CONTRACT
Tech. Service		-		344.70				62,670.00
Operating Equipment Purchased		222.26		6,537.54				10,700.00
Initial Rehabilitation and Repairs				2,203.54				1,005.00
New Buildings, Improvements, etc.				1,669.41				2,600.00
Workmen's Comp.		478.25		3,604.46				2,955.00
TOTAL COSTS		9,244.31		58,065.75				80,000.00

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

Date 7-14-53 Operator Amerimex Mining Co.

Per J. N. Sullivan Title President

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

(Instructions on reverse)

REMARKS: See Form 104, No. 7, showing Unemployment Compen Tax for 1st & 2nd Qtrs which became payable after 20 wks, totaling $774.34. Also note No. 3, showing dynamite & diesel fuel purchases inventory for all or part of subsequent month. Adjustments by Finance Officer for April as per letter 6-16 are reflected as deduction from "Drifting" in amt. of $80.75.

(For Government use only)

INSTRUCTIONS

Preparation of Form MF–104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF–104A has been designed to tie in with Form MF–104 for both monthly and cumulative costs. The "Total Costs" on Form MF–104A for each month should equal the monthly "Total Costs" as reported on Form MF–104. This is also true of the "Total Costs To Date".

In preparing Form MF–104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

U. S. GOVERNMENT PRINTING OFFICE 205676

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.
Joplin, Missouri
August 14, 1953

Re: Docket No. DMEA-2202X
Amarimex Mining Co.
Presidio County, Texas
Mercury
Contract No. Idm-E168

Memorandum

To: W. P. Williams, Executive Officer, Field Team, Region VI

From: Clinton C. Knox

Subject: June report Amarimex Mining Company Project Contract Idm-E168

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, same and reportedly to Mr. Finch, now in Denver, and to Mr. Jones in Amarillo, Mr. Ellis called 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 Nine 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 $50.06 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

Form MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of June, 1953

PAYROLL - Net Amounts after Taxes

1953	LABOR	Net Amounts Paid		Contract Account
6-15	Diamond Driller			
	Tomas Lujan		$ 104.42	2A-1
	Miners			
	Guillermo De La Rosa	$ 121.35		
	Andres Garcia	31.52		
	Jesus Garcia	31.52		
	Reynaldo Garcia	108.35		
	Amando Granado	85.98		
	Benjamin Macias, Sr.	110.83		
	Andres Reyes	98.63		
	Wesley Roberts	96.37	684.55	2A-3
	Hoistmen			
	Vicente Molinar	107.36		
	Isabel Vega	89.40	196.76	2A-4
	Muckers, Helpers & Trammers			
	Alfonso O. Almodova	73.70		
	Ausencio Carrasco	36.63		
	Manuel Carrasco	47.28		
	Lucio Galindo	31.52		
	Manuel Garcia	6.30		
	Santiago Garcia	6.10		
	Benigno Granado	37.82		
	Domingo Hinojas	31.52		
	Pilar Llanez	81.56		
	Salamon Longorio	109.92		
	Timoteo Lopez	104.42		
	Pedro Lujan	47.28		
	Cruz Ochoa	31.52		
	Simon Villa	36.62	682.19	2A-5
	Cook			
	J. D. Matthews		154.85	2A-6
	Truck Driver			
	Manuel Granado		125.69	2A-7
	Total Labor		$1,948.46	
	SUPERVISION			
	Superintendent			
	R. N. Pulliam	$ 295.50		2B-1
	General Foreman			
	Jess R. Cornelison	157.60		2B-2
	Timekeeper-Stock Clerk			
	Bernard J. Socha	125.34		2B-4
	Total Superv.		578.44	
	Total Payroll		$2,526.90	

Form MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of June, 1953

PAYROLL - Net Amounts after Taxes

1953	LABOR	Net Amounts Paid		Contract Account
6-30	Diamond Driller			
	Tomas Lujan		$ 145.90	2A-1
	Miners			
	Guillermo De La Rosa	$ 23.97		
	Martin C. Estrada	90.62		
	Andres Garcia	98.50		
	Benjamin Macias	104.18		
	Angel Renteria	66.98		
	Wesley Roberts	94.80		
	Manuel C. Terrazas	66.98	546.03	2A-3
	Hoistmen			
	Vicente Molinar	108.35		
	Isabel Vega	92.35	200.70	2A-4
	Muckers, Helpers & Trammers			
	Ausencio G. Carrasco	96.96		
	David G. Carrasco	50.43		
	Roman Villa Chavez	60.28		
	Alvaro R. Flores	53.58		
	Lucio Galindo	78.80		
	Manuel G. Galindo	37.83		
	Benigno P. Granado	72.50		
	Javier G. Hernandez	37.82		
	Lino C. Hernandez	37.82		
	Domingo Hinojos	78.80		
	Manuel M. Hinojos	37.82		
	Pablo Huerta	78.80		
	Timoteo Lopez	95.40		
	Pedro Lujan	78.80		
	Victor Suchil	74.07	969.71	2A-5
	Cook			
	J. D. Matthews		123.35	2A-6
	Truck Driver			
	Manuel Granado		92.47	2A-7
	Total Labor		$2,078.16	
	SUPERVISION			
	Superintendent			
	R. N. Pulliam	$ 295.50		2B-1
	General Foreman			
	Jess R. Cornelison	157.60		2B-2
	Timekeeper-Stock Clerk			
	Bernard J. Socha	129.17		2B-4
	Total Superv.		582.27	
	Total Payroll		$2,660.43	

Form MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of June, 1953

PAYROLL - Recapitulation

6-15-53	$2,526.90	
6-30-53	2,660.43	
Total of Net Amounts after Taxes	$5,187.33	
6-30 Director of Internal Revenue Social Security and Withholding Taxes	452.08	
Social Security Tax paid by Company $83.38		7E
TOTAL PAYROLL & TAXES - Month of June	$5,639.41	

Form MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of June, 1953

DISBURSEMENTS BY CHECK - Receipts Attached

1953			Amount	Contract
6-17	R. N. Pulliam - Rental of Equipment - Jeep		$ 30.00	4B-8
	Air Compressor		470.00	4B-2
	Gasoline Hoist		125.00	4B-5
	Air Tugger		35.00	4B-6
	2 Jackhammers @ $40.00 ea.	($740.00)	80.00	4B-10
6-19	First National Bank, Alpine			
	GMC Truck Int. 10.57 Prin. Note 5		117.56	4C-8
	Ford PU " 6.54 " "	($207.27)	72.60	4C-9
6-20	Big Three Welding Equipment Co.			
	Note 5 Carrying Chg. $1.61	($ 33.73)	32.12	4C-15
6-30	Mine & Smelter Supply Co. #313472		89.70	3D
	(General Fund $1.20)	($136.10)	45.20	3J
	Alpine Butane Co.		31.50	3K
	Car Parts Depot. Inv. 200352		6.68	3D
	Joy Mfg. Co. Inv. EP-9875		6.65	3B
	Magnolia Petroleum Co. Inv. 200605J		18.60	3L
	200661J		202.19	3L
	200671J	($268.97)	48.18	3L
	Brewster County Motors		512.30	3A
			43.75	3D
		($585.23)	29.18	3L
	Alpine Lumber Co.		.70	3B
	(General Fund $8.35)		39.94	3D
		($ 60.03)	11.04	3K
	R. N. Pulliam - Rental of Diamond Core Drill & acc. 6/7-30 3 weeks		75.00	4B-7
	L. M. Pulliam - Accounting Service		93.00	7H
	Texas Employers Insurance Assn.		478.25	7D

Form MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of June, 1953

DISBURSEMENTS BY CHECK - Receipts Attached

1953			Amount	Contract Account
6-30	R. N. Pulliam - Reimbursement for Company travel & communications Month of June		$ 90.06	7G
6-30	Texas Employment Commission 2.7% Payroll Tax			
	Quarter Ended 3-31-53		357.16	7F
	" " 6-30-53		417.18	7F
	Total Check Disbursements		$3,558.54	

DISBURSEMENTS - Petty Cash - Receipts Attached

6-4	Newell Oil Co. - Oil	$ 3.45		3L
6-5	Crowder & Wise - Gasoline	4.75		3L
	Total Petty Cash Disbursements		8.20	

TOTAL PAYROLL and TAXES	5,639.41
TOTAL DISBURSEMENTS - Month of June	$9,206.15

RECLAIM Deductions April Statement *

2.	E. A. Donaldson			
	Bus Ticket	$ 20.36		
	Meals to Alpine	12.26	32.62	7G
4.	Motor Inn Machine Shop Inv. 3577 4-18		5.54	3D

TOTAL DISBURSEMENTS	$9,244.31

* See File attached with Receipts.

Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of June, 1953

EQUIPMENT INVENTORY as of July 1, 1953

Purchased:

1	Double Drum Hoist 5-HP, 220/440 Volt. 3-Phase, 60-Cycle, Shop # 25015 Joy S-211. Electric Motor Fairbanks- Morse #H89947. Amsco Scraper, Model V26A #89301F	$1,325.90
	Slusher Loading Ramp	113.65
2	JAL-48 Jack Legs equipped with attachments for L-57 Drills (X-1419-DG) Shop #30892 & #30893	390.00
1	3x2x4 Duplex Pump (FBM Shop No. 768602)	190.00
3	Aluminum Tanks, each 1,222 gal. cap.	312.51
1	Used Army Surplus wing tank	12.50
1	Used Butane 4-burner kitchen stove with oven	80.00
1	New 52 Ford 1/2-ton cap. pickup Motor #FIR2DL21327 & accessories complete with lic. $16.80	1,960.37
1	New 53 GMC 2-ton cap. truck Motor #A248176097 complete with lic. $91.00	3,116.00
1	New Gould Centrifugal Pump Fig. 3670 & gasoline engine complete with 15' suction hose	170.95
1	Used Skilsaw #107	138.75
1	New Black & Decker HD Valve Reseater complete with attachments	120.00
1	Lincoln S-7072, 180 Amp. Arc-Welder #A-277866 complete with gasoline motor & accessories	481.95
1	Servel Refrigerator 11-cu. ft., 2-door	225.00

Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of June, 1953

EQUIPMENT INVENTORY as of July 1, 1953

Rented:

1 large portable Joy Air Compressor WK-80 315 c.f.m. cap. Caterpillar D-318 engine #50019 rented from R. N. Pulliam @ $470.00 per mo. new.

1 Willys Jeep, Motor #J83920 used, rented from R. N. Pulliam @ $30.00 mo.

1 International 30 HP gasoline-powered engine, single-drum hoist welded on skids and bolted down temporarily on old concrete foundation, rented used from R. N. Pulliam @ $125.00 per mo. Eng. #274183.

1 Air Tugger, Sullivan F113, Ser. #1469, rented used from R. N. Pulliam @ $35.00 mo.

1 C. P. Jackhammer, 42-W #3039, rented used from R. N. Pulliam @ $40.00 per mo.

1 Sullivan L-57 Jackhammer #101471, rented used from R. N. Pulliam @ $40.00 per mo.

1 Diamond Core Drill, Longyear Ser. #578 with rod puller & drill rod @ $100.00 per month, rented used from R. N. Pulliam

Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of June, 1953

OPERATOR'S MONTHLY NARRATIVE REPORT

General Operating Conditions

During June, the operation was plagued by employee turnover, the continued unavoidable absence of our diamond driller during the first week of the month and by uncertainty as to continuation of work at the various projects, ultimately decided by formal amendment to the Contract.

Need for purchases of diesel fuel and dynamite for inventory will also reflect some increase in operating cost for the period.

The payment of tax to the Texas Employment Commission in the amount of 2.7% of the payroll since the inception of the work represents a lump sum cost increase occasioned by the fact that Amerimex has completed more than 20 weeks of employing 8 or more persons.

By the end of the month, a promising mine crew had been developed by necessary replacement of a number of former employees.

No unusual construction, repairs or renovation was undertaken during the period.

Project No. 1 Previous Total 201' Present 217'

A vertical fracture about 1 foot wide, at its widest exposed part, containing breccia and calcite filling showing considerable iron and manganese mineralization as well as scattered showings of cinnabar was drifted on for a distance of 16' 6" from a point 22' from the center of the No. 1 Raise on the sub-level approximately 15' vertical distance above Project No. 1 Drift.

The mineralization failed to improve, and the fracture showed a tendency to pinch, while there was little evidence of alteration or replacement of the Georgetown limestone; therefore, after only 16 lineal feet of drifting, work was stopped on this particular project.

Project No. 3 Previous Total 234' 6" Present 307' 6"

The Main Drift of Project No. 3 was not extended during June.

Crosscut 3A, which had attained 35' previously, was directed N 40° E and was driven an additional distance of 29' through Georgetown Limestone showing occasional small fractures without significant mineralization; however, as the working nears the objective fractures

and contact designated by Mr. Fletcher, there will be opportunity to encounter parallel fractures or possibly mantos caused by joint plane movement evident on the surface and in nearby mine workings.

Crosscut 3B Raise was stopped at a height of 23' vertical distance above the floor of Crosscut 3B and a drift was driven both east and west following a limestone wall, which forms a contact with the altered Del Rio clay showing cinnabar mineralization. This limestone wall is vertical and seems to have a general strike of about N 60° W where encountered by Crosscut 3A and 3B.

The sub-level workings from the top of 3B Raise are identified as 3B Left (west), which has been driven 32', and 3B Right (east), which has been driven 12'. Both drifts show more or less cinnabar mineralization in the altered Del Rio clay, which appears to continue upward above the backs of the raise and drifts and downward from the floor of the drift. The mineralization seems to persist in the Del Rio clay lying between the Main Drift of Project 3 and the limestone wall encountered at about 32 lineal feet in Crosscuts 3A and 3B.

The mineralized clay from this area, from which the larger pieces of limestone and clearly barren rock had been hand-sorted, was tested on a tonnage basis and showed 4.6 pounds of recoverable mercury per ton. It is not known what percentage of rock was sorted out; and it remains unknown if selective mining and greater care in hand sorting could be economically employed to produce commercial grade ore.

Project No. 12

The shaft, size 5' x 7', authorized by Amendment No. 2 of the Contract to be sunk on the site of Churn Drill Hole No. 7, was sunk 22 feet during the month; and at the bottom, some mercury mineralization was encountered, although the horizon of mineralization had not been attained.

Project No. 8

In addition to Diamond Drill Hole No. 1 previously described, Hole Nos. 2, 3, 4 and 5 were completed during the month of June in Project No. 8. All of the holes, including No. 1 are logged on the detailed log record attached hereto, showing the direction, angle and core recovery of each.

It will be noted that not one hole has penetrated the black shale which appears to fill a large fissure, or fault, running east and west and lying just south of the mine stopes and at the base of the scarp which forms the periphery of the down-drop block encompassing most of the Fresno Mine Claims.

Tomas Lujan, our Diamond Driller who has had extensive experience in the Terlingua District and elsewhere, states that it is some of the most difficult drilling he has ever encountered.

The structural conditions seem ideal for a mercury orebody of importance. It appears that we have a large fracture or fault adjacent to a large area where extensive mineralization has been present in commercial quantities, and the fault or fracture seems to be plugged with massive impervious Del Rio clay to considerable depth.

The Map

A geologic contour and mine plan map with progress of underground workings extended as of June 30 is inclosed in order better to illustrate the previously-described workings. Cross-section maps of new work will be included with the July Report.

Respectfully submitted,

R. N. Pulliam

R. N. Pulliam
General Superintendent

Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Month of June, 1953

PROJECT NO. 8

Hole No.	Bearing	Dip	From	To	Core Recovery	Core Description
1 AX Bit	N35°W	+ 14°	0'	3'	3'	White Kgt
			3	8	1.5	Kgt Breccia Slt min-Fe
			8	13		White Kgt Slt fracture at 10' & 12.5'
			13	14	1	Hard recemented white Kgt gouge
			14	17	3	Hard Kgt
			17	18	1	Recemented Kgt Gouge
			18	23	35	Kgt breccia, altered & min'zd
			23	28	2	White Kgt
EX Bit			28	29	1	Min'zd & altered Kdr contact
			29	56	2	Black Kdr shale
2 AX Bit	N35°W	+ 2°	0	14	9	Broken white Kgt Slt min'zn in small cross fractures
			14	19	5	White Kgt slt min'zn in small cross fractures
			19	20	1	Recemented limestone gouge
			20	22	2	Kgt breccia slt min'zn small specks Hgs
			22	24	2	White Kgt
EX Bit			24	30	5	Black Kdr clay
			40	45	4	Porous grey to white fossilifrous limestone
			45	68	0	Black Kdr cuttings. No min'zn. Fishtail bit.
3 AX Bit	N35°W	- 6°	0	3	3	White Kgt
			3	15	0	Cave in limestone. Set casing EX Bit
EX Bit			15	19	4	Broken white Kgt
			19	20	1	Recemented Kgt breccia slt min'zn
			20	21	1	Grey altered Kgt
			21	25	4	Altered min'zd contact Kgt-Kdr
			25	41	4	Blk Kdr badly broken
4 AX Bit	N35°W	- 11°	0	6	2	White Kgt
			6	11	3	White Kgt breccia min'zd
			11	16	2	White Kgt
			16	24	4.5	White Kgt with breccia filled fractures at 21.5, 21.7 & 22-24'
			24	27.5	3.5	White Kgt slt alteration
			27.5	37	7	Fractured, extensively min'zd breccia, mostly Fe & Mn oxides. Slight Hgs
			37	38	1	White Kgt
			38	40	1.5	X-fractured, altered grey Ls showing Hgs in small cross fractures at 39'
			40	60	2	Black, broken Kdr clay Fishtail Bit

Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Month of June, 1953

PROJECT NO. 8

Hole No.	Bearing	Dip	From	To	Core Recovery	Core Description
5 AX Bit	N35°W	- 15°	0'	3'	3'	White Kgt.
			11	17	3.5	" "
			17	20	2	" " Occasional small Fe cross-fractures
			20	20.5	.5	Recemented gouge. Fe & Mn stain
			20.5	23	2.5	White Kgt.
			23	30	7	White Kgt. showing slight open fractures, very little mineral
			30	30.3	.3	Recemented gouge
			30.3	33	2.7	White Kgt.
			33	41	6	Cross-fractured, altered white-grey Kgt.
EX Bit			41	53	2	Badly shattered black Kdr.

Kgt. - Georgetown Limestone

Kdr. - Del Rio Clay

+ Plus (Dip)

- Minus "

FIRST INTERIM
AUDIT REPORT

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-2468, Docket No. DMA 2202X, including 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 T. Finch

Donald T. Finch, Auditor

RECEIVED

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-2468, 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 cooperatinn 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. Bortz	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. N. 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 X
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 NCR-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 X
1 - 1952 New Ford Pickup Truck Motor No. F1R2DL21327. 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 X

1 - Joy Model S-211 Double Drum Hoist 220/440 Volts Serial No. 25015		$1325.80
1 - 3x2x4 Duplex Pump, FEM 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:

#X-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	Distribution Corrected	Prior Disallowances	Disallowed by Audit	Reinstated	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 Auditer 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

RECEIVED

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 D. 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.

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

224 New Customhouse
Denver 2, Colorado

AIR MAIL
September 8, 1953

Mr. Jay L. Chambers, Chief
Contract Administration & Audit Division
Defense Minerals Exploration Administration
Interior Building
Washington 25, D. C.

Re: Amerimex Mining Company
Idm-E468, DMA-2202X

Dear Mr. Chambers:

Enclosed are three copies of Audit Certificate and two copies of Audit Report which have been amended for Amerimex Mining Company, Idm-E468, DMA-2202X.

Based on a telephone call with Mr. Williams, Executive Officer, D.M.E.A. Field Team, Region VI, which he has agreed to confirm by letter, the disallowance of the wages of the Compressor Tender has been retained in the Amended Report.

The disallowance of the premium for Liability Insurance has been reflected. At the time of the audit, we were all in a quandary concerning the allowability of this item because of the wording in Exhibit A. Mr. Williams now concurs in the disallowance of the item.

The other suggested amendments have been made.

Sincerely yours,

Donald T. Finch

Donald T. Finch, Auditor

Enclosures

File with Finch audit report

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.
~~XXXXXXXXXXXXXX~~
Joplin, Missouri
September 9, 1953

Mr. D. T. Finch, Auditor
Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colorado

Re: Amerimex Mining Company
Idm-E168, DMA 2202X

Dear Mr. Finch:

This is in answer to your letter to me, dated September 4, 1953, in which you raise the following points with regard to the recent audit of the Amerimex Mining Company:

1. Disallowance of salary for Compressor Tender.

2. Applicability of Liability Insurance to the above-referenced DMEA project.

Although, as heretofore pointed out, the contract does not require specific stipulations for types of labor, it is the opinion of the Executive Officer, Region VI, that, considering the nature of the project, the position of Compressor Tender is superfluous and does not constitute a direct necessity to the project work.

It is the opinion of the Executive Officer, Region VI, that, unless the Operator is bound by Texas law, the costs incurred for general Liability Insurance under Lloyds of London policy are not direct costs for exploration but instead constitute general overhead and should therefore be disallowed as exploration costs.

I hope the above will assist you in completing your audit report on the subject project.

With best personal regards, I am,

Sincerely yours,

W. P. Williams
Executive Officer
DMEA Field Team, Region VI

:jd
CC - D. T. Finch(1)
J. L. Chambers (1)

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

800

OCT 13 1953

Mr. Donald T. Finch
DMEA Auditor
224 New Customhouse Building
Denver 2, Colorado

Re: Amerimex Mining Company
Idm-E468, 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. Pulliam.

At the time I wrote this letter I did not know that the Amerimex Company had put in a second application in which Mr. Pulliam stated that the equipment belonged to him and that the Amerimex 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

SEP 1 4 195

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,

SIGNED

Jay L. Chambers, Chief
Contract Administration
and Audit Division

JLChambers/ama
September 11, 1953
Copy to: Docket
Admr. Reading File
Mr. Chambers

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

SEP 1 1953

AIR MAIL

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 NF-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

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 EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

224 New Customhouse
Denver 2, Colorado

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
AUG 24 1953

August 21, 1953

Mr. Jay L. Chambers, Chief
Contract Administration and Audit Division
Defense Minerals Exploration Administration
Interior Building
Washington 25, D. C.

Dear Mr. Chambers:

Enclosed are three copies of Audit Certificate and two copies of Audit Report for Amerimex Mining Company, P. O. Box 626, Alpine, Texas, pertaining to Exploration Project Contract Idm-E468, Docket No. DMA 2202X.

The background information discovered during this audit was discussed with Mr. Talbert during his Denver visit.

The following comments are submitted for your additional information, and possible assistance.

It is my opinion the contemplated amendment to the contract should in effect, so far as possible, be almost a complete rewrite of pages 4 through 6 of Exhibit A attached to the contract.

It is also my opinion, based on the physical layout of the project, the most feasible method of allocation which can be adapted to the situation is on a ratio of Direct Man shifts. The problem of differentiation between Production and Exploration is further complicated by the fact that some production will be incidental to Exploration.

The following items involving allocation were discussed with the Executive Officer and the Mining Engineer:

Cooks' Wages	Equipment Rental	Unused Portion of Liability & Hazzard Insurance
Truck Drivers' Wages	Use of Equipment acquired with Government participation	
Salaries of Supervisory Personnel	Repairs to Equipment	

Diesel Fuel used in the generation of Power for Underground operations.

It is believed the Field Team should insist on direct charge records for all Other Materials and Supplies.

The Executive Officer and the Mining Engineer advised that the sinking of the oversized shaft referred to in Mr. Selfridge's letter to Williams dated July 23, 1953, and some excess footage on certain phases of the work did not occur until after May 31, 1953.

Sincerely yours,

Donald T. Finch

Donald T. Finch, Auditor

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
[redacted]
Joplin, Missouri
August 14, 1953

/ c o p y /

Re: Docket No. DMEA-2202X
Amerimex Mining Co.
Presidio County, Texas
Mercury
Contract No. Idm-E468

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 Jonas, 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. (Cap) Ellis to me, from Mr. J. L. Chambers, Chief of the DMEA Contract Administration and Audit Division, to me and reportedly to Mr. Finch, now in Denver; and to Mr. Jonas in Amarillo, Mr. Ellis called me again later to advise that the subject report be submitted as soon as possible for Jonas' 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 cots of $9,244.31 reported on the June MF-104 voucher, are listed as follows:

/ c o p y /

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 coproration 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 5' x 7' size limitation. Therefore, I have deducted only one-third 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 5 x 7 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.

1) Supervision

(a) Superintendent - deducted $300.00 on account of the superintendent's salary for duties performed in connection with management of the construction and production activities. In the absence of any definite arrangements with Superintendent regarding procedures to me by the Operator during our inspection this substantial deduction is merely based on opinion.

(b) General Expense - Since the date of actual time deductions recorded I believe that one-half of the Operator's time might be allocated to production. However, cost of this production has included to the underground exploration workings within the 3' x 7' mine installation. Therefore, I have deducted only one-half of the time Operator's time for those production activities or $150.00.

(c) Master Mechanic - In an effort to deduct proper expenses which are for production, the Operator, with good intent, deducted all the Master Mechanic's salary during June. However, we propose an equitable distribution of mechanic costs I consider that it is fair to reimburse half of the Master Mechanic's time or $245.00.

(d) Timekeeper - Because the time and stock timekeeper's records have not been kept in a manner which is subject to audit, some of the timekeeper's costs are questionable which makes another deduction of $95.00.

2) Telephone calls amounting to a cost of $3.00 are disallowed because they are considered noncommercial messages.

3) The monthly rent for L. A. Hollingsworth's cabin amounting to $25.00, disallowed because I have evidence that he did not work on exploration.

4) Based on conclusion mentioned I made during the recent project inspection, and upon the Inspector's calculations, there is a total discrepancy of $24.70 in favor of the Operator of which this was such because the depth measured in cross section differed of the 3' x 7' foot size, specified in Amendment "2".

5) Because the minimum allowed in Lease Contract entitled "Exploration" for Project 31 has been exceeded by 17 feet a disallowance amounting to $175.00 has been made in favor of the Operator's calculated average cost of the installation that are been done.

/ c o p y /

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 "ExhibitA" 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

/copy/

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).

(2) Supervision — based on the Operator's report 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

/copy/

of those supervision costs also should have been charged tion since rehabilitation and operation of the furnacing resumably started in May.

(3) Reclaimed travel expenses of E. A. Donaldson - $32.62 cannot be allowed because we know he never was employed on the loration project, and no receipt, signed by him, has been presented.

(4) Telephone calls charged on the expense statement of R. N. Pullism 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.

/copy/

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 dulldozing 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

/copy/

Memo

To: W. P. Williams, Exec. Off., DMEA Field Team, Region VI

From: C. C. Knox

Subject: May Report, Amerimex 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 hestiate 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.

/copy/

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 18, 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

/ c o p y /

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.

/copy/

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION 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 Ellis

Ernest Wm. Ellis

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

AUG 1 1 1953

Mr. W. P. Williams
Executive Officer
DMEA Field Team, Region VI
221 West 3rd Street
Joplin, Missouri

Re: Docket No. DMA-2202X (Mercury)
Amerimex 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 "setbacks" mentioned in your memorandum dated July 10, 1953.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Enclosures

APPROVED:

J. H. Hedges

Member, Bureau of Mines

A. R. Kinkel, Jr.

Member, Geological Survey

FMMurphy/db
805-53
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
CC: Mr. Jaeck 8-26-53

/ C O P Y /

140

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.

AEKane/JLHofflund/amd

J. L. Hofflund
Chief Counsel

Copy to: Mails & Files
E. W. Ellis
A. E. Kane
J. L. Hofflund
Chron

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

[illegible] 3 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. Idm-1468 (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	54,850	
Total Assets		$55,850

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 oversize 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 (Idm-E468) 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. Pulliam, 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

Chairman, Operating Committee

APPROVED:

J. H. Hedges
Member, Bureau of Mines

A. R. Kinkel, Jr.
Member, Geological Survey

JLChambers/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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION 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-E468 (Mercury)
Amarimex 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.

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. Pullism, 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 EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

800

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. Idm-E468 (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

JIChambers/wb
July 23, 1953

Copy to: Docket
Admr. Reading File
Mr. Jonas
Mr. Finch
Mr. Chambers

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D. C.~~
Joplin, Missouri
July 20, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
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

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

July 17, 1953

Mr. W. P. Williams
Executive Officer
DMEA Field Team, Region VI
221 West 3rd Street
Joplin, Missouri

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-E468?

(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

File

Defense Minerals Administration
RECEIVED
JUL 16 1953

XXXXXXXXXXXXXXXX
Joplin, Mo.
July 14, 1953

Mr. Ray C. Jonas, Field Finance Officer
U. S. Bureau of Mines
514 Barfield Bldg.
Amarillo, Tex.

Dear Ray:

Since your visit to this office last week, I have been thinking about some of the questions that arose, particularly regarding Project Contract Idm-E468, with the Amerimax Mining Co., Alpine, Tex. It has occurred to me that your office also should have the attached copies of two penciled memos which I wrote about a month ago to be placed in the Field Team file, "for the record". They are self explanatory, being merely a record of the objections that I raised to Field Team approval of the subject Operator's Monthly Report, which were overruled, as you have probably noticed was done several times previously.

Although I seem to be in a very awkward position here, I will continue to assist you to the best of my ability, on all the future decisions you must make on certifying Operator's Monthly Cost Vouchers for Government participation payments. I would like to see them adhere closely to the contracts, which would be better in the long run for everyone concerned.

Sincerely yours,

Clinton C. Knox

cc: Operating Committee

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6-16-53

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 Jones' 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 hrs.).

Furthermore, as stated in the narrative, the power plant and powerline construction was so far evidently for the convenience of the Operator as a standby power for the furnace, and the entire cost thereof cannot 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 18, 1953. The inadequate sketches submitted with the report cannot be platted on the map in this office because the scale and azimuth 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 N 5° W, but the narrative states N 48° W - either would 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 N 60° W but the drift being driven from 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 maximum 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 #5 - 254½ 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 specificially 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.

/S/ Knox

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Y

Memo of telephone call 9:15 am. 6-16-55

Robert M. Fullism, Alpine, Tex., to Knox, Joplin

Ask if proposed Amendment #2 to Amerimax Project Contract had been approved in Wash. D.C.

And if Jonas had approved April Report so Gov't participation payment would be forthcoming immediately - indicated that his company's disbursements "out of the pocket" to date were about $25,000; operating capital is exhausted and he must have funds to meet payroll today.

He said that he would call Jonas and Washington today for committments which would permit him to plan continuation of the project work.

I could give him little consolation! Mentioned that little errors such as overlooking sending the originals of the MF-104 Monthly Cost Voucher, causes immense delays.

Regarding his May report, rec'd this morning, I mentioned the following discrepancies that I had already noticed at first glance:

(1) Narrative states that raise on No. 1 project was on a course of N 46°W but sketch indicates N 7°W; no formations shown; no scale shown, so I am at a loss to plat it on our map to determine if it hit near the original target for Project #1 which must have been missed in the crosscut.

(2) His narrative mentioned old stope cleanup, furnace repairs, and other production work but the cost report shows all of his, the master mechanic, the timekeeper, and the mine foreman's time was put on exploration work. Chances are that auditing of that may cause further delays in receiving Gov't money for May work?

(3) I also noted that transportation, sustenence, etc. for Mr. Fletcher was charged to Technical services instead of the fund set up for those expenditures under "(7) Miscel." of the project contract.

(4) Also, I mentioned that the electric slusher, power plant, etc. purchased for the exploration work, to my knowledge, had not been put to that use yet, although the contract expires tomorrow.

And (5) in reply to his question: "what happens if the contract is not amended, as of tomorrow?" I said I presume we would come down with an auditor and salvage all saleable equipment, supplies, and tools. We believe and hope, however, that the contract will be amended retroactively to June 17, 1955, and he can proceed with the project work.

/S/ Knox

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

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

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

Month of May, 1953 Docket No. DMEA 2202X Contract No. Idm-E468
Operator's Name Amerimex Mining Company Minerals Mercury
Address P. O. Box 626 Alpine, Texas
Contract Amount, $ 80,000.00 Government Participation: 75 % Amount, $ 60,000.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor	2,565.92	13,599.83	16,165.75			
Supervision	1,645.00	5,694.32	7,339.32			
Technical Services	344.70	93.91	438.61			
(3) Operating Mat'ls. and Supplies:						
Hoses, Bits	67.48	1,027.26	1,094.74			
Timber	169.70	172.93	342.63			
Explosives		2,052.83	2,052.83			
Pipe Elec. Fixts.	81.01	231.79	312.80			
Track		1,213.61	1,213.61			
Kitchen Utensils		274.93	274.93			
Fuel, Etc.	300.71	1,118.72	1,419.43			
Small Tools, Etc	21.82	1,395.82	1,417.64			
(4) Operating Equipment: Diam. D.	38.25	785.29	823.54			
Rental	890.00	2,834.58	3,724.58			
Purchase	222.28	6,092.83	6,315.11			
Depreciation						
(5) Initial Rehabilitation and Repairs		28.79	28.79			
(6) New Bldgs., Improvements, etc.		784.15	784.15			
(7) Miscellaneous:						
Repairs to Equipment	4.45	12.93	17.38			
Sampling and Analysis		43.37	43.37			
Payroll Taxes	63.04	291.04	354.08			
1 Yr Liability Insurance		500.25	500.25			
1 Yr Truck Ins.		175.96	175.96			
Workmen's Comp.	374.40	2,135.60	2,510.00			
(8) Contingencies (specify):						
Freight	4.39	568.50	572.89			
Travel & Comm.	50.56	428.47	479.03			
Acctg & Sup.	90.50	410.27	500.77			
TOTALS	6,934.21	41,967.98	48,902.19	6,934.21	41,887.22	48,821.43

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

Date 6-12-53 *Payee Amerimex Mining Company

Per R. N. Pullium Title President

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

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

(Instructions on reverse)

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

$ 5,200.66

Signature
(Authorized Certifying Officer)

Date 6-29-53 Vou. No. DMEA 6-65.
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. IdmE 468 in accordance with the terms of the contract.

Signature Emerson T. Parkin Title Mining Engineer Date June 23, 1953

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. P. Williams Title Exec. Off. Date June 23, 1953

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

U. S. GOVERNMENT PRINTING OFFICE 205675

Form MF-104A
(April 1952)

JUN 16 1953

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of May 1953 Docket No. DMEA 2202X Contract No. Idm-E468

Operator's Name Amerimex Mining Company Minerals Mercury

Address P. O. Box 626 Alpine, Texas

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting	Ft.	645.98	10	26,564.29	472	56.28	(1,160	Not Stated
Crosscutting	Ft.	1,289.56	19	3,009.75	75	40.13	("	" "
Raising	Ft.	3,869.04	81	3,869.04	83	46.61		" "
Shafts	Ft.		None		634		288	" "
Winzes								
Drilling: Core	Ft.	38.25	None	1,402.49	206		1,500	" "
Churn								
Auger								
Stripping								
Trenching	Hrs	50.00	4	112.50	9	12.50	56	12.50
Test Pits								
Roads and Trails	Hrs	100.00	18	225.00	10	12.50	10	12.50
Bulldozer for new Bldg. Incl. below			None		6	12.50	6	12.50
TOTAL DISTRIBUTED COSTS		5,992.83		35,183.07				TOTAL COSTS AUTHORIZED BY CONTRACT
Tech. Service		344.70		344.70				62,670.00
Operating Equipment Purchased		222.28	*	6,315.26				10,700.00
Initial Rehabilitation and Repairs				2,203.54				1,095.00
New Buildings, Improvements, etc.				1,669.41				2,600.00
Workmen's Comp.		374.40		3,186.21				2,935.00
TOTAL COSTS		6,934.21		48,902.19				80,000.00

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

Date 6-12-53 Operator Amerimex Mining Company

Per P. N. Pullin Title President

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

(Instructions on reverse)

REMARKS: * Established monthly installments.
Technical Services have not been distributed since such cost should be apportioned over entire project.
Note: Total hours of bulldozer work allocated to Roads & Trails has been exceeded out of necessity. See Narrative Report.

(For Government use only)

INSTRUCTIONS

Preparation of Form MF–104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF–104A has been designed to tie in with Form MF–104 for both monthly and cumulative costs. The "Total Costs" on Form MF–104A for each month should equal the monthly "Total Costs" as reported on Form MF–104. This is also true of the "Total Costs To Date".

In preparing Form MF–104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

U. S. GOVERNMENT PRINTING OFFICE 205676

Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of May, 1953

OPERATOR'S MONTHLY NARRATIVE REPORT

General Operating Condition

During the Month of May, underground work was limited to Projects Nos. 1 and 3 due to the fact that diamond drilling had not been completed at Projects Nos. 8 and 6 because our diamond driller was temporarily called away to attend to urgent personal affairs.

Work during May was also hampered to some extent by failure of some of the miners to return to work after going to Alpine at the end of April. These men elected to straggle in from one to three days late and were laid off for one week and told not to return to work unless they were willing to maintain a satisfactory work schedule.

It is doubtlessly well known to all who will read this report, but it seems justifiable to call attention to the fact that where the total working places are limited to only one or two faces underground, the work cycle is frequently disrupted by small incidents such as failure of a round to pull properly or something happening to prevent the mucker's finishing during a shift. Such disruptions result in reduced footage and increased footage cost.

Rehabilitation of the mine was continued by utilizing any spare time of underground labor improving the underground workings and installations.

In addition to other work, a crew of three men devoted one week of time to cleaning up a part of the old stoped area. This work was paid for exclusively by the Company and entailed no use of materils or apportionable overhead in which the Government participated.

The mineral accumulated was piled underground to be removed when furnacing can be undertaken.

Project No. 1 Previous Total 131' Present 201' Advance 70'

The main drift of Project No. 1 was continued on 10 lineal feet into the Del Rio Clay, which was encountered at 109' and had persisted to 131' at the time of previous report. The clay showed no appreciable change; and in accordance with the suggestion of Mr. Fletcher, Consulting Geologist, it was decided to devote further work to the raise which was started 60 feet from the portal.

Project No. 1 Raise

This raise started at a point 60 feet from the portal of

Drift No. 1 was driven on an incline upward at 34° and was directed N 48° W to follow intermittent mercury mineralization which occurred as replacement in limestone and as lining of caves and small voids in the limestone. This mineralization was followed upward irregularly for 60 feet, as illustrated on the sketch maps inclosed.

When the mineralization failed to persist on the upper level of the raise indicated in the cross-section sketch, it appeared that subsequent work should be done on the mineralized vertical fracture striking N 60° W.

Project No. 3 Previous Total 192' 6" Present 234' 6" Advance 42'

The Main Drift of Project No. 3 was not advanced during May.

All work in this project was concentrated in driving Crosscut 3A an additional 19' to a total of 35' and in raising 23' in Crosscut 3B at a point 31' from its beginning.

The previously mentioned Crosscuts 3A and 3B were shown but not identified on the maps submitted with the Report for April; however, each was particularly described in the Narrative.

Crosscut 3A, which had reached 16' at the end of April, was continued an additional 19' during May. This entire drift, except the last 3 or 4', is through altered Del Rio clay and altered Georgetown limestone, both showing more or less mercury mineralization.

Crosscut 3B, which had been driven 40' at the end of April, was not extended laterally during May; but since the first 32' of this crosscut showed mercury mineralization which seemed to terminate against a vertical limestone wall, a vertical raise was driven to see if the mineralization persisted upward.

Crosscut 3B Raise: This raise, driven vertically 23' from a point 32' from the beginning of Crosscut 3B follows a limestone wall which forms the North Wall of the Raise. The other three walls are composed of broken and altered Del Rio Clay and pieces of altered limestone. This material shows considerable mercury mineralization the entire height of the raise, as illustrated by the sketch map included.

In both Crosscuts 3A and 3B and in a considerable part of Drift 3, there are indications that the mercury mineralization will go down as well as up.

During this period, no sampling has been undertaken. It is believed preferable to run tonnage tests on this mineralization as soon as the Company is able to undertake a furnace test operation, which will be sometime early in June. Such tests will be conducted with great care to ascertain as closely as possible the percentage of recoverable mercury per ton of ore.

Project No. 12

The bulldozer was employed 4 hours east of Churn Drill Hole No. 7 to cut a trench Northwest-Southeast, a distance of 30' to a depth of 6'. The Del Rio clay became so hard at a depth of 6' that the bulldozer could not cut deeper.

No mineralization was detected; however, in a small hand-dug trench along the limestone-clay contact, a very short distance west from Churn Drill Hole No. 8, the fines pan a strong tail of cinnabar showing the area to be definitely mineralized.

Rehabilitation and Repair

The air compressor was moved into the Engine House and installed on a permanent base to protect it from the elements and to prevent excessive vibration. Air lines were tied in from the mine workings and a large air receiver was installed outside the Engine House.

Posts and power lines were installed from service outlets to the diesel-electric power plant preparatory to providing current for the electric slusher-scraper, for the electric hoist ultimately to be installed at Shaft No. 2, for the ventilation blowers which will be needed underground at Projects 3 and 6, for lights, tools and accessories used in the shop and for standby service to power the furnace and accessories in event of failure of the butane engine used as power supply.

The bulldozer was employed for 8 hours to clean and deepen the sump at the spring which supplies water for camp and mine use.

Respectfully submitted,

R. N. Pulliam

R. N. Pulliam
General Superintendent

Form MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of May, 1953

PAYROLL - Net Amounts after Taxes

1953	LABOR	Net Amounts Paid		Contract Account
5-15	Diamond Driller			
	Tomas Lujan		$ 15.76	2A-1
	Miners			
	Wesley Roberts	$ 83.90		
	Guillermo De La Rosa	85.08		
	Amando Granado	96.08		
	Benjamin Macias, Sr.	110.83		
	Andres Reyes	103.25	479.14	2A-3
	Hoistmen			
	Vicente Molinar	98.50		
	Isabel Vega	89.40	187.90	2A-4
	Muckers, Helpers & Trammers			
	Juan Chavez	81.56		
	Manuel Garcia	88.65		
	Reynaldo Garcia	81.56		
	Jose Guiterrez	88.65		
	Pilar Llanez	88.65		
	Salamon Longoria	87.55		
	Salamon Macias	76.05		
	Timoteo Lopez	81.56	674.23	2A-5
	Cook			
	Luis Valadez		107.65	2A-6
	Truck Driver			
	Manuel Granado		83.90	2A-7
	Total Labor		$1,548.58	
	SUPERVISION			
	Superintendent			
	R. N. Pulliam	$ 295.50		2B-1
	General Foreman			
	Jess R. Cornelison	157.60		2B-2
	Master Mechanic			
	Carl E. Thain	182.23		2B-3
	Timekeeper-Stock Clerk			
	Bernard J. Socha	110.50	745.83	2B-4
	Total Payroll		$2,294.41	

Form MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of May, 1953

PAYROLL - Net Amounts after Taxes

1953	LABOR	Net Amounts Paid		Contract Account
5-31	Miners			
	Benjamin Macias, Sr.	$ 44.33		
	Andres Reyes	96.13		
	Guillermo Del La Rosa	34.67		
	Wesley Roberts	71.74	$ 246.87	2A-3
	Hoistmen			
	Vicente Molinar	78.80		
	Isabel Vega	83.52	162.32	2A-4
	Muckers, Helpers & Trammers			
	Reynaldo Garcia	35.40		
	Jose Guiterrez	28.37		
	Pilar Llanez	35.46		
	Salamon Longoria	90.30		
	Timoteo Lopez	35.46		
	Salamon Macias	28.37	253.42	2A-5
	Cook			
	Luis Valadez		100.00	2A-6
	Truck Driver			
	Manuel Granado		78.80	2A-7
	Total Labor		$ 841.41	
	SUPERVISION			
	Superintendent			
	R. N. Pulliam	$ 295.50		2B-1
	General Foreman			
	J. R. Cornelison	157.60		2B-2
	Master Mechanic			
	Carl E. Thain	182.23		2B-3
	Timekeeper & Stock Clerk			
	Bernard J. Socha	101.38		2B-4
	Total Supervision		736.71	
	Total Payroll		$1,578.12	

Form MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of May, 1953

PAYROLL - Recapitulation

5-15-53	$2,294.41	
5-31-53	1,578.12	
Total of Net Amounts after Taxes	$3,872.53	
5-31 Director of Internal Revenue Social Security & Withholding Taxes	401.43	
Social Security Tax paid by Company $63.04		7E
TOTAL PAYROLL & TAXES - Month of May	$4,273.96	

Note: Check No. 1261 has been issued to Eulalio Rodriguez $1.00 to cover accidental underpayment of wages period 3-30-53 to 4-15-53.

Form MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of May

DISBURSEMENTS - Petty Cash - Receipts Attached

1953			Amount	Contract Account
4-27	Crowder & Wise - Gasoline for GMC Truck	$	2.01	3L
5- 4	R. M. Metcalfe - Map Supplies		5.00	2C
5-15	Gulf Service Station - Gasoline for Pickup		3.24	3L
	" " " " " "		3.78	3L
5-21	Forbes Publishing Co. - Envelopes		.50	7H
5-28	Addington's Texaco Service - Gasoline "		4.45	3L
5-28	The Oil Well - Gasoline for Pickup		2.00	3L
5-28	Reynolds Battery & Magneto Co.			
	Inv. 8462		9.45	3J
	"		1.17	3D
	8464		1.85	3D
5-28	Francis Wagner Co. Inv. 7637		5.55	3B
5-30	Newsom Electric - 5 Rolls Wire		1.25	3J

Total Petty Cash Disbursements $ 40.25

Form MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of May, 1953

DISBURSEMENTS BY CHECK - Receipts Attached

1953			Amount	Contract
5- 1	R. N. Pulliam - Rental of Equipment			
	Jeep		$ 30.00	4B-8
	Air Compressor		470.00	4B-2
	Gasoline Hoist		125.00	4B-5
	Air Tugger		35.00	4B-6
	2 Jackhammers @ $40.00 ea.	($740.00)	80.00	4B-10
5-15	A. R. Fletcher - Geological			
	Consultation 3 days @ $100.00		300.00	2C
	Reimbursement Room Rent			
	May 6, 9, 10 & 14	($314.50)	14.50	2C
5-15	R. M. Metcalfe - Map Work		12.95	2C
5-20	First National Bank, Alpine			
	GMC Truck Int. 10.57 Prin. Note 4		117.56	4C-8
	Ford PU " 6.54 " "	($207.27)	72.60	4C-9
5-22	Big Three Welding Equipment Co.			
	Note 4 Carrying Chg. $1.61	($ 33.73)	32.12	4C-15
5-29	Big Bend Motor Freight C.O.D. from		4.39	7C
	El Paso Machine Works, Inc.			
	Reconditioning of drill rods &			
	rock bits	($ 57.62)	53.23	3B
5-31	Magnolia Petroleum Co.		159.99	3L
5-31	Joy Mfg. Co. Inv. # 89579		38.25	3H
	"		3.75	7A
	63575	($ 50.70)	8.70	3B
5-31	Alpine Butane Co.		4.50	3L
5-31	Brewster County Motors		52.54	3L
			34.00	3D
		($102.16)	.70	7A
5-31	Mine & Smelter Supply Co. # 312315		68.28	3J
5-31	Car Parts Depot Inv. 137149		9.15	3D
			33.30	3L
		($ 44.55)	1.20	3J
			.90	3L

Form MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of May, 1953

DISBURSEMENTS BY CHECK - Receipts Attached

1953			Amount	Contract Account
5-31	Texas Employers' Insurance Association		$ 374.40	7D
5-31	L. M. Pulliam - Accounting Service		90.00	7H
5-31	R. N. Pulliam - Reimbursement for Company travel & communications Month of May &		50.56	7G
	Meals for A. R. Fletcher (Corrected)	($ 62.81)	12.25	2C
5-31	Alpine Lumber Co.		.83	3J
		($ 10.48)	9.65	3D
5-31	R. N. Pulliam - Bulldozer Rental		150.00	4B-1
5-31	R. N. Pulliam - Inv. 5-31-53 Mine Timber		169.70	3F
	Total Check Disbursements		$2,620.00	
TOTAL PETTY CASH DISBURSEMENTS			40.25	
TOTAL PAYROLL and TAXES			4,273.96	
	TOTAL DISBURSEMENTS		$6,934.21	

Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas

EQUIPMENT INVENTORY as of June 1, 1953

4-C- Purchased:

3	1	Double Drum Hoist 5 HP, 220/440 Volt. 3-Phase, 60-Cycle, Shop #25015 Joy S-211. Electric Motor Fairbanks-Morse #H89947. Amsco Scraper, Model V26A #89301F	$1,325.90
		Slusher Loading Ramp	113.65
4	2	JAL-48 Jack Legs equipped with attachments for L-57 Drills (X-1419-DG) Shop #30892 & #30893	390.00
7	1	3x2x4 Duplex Pump (FBM Shop No. 768602)	190.00
10	3	Aluminum Tanks, each 1,222 gal. cap.	312.51
X	1	Used Army Surplus wing tank	12.50
12	1	Used Butane 4-burner kitchen stove with oven	80.00
9	1	New 52 Ford 1/2-ton cap. pickup Motor #FIR2DL21327 & accessories complete with lic. $16.80	1,960.37
5	1	New 53 GMC 2-ton cap. truck Motor #A248176097 complete with lic. $91.00	3,116.00
11	1	New Gould Centrifugal Pump Fig. 3670 & gasoline engine complete with 15' suction hose	170.95
X	1	Used Skilsaw #107	138.75
X	1	New Black & Decker HD Valve Reseater complete with attachments	120.00
15	1	Lincoln S-7072, 180 Amp. Arc-Welder #A-277866 complete with gasoline motor & accessories	481.95
14	1	Servel Refrigerator 11-cu. ft., 2-door	225.00

Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of May, 1953

EQUIPMENT INVENTORY as of June 1, 1953

4-B Rented:

1 large portable Joy Air Compressor WK-80 315 c.f.m. cap. Caterpillar D-318 engine #50019 rented from R. N. Pulliam @ $470.00 per mo. new.

1 Willys Jeep, Motor #J83920 used, rented from R. N. Pulliam @ $30.00 mo.

1 International 30 HP gasoline-powered engine, single-drum hoist welded on skids and bolted down temporarily on old concrete foundation, rented used from R. N. Pulliam @ $125.00 mo. Eng. #274183.

1 Air Tugger, Sullivan F113, Ser. #1469, rented used from R. N. Pulliam @ $35.00 mo.

1 C. P. Jackhammer, 42-W #3039, rented used from R. N. Pulliam @ $40.00 per mo.

1 Sullivan L-57 Jackhammer #101471, rented used from R. N. Pulliam @ $40.00 per mo.

1 International TD-9 Crawler Tractor equipped with Bucyrus-Erie Dozershovel with Dozer Blade interchangeable with Bucket; Tractor Serial No. TDCB-22992, Motor No. TDCBM-15236, Dozershovel No. 47891. Rented used from R. N. Pulliam @ $12.50 per hour.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D. C.~~
Joplin, Missouri
June 19, 1953

Mr. Jay L. Chambers, Chief
Contract Administration
and Audit Division
Defense Minerals Exploration
Administration
Washington 25, D. C.

Re:
Idm-E468, DMEA-2202
Amerimex Mining Company

Dear Mr. Chambers:

This is in answer to your recent note in which you state that no payment information was furnished on either copy of the April MF-104 of the above referenced project received in Washington.

I am enclosing herewith copies of two letters which will explain why the subject MF-104's were sent to Washington without the payment information. Ordinarily we enter these data before sending the reports to Washington. However, in this case, the MF-104's were sent to Washington before certification by the Finance Officer in order that the Operating Committee would have complete up-to-date information during their consideration of the proposed amendment to the subject contract.

Sincerely yours,

W. P. Williams

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

WPW:jd

C O P Y

Re: Docket DMEA-2202X
Amerimex Mining Co.
Presidio County, Tex.
Contract Idm-E468
Mercury

Joplin, Missouri
June 18, 1953

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
Executive Officer
DMEA Field Team, Region VI

WPW:jd

UNITED STATES
DEPARTMENT OF THE INTERIOR

Docket Copy

DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.
~~XXXXXXXXXXXXXXXX~~
Joplin, Missouri
June 12, 1953

Mr. Ray C. Jonas
U. S. Bureau of Mines
514 Barfield Building
Amarillo, Texas

Re: Docket No. DMEA-2202X
Mercury
Amerimex Mining Co.
Presidio County, Texas
Contract No. Idm-Eh68

Dear Ray:

I am sorry our failure to sign the original April, 1953 MF-104 and MF-104A for the referenced project necessitated your returning the forms to us. The forms have been signed by the Field Team and are returned to you herewith.

We note that you intend to certify this report for the amount of $7,187.23. This figure represents 75 percent of $9,582.97, which is $80.76 less than the amount shown as the monthly total on Form MF-104. Without the documentation we are unable to determine what items were disallowed to make up the $80.76.

This brings up a point that we have been having some difficulty with in the past and probably could stand some clearing up. The thing that causes trouble is the fact that the Operator from month to month continues to bring forward "Totals Previously Reported" and "Totals To-Date" from his file without regard to changes that have been caused by disallowances on either our part or the finance officer.

I think it might be advisable for you to tell us each time just what items have been disallowed. Then, we in turn, will notify the Operator of same so that his records can be revised and brought up-to-date. Then on his next monthly MF-104 the Operator will be able to furnish us with accurate up-to-date figures in his MF-104.

To start with may I suggest you tell us exactly what items have been disallowed in the amount of $80.76 on the above referenced project report for April, 1953.

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
June 19, 1953

Mr. Jay L. Chambers, Chief
Contract Administration
and Audit Division
Defense Minerals Exploration
Administration
Washington 25, D. C.

Re:
Idm-E468, DMEA-2202
Amerimex Mining Company

Dear Mr. Chambers:

This is in answer to your recent note in which you state that no payment information was furnished on either copy of the April MF-104 of the above referenced project received in Washington.

I am enclosing herewith copies of two letters which will explain why the subject MF-104's were sent to Washington without the payment information. Ordinarily we enter these data before sending the reports to Washington. However, in this case, the MF-104's were sent to Washington before certification by the Finance Officer in order that the Operating Committee would have complete up-to-date information during their consideration of the proposed amendment to the subject contract.

Sincerely yours,

W. P. Williams

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

WPW:jd

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D. C.~~
Joplin, Missouri
June 19, 1953

Mr. Jay L. Chambers, Chief
Contract Administration
and Audit Division
Defense Minerals Exploration
Administration
Washington 25, D. C.

Re:
Idm-E468, DMEA-2202
Amerimex Mining Company

Dear Mr. Chambers:

This is in answer to your recent note in which you state that no payment information was furnished on either copy of the April MF-104 of the above referenced project received in Washington.

I am enclosing herewith copies of two letters which will explain why the subject MF-104's were sent to Washington without the payment information. Ordinarily we enter these data before sending the reports to Washington. However, in this case, the MF-104's were sent to Washington before certification by the Finance Officer in order that the Operating Committee would have complete up-to-date information during their consideration of the proposed amendment to the subject contract.

Sincerely yours,

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

WPW:jd

C
O
P
Y

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
Executive Officer
DMEA Field Team, Region VI

WPW:jd
Encs.

C O P Y

Re: Docket DMEA-2202X
Amerimex Mining Co.
Presidio County, Tex.
Contract Idm-E468
Mercury

Joplin, Missouri
June 18, 1953

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
Executive Officer
DMEA Field Team, Region VI

WPW:jd

UNITED STATES
DEPARTMENT OF THE INTERIOR

Docket Copy

DEFENSE MINERALS ADMINISTRATION

WASHINGTON 25, D. C.

Joplin, Missouri
June 12, 1953

Mr. Ray C. Jonas
U. S. Bureau of Mines
518 Barfield Building
Amarillo, Texas

Re: Docket No. DMEA-2202X
Mercury
Amerimex Mining Co.
Presidio County, Texas
Contract No. Idm-E468

Dear Ray:

I am sorry our failure to sign the original April, 1953 MF-104 and MF-104A for the referenced project necessitated your returning the forms to us. The forms have been signed by the Field Team and are returned to you herewith.

We note that you intend to certify this report for the amount of $7,187.23. This figure represents 75 percent of $9,582.97, which is $80.76 less than the amount shown as the monthly total on Form MF-104. Without the documentation we are unable to determine what items were disallowed to make up the $80.76.

This brings up a point that we have been having some difficulty with in the past and probably could stand some clearing up. The thing that causes trouble is the fact that the Operator from month to month continues to bring forward "Totals Previously Reported" and "Totals To-Date" from his file without regard to changes that have been caused by disallowances on either our part or the finance officer.

I think it might be advisable for you to tell us each time just what items have been disallowed. Then, we in turn, will notify the Operator of same so that his records can be revised and brought up-to-date. Then on his next monthly MF-104 the Operator will be able to furnish us with accurate up-to-date figures in his MF-104.

To start with may I suggest you tell us exactly what items have been disallowed in the amount of $80.76 on the above referenced project report for April, 1953.

Sincerely yours,

W. P. Williams
Executive Officer
DMEA Field Team, Region VI

WPW:jd
Enc.
cc - Operating Committee

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

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of April, 1953 Docket No. DMEA [illegible] Contract No. [illegible]-460
Operator's Name Mertex Mining Company Minerals Mercury
Address P. O. Box 626, Alpine, Texas
Contract Amount, $ 80,000.00 Government Participation: 75 % Amount, $ 60,000.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:	[illegible]	9,027.35	[illegible]	4,572.48	9,027.35	13,599.83*
Labor	[illegible]	4,150.57	[illegible]	1,543.75	4,150.57	5,694.32
Supervision	[illegible]	[illegible]	[illegible]	9.40	84.51	93.91
Technical Services						
(3) Operating Mat'ls. and Supplies:	173.93	[illegible]	1,027.26	173.93	853.33	1,027.26
Timber	-	172.93	172.93	-	172.93	172.93
Explosives	543.20	1,509.63	[illegible]	543.20	1,509.63	2,052.83
Pipe	231.57	[illegible]	[illegible]	231.57	22	231.79
Track	[illegible]	[illegible]	[illegible]	68.98	1,144.63*	1,213.61*
Kitchen [illegible]	14.89	[illegible]	[illegible]	14.89	260.04	274.93
Fuel, etc.	160.39	[illegible]	[illegible]	160.39	958.33	1,118.72
Drill Tools	110.01	[illegible]	[illegible]	110.01	1,285.81*	1,395.82*
(4) Operating Equipment:	[illegible]	[illegible]	[illegible]	215.17	570.12	785.29
Rental	[illegible]	[illegible]	[illegible]	830.00	2,004.58	2,834.58
Purchase	[illegible]	[illegible]	[illegible]	222.28	5,870.55	6,092.83*
Depreciation	-	-	-			
(5) Initial Rehabilitation and Repairs	[illegible]	[illegible]	[illegible]	1.85	26.44	28.27
(6) New Bldgs., Improvements, etc.		784.15	784.15	-	784.15	784.15
(7) Miscellaneous:						
Repairs to Equipment	10.38	[illegible]	[illegible]	10.38	2.55	12.93
Sampling and Analysis	43.37		43.37	43.37	-	43.37
Payroll Taxes	92.77	300.77	[illegible]	91.27	199.77	291.04
Liability Insurance		500.25	500.25	-	500.25	500.25
Other Trucks		175.96	175.96	-	175.96	175.96
Workmen's Comp.	534.60	1,601.55	[illegible]	534.60	1,601.55	2,135.60
(8) Contingencies (specify):						
Freight	90.05	478.45	[illegible]	90.05	478.45	568.50
Travel Expense	98.04	330.43	[illegible]	98.04	330.43	428.47*
Accounting	98.67	311.60	410.27	98.67	311.60	410.27
TOTALS	[illegible]	[illegible]	42,001.70	9,663.73	32,304.25*	41,967.98*

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

Date 6-16-53 *Payee Mertex Mining Company

Per [signature] Title President

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

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

(Instructions on reverse)

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

$ 7,187.23 ama

Signature
(Authorized Certifying Officer)

Date 6/16/53 Vou. No. DMEA-L-64

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Tam E-463 in accordance with the terms of the contract.

Signature Edwin T. Perkins Title Mining Engineer Date May 27, 1953

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. P. Williams Title Exec. Off. Date May 27, 1953

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

U. S. GOVERNMENT PRINTING OFFICE 205675

Form MF-104A
(April 1952)

MAY 20 1953

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

JUN 1 1953

Month of April 1953 Docket No. DMEA [illegible] Contract No. [illegible]-468
Operator's Name Americex Mining Company Minerals Mercury
Address P. O. Box 600, Alpine, Texas

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting	ft.	[illegible]	107	~~[illegible]~~ 25,918.31	461	~~[illegible]~~ 56.10	1,100	Not stated
Crosscutting	"	1,720.10	65	1,720.10	65	26.72		"
Raising								
Shafts							[illegible]	"
Winzes								
Drilling: Core	ft.	[illegible]	[illegible]	[illegible]	[illegible]	6.62	1,500	"
Churn								
Auger								
Stripping								
Trenching Bulldozer	cu.	None	None	[illegible]	0	12.50	60	12.50
Test Pits								
Roads and Trails	"	"	"	[illegible]	10	12.50	10	12.50
Bulldozer for [illegible] Bldg. incl. below		"	"		0	12.50	6	12.50
TOTAL DISTRIBUTED COSTS		[illegible]		~~[illegible]~~ 29,190.24				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased		[illegible]		[illegible]				[illegible]
Initial Rehabilitation and Repairs		[illegible]		[illegible]				[illegible]
New Buildings, Improvements, etc.		-		[illegible]				[illegible]
Equipment [illegible]		[illegible]		[illegible]				[illegible]
TOTAL COSTS		[illegible]		~~[illegible]~~ 41,967.28 E.T.P.				[illegible]

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

Date 5-14-53 Operator Americex Mining Co.

Per R. N. Sullivan Title President

REMARKS: Delayed on installment purchases.
Lost one of best drillers April 12, resulting in loss of footage.
Limitation of proj. 7 with one [illegible] hole and storage of ore in 8 faces proj. 8 left insufficient working faces for maximum footage at minimum cost. See narrative report.

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

Preparation of Form MF–104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF–104A has been designed to tie in with Form MF–104 for both monthly and cumulative costs. The "Total Costs" on Form MF–104A for each month should equal the monthly "Total Costs" as reported on Form MF–104. This is also true of the "Total Costs To Date".

In preparing Form MF–104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

U. S. GOVERNMENT PRINTING OFFICE 205676

Form MF-104
Docket DMA-2202X
Contract Idm-1468

Amerimex Mining Company
Alpine, Texas
Month of April

PAYROLL - Net Amounts after Taxes

1953	LABOR	Net Amounts Paid		Contract Account
4-15	Miners:			
	Guillermo De La Rosa	$ 115.89		
	Amado Granado	126.99		
	Benjamin Macias, Sr.	141.80		
	Andres Reyes	126.99		
	Eulalio Rodriguez	138.69	$ 650.36	2A-3
	Hoistmen			
	Vicente Molinar	98.50		
	Isabel Vega	111.18	209.68	2A-4
	Muckers, Helpers & Trammers			
	Juan Chavez	109.93		
	Manuel Chavez	84.40		
	Manuel Garcia	131.20		
	Reynaldo Garcia	117.02		
	Paz Gonzales	113.47		
	Jose Guiterrez	100.87		
	Pilar Llanez	117.02		
	Salamon Longoria	107.17		
	Salamon Macias	96.07		
	Edward Molinar, Sr.	7.10		
	Edward Molinar, Jr.	64.67		
	Vicente J. Molinar	88.26		
	Wesley Roberts	53.59		
	Tomas Rodriguez	100.87	1,291.64	2A-5
	Cook			
	Luis Valadez		123.35	2A-6
	Truck Driver			
	Manuel Granado		111.96	2A-7
	Total Labor		$2,386.99	
	SUPERVISION			
	Superintendent			
	R. N. Pulliam	$ 295.50		2B-1
	General Foreman			
	Jess R. Cornelison	146.50		2B-2
	Master Mechanic			
	Carl E. Thain	182.23		2B-3
	Timekeeper-Stock Clerk			
	Bernard J. Socha	109.03		2B-4
	Total Supervision		$ 733.26	
	Total Payroll		$3,120.25	

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Contract IDM-E468

Ameritex Mining Company
Alpine, Texas
Month of April

PAYROLL - Net Amounts after Taxes

1953	LABOR	Net Amounts Paid		Contract Account
4-30	Diamond Driller			
	Tomas Lujan		$ 194.84	2A-1
	Diamond Driller-Helper			
	Wesley Roberts		104.02	2A-2
	Miners			
	Guillermo De La Rosa	$ 92.15		
	Amado Granado	99.72		
	Benjamin Macias, Sr.	110.83		
	Andres Reyes	102.46		
	Eulalio Rodriguez	13.00	418.16	2A-3
	Hoistmen			
	Vicente Molinar	98.50		
	Vicente J. Molinar	12.61		
	Isabel Vega	90.88	201.99	2A-4
	Muckers, Helpers & Trammers			
	Juan Chavez	88.65		
	Reynaldo Garcia	88.65		
	Paz Gonzales	88.65		
	Jose Guiterrez	88.65		
	Pilar Llanez	74.47		
	Salamon Longoria	87.55		
	Salamon Macias	76.05		
	Edwardo Molinar, Jr.	11.71		
	Tomas Rodriguez	86.65		
	Joe White	54.17	747.20	2A-5
	Cook			
	Luis Valadez		107.65	2A-6
	Truck Driver			
	Manuel Granado		51.92	2A-7
	Total Labor		$1,825.78	
	SUPERVISION			
	Superintendent			
	R. N. Pulliam	$ 295.50		2B-1
	General Foreman			
	J. R. Cornelison	146.50		2B-2
	Master Mechanic			
	Carl E. Thain	137.82		2B-3
	Timekeeper & Stock Clerk			
	Bernard J. Socha	56.97		2B-4
	Total Supervision		636.79	
	Total Payroll		$2,462.57	

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Amerimex Mining Company
Alpine, Texas
Month of April, 1953

PAYROLL - Recapitulation

LABOR	4-15-53	$2,386.99		
	4-30-53	1,825.78	$4,212.77	
SUPERVISION	4-15-53	733.26		
	4-30-53	636.79	1,370.05	
Total of Net Amounts after Taxes			$5,582.82	
4-30	Director of Internal Revenue Social Security & Withholding Taxes		592.68	
	Social Security Tax paid by Company	91.27		7E
TOTAL PAYROLL & TAXES - Month of April			$6,175.50	
RECLAIM -	Salary paid Manuel Moreno for period 2-10 through 2-13. Certified Payroll Slip attached showing in detail period during which labor was performed.		32.00	
	Payroll Slip dated 3-21-53 bearing signature of employee showing that he received this $32.00 payment (added in with the final time that he worked) was submitted with March Report			
	TOTAL		$6,207.50	

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Amerimex Mining Company
Alpine, Texas
Month of April

DISBURSEMENTS - Petty Cash - Receipts Attached

1953			Amount	Contract Account
2-19	Morrison Co. - Kitchen Utensils		$ 13.89	3K
3- 6	Rex Ivy Store - " Pail		1.00	3K
	2 Spark Plugs		1.70	3D
	1 Sack Cement		1.85	5
	5 Gal. Oil	($ 5.55)	1.00	3L
4- 1	Webb Publishing Co. - 1 Col. Pad		.95	7H
4- 9	Reynolds Battery & Magneto Co. Magneto Points		3.09	3D
4-10	Alpine Drug - Map Supplies		2.55	2C
4-11	Gulf Servicenter - Gas for Pickup		4.74	3L
4-14	Blanca Motors " " "		3.45	3L
4-14	" " " " "		3.60	3L
4-14	Chancey Sales & Service 1 Can Rust Master		1.00	7A
4-14	Dickinson Laboratories - Assays		24.00	7
4-14	R. M. Metcalfe Co. - Map Work		6.85	2C
4-15	Big Bend Motor Freight - Freight on wire, etc., El Paso (tax .18)	($ 6.12)	5.12	7C
4-19	Gulf Servicenter - Gas for Pickup		5.00	3L
4-20	Forbes Publishing Co. Journal Paper 1/2 for Exploration	($ 4.25)	2.12	7H
4-20	Alamo Motor Lines - Freight on Core Boxes		3.93	7C
4-24	Blanca Motors - Gas for Pickup		3.80	3L
4-24	" " " " "		3.93	3L
4-30	Shoppers Guide 2-12 Black stamp pad		.40	7H
	Typewriter Ribbon 3-1		.95	7H
	Box Sea Foam Bond Onion Skin 3-8	($ 2.60)	1.25	7H

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Amerimex Mining Company
Alpine, Texas
Month of April

DISBURSEMENTS - Petty Cash - Receipts Attached

1953		Amount	Contract Account
4-28	Newell Distributing Co. Inv. A09076	$ 3.78	3D
	TOTAL PETTY CASH DISBURSEMENTS	$ 100.95	

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Amerimex Mining Company
Alpine, Texas
Month of April

DISBURSEMENTS BY CHECK - Receipts Attached

1953			Amount	Contract Account
4-10	R. H. Fulliam - Rental of Equipment			
	Jeep		$ 30.00	4B-8
	Air Compressor		470.00	4B-2
	Gasoline Hoist		125.00	4B-5
	Air Tugger		35.00	4B-6
	3 Jackhammers @ $40.00 ea.	($780.00)	120.00	4B-10
4-14	Charlie Ross - Hauling			
	Alpine to Mine		80.00	7C
4-16	Love Box Co. Inv. 23970 & 23971			
	75 EX Core Boxes @ 75¢		56.25	3G
	25 AX " "	($ 75.00)	18.75	3G
4-24	Ingersoll-Rand Co. Inv. B.I.03-8784			
	Jackrods & Jackbits		106.60	3B
4-24	Big Three Welding Equipment Co.			
	Note No. 3 Carrying Chg. $1.61	($ 33.73)	32.12	4C-15
4-24	First National Bank, Alpine			
	GMC Truck Int. 10.57 Prin. Note 3		117.56	4C-8
	Ford PU " 6.54 " "		72.50	4C-9
		($207.27)		
4-30	El Paso Welding Supply			
	Inv. 40333 Carbide		9.75	3D
4-30	El Paso Testing Laboratories			
	Assaying & Postage		16.37	71
4-30	Joy Mfg. Co. Inv. 88595			
	Truco Core Bit Ser. #RU7814		61.39	3H
4-30	Dickinson Laboratories			
	Assaying		8.00	71
4-30	Motor Inn Machine Shop			
	Gasket material		4.50	3D
	30' 5/16 rd. iron	($ 13.54)	1.04	3D
4-30	Mine & Smelter Supply Co.			
	Inv. 308216 Supplies		231.57	3J
4-30	R. H. Fulliam - Accounting Service		95.00	71

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Amerimex Mining Company
Alpine, Texas
Month of April

DISBURSEMENTS BY CHECK - Receipts Attached

1953			Amount	Contract Account
4-30	Car Parts Depot			
	Inv 136718		$ 25.23	3D
	136888		11.44	3D
	136915		1.47	3D
	137075	($ 45.64)	7.50	3D
4-30	Alpine Lumber Co.			
	Pipe & Fittings		68.98	3C
	Small Tools, Materials, etc.		21.01	3D
	Diamond Drill Accessories		36.28	3G
	Items not charged to Expl 20.95	($147.22)		
4-30	Brewster County Motors			
	Powder & Blasting Supplies		543.20	3A
	Fuel, Lubricants, Etc.		40.63	3L
	Repairs, Maintenance, Etc.		9.38	7A
	Small Tools, Supplies, Etc.		19.50	3D
	Not charged to Exploration 5.16	($617.87)		
4- 4	E. A. Donaldson, Diamond Driller			
	Greyhound Bus ticket		20.36	7G
	Meals Joplin to Alpine, Advance		12.26	7G
	Western Union Money Order		3.51	7G
	(Cash Returned $30.00)	($ 66.13)		
4-20	Alpine Woodworking Company			
	Labor making 5 Core Boxes		22.50	3G
4-30	Rental to R. N. Pulliam			
	Diamond Core Drill w/accessories			
	4-15 to 4-30		50.00	4B-7
4-30	R. N. Pulliam - Reimbursement for			
	Company travel & communications			
	Month of April		61.91	7G
4-30	Magnolia Petroleum Co.		48.14	3L
4-30	Joy Mfg. Co. Inv. 78590			
	Drill parts & supplies		66.83	3B
4-30	Alpine Butane Co.		46.10	3L
	Nipples	($ 46.60)	.50	3B

Form MF-104
Docket DMA-2202X
Contract Idn-5468

Amerimex Mining Company
Alpine, Texas
Month of April

DISBURSEMENTS BY CHECK - Receipts Attached

1953		Amount	Contract Account
4-30	Texas Employers' Insurance Association	$ 534.05	7D
	Total Check Disbursements	$3,355.28	
TOTAL PETTY CASH DISBURSEMENTS		100.95	
TOTAL PAYROLL and TAXES		6,207.50	
	TOTAL DISBURSEMENTS	$9,663.73	

Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas

EQUIPMENT INVENTORY as of May 1, 1953

Purchased:

1	Double Drum Hoist 5 HP, 220/440 Volt, 3-phase, 60 cycle, Shop #25015 Joy S-211. Electric Motor Fairbanks-Morse #H89947. Amsco Scraper, Model V26A #89301F	$1,325.90
	Slusher Loading Ramp	113.65
2	JAL-48 Jack Legs equipped with attachments for L-57 Drills (X-1419-DG) Shop #30892 & # 30893	380.00
1	3x2x4 Duplex Pump (FBM Shop No. 768602)	190.00
3	Aluminum Tanks, each 1,222 gal. cap.	312.51
1	Used Army surplus wing tank	12.50
1	Used Butane 4-burner kitchen stove with oven	80.00
1	New 52 Ford 1/2-ton cap. pickup Motor #FIR2DL21327 & accessories complete with lic. $16.80	1,960.37
1	New 53 GMC 2-ton cap. truck Motor #A248176097 complete with lic. $91.00	3,116.00
1	New Gould Centrifugal Pump Fig. 3670 & gasoline engine complete with 15' suction hose	170.95
1	Used Skilsaw #107	138.75
1	New Black & Decker HD Valve Reseater complete with attachments	120.00
1	Servel Refrigerator & frozen food storage BR1118	425.00
1	Lincoln S-7072, 180 Amp Arc-Welder #A-277866 complete with gasoline motor & accessories	481.95
1	Servel Refrigerator 11-cu. ft., 2-door	225.00

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Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of April, 1953

EQUIPMENT INVENTORY as of May 1, 1953

Rented:

1 large portable Joy Air Compressor WK-80 315 c.f.m. cap. Caterpillar D-318 engine #50019 rented from R. N. Pulliam @ $470.00 mo. new.

1 Willys Jeep, Motor #J83920 used, rented from R. N. Pulliam @ $30.00 mo.

1 International 30 HP gasoline-powered engine, single-drum hoist welded on skids and bolted down temporarily on old concrete foundation, rented used from R. N. Pulliam @ $125.00 mo. Eng. #274183

1 Air Tugger, Sullivan F113, Ser. #1469, rented used from R. N. Pulliam @ $35.00 mo.

1 C. P. Jackhammer, 42-W #3039, rented used from R. N. Pulliam @ $40.00 per mo.

1 Sullivan L-57 Jackhammer #101471, rented used from R. N. Pulliam @ $40.00 per mo.

1 Sullivan L-57 Jackhammer # 101460 " " " "
@ $40.00 per mo.

Form
Docket DMA-2202X
Contract Idm-E468

Meadows Mining Company
Alpine, Texas
Month of April, 1953

OPERATOR'S MONTHLY NARRATIVE REPORT

General Operating Conditions

Underground work was limited to drifting in Projects 1, 6L and 6R and to crosscutting in Project 3. A diamond drill hole was completed to 150 feet in Project 7 and another was drilling at 56 feet in Project 8 as the month ended.

Throughout the month of March and until April 18, it had been possible to carry on drilling in three faces simultaneously, thus making for reduced apportionable overhead. On April 18, Eulalio Rodriguez, a driller, resigned to return to his former employment at Big Bend National Park. A driller of comparable skill has not been found to replace him. His loss has doubtlessly resulted in some reduction in footage of progress.

Since the beginning of work under the Contract, it has been a policy to utilize the time of each employee so that in event his designated task does not require his full time, his efforts may be applied to rehabilitation of mine, camp and equipment and to installation of new or rented equipment. This has made possible gradual progress without spectacular results or excessive cost. Due to the necessary versatility of each employee in a small isolated operation such as ours, it is exceedingly difficult to maintain even an approximate record of time distribution; however, for items of expense not provided for under the Contract, careful differentiation is made and the cost is borne exclusively by the Company.

Until March 20, 1953, the operation was not permitted the use of existing mine buildings - the furnace, ore bins and other appurtenances - which, with the surface of the land, are owned as a separate undivided estate apart from the mine and minerals. On March 20, the Company acquired the right to use the previously mentioned buildings and appurtenances by the terms of a lease paid solely by the Company. These buildings and appurtenances have undergone only minor repairs without cost for materials or outside services.

Cleaning up and repairs to the furnace, furnace house and ore bins have not required a great deal of effort and have been done exclusively at Company expense. All needed materials and supplies for this purpose were acquired by the Company from the furnace owners.

Rehabilitation of the mine has also progressed slowly, but constant surveillance on the part of all personnel with respect to maintenance of high safety standards has resulted in gradual improvement of all working places underground. Routine barring-down of potentially dangerous ground and replacement of bad or weakened timbers,

ties, rail and pipe; and replacement of broken or leaky valves occupies any time not immediately demanded of personnel for routine job assignment. Loose muck is removed to the surface, and any caved exploratory heading is mucked clear to provide access and to prevent accumulation of powder fumes.

Telephones have been installed at the stations at No. 1 and No. 2 Shafts respectively on the 65 and 100-foot Levels. These provide prompt and efficient communication to the engine house and shop. The telephones are required by Texas Employers' Insurance Association as a safety measure and greatly improve operating efficiency.

Rehabilitation of equipment has included the installation of the diesel-electric power plant and standby unit at the engine house, to which an air line has been laid to the mine preparatory to installation of the compressor in the engine house-work shop. A large air receiver is to be tied into the air line at Shaft No. 1 collar.

Electric lines are being strung to the underground workings where the slusher-scraper is to be used, to Shaft No. 2 where the electric hoist is to be installed and to other needed service points.

The small Kohler Electric Plant at the mine camp has been cleaned and repaired, and lines have been checked. This unit now provides electric lights for the camp community.

Construction of the new building, provided for by the Contract, has not been undertaken beyond the preliminary leveling of the proposed building site and the purchase of the needed cement and steel pipe to be used in its construction. The cement is carefully stored at the mine, and the pipe to be used for wall studs and roof trusses is maintained in inventory.

Bulldozer work done during the month of February includes 10 hours bulldozing the road from mine camp to the spring from which water is obtained. This distance of about 2 miles was impassable until it was bulldozed, and a distance of about 30 feet was bulldozed to bedrock in the stream bed to provide a sump to accumulate the spring flow.

The bulldozer was employed for 5 hours to cut a trench southwest of a sink east of Shaft No. 1. This trench, 80 feet long running N 62° W, is 8 feet wide and will average about 4 feet in depth. It was cut on the contact zone between the Boquillos remnant of the sink fill and the Del Rio forming the periphery. No indications of mercury were found. It is obvious that the horizon is too high and that the seal of the Boquillos and Del Rio has been effective.

Project No. 1 Previous total 96' Present 131' Advance 35'

This drift, started N 60° W at the western extremity of the orebody which has been mined, began a few feet below a mineable ore occurence which seemed to follow a slumped area similar to those along which ore has occurred throughout the mine.

After about 65 feet of drifting had been done in Georgetown limestone showing occasional colors of mineralization in small seams or caverns, a comparatively large area of caves was encountered. The cave lining showed good mercury mineralization but would not persist in any degree of concentration; so the drift was carried on in the belief that the caves indicated a nearness to the top of the Georgetown, the horizon where ore is most likely to be.

At 109 feet, the drift entered Del Rio Clay, which began on a contact striking N 89° E with a dip of 65° NW. This clay showed slight Hgs on panning but became less mineralized and showed no alteration as the work progressed beyond the contact.

It is obvious that the favorable horizon, the Del Rio-Georgetown contact lies above that part of the drift which is in limestone, and it seems that the comparatively steep dip of the Del Rio-Georgetown contact may mark the edge of a down-drop block where the Del Rio-Georgetown may be considerably deeper.

Unless raising along the most favorable mineralized cavern will produce mercury indications, it may be advisable to defer further work in this area.

Project No. 3 Previous total 136' 6" Present 192' 6" Advance 56'

This drift, which had reached a distance of 136' 6", was not extended during April.

A crosscut designated as 3A was begun 53' from the starting point of the drift and was driven N 14° E a distance of 16' in altered Georgetown showing strong mercury indications.

A crosscut designated as 3B was started 110' from the starting point of the drift and was driven N 38° E a distance of 40 feet. This crosscut began in fractured limestone, which became more fractured with breccia and clay showing Hgs filling the fractures until the clay predominates at 32 feet where crosscut terminates at 40 feet in solid limestone marked by a vertical east-west wall of limestone at 32 feet.

It appears that the area north of the work so far completed in Project No. 3 may contain an orebody of importance.

Project No. 6 Previous Total 124' 6" Present 196' 6" Advance 72'

No. 6R was driven along the sink fill-Georgetown perimeter an additional distance of 36 feet with slight erratic occurences of mercury indications in the compact contact zone.

No. 6L was continued along the sink contact for an additional distance of 36 feet where there were also erratic occurences of mercury mineralization.

In both of these drifts, there is considerable mineralization and alteration at several places along the exceedingly irregular sink wall where it might be possible to follow downward a strong mineralized lead, but the area is poorly ventilated by Churn Drill Hole No. 6 and is exceedingly hot. This could be overcome to great extent by forced ventilation, but there is also the question of depth at which the loose porous zone of Georgetown fragments should exist beneath the Del Rio clay seal.

Therefore, it has been determined to request DMEA approval of the drilling of several down holes to ascertain structure and, if possible, to find ore.

Mr. A. R. Fletcher, Consulting Geologist and Mining Engineer, who has just completed a study of the property and whose report will be submitted subsequently along with our formal request for various amendments to our Contract, expresses the belief that a minimum of three holes totalling approximately 500 feet should be drilled approximately - 30°, - 45° and - 60° from a station cut adjacent to the sink contact. We respectfully request authority to begin immediately this phase of Project No. 6.

Project No. 7 DD Hole No. 1 N 25° W plus 3° 150'

From	To	Core Recovery	Description
1	12	11 ft.	White marbelized vuggy lime
12	16	4	White lime showing Fe stain
16	18	2	Fe stained fracture
18	21	3	White Georgetown lime
21	28	7	" " "
28	46	18	Recemented iron stained Georgetown breccia
46	78	24	Vuggy porous white to yellow Georgetown
78	150	52	Hard dense light gray limestone showing slight vuggy quality.

This diamond drill hole failed to cut the fault toward which it was directed. From the appearance of the core, the horizon cut is far below the favorable zone at the Del Rio-Georgetown contact.

It is believed that the best approach to the mineralized fault may be from the surface on the east side and at the base of the Buda capped hill on which the fault produces commercial grade ore in the Buda.

Project No. 8 DD Hole No. 1, S 33° E plus 15°, 58'

This hole, started to cut a project fault forming a part of the south perimeter structure of the small valley where the Fresno Mine is located, was directed upward to cut the Del Rio-Georgetown contact in the vicinity of the fault.

At the time of this report, the hole had cut 48 feet of vuggy altered limestone before entering black shale, in which it continued for 8 feet.

It is believed that no further drilling should be done on the present diamond drill hole No. 1 because it has passed the horizon and entered nonproductive black shale. It is believed that a new hole should be started at about plus 3° to cut the horizon at the fault zone.

The Map

To aid in better understanding, the previously described work has been extended on the map, copies of which are attached herewith.

Respectfully submitted,

R. N. Pulliam
General Superintendent

JUN 1 6 1953

Mr. W. F. Williams
Executive Officer
DMEA Field Team, Region VI
221 West 3rd Street
Joplin, Missouri

Re:
Idm-E468, DMEA-2202
Amerimex 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

AMAlley/ama
June 15, 1953

Copy to: Admr. Reading File
Mails and Files
Mr. Chambers

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

MAY 13 1953

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of March, 1953 Docket No. DMEA 2202X Contract No. Idm-E468
Operator's Name Amerimex Mining Company Minerals Mercury
Address P. O. Box 626, Alpine, Texas
Contract Amount, $ 80,000.00 Government Participation: 75 % Amount, $ 60,000.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor	3620.97	5,456.40	9,077.37	3,570.95		9,027.95
Supervision	1667.50	2,483.07	4,150.57			
Technical Services	75.81	8.70	84.51			
(3) Operating Mat'ls. and Supplies:						
Timber Hoses, bits	388.53	464.80	853.33			
Explosives	538.55	971.08	1,509.63			
~~Pipe~~ Elec Fixts	-	.22	.22			
Track & Pipe	74.24	1,121.89	1,196.13		1,070.38	1,144.62
Kitchen Utensils	37.67	222.37	260.04			
Fuel, etc.	194.74	763.59	958.33			
Small Tools, Etc.	135.62	1,161.15	1,296.77		1,150.79	1,285.81
(4) Operating Equipment: Diam D	570.12	-	570.12			
Rental	740.00	1,264.58	2,004.58			
Purchase	555.08	5,315.66	5,870.74		5,315.47	5,870.35
Depreciation						
(5) Initial Rehabilitation and Repairs	2.56	24.38	26.94			
(6) New Bldgs., Improvements, etc.	252.95	531.20	784.15			
(7) Miscellaneous:						
Repairs to Equipment	1.50	1.05	2.55			
Sampling and Analysis						
Payroll Taxes	79.47	120.30	199.77			
1 Yr Liability Insurance (Pub		500.25	500.25			
1 Trucks		175.96	175.96			
Workmens Comp.	459.00	1,142.55	1,601.55			
(8) Contingencies (specify):						
Freight	86.45	390.00	476.45	28.35		478.45
Travel & Comm	127.03	214.54	341.57	113.24 2.85		330.43
Acctg.	108.45	203.15	311.60			
TOTALS	9718.24 9,657.08	22,709.78	32,428.02	9,657.08	22,447.19	32,304.25

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

Date 4-14-53 *Payee Amerimex Mining Company

Per P. N. Pullin Title President

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

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

(Instructions on reverse)

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

$ 7,242.81

Signature
(Authorized Certifying Officer)

Date 5-6-53 Vou. No. DMEA 6-61.

(See other side)

See Jonas letter 5-6-53

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idaho-468 in accordance with the terms of the contract.

Signature Edwin T. Gerhaise Title Mining Engineer Date April 28, 1953

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Clinton C. Kuoy Title Mining Engineer Date April 28, 1953

Acting for L. J. McElwaney, Acting Executive Officer, Field Team, Region III

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

U. S. GOVERNMENT PRINTING OFFICE 205675

Form MF-104A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Bureau of Mines
APR 17 1953
RECEIVED
MAY 13 1953

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of March 1953 Docket No. DMEA 2202X Contract No. Idm-2468
Operator's Name Amerimex Mining Company Minerals Mercury
Address P. O. Box 626, Alpine, Texas

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting	Ft	~~8887.36~~ ccK 7626.20	191	~~20,010.11~~ 19,886.34	355 c.c.K.	~~66.37~~ 56.01 ccK	1160	Not Stated
Crosscutting			None					
Raising			"					
Shafts			"				288	" "
Winzes			"					
Drilling: Core	Ft	606.12	" *	606.12	None	606.12	1500	" "
Churn								
Auger								
Stripping								
Trenching Bulldozer	Hrs.	None	"	62.50	5	12.50	56	12.50
Test Pits	"	"	"					
Roads and Trails "	"	"	"	125.00	10	12.50	10	12.50
Bulldozer for new bldg. incl below							6	✓
TOTAL DISTRIBUTED COSTS		~~8293.48~~ 8,232.32 ccK	191 ccK	~~20,803.73~~ 20,679.96	ccK.			TOTAL COSTS AUTHORIZED BY CONTRACT 62,670.00
Operating Equipment Purchased		555.08	1	5,870.70				10,700.00
Initial Rehabilitation and Repairs		91.90		1,806.42				1,095.00
New Buildings, Improvements, etc.		318.78		1,669.41				2,600.00
Workmens Comp. Trk. Ins & Liab.		459.00		2,277.76				2,935.00
TOTAL COSTS		~~9718.24~~ 9,657.08 ccK.	191	~~32,428.02~~ 32,304.25	ccK.			80,000.00

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

Date 4-14-53 Operator Amerimex Mining Co.

Per R. N. Pulliam Title President

R. N. Pulliam

REMARKS: * Preparatory work has been done to begin actual drilling as soon as a competent driller can be employed. Cost shown includes initial inventory of diamond bits, reaming shells & accessories. Pipe lines have been laid to drill site at Proj. 47, & sump has been blasted out at station.

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

Preparation of Form MF–104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF–104A has been designed to tie in with Form MF–104 for both monthly and cumulative costs. The "Total Costs" on Form MF–104A for each month should equal the monthly "Total Costs" as reported on Form MF–104. This is also true of the "Total Costs To Date".

In preparing Form MF–104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

U. S. GOVERNMENT PRINTING OFFICE 205676

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.
~~XXXXXXXXXXXXXX~~
Joplin, Missouri
May 11, 1953

Mr. Ray C. Jonas
U. S. Bureau of Mines
814 Barfield Bldg.
Amarillo, Texas

Re: Docket No. DMEA-2202X-Mercury
Contract No. Idm-E468
Amerimex Mining Co.
March Report

Dear Ray:

We appreciate the very logical suggestions and advice given in your May 6th letter which also notified us that the subject report had been certified for the Government's payment.

The Operator has been urged to prepare his future cost reports in accordance with your suggestions. A copy of our letter to him is attached herewith.

We also have been of the opinion that a careful audit soon should be made of this project and are glad to learn that you concur. Since the time limitation on the contract expires June 18, unless an amendment is granted upon a justifiable request beforehand, perhaps arrangements should be made for an auditor and one of us representing the Field Team to arrive at the project on that day. We could come through Amarillo to prepare a detailed inventory of all the equipment, materials, and supplies that have been purchased, as shown on all the invocies attached to the original Monthly Reports in your files. We then easily could check off the materials and supplies that have been exhausted on the project and thus have every piece of the remaining equipment, tools, supplies, and materials put up for sale, including those in the stock-room, in buildings or shops on the property, or that can be salvaged from the mine, provided that the contract is terminated on that date. Judging from the purchasing that has been done, I expect that would be quite a sale.

I understand that we will receive a request for an extension of the project this month, however, we do not know yet what the policy will be then for continuing DMEA explorations for minerals considered non-strategic.

Any further suggestions you can make will be appreciated.

Yours very truly,

Clinton C. Knox
Mining Engineer

:jd
cc - Operating Committee

GEO. L. DICKINSON
GEO. G. DICKINSON
ROBERT L. DICKINSON

DICKINSON LABORATORIES

ASSAYERS — CHEMISTS — METALLURGISTS
UMPIRES
WATER ANALYSIS

April 13, 1953

1300 WEST MAIN ST. EL PASO, TEXAS

Lab. No. 1352

CERTIFICATE OF ANALYSIS

TO Amerimex Mining Company

P. O. Box 626 Alpine, Texas

Sample of Ore Received April 10, 1953

Marked Assay for Hg

Sample No.	Project No.	Percent Hg
1	1	0.125
1	3	0.230
2	3	0.190
3	3	0.285
3 B	3	0.035
A	3	0.960
6R1		0.225
6L1		0.085

Charges: $24.00
Postage on 1.00
Samples
$25.00

Respectfully submitted,
DICKINSON LABORATORIES

Chemist

DICKINSON LABORATORIES

ASSAYERS — CHEMISTS — METALLURGISTS

ASPIRES

WATER ANALYSIS

1500 WEST MAIN ST. EL PASO, TEXAS

Lab. No.

CERTIFICATE OF ANALYSIS

Received

Respectfully submitted,

DICKINSON LABORATORIES

Form MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of March, 1953

PAYROLL - Net Amounts after Taxes

1953	LABOR	Net Amounts Paid		Contract Account
3-15	Miners:			
	Guillermo De La Rosa	$ 71.34		
	Amado Granado	96.18		
	Benjamin Macias, Sr.	99.32		
	Eulalio Rodriguez	99.68		
	Tomas M. White	91.02	$ 457.54	2A-3
	Hoistman			
	Vicente Molinar		90.62	2A-4
	Muckers, Helpers & Trammers			
	Manuel C. Garcia	92.20		
	Reynaldo Garcia	81.56		
	Paz Gonzales	81.56		
	Pilar Llanez	81.56		
	Salamon Longorio	88.21		
	Timoteo Lopez	76.24		
	Salamon Macias	70.56		
	Edward Molinar	81.56		
	Juan Rios	81.56	735.01	2A-5
	Cook			
	Carlos Loya		118.20	2A-6
	Truck Drivers			
	Manuel Granado	87.04		
	Manuel Moreno	99.69	186.73	2A-7
	Total Labor		$1,588.10	
	SUPERVISION			
	Superintendent			
	R. N. Pulliam	$ 295.50		2B-1
	General Foreman			
	Jess R. Cornelison	146.50		2B-2
	Master Mechanic			
	Carl E. Thain	201.73		2B-3
	Timekeeper-Stock Clerk			
	Bernard J. Socha	124.54		2B-4
	Total Supervision		$ 768.27	
	Total Payroll		$2,356.37	

Form MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of March, 1953

PAYROLL - Net Amounts after Taxes

1953	LABOR	Net Amounts Paid		Contract Account
3-28	Miners			
	Guillermo De La Rosa	$ 98.85		
	Amado Granado	96.18		
	Benjamin Macias, Sr.	110.83		
	Eulalio Rodriguez	112.68		
	Tomas M. White	34.77	$ 453.31	2A-3
	Hoistman			
	Vicente Molinar	114.26		
	Isabel Vega	39.40	153.66	2A-4
	Muckers, Helpers & Trammers			
	Juan Chavez	81.95		
	Manuel Garcia	92.20		
	Reynaldo Garcia	92.20		
	Paz Gonzales	102.83		
	Jose Guitierrez	72.50		
	Pilar Llanez	67.37		
	Salamon Longorio	92.19		
	Timoteo Lopez	83.10		
	Salamon Macias	70.06		
	Edward Molinar, Sr.	81.55		
	Edward Molinar, Jr.	63.00		
	Tomas N. Rodriguez	81.95	980.90	2A-5
	Cook			
	Carlos Loya		91.20	2A-6
	Truck Drivers			
	Manuel Granado	88.11		
	Manuel Moreno	66.20	154.31	2A-7
	Total Labor		$1,833.38	
	SUPERVISION			
	Superintendent			
	R. N. Pulliam	$ 295.50		2B-1
	General Foreman			
	Jess R. Cornelison	148.68		2B-2
	Master Mechanic			
	Carl E. Thain	201.73		2B-3
	Timekeeper & Stock Clerk			
	Bernard J. Socha	109.03		2B-4
	Total Supervision		$ 754.94	
	Total Payroll		$2,588.32	

Form MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of March, 1953

PAYROLL - Recapitulation

LABOR	3-15-53	$1,588.10		
	3-28-53	1,833.38	$3,421.48	
SUPERVISION	3-15-53	768.27		
	3-28-53	754.94	1,523.21	
Total of Net Amounts after Taxes			$4,944.69	
3-31	Director of Internal Revenue Social Security & Withholding Taxes		423.25	
	Social Security Tax paid by Company	79.47		7E
TOTAL PAYROLL and TAXES			$5,367.94	

Form MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of March

DISBURSEMENTS - Petty Cash - Receipts Attached

1953		Amount	Contract Account
3- 1	T. A. Beard - white gasoline (lamps)	$ 1.10	3L
4	Shoppers' Guide - Envelopes	.80	7G
	Dater Stamp	.68	7G
	1000 Legal Size Forms (mimeographed)	14.25	7H
4	R. M. Metcalfe - 1 Magnifier	3.75	2C
	1 Brunton Compass with case	47.70	2C
	1 Compass Bracket	8.40	2C
4	R. M. Metcalfe - Drawing pens and accessories	4.15	2C
4	R. M. Metcalfe - 2 Scotch Tape	.78	2C
5	Joe N. Clements - 1 3-line stamp	1.20	7H
5	Car Parts Depot - 1 Bonney 7/8 6-side socket	1.20	3D
6	Chicago Pneumatic Tool Co. Inv. 283-2235 Hose Ends	10.80	3B
10	Webb Publishing Co. - Envelopes	.20	7G
18	T. A. Beard - White gasoline	1.40	3L
24	Alling Blue Pring Co. 4 Ozalids (map copies)	7.28	2C
24	Alling Blue Print Co. 1 Contour Pen	3.75	2C
24	Electric Equipment & Engine Co. Repair parts Kohler Light Plant	9.84	3D
28	Alamo Motor Lines - Freight on crate Steel Signs	3.45	7C
30	Border Machinery Co. Anchor Shackles	4.66	3D
	Total Petty Cash Disbursements	$ 125.39	

Form MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of March

DISBURSEMENTS BY CHECK - Receipts Attached

1953			Amount	Contract Account
3- 4	Joy Mfg. Co. Inv. EP-9451			
	Diamond Drilling Supplies			
	EX Bevel Wall Truco Bit)		$ 89.28	3H
	Blank & Setting Charge)		7.50	3H
	EX Double Tube Reaming Shell)		35.46	3I
	Blank & Setting Charge)		17.45	3I
	AX Double Tube Reaming Shell)		46.80	3I
	Blank & Setting Charge)		19.30	3I
	AX Core Bit)		99.00	3H
	Blank & Setting Charge)		9.00	3H
	EX Casing Shoe)		66.33	3H
	Blank & Setting Charge)	($400.62)	10.50	3H
3- 5	Francis Wagner Co. Inv. 53-1000			
	Timkin "H" Bits, Rubber Gaskets,			
	Air Hose, Water Hose & Ends		264.17	3B
3-15	Motor Inn Machine Shop Inv. 3481			
	Stove for Heating Hoist House		32.50	3K
3-10	R. N. Pulliam - Rental of Equipment			
	Invoice Attached			
	Air Compressor		470.00	4B-2
	Air Tugger		35.00	4B-6
	Jeep		30.00	4B-8
	2 Jackhammers @ $40.00 ea.		80.00	4B-10
	Gasoline Hoist	($740.00)	125.00	4B-5
3-19	Harris S. Smith - Servel Refrigerator			
	11-cu. ft., 2-door		225.00	4C-14
3-19	Harris S. Smith			
	18 Sacks Lime)			
	13 " Cement) 31 @ 1.25		38.75	6
3-20	Chas. R. Ross - Hauling Power Plant			
	to Mine (including accessories)		85.00	7C
3-21	Big Three Welding Equipment Co.			
	Note No. 2 Carrying Chg. 1.61	(@ 33.73)	32.12	4C-15
3-21	First National Bank, Alpine			
	GMC Truck Int. 10.57 Prin. Note 2		117.56	4C-8
	Ford PU Int. 6.54 Prin. " 2		72.60	4C-9
		($207.27)		

Form MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of March

DISBURSEMENTS BY CHECK - Receipts Attached

1953			Amount	Contract Account
3-30	Francis Wagner Co. Inv. 53-1455 Hose Ends, Nipples, etc.		$ 24.00	3B
3-30	Border Machinery Co. Inv. 00125 Drill Steel		57.00	3B
3-30	Jess R. Cornelison - Travel Expense from Joplin, Mo.		30.00	7G
3-31	Magnolia Petroleum Co. Container Deposit $5.00	($148.87)	143.87	3L
3-31	El Paso Welding Supply Oxygen & Carbide & Rental of Cylinders		25.66	3D
3-31	Mine & Smelter Supply Co. Inv 303611 Safety Signs for mine & property		31.80	3D
	Inv. 304006 #2 Respirators	($ 57.52)	25.72	3D
3-31	Brewster County Motors Fuel		48.37	3L
	Powder & other blasting supplies		538.55	3A
	Repairs etc.	($588.42)	1.50	7A
3-31	Alpine Lumber Co. Turpentine		2.56	5
	Pipe & Fittings		74.24	3C
	Cement		214.20	6A
	Tools & Supplies		22.77	3D
	Kitchen Equipment	($318.94)	5.17	3K
3-13	Chicago Pneumatic Tool Co. Inv. 283-2234 Drilling Supplies		18.70	3B
3-31	Joy Mfg. Co. Inv. 72205 Drilling Supplies		13.86	3B
3-31	Joy Mfg. Co. Inv. 83354-N Diamond Drilling Accessories		169.50	3G
3-31	R. N. Pulliam - Reimbursement for Company travel & communications Month of March		95.35	7G

Form MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of March

DISBURSEMENTS BY CHECK - Receipts Attached

1953			Amount	Contract Account
3-31	Jim Skinner, Brewster County Tax Collector			
	License - Ford Pickup		$ 16.80	4C-9
	" GMC Truck	($107.80)	91.00	4C-8
3-31	Car Parts Depot			
	Small Tools & Supplies		13.97	3D
3-31	L. M. Pulliam - Accounting Service		93.00	7H
3-31	Texas Employers' Insurance Association		459.00	7D
	Total Check Disbursements		$ 4,224.91	

TOTAL PETTY CASH DISBURSEMENTS	125.39
TOTAL PAYROLL and TAXES	5,367.94
TOTAL DISBURSEMENTS	$ 9,718.24

Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas

EQUIPMENT INVENTORY as of April 1, 1953

Purchased:

1	Double Drum Hoist 5 HP, 220/440 Volt, 3-phase, 60 cycle, Shop #25015 Joy S 211. Electric Motor Fairbanks-Morse # H89947. Amsco Scraper, Model V26A #89301F	$1,325.90
	Slusher Loading Ramp	113.65
2	JAL-48 Jack Legs equipped with attachments for L57 Drills (X-1419-DG) Shop #30892 & #30893	390.00
1	3x2x4 Duplex Pump (FBM Shop No. 768602)	190.00
3	Aluminum Tanks, each 1,222 gal. cap.	312.51
1	Used Army surplus wing tank	12.50
1	Used Butane 4-burner kitchen stove with oven	80.00
1	New 52 Ford 1/2-ton cap. pickup Motor #FIR2DL21327 & accessories complete with ~~$XXXXX~~ lic. $16.80	16.80) 1,960.37)
1	New 53 GMC 2-ton cap. truck Motor #A248176097 complete	3,116.00)
	Lic	91.00)
1	New Gould Centrifugal Pump Fig. 3670 & gasoline engine complete with 15' suction hose	170.95
1	Used Skilsaw # 107	138.75
1	New Black & Decker HD Valve Reseater complete with attachments	120.00
1	Servel Refrigerator & frozen food storage BR1118	425.00
1	Lincoln S-7072, 180 Amp Arc-Welder #A-277866 complete with gasoline motor & accessories	481.95
1	Servel Refrigerator 11-cu. ft., 2-door	225.00

Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of March, 1953

EQUIPMENT INVENTORY as of April 1, 1953

Rented:

1 large portable Joy Air Compressor WK-80 315 c.f.m. cap. Caterpillar D-318 engine #50019 rented from R. N. Pulliam @ $470.00 mo. new.

1 Willys Jeep, Motor #J83920 used, rented from R. N. Pulliam @ $30.00 mo.

1 International 30 HP gasoline-powered engine, single-drum hoist welded on skids and bolted down temporarily on old concrete foundation, rented used from R. N. Pulliam @ $125.00 mo. Eng. #274183

1 Air Tugger, Sullivan F113, Ser. #1469, rented used from R. N. Pulliam @ $35.00 mo.

1 C. P. Jackhammer, 42-W #3039, rented used from R. N. Pulliam @ $40.00 per mo.

1 Sullivan L-57 Jackhammer #101471, rented used from R. N. Pulliam @ $40.00 per mo.

Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of March, 1953

OPERATOR'S MONTHLY NARRATIVE REPORT

General Operating Conditions

Mr. A. R. Fletcher of El Paso, who has been retained to make a geological examination of the Fresno Mine property, has been unavoidably delayed in Mexico but expects to begin his examination about May 1, 1953. It is believed that Mr. Fletcher's lengthy successful experience in Mexico and the Terlingua District will enable him to be of material assistance.

Serious delay has been encountered in locating and employing a competent diamond driller. A driller has now been employed and will report for work about April 15.

Otherwise, operating conditions have been satisfactory. Mine personnel and equipment have functioned efficiently.

Project No. 1 - Advance 4 feet

This drift had been driven a total distance of 92 lineal feet at the time of the previous monthly report, and only 4 feet of additional work was done during March.

Slight mercury mineralization occurs in small clay-filled fractures and in calcite cave filling in the face and intermittently for a distance of about 30 feet from the face along the North wall of the drift.

Sample No. 1, Project No. 1, on the attached Assay Report dated April 10, 1953, was taken 65 feet from the beginning of the drift by channel cut from floor to back in North wall of drift as previously described in the February Narrative Report.

Project No. 3 - Advance 64 ft. 6 in.

This drift measured 136 ft. 6 in. as of the end of March; and although the limestone in which the drift is driven had begun to show a good tail on panning with somewhat better occurence in the small clay-filled fractures, it seemed obvious that the drift had missed Churn Drill Hole No. 8, which was the objective. Therefore, a complete re-survey of both the surface and underground workings was made to establish definitely the relationship of underground workings and surface landmarks. This re-survey shows Churn Drill Hole No. 8 to be approximately 20 feet farther to the north than existing maps indicate. This is further borne out by the appearance of the underground

workings which appear to be trending south of some kind of major structure from which small veinlets and joint planes filled with mineralized clay seem to emanate toward the south.

Samples Nos A, 1, 2 and 3, Project No. 3, were described in detail in our February Report and are identified on the attached Assay Report. Sample No. 3B was cut by channel about 4 inches wide, 5 feet horizontally, across the face about 3½ feet from floor at a point 134 feet from the place where present work was started. All samples are indicated on the copy of map of mine working inclosed.

Project No. 6 - Advance: Total 124 ft. 6 in.

No. 6 Right - Advance 54 ft. 6 in.
No. 6 Left - Advance 68 ft.

Work was begun on this project as of March 1 and drifting has progressed both to the right and to the left from the place where previous mine workings had cut into the fill of a sink, or collapsed area, obviously caused by a solutions cavern.

Some disseminated cinnabar was noted in the face originally, and frequent erratic occurences of strong to weak mercury mineralization have persisted in the altered material around the periphery of the sink thus far explored.

At a point 40 feet from the start of project 6R, strong mercury mineralization was encountered in altered clay and granular recemented calcite. The occurence was erratic and seemed confined to a limited area caused by a vent in the limestone wall of the collapsed area or sink.

At the level of the present workings, the sink filling is a hard, dense, slabby black shale believed to be bitumen-impregnated Boquillos, and the wallrock of the sink is doubtlessly either Georgetown or Edwards Limestone. Neither of these formations seem to be amenable to mercury mineralization comparable to the Georgetown-Del Rio Clay contact. The periphery of the sink may be productive where the dip of the limestone wall may be sufficient to create an overhang or canopy effect. It is also probable that where there is mineralization so consistently around the perimeter, the fill of the sink at the horizons of the Georgetown-Del Rio and the Buda-Boquillos may be productive. Such a sink was very productive at the Chisos Mine of Terlingua.

Sample No. 6R1 was cut 45 feet from the place of beginning Drift 6R, 3½ feet above the floor, 5 feet across the face, by channel 4 inches wide, in altered limestone showing good mercury mineralization on visual examination.

Sample No. 6L1 was cut 58 feet from the place of beginning Drift 6L, 3½ feet above floor, 5 feet across face, by channel 4 inches wide in altered clay and shale showing no visual evidence of mercury.

Both of these samples are reported on the Assay Report dated April 13 attached hereto, and both are indicated on the maps inclosed herewith.

Respectfully submitted,

R. N. Pulliam
General Superintendent

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.
Joplin, Missouri
April 20, 1953

[redacted]

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
APR 23 1953

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

Re: Docket No. DMEA-2202X
Mercury
Contract No. Idm- E468
Amerimex Mining Co.
Presidio County, Texas

Dear Mr. Pulliam:

The documentary evidence supporting your March report and voucher on the subject project contract is returned herewith because I believe you will want to adjust and certify some of the invoices which were received by this office on April 17. Perhaps since Bill Williams has arrived there to inspect your project, he already has discussed them with you.

Among the payroll slips, all in pencil, the first for DeLaRosa, I believe, was intended to be 80 hours at 90¢ plus 8 hours at $1.10 plus 8 hours overtime at 55¢. The first time slip for Macias, Sr. apparently was intended to be for 88 hours at $1.12½ per hour plus 8 hours overtime rate at 56¼¢ per hour. His time slip for the last half of the month apparently should have been likewise. I also note that $11.50 tax was withheld in the first half, but because of seven dependants reported, none was withheld in the last half, which is probably in accordance with his wishes. Also in the last half Moreno apparently worked only 32 hours at $1.10 per hour, but you have added an unspecified "32 hours previous at $1.00" despite the fact that his time slip for the previous half of the month indicated that he had worked 88 hours or practically full time.

There is some doubt in my mind that ~~any~~ penciled documentary evidence is generally acceptable by auditors in such cases unless they are certified as being true by a responsible person, however, I don't claim to know anything about the auditing business. Therefore, I suggest that the following invoices among those you submitted, be certified as true copies by you:

March 5, 1953	-	Car Parts Depot	$1.20
" 10, "	-	Webb Publishing	.20
" 18, "	-	Beard	1.40
" 24, "	-	Alling Blue Print	3.75
" 30, "	-	Border Machine	4.66
" 30, "	-	Jess Cornelison	30.00

I notice several items to which Article 6c of your contract possibly may be considered applicable, as follows:

March 4, 1953	-	Shoppers Guide, stationery, etc.	$15.73
" 10, "	-	Webb Publishing, envelopes	.20
" 28, "	-	Alamo Motor Lines, freight tax	.10
" 31, "	-	R. N. Pulliam, gasoline for unspecified local use of personal car	11.14
" 31, "	-	R. N. Pulliam, tax on telephone calls	2.85

Responding to your letter of April 15, I believe the costs incurred for truck licenses are permissible under the contract, to be prorated exactly as to the months used on the subject project work when the final statement is made June 18. I believe, furthermore, that your purchase of the used 11 Cu.Ft. Servel refrigerator in lieu of the "refrigerated food cabinet", specified in your contract is permissible since considerable savings has been affected. Therefore, I do not believe it will be necessary to amend your contract.

I am sure that all the above-mentioned items together with the questions in your letter of April 17 received this morning have been discussed and answered by Bill Williams by this time since he has probably spent the past two days inspecting your project. It is unfortunate that his schedule did not permit him to delay arriving until Mr. Fletcher, your Consulting Geologist, will be there about May 1st. Mr. Fletcher's report and recommendations at that time, I am sure, will be just as welcome by this Field Team.

With best personal regards, I remain,

Very truly yours,

Clinton C. Knox
Mining Engineer

CCK:jd
Encs.

cc - Operating Committee
Ray C. Jonas

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

MAR 1953

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

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of February 195 3 Docket No. DMEA 2202X Contract No. Idm-E468

Operator's Name Amerimex Mining Company Minerals Mercury

Address P. O. Box 626, Alpine, Texas

Contract Amount, $ 80,000.00 Government Participation: 75 % Amount, $ 60,000.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:				Audited & approved by Field Engineer Engineer		
Drilling						
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor	3534.40	1,922.00	5,456.40	✓	✓	✓
Supervision	1491.15	991.92	2,483.07	✓	✓	✓
Technical Services	2.45	6.25	8.70	✓	✓	✓
(3) Operating Mat'ls and Supplies: Hoses, Bits	48.16	416.64	464.80	✓	✓	✓
Timber	172.93		172.93	✓	—	✓
Explosives	318.18	652.90	971.08	✓	✓	✓
~~Pipe~~ Elec. Fixt		.22	.22	—	✓	✓
Track & Pipe	1121.63	.26	1,121.89	1,070.13	.26	1,070.39
Kitchen Utensils	1.13	221.24	222.37	✓	✓	✓
Fuel, etc.	331.07	432.52	763.59	✓	✓	✓
Small Tools etc.	843.87	317.28	1,161.15	832.91	317.28	1,150.19
(4) Operating Equipment:						
Rental	1012.50	252.08	1,264.58	✓	✓	✓
Purchase	1891.45	3,424.17	5,315.62	1,891.30	3,424.17	5,315.47
Depreciation						
(5) Initial Rehabilitation and Repairs		24.38	24.38	—	✓	✓
(6) New Bldgs., Improvements, etc.	475.20	56.00	531.20	✓	✓	✓
(7) Miscellaneous:						
Repairs to Equipment	1.05		1.05	✓	—	✓
Sampling and Analysis				—	—	—
Payroll Taxes	75.56	44.74	120.30	✓	✓	✓
1 yr Liability Insurance (Pub		500.25	500.25	—	✓	✓
1 " Trucks	47.00	128.96	175.96	✓	✓	✓
Workmen's Comp.	439.91	702.64	1,142.55	✓	✓	✓
~~(8) Contingencies (specify)~~:						
Freight	200.00	190.00	390.00	✓	✓	✓
Travel & Comm.	126.37	88.17	214.54	✓	✓	✓
Accounting	96.00	107.15	203.15	✓	✓	✓
TOTALS	12230.01	10,479.77	22,709.78	12,167.40	10,479.77	22,647.17

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

Date 3-22-53 *Payee Amerimex Mining Company

Per J. M. Sullivan Title President

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

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

(Instructions on reverse)

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

$ 9,125.55

Signature
(Authorized Certifying Officer)

Date 4-15-53 Vou. No. DMEA-6-60

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Adm-E468 in accordance with the terms of the contract.

Signature Clinton C. Knox Title Mining Engineer Date April 6, 1953

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. P. Williams Title Exec. Off. Date April 6, 1953

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

U. S. GOVERNMENT PRINTING OFFICE 205675

Form MF-104A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of February 1953 Docket No. DMEA 2202X Contract No. Idm-E468

Operator's Name Amerimex Mining Company Minerals Mercury

Address P. O. Box 626, Alpine, Texas

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting	Ft	7949.74	144	12,322.75	164 ~~188~~	76.28 ~~73.38~~ CCK.	1160	Not Stated
Crosscutting			None					
Raising			"					
Shafts			"				288	" "
Winzes			"					
Drilling: Core			"				1500	" "
Churn								
Auger								
Stripping								
Trenching bulldozer	Hrs	62.50	5	62.50	5	12.50	56	12.50
Test Pits								
Roads and Trails bulldozer	"	125.00	10	125.00	10	12.50	10	12.50
Bulldozer excavation for new building (incl. below) C.C.K.							6 CCK.	✓
TOTAL DISTRIBUTED COSTS		8137.24		12,510.25				TOTAL COSTS AUTHORIZED BY CONTRACT.
								62,670.00
Operating Equipment Purchased		1891.45	2	5,315.62				10,700.00
Initial Rehabilitation and Repairs		1019.76		1,714.52				1,095.00
New Buildings, Improvements, etc.		694.65 ✓		1,350.63				2,600.00
Workm.Comp,Trk Ins		486.91		1,818.76				2,935.00
TOTAL COSTS & Liab		12,230.01		22,709.78				80,000.00

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

Date 3-22-53 Operator Amerimex Mining Co.

Per R. N. Pulliam Title President

R. N. Pulliam

REMARKS: Continued accumulation of inventory of tools, equipment & operating supplies makes unit cost high. Weeding out of unsuitable employees & reassignment of duties of others will slow work somewhat until a good crew is developed.

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

Preparation of Form MF–104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF–104A has been designed to tie in with Form MF–104 for both monthly and cumulative costs. The "Total Costs" on Form MF–104A for each month should equal the monthly "Total Costs" as reported on Form MF–104. This is also true of the "Total Costs To Date".

In preparing Form MF–104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

U. S. GOVERNMENT PRINTING OFFICE 205676

Form MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of February, 1953

PAYROLL - Net Amounts after Taxes

1953	LABOR	Net Amounts Paid		Contract Account
2-15	Miners:			
	Amado Granado	$ 87.42		
	Benjamin Macias, Sr.	44.28		
	Alfredo Molinar	82.74		
	Andres Reyes	81.14		
	Avelino Sanchez	82.22		
	Liborio Urquidez, Jr.	36.24		
	Tomas Moreno White	82.74	$ 496.78	2A-3
	Hoistman			
	Vicente Molinar	82.74		
	Isabel Vega	102.04	184.78	2A-4
	Muckers, Helpers & Trammers			
	Guillermo de la Rosa	63.10		
	Manuel C. Garcia	67.77		
	Reynaldo Garcia	66.20		
	Paz Gonzales	66.20		
	Salamon P. Longorio	31.62		
	Jesus Llanez	36.24		
	Pilar Llanez	72.50		
	Timoteo Lopez	72.50		
	Benjamin Macias, Jr.	66.20		
	Salamon Macias	31.62		
	Edwardo Molinar	66.20		
	Jesus Najera	58.00		
	Juan Rios	66.20	764.35	2A-5
	Cook			
	Manuel Espinosa		118.20	2A-6
	Truck Driver			
	Manuel Granado		77.22	2A-7
	Total Labor		1,641.33	
	SUPERVISION			
	Superintendent			
	R. N. Pulliam	289.50 c.c.k. ~~295.50~~		2B-1
	General Foreman			
	Herbert H. Wright	31.52		2B-2
	Clifton L. Moss (Substitute)	65.65		2B-2
	Master Mechanic			
	Carl E. Thain	201.73		2B-3
	Timekeeper-Stock Clerk			
	Bernard J. Socha	117.45	705.85 ~~711.85~~	2B-4
	Total Supervision			
	Total Payroll		$~~2,353.18~~ 2,347.18 c.c.k.	

Form MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of February, 1953

PAYROLL - Net Amounts after Taxes

1953	LABOR	Net Amounts Paid		Contract Account
2-28	Miners			
	Amado Granado	$ 81.14		
	Benjamin Macias, Sr.	84.18		
	Alfredo Molinar	90.62		
	Andres Reyes	87.82		
	Avelino Sanchez	75.94		
	Tomas Moreno White	72.89	$ 492.59	2A-3
	Hoistmen			
	Vicente Molinar	90.62		
	Isabel Vega	66.98	157.60	2A-4
	Muckers, Helpers & Trammers			
	Guillermo de la Rosa	58.00		
	Manuel C. Garcia	81.95		
	Reynaldo Garcia	72.50		
	Paz Gonzales	72.50		
	Pilar Llanez	66.20		
	Salamon Longorio	66.20		
	Timoteo Lopez	66.20		
	Benjamin Macias, Jr.	72.50		
	Salamon Macias	58.00		
	Edwardo Molinar	72.50		
	Adolfo Najera	28.37		
	Juan Rios	72.50	787.42	2A-5
	Cook			
	Carlos Loya		118.20	2A-6
	Truck Drivers			
	Manuel Granado	77.22		
	Manuel Moreno	112.78	190.00	2A-7
	Total Labor		$1,745.81	
	SUPERVISION			
	Superintendent			
	R. N. Pulliam	295.50		2B-1
	General Foreman			
	Jess Cornelison	81.75 C.C.K. ~~78.55~~		2B-2
	Master Mechanic			
	Carl E. Thain	201.73		2B-3
	Timekeeper-Stock Clerk			
	Bernard J. Socha	111.66	690.64 ~~687.44~~	2B-4
	Total Supervision			
	Total Payroll		~~$2,433.25~~ 2,436.45 C.C.K.	

Form MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of February, 1953

PAYROLL - Recapitulation

LABOR	2-15-53	$1,641.33		
	2-28-53	1,745.81	$3,387.14	
SUPERVISION	2-15-53	705.85 ~~711.85~~	1,396.49 C.C.N. ~~1,399.29~~	
	2-28-53	~~687.44~~ 690.64		
			4,783.63	
Total of Net Amounts after Taxes			$~~4,786.43~~	
2-28 Director of Internal Revenue - SS & WH			317.48 C.C.N. ~~314.68~~	
Social Security Tax paid by Company		75.56		7E
TOTAL PAYROLL and TAXES			$5,101.11	

Form MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of February

DISBURSEMENTS BY CHECK - Receipts Attached

1953			Amount	Contract Account
2- 2	Darbyshire Steel Co. Inv. V-24007 Construction Steel for Bldg.		$ 40.51	6A
2	El Paso Pipe & Supply Co. Inv. C 25206 Material for Slusher Loading Ramp		113.65	4C-3
	~~Sheet~~ Steel for Bldg.		192.00	6A
	3 Aluminum Tanks	($705.65)	300.00	4C-10
7	E. M. Reynolds - Hauling 3 Tanks, pipe & steel from El Paso and pipe from Alpine to Mine		200.00	7C
7	Echlin-Irvin & Crowell & Co. Cable charges to London to obtain Pol. JL 3975 Liab. & Prop. Damage	($ 20.22)	19.47	7G
14	R. N. Pulliam - Equipment Rental Feb. Air Compressor Joy WK-80 315-D w/ caterpillar D-318 engine #50019		470.00	4B-2
	Willys Jeep Ser. 82292 Motor J8920		30.00	4B-8
	Jackhammer CP 42W Ser #3039 mounted on Jackleg IR JL-3		50.00	4B-10
	Drifter Sullivan L-57 #101471 on Cradle & Shell U-176 5630. Column & Arm Sullivan Type U30-6069		75.00	4B-9
	Gasoline Hoist (temporary installation) Single Drum Internatl. 30-HP Engine	750.00 C.C.K. ($~~785.00~~)	125.00	4B-5
16	Border Machinery Co. Inv 22569 Drill Steel		28.50	3B
23	Big Three Welding Equipment Co. Note # 1 paid at maturity date; consequently, no interest had accrued	($ 33.79)	32.18	4C-15
23	First Natl. Bank, Alpine, Note # 1 GMC 2½-Ton Truck - Interest 10.57 Balance applied on principal	($128.13)	117.56	4C-8
23	First Natl. Bank, Alpine, Note # 1 Ford Pickup - Interest 6.54 Balance applied on principal	($ 79.14)	72.60	4C-9
28	Joy Mfg. Co. Inv. EPX1066-A Final payment Double Drum Hoist #25015 with accessories		662.95	4C-3

Form MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of February

DISBURSEMENTS BY CHECK - Receipts Attached

1953			Amount	Contract Account
2-28	Car Parts Depot - Small Tools etc.			
	Inv. 135274		$ 18.59	3D
	135350		10.25	3D
	135104	($ 48.68)	19.84	3D
28	Alpine Lumber Co. - Pipe		242.69	6A
	For Water Tanks		12.51	4C-10
	Small Tools, etc.		44.59	3D
	Pipe fittings		1.54	3C
	Kitchen Equipment	($302.46)	1.13	3K
28	W. G. Fielder Inv. 6169			
	Diesel Fuel		174.25	3L
28	Magnolia Petroleum Co.			
	Gasoline, Oil, Etc.		92.70	3L
28	Mine & Smelter Supply Co.			
	Inv. 302265 First Aid Kit		14.44	3D
	303595 Tools & Supplies	($ 75.19)	60.75	3D
28	El Paso Welding Supply - Carbide		49.00	3D
28	Brewster County Motors			
	Powder & Blasting Supplies		318.18	3A
	Repairs		1.05	7A
	Gasoline, Oil, etc.	($383.35)	64.12	3L
28	Joy Mfg. Co. Inv. 70210			
	JAL-48 Jacklegs #30892, 30893		390.00	4C-2
28	R. N. Pulliam - Bulldozer Rental			
	21 hours @ $12.50		262.50	4B-1
28	Texas Employers' Insurance Ass'n.		426.58	7D
	Supplementary Report		13.33	7D
28	L. M. Pulliam - Accounting Service			
	for February 32 hours @ $3.00		96.00	7H
28	R. N. Pulliam - Reimbursement for			
	Company travel & communications			
	month of February		88.90	7G

Form MF-104
Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of February

DISBURSEMENTS BY CHECK - Receipts Attached

1953			Amount	Contract Account
2-28	Joy Mfg. Co. Inv 67286 (Paid in same check with Inv. 70210 - $390.00)	($409.60)	$ 19.66	3B
28	R. N. Pulliam - Inv. 2-1-53 Mine Rail, Air & Water Pipe & Fittings		1,120.09	3C
28	R. N. Pulliam - Inv. 2-15-53 Mine Timber		172.93	3F
28	R. N. Pulliam - Inv. 2-28-53 Small Tools & Misc. Items		624.70	3D
	Total Check Disbursements		$6,869.74	

DISBURSEMENTS - Petty Cash - Receipts Attached

2-17	Car Parts Depot - File	$ .51		3D
	Alpine Drug Store - Map Supplies	2.45		2C
	Storey-Whiteside - Blacksmith Drill	1.20		3D
18	White's Highland Village - Lodging for Jess Cornelison upon arrival to accept position as General Foreman	18.00		7G
	Total Petty Cash		22.16	

TOTAL PAYROLL and TAXES

	See Detail Attached	5,101.11	
	TOTAL DISBURSEMENTS - February	$11,993.01	
ADD	Amounts Disallowed January Report Ref. Letter 3-12-53 Joplin		
	Joy Mfg. Co. Inv. EP 9204 Pump	190.00	4C-7
	Jim Francois Agency - Fire, Theft & Comb. Ins. Pol. A140682, A140681 GMC $33.00 Ford PU $14.00	47.00	7 B
	TOTAL DISBURSEMENTS	$12,230.01	

Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of February, 1953

OPERATOR'S MONTHLY NARRATIVE REPORT

General Operating Conditions:

Bad weather, personnel turn-over and progressive systematizing of work probably occasioned some lack of sufficient progress. Delay was also occasioned by continued mine rehabilitation.

Rehabilitation:

The caved intersection of the drifts to Projects 6 and 7 was successfully caught up and timbered. Due to the nature of this cave, which finally arched 40 or 50 feet above the level, exceedingly heavy posts, caps and lagging were used.

It has been discovered that a number of the track ties in the old parts of the mine have rotted, and so many have been replaced.

Project No. 1

This project, which had attained 12 lineal feet of drift as of January 31, had attained 92 lineal feet from the starting point of the project as of February 28.

This drift was continued in a North 60° Westerly direction following a slight mineralization in limestone which shows alteration and fracturing associated with a cave system along the strike of a projected intersecting fault. The cave system was encountered at a distance of 65 lineal feet from the place of beginning work under this project. Mercury mineralization occurs disseminated in the cave lining and in fractured and altered places in the limestone.

Sample 1, Project 1, was cut by channel approximately 4 inches wide from floor to back about 7 feet high at a point 65 feet from the beginning of the drift under the project. The assay report on this sample will be sent as a supplement to this Report.

Further sampling was not undertaken due to the apparent erratic occurence of the mineralization and because it appears that the drift is probably below the favorable horizon, which may make ore a few feet above the present level, as it has in the stoped area at the beginning of the drift.

Work here has been temporarily stopped pending the visit of Mr. A. R. Fletcher, Consulting Geologist, and action upon his recommendations by the DMEA Field Team.

Project No. 3

This project, which had attained 8 lineal feet as of January 31, had attained 72 lineal feet as of February 28.

This drift has been driven in a South 80° Easterly direction.

At 14 feet from the place of beginning the new work under this project, a series of roughly parallel fractures were encountered in the limestone into which had slumped the altered mineralized clay to form a small local syncline. The clay shows more or less mercury mineralization wherever alteration has occurred, and such mineralization occurs intermittently along the drift from 14 feet to 65 feet from the place of beginning work under this project.

Sample A, Project 3, was cut across the upper 2½ feet of the face at a distance of 46 feet from place of beginning present work. Only this area was sampled because the lower part of the face was in limestone, which showed no mercury mineralization.

Sample 1, Project 3, was cut at a point 41 feet from beginning of this work across the back about 5 feet wide by 4 inches channeling out of mineralized clay which may form an orebody lying on the limestone which forms the walls of the drift.

Sample 2, Project 3, was cut by 4-inch channel across back of drift 4 feet wide out of mineralized altered clay at a distance of 63 feet from the beginning of this work.

Sample 3, Project 3, was cut by channeling about 4 inches wide from floor to back about 6 feet high vertically up North wall of drift at a point 50 feet from the beginning of this work. The sample consists of mineralized clay and limestone where both occur associated with a strong fracture system which trends into the North wall of the drift.

The assay reports on these samples will be sent as soon as received as supplements to this report.

Attention is expressly called to the fact that the samples taken were cut from places where mineralization is evident, and there is no intention to convey the impression that such samples are representative of a large area, but the assays should give some idea as to the possibility of selectively mining the area.

It was not possible until about the middle of February to

obtain the services of an experienced Mine Foreman to assist the Superintendent in carrying on the work on a two-shift basis.

The Master Mechanic completed the repairs to the headframe at Shaft No. 1 and installed new timbers to support the sheave wheel. An air hoist was installed at this shaft as the only convenient access to Project No. 3 for raising and lowering equipment and supplies.

Inspection of the mine premises was made on March 11 and 12 by the Safety Engineer of Texas Employers' Insurance Association.

As soon as prints can be obtained, maps will be submitted showing the work completed and the locations from which samples were cut.

Respectfully submitted,

R. N. Pulliam
General Superintendent

Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of February, 1953

EQUIPMENT INVENTORY as of March 1, 1953

Rented:

1 large portable Joy Air Compressor WK-80 315 c.fm. cap. Caterpillar D-318 engine #50019 rented new from R. N. Pulliam @ $470.00 mo.

JL-3

1 C. P. Jackhammer, 42-W #3039 on IR jackleg rented used from R. N. Pulliam @ $50.00 mo.
#101471 #U-176 -5630

1 Sullivan L-57 Leyner-shell mounted with column and arm rented used from R. N. Pulliam @ $75.00 mo.

1 International 30 HP gasoline-powered engine, single-drum hoist welded on skids and bolted down temporarily on old concrete foundation, rented used from R. N. Pulliam @ $125.00 mo. Eng. # 274183

1 Willys Jeep motor # J83920 rented used from R. N. Pulliam @ $30.00 mo.

Purchased		Cost
1	Final payment new Joy S-211 double drum Slusher Hoist with 220/440 volt electric motor, scraper, and all accessories. Machine # 25015, Electric Motor Fairbanks-Morse # H89947. Amsco Scraper, Model V26A # 89301F Total	$1,325.90
	Material for Slusher Loading Ramp	113.65
2	JAL-48 Jack Legs equipped with attachments for L57 Drills (X-1419-DG) Shop #30892 Shop #30893	390.00
1	3x2x4 Duplex Pump (FBM Shop No. 768602) Resubmitted	190.00
3	Aluminum Tanks each 1222 gal. cap.	312.51
1	Used Army surplus wing tank	12.50
1	Used Butane 4-burner kitchen stove with oven	80.00
1	New 52 Ford 1/2-ton cap. pickup motor #FIR2DL21327 & accessories complete with $25.08 lic.	1,960.37
1	New 53 GMC 2-ton cap. truck motor #A248176097 complete	3,116.00

Docket DMA-2202X
Contract Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of February, 1953

Equipment Inventory as of March 1, 1953 Page 2

Purchased

1	New Gould Centrifugal Pump Fig. 3670 & gasoline engine complete with 15' suction hose	$ 170.95
1	Used Skilsaw # 107	138.75
1	New Black & Decker HD Valve Reseater complete with attachments	120.00
1	Servel Refrigerator and frozen food storage BR1118	425.00
1	Lincoln S-7072, 180 Amp Arc-Welder #A-277866 complete with gasoline motor & accessories	481.95

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D. C.~~
Joplin, Missouri
April 17, 1953

Department of the Interior
Defense Minerals Administration
Joplin
APR 20 1953

Operating Committee
Defense Minerals Exploration
Administration
U. S. Department of Interior
Interior Building
Washington 25, D. C.

Re: Docket No. DMEA-2202X
Contract No. Idm-E468
Amerimex Mining Co.
Presidio County, Texas
Mercury

Dear Sirs:

Transmitted herewith are two copies of the monthly report for the subject exploration project for February, 1953 on Forms MF-104 and MF-104A with the appropriate attachments as required by the Washington office of DMEA.

The original was forwarded to the Field Finance Officer, U. S. Bureau of Mines, Amarillo, Texas on April 6, 1953 and notice of its certification only for the amount of 75% of $12,167.40 or $9,125.55, was received today. The Field Team has indicated on these two copies the various items which the Field Finance Officer disallowed in certifying the operator's voucher for the Government participation payment. The operator has also been advised concerning the details of those disallowances.

Very truly yours,

Clinton C. Knox
Mining Engineer

CCK:jd
Encs.

xxxxxxxxxxxxxxx

Joplin, Missouri
April 17, 1953

Operating Committee
Defense Minerals Exploration
Administration
U. S. Department of Interior
Interior Building
Washington 25, D. C.

Re: Docket No. DMEA-2202X
Contract No. Idm-8468
Amerimax Mining Co.
Presidio County, Texas
Mercury

Dear Sirs:

Transmitted herewith are two copies of the monthly report for the subject exploration project for February, 1953 on Forms MF-104 and MF-104A with the appropriate attachments as required by the Washington office of DMEA.

The original was forwarded to the Field Finance Officer, U. S. Bureau of Mines, Amarillo, Texas on April 6, 1953 and notice of its certification only for the amount of 75% of $12,167.40 or $9,125.55, was received today. The Field Team has indicated on these two copies the various items which the Field Finance Officer disallowed in certifying the operator's voucher for the Government participation payment. The operator has also been advised concerning the details of those disallowances.

Very truly yours,

Clinton C. Knox
Mining Engineer

CCK:jd
Encs.

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of January, 1953 Docket No. DMEA 2202X Contract No. Idm-E468
Operator's Name Amerimex Mining Company Minerals Mercury
Address P. O. Box 626, Alpine, Texas
Contract Amount, $80,000.00 Government Participation: 75 % Amount, $ 60,000.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor	1119.70		1,119.70			
Supervision	523.96		523.96			
Technical Services	6.25		6.25			
(3) Operating Mat'ls. and Supplies:						
Timber	0					
Explosives	0					
Pipe	0					
Track See attached Supplement for details	2046.06		2,046.06			
(4) Operating Equipment:						
Rental	252.08 ~~523.32~~	C.C.K.	252.08 ~~523.32~~			
Purchase	4277.12		4,277.12			
Depreciation						
(5) Initial Rehabilitation and Repairs	675.01		675.01			
(6) New Bldgs., Improvements, etc.	675.73		675.73			
(7) Miscellaneous:						
Repairs to Equipment	0					
Sampling and Analysis	0					
Payroll Taxes	0					
Liability Insurance See attached supplement for details	0 1924.91		1,924.91			
(8) Contingencies (specify):						
TOTALS	~~11,772.06~~ 11,500.82	none C.C.K.	~~11,772.06~~ 11,500.82	10,479.77 C.C.K.		

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

Date 2-14-53 *Payee Amerimex Mining Company

Per P. N. Sullivan Title President

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

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

(Instructions on reverse)

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

$ 7,859.83

Signature
(Authorized Certifying Officer)

Date 3-6-53 Vou. No. DMEA 6-56
(See other side)

See attached sheet

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idy-E 468 in accordance with the terms of the contract.

Signature Clinton C. Knox Title Mining Engineer Date Feb. 27, 1953

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. P. Williams Title Exec Off. Date Feb. 27, 1953

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

U. S. GOVERNMENT PRINTING OFFICE 205675

Form MF-104 (Supplementary)
Contract No. Idm-E468
Docket No. DMA-2202X

Amerimex Mining Company
Alpine, Texas
Month of January, 1953

OPERATOR'S MONTHLY REPORT AND VOUCHER

Items of Costs		Monthly Total
(1) Independent contracts - none		
(2) Labor, supervision and technical services:		
A. Labor	$ 1,119.70	
B. Supervision	523.96	
C. Technical services	6.25	$ 1,649.91
(3) Operating materials and supplies:		
A. Powder and other blasting supplies	652.90	
B. Air and water hoses, steel, bits and other drilling supplies	428.54	
C. Mine rail, air and water pipe and fittings	.26	
D. Shovels, small tools and misc. items	305.38	
E. Ventilation tubing & accessories	-	
F. Timber	-	
G. Diamond drilling acc. & core boxes	-	
H. 5 Diamond-set drill bits	-	
I. " reaming shells	-	
J. Electrical wire, fixtures, etc.	.22	
K. Kitchen and camp utensils, etc.	221.24	
L. Fuel, lubricants, etc.	437.52	2,046.06
(4) Operating equipment		
B. Equipment to be rented:		
1. Bulldozer	-	
2. Air Compressor 315 c.f.m.	~~313.33~~ 117.50	
3. Power Plant, 125 KVA	-	
4. " " 30 KVA	-	
5. Hoist, cage and accessories	83.33	
6. Air tugger	~~23.33~~ none	
7. Diamond Drill & accessories	-	
8. Jeep	20.00	
9. Drifter	~~50.00~~ 18.75	
10. Jackhammer, heavy	~~33.33~~ 12.50	~~505.32~~ 252.08
C. Equipment to be purchased		
1. Jackhammer	-	
2. Drifter	-	
3. Double-drum slusher, scraper, cable & accessories	1,325.90	
4. Ventilation fan & motor	-	
5. Diamond drill 10' core barrel	-	
6. " " 5' " "	-	
Forward	$ 1,325.90	$ ~~4,219.23~~ 3,445.05

Form MF-104 (Supplementary)
Contract No. Idm-E468
Docket No. DMA-2202X

Amerimex Mining Company
Alpine, Texas
Month of January, 1953

Operator's Monthly Report and Voucher (Cont'd) $ ~~4,819.23~~

Items of Costs

(4)	Operating equipment (Cont'd)		
	C. Equipment to be purchased (Cont'd)	$ 1,325.90	
	7. Duplex Hi-pressure water pump	190.00	
	8. Truck, 2-ton - down payment	1,000.00	
	9. Pickup, 1/2-ton - down payment	653.37	
	10. 3 steel water supply tanks	12.50	
	11. Cent. water pump & engine	170.95	
	12. Butane cook stove	80.00	
	13. " refrigerator	425.00	
	14. Refrig. food storage cabinet	-	
	15. Misc.	419.40	4,277.12
(5)	Rehabilitation and repairs:		
	Repair buildings (incl. labor & super.) C.C.K.		675.01
(6)	New buildings, improvements & installations		
	A. Buildings, etc. (incl. labor & super.) C.C.K.	655.98	
	C. Rehabilitation of mine headframe, shaft & underground workings	19.75	675.73
(7)	Miscellaneous		
	A. Repairs & maint. of trucks & other newly purchased equipment	-	
	B. Public Liab., Property Damage, Fire & Theft Insurance on trucks, etc.	792.21	
	C. Freight on equipment, Materials and supplies	190.00	
	D. Workmen's Compensation Insurance	702.64	
	E. Social Security Taxes	44.74	
	F. Taxes Unemployment Insurance	-	
	H. Accounting & preparation of cost reports	107.15	
	I. Analyses of 150 mercury ore samples	-	
	G. Sustenance, communications, travel & transportation	88.17	1,924.91
	TOTAL		~~$11,772.06~~ 11,500.82 C.C.K.

Form MF-104
Docket DMA-2202X
Contract Idm-E468

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

PAYROLL - Net Amounts after Taxes

1953		Net Amounts	Contract Account
	LABOR		
1-31	Miners:		
	Amado Granado	$ 126.42	2A-3
	Liborio Urquidez	130.12	
	Alfredo Molinar	130.02	
		386.56	
	Compressor Tender:		
	Andres Reyes	126.42	2A-3
	Muckers, Helpers & Trammers		
	Avelino Sanchez	99.02	2A-5
	Guillermo de la Rosa	90.52	
	Manuel C. Garcia	113.47	
	Reynaldo Garcia	104.02	
	Paz M. Gonzales	63.04	
	Benjamin Macias Jr.	104.02	
	Jesus Najera	90.52	
	Pilar Llanez	73.00	
	Jesus Llanez	73.00	
	Timoteo Lopez	104.02	
		914.63	
	Cook		
	Manuel Espinosa	167.45	2A-6
	Hoistman		
	Isabel Vega	130.02	2A-4
	Truck Driver		
	Manuel Granado	111.12	2A-7
	SUPERVISION		
	Timekeeper-Stock Clerk		
	Bernard J. Socha	164.62	2B-4
	Master Mechanic		
	Carl E. Thain	232.80	2B-3
	General Foreman		
	Herbert Wright	98.32	2B-2
	Superintendent		
	R. N. Pulliam	394.00	2B-1
	TOTAL	$2,725.94	*
	Director of Internal Revenue - SS & WH Taxes	232.82	*
	SS Tax paid by Company $ 44.74		7E
	TOTAL PAYROLL and TAXES	$2,958.76	

Form MF-104
Docket DMA-2202X
Contract Idm-E468

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

DISBURSEMENTS BY CHECK - Receipts Attached

1953		Amount	Contract Account
1-10	Joy Mfg. Co. 1/2 Cash Payment 8211 Double Drum Hoist, Scraper & Acc.	$ 662.95	4C-3
	Balance - Account Payable 30 days (It is requested that this balance be counted as current disbursement since it is to be paid in February)	662.95	4C-3
	Texas Employers Insurance Association Pol. # A-38908 Advance Deposit Prem. Workmen's Compensation Insurance	445.00	7D
1-12	Brewster County Motors 1/3 Down Ford 1/2-Ton Pickup '52 Motor # F1$2D1 21327 List $1,960.37	653.37	4C-9
1-14	C. F. Ross - Hauling mining machinery & equipment, Alpine to Mine	70.00	7C
1-14	Morrison's - Kitchen ware	38.09	3K
1-15	Harold E. Moyer - Down payment G.M.C. 2-T Truck '53, Model 353-24, Ser. # 86555, Motor # A248176097 List $3,116.00	1,000.00	4C-8
1-15	Jim Francois Agency - Prem. Pol. # A 140682 Fire, Theft, comb. coverage G.M.C. $101.00 FU $62.00 1 yr.	163.00	7B
1-15	R. N. Pulliam 1/4 C.C.K. Equipment Rental ~~2/3~~ mo. to 1-31		
	Air Compressor Joy WK-80 315-D with caterpillar D-318 engine #50019	117.50 ~~313.55~~	4B-2
	Air Tugger, Sullivan F113, Ser. #1469 (not used) C.C.K.	~~23.55~~	4B-6
	Willys Jeep Ser. 82292 Motor J83920	20.00	4B-8
	Jackhammer C.P. 42W Ser. #3039 mounted on Jackleg IR JL-3	12.50 ~~33.35~~	4B-10
	Drifter Sullivan L-57 #101471 on Cradle & Shell U-176 5630. Column & Arm Sullivan Type U30-6069	18.75 ~~50.00~~	4B-9
	Gasoline Hoist (temporary installation) Single Drum Internatl. 30 HP eng.	83.33	4B-5
	Sale of Equipment:		
	Butane Kitchen Range, Norge 4-burner with oven NC 2-T #240 (used)	80.00	4C-12
	Air Hose with fittings, HD 1" 2 50-ft. lengths @ $50.00 ($703.32)	100.00	3B

Form MF-104
Docket DMA-2202X
Contract Idm-E468

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

Disbursements by Check (Cont'd) - Receipts Attached

1953			Amount	Contract Account
1-15	Echlin-Irvin-Crowell & Co.- Public Liability & Property Damage Ins.			
	Pol. JL 3975 Lloyd's, London		$ 500.00	7B
	Policy Fee (State Tax $25.00)		.25	7B
	LD Telephone Calls	($533.44)	8.19	7G
1-16	Norton Bros. - Accounting Supplies		23.15	7H
1-16	Joy Mfg. Co. - Duplex Pump 3x2x4 Shop # 768602		190.00	4C-7
1-16	Mine & Smelter Sup. Co. Inv. 301171			
	Small Tools & Misc. Sup.		217.37	3D
	Centrifugal Water Pump & Engine Gould Fig. 3670		120.44	4C-11
	Hose for Pump 15'2"		50.51	4C-11
	Skilsaw # 107, elec. (used)	($527.07)	138.75	4C-15
1-16	Francis Wagner Co. Inv. 53-217 Drilling Supplies		202.96	3B
1-17	Zork Hdw. Co. Inv. 4417		15.15	3D
			4.63	5
			33.16	3K
		($ 79.32)	26.38	3B
1-19	Fulcher Bros. Store		5.40	3L
1-23	T. B. Larremore - Hauling 2 loads machinery Alpine to Mine @ $60.00		120.00	7C
1-26	Car Parts Depot Inv. A 8600 Valve Reseater & acc. Black & Decker HD		120.00	4C-15
1-26	Echlin-Irvin-Crowell & Co. Prem. Pol. X5214468 Liab. Ins. PU 39.36 GMC 89.60		128.96	7B
1-26	Meyer Surplus Sales -			
	8 pieces water & air hoses		87.30	3B
	2 Army dining tables with seats	($147.30)	60.00	3K
1-29	Alpine Butane Co. - Servel Refrig. BR 1118		425.00	4C-13

Form MF-104
Docket DMA-2202X
Contract Idm-E468

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

Disbursements by Check (Cont'd) - Receipts Attached

1953			Amount	Contract Account
1-29	Alpine Butane Co. - Butane		$ 55.57	3L
	Installation Appliances	($ 80.94)	25.37	3K
1-29	Car Parts Depot Inv. 57454		24.92	3D
1-29	Big Three Welding Eqp. Co. Inv 72852 Down payment Lincoln Arc Welder S-7072 Ser. A-277866 & acc. $481.95 + carrying chg.$16.06. $337.36 in 10 mos.		160.65	4C-15
1-31	Brewster County Motors - Fuel etc.		38.60	3L
	Powder & other blasting supplies	($691.50)	652.90	3A
1-31	L. M. Pulliam - Accounting Service for January 28 hrs. @ $3.00		84.00	7H
1-31	Alpine Lumber Co.		33.69	3D
			.26	3C
			62.44	3K
		($ 96.61)	.22	3J
1-31	Motor Inn Machine Shop Inv. 3469		6.35	3D
	Welding Rod	($ 62.35)	56.00	6A
1-31	W. G. Fielder, Distributor 6136		32.90	3L
	6155		12.50	4C-10
	6156	($238.35)	192.95	3L
1-31	Magnolia Petroleum Co.- Jan.		107.72	3L
1-31	El Paso Welding Supply B48364		11.90	3D
	39469	($ 31.65)	19.75	6B
1-31	R. M. Pulliam - Reimbursement Expense Account 1-10 to 1-31		79.98	7G
1-31	Texas Employers' Insurance Association		257.64	7D
	TOTAL DISBURSEMENTS BY CHECK		$8,792.59	

Form MF-104
Docket DMA-2202X
Contract No. Idm-E468

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

DISBURSEMENTS - Petty Cash (Receipts Attached)

1953		Amount	Contract Account
1-12	Car Parts Depot Inv. A 8456	$ 7.30	3D
1-17	Morrison's - Utensils	1.18	3K
1-18	Stephenson Oil Company	4.38	3L
1-23	R. M. Metcalfe - Map supplies	6.25	2C
1-25	City Drug Store - Welding Flux	.60	3D
1-27	Hudson Bakery - 2 Storage Cans	1.00	3K
	TOTAL DISBURSEMENTS - Petty Cash	$ 20.71	
	TOTAL DISBURSEMENTS BY CHECK	8,792.59	
	TOTAL PAYROLL and TAXES	2,958.76	*
	TOTAL DISBURSEMENTS	$11,772.06	

*NOTE: As shown on the Recapitulation, printed Form MF-104, Labor and Supervision have been distributed under Items 2, 5 and 6, as employed, despite the particular classifications indicated on the distribution sheet of this supplement, which is made to conform with the specific classifications under Item 2 of the Contract.

Form MF-104A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of January 1953 Docket No. DMEA 2202X Contract No. Idm-E468

Operator's Name Amerimex Mining Company Minerals Mercury

Address P. O. Box 626, Alpine, Texas

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
		4,378.11	C.C.K.	4,378.11		218.90		
Drifting	ft.	~~6144.20~~	20	~~6,144.20~~	20	~~307.21~~	1160	not stated
Crosscutting			none					
Raising			none					
Shafts	ft.		none				288	✓ ✓
Winzes								
Drilling: Core	ft		none				1500	✓ ✓
Churn								
Auger								
Stripping								
Trenching	hrs		none				56	12.50
Test Pits								
Roads and Trails	hrs.		none				16	12.50
								~~65,605.00~~
		4,378.11	C.C.K.	4,378.11				~~62,670.00~~ C.C.K.
TOTAL DISTRIBUTED COSTS		~~6144.20~~	20	~~6,144.20~~				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased		4277.12	✓ 11	4,277.12				10,700.00 ✓
Initial Rehabilitation and Repairs		~~675.01~~	694.76 C.C.K.	~~675.01~~	694.76		1,045	~~550.00~~ C.C.K.
New Buildings, Improvements, etc.		~~675.75~~	655.98 C.C.K.	~~675.75~~	655.98		3,600	~~3,145.00~~ C.C.K.
Lea's Ins., Workman's Comp., etc.		1,494.85	C.C.K.	1,494.85	C.C.K.			
TOTAL COSTS		~~11,772.06~~ 11,500.82	C.C.K.	~~11,772.06~~ 11,500.82	C.C.K.			80,000.00

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

Date 2-14-53 Operator Amerimex Mining Co.

Per R. N. Pulliam Title President

R. N. Pulliam

REMARKS: High percentage of costs is represented by initial stock of operating supplies & miscellaneous items such as insurance paid a year in advance instead of monthly.

There is some unavoidable lost motion when beginning a new operation.

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

Preparation of Form MF–104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF–104A has been designed to tie in with Form MF–104 for both monthly and cumulative costs. The "Total Costs" on Form MF–104A for each month should equal the monthly "Total Costs" as reported on Form MF–104. This is also true of the "Total Costs To Date".

In preparing Form MF–104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

U. S. GOVERNMENT PRINTING OFFICE 205676

Docket No. DMA-2202X
Contract No. Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of January, 1953

OPERATOR'S MONTHLY NARRATIVE REPORT

Rehabilitation:

On January 10, supervisory and labor personnel were employed to report for work Monday, January 12. Hauling of equipment, supplies and personnel was arranged.

On January 12, installation of equipment and rehabilitation of mine workings was begun and continued through January 21. This work included checking the ladders in shafts Nos. 1 and 2 and in tightening hitches holding timbers in place, barring down loose rocks in shafts and mine workings, laying mine rail, air and water lines, resupporting and tightening headframe and swing chute, lubricating sheave bearings and car wheel bearings and installing and regulating temporary hoist installation at Shaft No. 2.

General Operation:

The working faces at Projects 1 and 3 obviously had been back-filled with muck, and the bins from which all broken rock is handled by chutes opening into the haulage level were also full or partially full of muck.

In order not to delay the operation, drilling was started at Project No. 1; and the muck from this work was dumped into the nearby chute, which was soon filled.

Project No. 3 has much greater bin capacity and contained comparatively little muck at the beginning; consequently, work here was continued without undue interruption.

As soon as the hoist installation was completed on January 24, mucking was begun by using two trammers with three 1,100-lb. ore bucket mounted on dolleys tramming from the nearest draw point where the waste was pulled from a chute gate at Project No. 1. Three mucker-trammers were used to shovel and tram the muck from an open chute, which provides the only practical means for disposing of muck from Project No. 3.

Project No. 1: This project provides for initially drifting N 60° W for a distance of approximately 50 feet to intersect a projected westerly-striking fault zone. As of January 31, this drift had progressed a total of 12 lineal feet. This drift is in altered, vuggy limestone which is difficult to drill and blast.

Project No. 3: This project authorizes initially drifting S 80° E a distance of 130 lineal feet to intersect an old churn

Docket No. DMA-2202X
Contract No. Idm-E468

Amerimex Mining Company
Alpine, Texas
Month of January, 1953

Operator's Monthly Narrative Report (Cont'd)

drill hole which reprtedly had cut a mineralized bed.

As of January 31, this drift had progressed a total of 8 lineal feet. This drift is in flat-bedded black shale, which drills and breaks easily but causes some trouble by plugging bits and drill steel.

Special Problems:

Work under this Contract has been started with supervisory personnel and mine labor which have not worked together previously. The operation is 100 miles from the nearest supply center.

Supervisory personnel and mine laborers are generally well experienced and show every evidence of becoming a capable working force able and willing to do a thorough job.

An adequate inventory of supplies and materials and proper equipment with which to make prompt repairs to operating equipment will hereafter greatly facilitate the operation.

Conclusion:

Upon the date of completion of this report and the accompanying financial report and supporting documentation on February 13, the following progress had been achieved:

Project No. 1: Total footage progressed as of February 13 57½ lineal feet with working apparently entering an extensively altered area with caverns lined with gypsum, calcite, aragonite and fluorite crystals and cinnabar showings. Some of the crystals may be Terlinguite and calomel.

Project No. 3: Total footage progressed as of February 13 46 lineal feet with the upper 2½ to 3 feet of the face in brown "jabonoille" containing many small seams of cinnabar mineralization.

As promptly as the installation can be completed of the power plant, the electric hoist and other equipment, speed and operating efficiency will be greatly increased. This work is in progress and will be completed as soon as possible.

Respectfully submitted,

R. N. Pulliam

R. N. Pulliam
General Superintendent

C
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-168
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 J. Jonas

Ray J. 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 11, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 16 1953

Operating Committee
Defense Minerals Exploration
Administration
U. S. Department of Interior
Interior Building
Washington 25, D. C.

Re: Docket No. DMEA-2202X
Contract No. Idm-E468
Amerimex Mining Co.
Presidio County, Texas
Mercury

Dear Sirs:

Transmitted herewith are two copies of the monthly report for the subject exploration project for January, 1953 on Forms MF-104 and MF-104A with the appropriate attachments as required by the Washington office of DMEA.

The original was forwarded to the Field Finance Officer, U. S. Bureau of Mines, Amarillo, Texas on February 27, 1953 and notice of its certification only for the amount of 75% of $10,479.77 or $7,859.83, was received today.

Also attached to each of the copies of that monthly report is a copy of the letter from Ray C. Jonas, Field Finance Officer, to the Field Team office explaining the various items which he has disallowed in certifying the operator's voucher for the Government's participation payment. The operator is also being advised concerning those disallowances.

Very truly yours,

Clinton C. Knox

Clinton C. Knox
For W. P. Williams
Executive Officer
DMEA Field Team, Region VI

CCK:jd
Encs.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D. C.~~
Joplin, Missouri
March 12, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 16 1953

Mr. Ray C. Jonas
U. S. Bureau of Mines
811 Harfield Building
Amarillo, Texas

Re: Docket No. DMEA-2202X (Mercury)
Contract No. Ida-E468
Amorimex 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 disallowences, as you suggested, and advised that you questioned other expense items.

Although realizing that DMA Circular No. 11 was superseded by DMPA 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, DMPA Contract Administration and Audit Division.

Needless to say, in whittling the original $228,565 Amerimex application down to an $80,000 exploration contract, I effected 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-E468
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)

AMERIMEX MINING COMPANY
Buena Suerte, Texas
Fresno Mine and Camp
Contract Idm-R468 - Docket DMEA-2202X

Equipment Inventory as of Feb. 1, 1953 by Clinton C. Knox 2/9/53

Rented:

1 large portable Joy Air Compressor WK-80
315 c.f.m. cap., Caterpillar D-318 engine #50019
rented new from R. N. Pulliam @ $470.00/mo.

1 C.P. Jackhammer, 42-W #3039 on IR jackleg
rented used from R. N. Pulliam @ $50.00/mo.

1 Sullivan L-57 Layner-shell mounted with column and arm
rented used from R. N. Pulliam @ $75.00/mo.

1 International 30 HP gasoline-powered engine, single-drum hoist
welded on skids and bolted down temporarily on old concrete
foundation, rented used from R. N. Pulliam @ $125.00/mo.

1 Willys Jeep motor #J83920
rented used from R. N. Pulliam @ $30.00/mo.

Purchased:

		Cost
1	used Butane 4-burner kitchen stove with oven	$ 80.00
1	new '52 Ford 1½-ton cap. pickup motor #F1R2DL21327, and accessories complete with $25.08 lic.	1,960.37
1	new 53 G.M.C. 2-ton cap. truck motor #A248176097 compete	3,116.00
1	new Duplex Pump 3x2x4, shop #768602	190.00
1	new Gould Centrifugal Pump Fig. 3670 and gasoline engine complete with 15' suction hose	170.95
1	used Skilsaw	138.75
1	new Black & Decker HD Valve reseater complete with attachments	120.00
1	Servel Refrigerator and frozen food storage PR1118	425.00
1	Lincoln S-7072, 180 Amp Arc-Welder #A-277866 complete with gasoline motor and accessories	481.95
1	used Army surplus wing tank	12.50
1	new Joy S-211 double drum Slusher Hoist with 220/440 volt electric motor, scraper, and all accessories	1,325.90

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

MAR 1 1953

Mr. Ray C. Jonas
Bureau of Mines
Finance Officer
514 Barfield Building
Amarillo, Texas

Re: DMEA-2202X, Idm-E468
Amerimex Mining Company

Dear Mr. Jonas:

Receipt is acknowledged of a copy of your letter, addressed to Mr. Williams under date of March 6, 1953, relative to the January MF-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
Mr. Ellis

Jay Chambers
Washington
WMCA - 12202

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 12 1953

March 6, 1953

Mr. William P. Williams
Executive Officer
DMA Field Team
Joplin, Missouri

re: Amerimex Mining Company
Contract IDM-1-168
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 DMA 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 $1,021.06 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 $662.75 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. Collision insurance is not allowed specifically by the contract, and I cannot allow the charge until I am directed to do so by someone with authority to do it. I shall expect to hear from Jay Chambers' office on this point.
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,

Fay C. Jones, Chief
Budget and Finance Branch
Region VI

Attachment
FCJonas:ls
cc: Clint Knox - Joplin, Mo.
Jay Chambers - Washington, D. C.

SCHEDULE OF DISALLOWED ITEMS
Amerimex Mining Company

January Report

Name or Invoice	Paid	Correct.	[illegible]	
Liborio Urquidez	$130.12	$130.02	[illegible]	Over payment
Joy Mfg. Co. 1-10-53	662.95	00	662.[illegible]	Not accrued
Jim Francois Agency	163.00	00	16[illegible]	All not applicab
Joy Mfg. - Duplex Pump	190.00	-	190.[illegible]	Inv. shows no amount(Ship.slip)
Magnolia Petroleum Co. Jan.	107.72	102.72	[illegible]	Deposit on container
	$1,[illegible].75	232.74	1,021.[illegible]	Disallowed

EXTRA COPY
O. M. E.
RECEIVED OCT 12 1959
DATE | INITIALS | CODE
800

Building 20 - Federal Center
Denver 25, Colorado
October 7, 1959

Memorandum

TO: Chairman, Operating Committee, OME

From: Executive Officer, OME Field Team, Region III

Subject: Docket No. IMBA 2908 (Mercury) Contract Idm-2468, Amerimex Mining Company (Fresno mine) Presidio County, Texas

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

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

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

It appears that there is a conflict of policy between the decision regarding royalty payments under the subject contract and that concerning Contract Idm-2520, Docket No. IMBA 2768, Mining Research Corporation. The latter Operator also abandoned the leases on the property involved in the contract, but is still held accountable for royalty payments according to the letter from Frank E. Johnson, Acting Director, OME, to Clifton W. Livingston dated June 22, 1959.

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

Original signed by

J. W. Townsend

JWT:ltm
cc: Hasler w/cpy Act. Chmn.
Roy. Corres. I468) ltr. w/attach.
Roy. Corres. I520 9/15/59
Chron.

FEB 24 1955

Mr. R. M. Pulliam, President
American Mining Company
Box 666
Alpine, Texas

Re: Docket No. DMEA-2202 (Mercury)
Fresno Mine
Presidio County, Texas
Contract No. Iam-2452

Dear Mr. Pulliam:

In your letters dated November 13, 1954, and January 11, 1955, to Mr. Clinton C. Knox, who furnished us with copies, you raised certain questions regarding the Government's second draft of a proposed termination agreement and the status of the financial account under the subject contract. At least some of these matters were discussed with you in prior correspondence. We shall, however, set forth below all the problems raised in each letter and attempt to answer them.

A. Your letter dated January 11, 1955:

(1) Your letter refers to the statement in Mr. Knox's letter of November 19, 1953, to you expressing doubt that the items in the Operator's "Final Cost and Liquidation Voucher" could be approved except by mutual agreement. Your letter questions whether the contract requires such an agreement.

The statement meant that, in the judgment of that writer based upon an initial review of the costs submitted by the Operator, it was doubtful whether a good many of these costs could be approved under the contract. Therefore, the reference to a termination agreement was intended to indicate a possible means of approving certain of the disputed items of cost that could not be approved under the contract. Under the provisions of your contract the Government did not undertake to contribute to all the costs you incurred, but undertook to contribute to those limited costs set forth in the contract. Of course, you

are not required to sign any additional agreements before the accounts can be settled under the terms of the contract. In fact, an audit of the contract is now in process and, when completed, the accounts under the contract will be settled on the basis of the audit.

> (2) In regard to the comment in Mr. Moss's letter concerning the high costs connected with safeguarding and disposing of property, your letter contends that if the costs were large the fault lies with the Government because of the methods prescribed by it.

In addition to the limited costs of the project to which the Government is required to contribute under Article 6 of the contract, Articles 11 and 12 of the contract provide that upon termination of the contract, property belonging both to the operator and the Government shall be disposed of promptly by the operator, either by return to the vendor, by sale to others or purchase by the operator, and that costs of dismantling and removing property from the land are proper costs of disposition for the joint account of the parties in proportion to their respective interests. The responsibility for promptly disposing of the property, therefore, rests with the operator, in the first instance; the procedure set forth in the contract for disposing of property is not an elaborate one; and we are not aware of any instructions given to the operator by the Government that impeded the operator's efforts to dispose of the property. The Government will, accordingly, contribute to the necessary and reasonable costs of disposing of the property, as determined after final audit.

> (3) Your letter states that you have repeatedly asked for but have not been informed as to whether the operator may appeal from decisions of this agency.

We did not understand any prior correspondence from you as requesting such information. The operator may appeal to the Secretary of the Interior from any findings of fact or decision of this agency by specifying in a letter to him, the facts, circumstances, and contractual provisions involved. Moreover, the Comptroller General of the United States may entertain your claim for money under the contract, and the Court of Claims is available for a legal action against the United States for money claimed due you under the contract.

(4) Your letter asks when you can expect final settlement of the contract to be made.

As we were attempting to make an agreement with you concerning disposition of all questions under the contract a final audit was not made previously. However, a final audit is in process now, and your account will be settled under the contract provisions.

2. Your letter dated November 13, 1954:

(1) In connection with paragraph 6 of the second proposed termination agreement, you ask why the period 'prior to August 20, 1953,' was designated as the time limit for the Government's contribution to the costs of the exploration work, when Amendment No. 2 extended the time for completion of the contract work to '12 months,' or to December 18, 1953.

The period of 12 months was fixed in the amendment to allow additional time for completion of the work, which was revised by the amendment. If work had continued the Government would have contributed to costs up to December 18, 1953, the end of the period specified for completion, and possibly beyond that date if the Government considered it in its best interest to do so. However, the operator stopped the work, without Government approval, and the contract does not require the Government to pay costs of exploration when no work is performed. The Government, therefore, proposed to limit its contribution to the costs of exploration performed up to the last day such work was conducted, that is August 19, 1953.

(2) Your letter states that the operator was not able to resume operations after August 19, 1953, because the Government withheld funds due the operator.

The contract permits the Government to withhold funds due the operator, in order to protect the Government's interest in property and to cover audit exceptions. When American ceased work on August 19, 1953, the auditor withheld sufficient funds to protect the Government's interests. Moreover, there is dispute as to whether certain funds which the operator claims as due it are in fact due under

the provisions of the contract. We do not perceive now, in these circumstances, the operator's failure to continue and finish the work can be attributed to the actions of the Government.

(3) Your letter states that the operator "hoped and believed that operations would be resumed" until a letter dated December 24, 1953, from the Acting Administrator denied its request for additional work, estimated to cost $95,000 more.

In this regard, our records indicate that although the exploration work was stopped before completion on August 19, 1953, the operator's application for additional work was dated November 11, 1953, approximately three months later, and was denied in the letter of December 24, 1953. The operator was required to complete the work set forth in the contract apart from any hopes entertained for increasing the scope of the project and we are unable to understand the significance of these comments.

(4) Your letter states that the contract terminated on December 18, 1953, "by its own terms" even though the Government terminated the contract by a notice dated January 5, 1954.

The contract does not provide for automatic termination on December 18, 1953. Rather, the contract, as amended, provided that the operator shall perform the work in a manner to complete it by December 18, 1953. Failure to complete the work by that date amounted to a breach of contract by the operator. The Government, therefore, determined that the contract should be terminated by notice, as the contract authorized it to do.

(5) Your letter contends that the Government should contribute to "stand-by expenses" incurred between August 19, 1953, and December 18, 1953. Apparently your contention is based upon the concept that the operator was privileged to cease the work when it wished, and that the date for completing the work, December 18, 1953, would thereafter terminate the operator's obligation to complete the work under the contract.

We indicated in the previous comment in this letter that the stoppage of work without any specific plans for completing it within the time fixed by the contract, and the failure to complete the work within the time fixed by the contract, December 18, 1953, were both occurrences which breached the contract and, as we view it, granted the Government certain rights. We do not view these incidents as burdening the Government with additional obligations for which no provision is made in the contract. The filing of an application for additional work in no way excuses the obligation the operator already had concerning completion of the work set forth in the contract.

(6) Your letter states:

> No. Paragraph 5: Why must Certification of this project be retained? If Certification is actually to be limited to 'ore discovered or developed as a result of said contract,' which is certainly the way the Contract reads, why does your Administrator state in his letter transmitting formal Notice of Certification dated January 8, 1954, 'all production from the aforesaid lands, from December 18, 1952, the date of the Contract, is subject to the Government's percentage royalty as set forth in the contract . . .'?

This statement contains a misquotation of the contract provision concerning the Government's rights in the event of certification. The contract provides that 'in the event of such certification any minerals mined or produced from the land . . . from the date of this contract . . . shall be subject to a percentage royalty. . . .' Therefore, the statement in the letter from the Administrator dated January 8, 1954, explaining the obligations concerning royalty are accurate.

In a letter dated March 5, 1954, to Mr. W. J. Jennings, Secretary of Crowley Tar Products Company, the Administrator explained the basis for certification of the subject property. A copy of this letter was furnished to you. In brief summary, if the Government considers

that a discovery or development from which production may be made has resulted from the exploration work the Government may so certify in writing to the operator. The Government considered and still does consider that such a discovery was made. But even apart from the Government's consideration in this case, information furnished us by the operator alone evidences a sufficient basis for certification, for example:

> In the Geological Report of Mr. E. R. Fletcher dated September 12, 1953, it is stated that: "The project 12 Shaft, which had as an object finding a basis for exploring this same collapsed area, has been sunk to a depth of 50 feet. In the range between 20 and 40 feet, indications of ore were discovered."
>
> In the operator's "Proposed Amendment No. 3" it is stated: "It is proposed that the Operator be authorized to drive 265 feet of underground mine openings from the face of Project No. 3 main drift in order to further explore significant trends of mercury mineralization exposed by previous work done in Project No. 3, main drift, Project No. 3A Crosscut, Raise and Drift; and in Project No. 3B Crosscut, Raise, and Drifts."
>
> In your letter dated August 4, 1953, to the Administrator, it is stated that:
>
> "The subject contract which has been in effect since December 16, 1952, . . . has resulted in discovery of cinnabar ore from which production on a commercial scale will be possible if mercury prices are maintained at about the present level.
>
> "We believe that the exploration thus far completed has resulted in a discovery and has provided material information which as a basis for further well-planned exploration will result in a discovery of major importance."

It would seem, therefore, that you are as aware of the extent of the discovery or development made as is the Government and that this subject need not be discussed in any greater length.

As you have rejected the second proposed termination agreement and have offered no reasonable counter proposal for winding-up the contract by mutual agreement, the Government, as mentioned above, is making a final audit of the contract and proposes to settle the operator's account on that basis. If you are in disagreement with any of the findings and decisions made in such report, a copy of which will be furnished to you, you may pursue any of the avenues of appeal that we have outlined above.

Sincerely yours,

Administrator

Rubin:emd
2/18/55

Copy to: DMEA Docket
Solicitor's Docket
Adm. R. File
Field Team, Reg. IV (2)
Operating Committee
H. M. Mayer, E. F.
T. M. Gillingsard, O. S.
E. [illegible] Ellis
J. L. Mefflund
N. [illegible] Rubin
Chron
pending

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

AIR MAIL

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

JAN 31 1955

Re: Docket No. DMEA-2202 (Mercury)
Contract No. DM-416
American Mining Company
Fresno Mine
Presidio County, Texas

Dear Mr. Knox:

This is with reference to your pending meeting with Mr. Donald T. Finch which is for the purpose of reconciling the account of the subject Company and submitting a report on your findings.

Your report should detail (a) the allowable settlement under existing contract terms as amended and terminated, and (b) the allowable settlement under "Termination Agreement" that Operator refused to sign.

It is realized that a number of questions will arise in the course of preparing your report on such a complicated case. Therefore, in order to assist you in your investigation, use telegrams and the telephone to reconcile this problem, if necessary, and we will endeavor to give you prompt replies from this end.

A copy of this proposed unsigned "Termination Agreement" is enclosed.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Enclosure

FLKnouse/gla
1-26-55
cc to: Admr.'s Reading File
Operating Committee
Docket
Contract Adm. & Audit Div.
Code 700
Mr. Knouse

APPROVED:

J. H. Hedges
Member, Bureau of Mines

Thor H. Kiilsgaard
Member, Geological Survey

November 10, 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-2202X (Mercury)
Contract Idm-E468

Dear Clint:

Thank you for your letter of transmittal dated September 23, 1954, and for the revised "Termination Agreement" dated September 20, 1954, which I regret to advise is still not acceptable because of the wording of Paragraphs 4, 5, 6, and 7, which were fully discussed in our letter dated July 21, 1954, to which I respectfully refer you.

For the sake of clarity and in the hope that Defense Minerals Exploration Administration through its officials may see the legal and moral basis of my objections, I shall attempt to summarize my reasons for objection:

> Re. Paragraph 4: Why should Article 3 of the Contract be changed to read "prior to August 20, 1953," instead of "within a period of 12 months" as agreed upon by Amendment No. 8 transmitted with our letter dated June 29, 1953?

The fact that Amerimex was never able to resume actual operations after August 19, 1953, was occasioned by DMEA's continued withholding of reimbursements long due the Operator.

The Operator hoped and believed that operations could and would be resumed until formal denial dated December 24, 1953, of our Proposed Amendment No. 3, which would have provided for $96,900.00 in additional exploratory work.

Formal "Notice of Termination of Exploration Project Contract, under the Terms of the Contract, Before the Completion of the Work" dated January 8, 1954, was received by the Operator subsequent to that date despite the fact that the Contract had previously terminated on December 18, 1953, by its own terms and amendments thereto unless extended by the Operator's Proposed Amendment No. 3, which was denied December 24, 1953.

Why does the Government now seek to disclaim its just share of stand-by expenses for the period from August 19 through December 18, 1953? If that is the purpose, was the Operator to have assumed such a possibility and ordered immediate dismantling and removal of all equipment, materials and supplies on the premises? If the Operator had made such an assumption and had acted accordingly, would the Government have paid its share of the cost for removal and reinstallation if Amendment No. 3 had been approved whereby the project could possibly have been continued?

Re. Paragraph 5: Why must Certification of this project be retained? If Certification is actually to be limited to "ore discovered or developed as a result of said contract," which is certainly the way the Contract reads, why does your Administrator state in his letter transmitting formal Notice of Certification dated January 8, 1954, "all production from the aforesaid lands, from December 18, 1952, the date of the Contract, is subject to the Government's percentage royalty as set forth in the contract..."?

If ore has been discovered or developed as a result of the Contract from which production may be made, why is the Government unwilling or unable to describe, define or delimit its occurrence? Can someone tell me where the ore occurs and of what grade and quantity?

I am willing to admit that erratic occurrences of mercury mineralization do occur in a limited area in Project No. 3, but unless some of the leads can be followed by further exploration to open into an actual ore occurrence, I do not believe that production can be sustained even at present unprecedented mercury prices.

Re. Paragraph 6: This paragraph is fully covered by my objections to Paragraph 4, previously stated herein and in our letter dated July 21, 1954.

Re. Paragraph 7: My objection to Paragraph 7 is the same as stated in our letter dated July 21, 1954. I do believe that the Operator and the Government should sign a bilateral release of a similar nature when and if the Contract is finally settled to our mutual satisfaction.

If it is truly the purpose of Defense Minerals Exploration Administration to encourage the discovery and development of domestic sources of strategic minerals, why is the machinery

of administration so awkwardly set up as to cause the shut-down of a project such as Amerimex on the very threshold of the greatest need for mercury that this Nation has ever known?

I trust that you will see nothing personal in my attitude or comments.

With kindest regards, I remain

Sincerely,

R. N. Pulliam, President
AMERIMEX MINING COMPANY

RNP:A

Inclosure: Returned to you herewith are 5 copies of Termination Agreement dated September 20, 1954, which you transmitted to me with your letter of September 23, 1954.

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?

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 1 - 1954

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

AMERIMEX MINING COMPANY
EXPLORATION PROJECT CONTRACT IDM-E468
DOCKET NO. DMEA-2202

AMENDMENT NO. 3

Contract Idm-E468 (Docket No. DMEA-2202), dated December 18, 1952, between the United States of America and the Amerimex Mining Company of Alpine, Texas, is amended effective January 11, 1953, as follows:

1. Amendment No. 1 (effective date January 11, 1953), and Amendment No. 2, (effective date January 11, 1952) are hereby rescinded, and Amendment No. 3 is hereby issued in lieu thereof.

2. The specified list of "Equipment to be rented" set forth in Item 4b of Exhibit "A" of the contract is amended to include the rental of:

a. a used drifter Sullivan L-57, clamp and shell and column and arm type U30-6069 @ $75.00 per month for one and two-thirds (1-2/3) months;

b. a jack hammer with cradle mount @ $50.00 per month for one and two-thirds (1-2/3) months;

c. 2 jackhammers @ $40.00 each per month beginning March 1, 1953;

d. a new air compressor, Portable Joy WK80, cap. 315 CFM with Caterpillar D-318 Engine @ $470.00 per month.

3. The specified list of "Equipment to be rented" set forth in Item 4b of Exhibit "A" of the contract is changed to delete the following items:

a.	1 315 CFM compressor 6 mos. @ $335	$2,010.00
b.	1 power plant, 125 KVA, 6 mos. @ $400	2,400.00
c.	1 power plant, 30 KVA 6 mos. @ $120	720.00

4. The specified list of "Equipment to be purchased" set forth in Item 4c of Exhibit "A" of the contract is changed as follows:

Add:

(a)	2 JAL-48 Jack Legs equipped with attachments for L. 57 @ $195.00 each	$390.00
(b)	1 Lincoln Arch Welder, 180 amp. D. C. 25 watt, portable unit with gasoline motor and accessories complete	481.95

Delete:

(a)	1 heavy Jack Hammer	365.00
(b)	1 drifter	750.00
(c)	Column, arm, cradle, and other drill accessories	250.00

5. Project No. 3, as set forth on page 2 of Exhibit "A", last line reading, "No additional work on Project No. 3 is permitted by this contract," is deleted and the following sentence is substituted therefor: "An additional 250 feet of drifting, crosscutting and raises on Project No. 3 is hereby authorized."

6. Following the second paragraph of Project No. 12, add this sentence; "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.

7. Article 3 of the contract is changed to extend the contract from 6 month duration to 12 months.

8. Item 2 of Exhibit "A" Supervision, is changed to extend the time to a maximum of 12 months, but the total salaries of the superintendent, the general foreman and the master mechanic shall not exceed $10,000 for the total time of the contract. This amount, however, may be in addition to any of the supervisory and technical salaries charged to Items 5 and 6 of Exhibit "A" as amended.

9. Item (5) of Exhibit "A", Page 6 of the contract, is changed to read as follows:

a. Repair buildings $550

b. Rehabilitate mine headframe 500

Total Rehabilitation & Repair $1,050.00

10. Item (6) of Exhibit "A", Page 6 of contract, is changed as follows:

a. The amount of $2600 specified for construction materials for foundations, etc., is reduced to $1,600.00.

b. Rehabilitation of mine headframe is transferred to to Item 5, under No. 9 of this amendment. Underground rehabilitation of shafts and mine workings is hereby transferred to items 2, 3, and 4 of Exhibit "A" of the contract, not to exceed a total cost of $2,000.00.

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

This amendment is necessary to correct mutual misunderstanding between the Government and the operator, which resulted in amendments Nos. 1 and 2; and to correct certain erroneous classifications made in the original contract. For more complete justification see letter of February 13, 1954 from Clinton C. Knox, Executive Officer of Region VI, addressed to DMEA Operating Committee.

Suggested Rough Draft Prepared by

Clinton G. Knox and Donald T. Finch

Amendment No. 3

Exploration Project Contract No. Idm-B468

Docket EMA-2202X (Mercury)

Amerimex Mining Co., Presidio County, Texas

Contract Idm-B468, 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 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 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 CFM 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 KV A 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 4 e of Exhibit A of the Contract is hereby amended as follows:

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:

~~On~~ 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 crosscuts 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 Exploration, Page 4 of Exhibit A to the Contract and insert the following:

Total Supervision consisting of the Services of a Superintendent, General Foreman (continued on page 3)

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 tank $1,165.00

Insert for Item 7

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 $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 the costs which the government may be required to contribute.

Insert for Item 7

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".

Curvi-ge-Shaft — Draft

Fabric (a) No. 7 labor "Considerable in excess of the estimated amounts set forth in Item 2, page 4 of Exhibit A." — However, pay for labor was under the estimation.

(b) Disallowances — supervision + media reduced

(1) 25% of salaries for months of April and May, 1953 — considered applicable to preparation for production. $525.00

(2)* Portion of supervision applicable to that part of Underground Rehab. in excess of allowable maximum. $713.17

(2) Twin Rivers — Stock Bonus $1119.92

*

4. Underground Rehab. Part surface and part underground.

Rentals for equipment to fac. b. Express labor

5 Rehabilitation includes labor, sup. + materials

6. New Bldg. Improvements does not! include sup + labor

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 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 DMA-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 DMA, Williams has 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 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".

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 American 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 be 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 of any 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. Pulliam,

I remain

Very sincerely yours,

Clinton C. Knox
Executive Officer
DMMA 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 431. While I was down there the DMMA Office was moved on Feb. 1, to my desk in the U.S. Bureau of Mines, Rm. 304, Postoffice Building, Joplin, Mo. (phone 470).

C
O
P
Y

Joplin, Missouri
February 11, 1954

Mr. R. N. Pullian, President
Amerimex Mining Co.
P. O. Box #626
Alpine, Texas

Re: Docket No. DMEA-2202X
Contract No. Idm-2468
Amerimex Mng. Co. (Mercury)
Presidio County, Texas

Dear Mr. Pullian

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
Defense 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 studying 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 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,

/s/ R. N. Pulliam
R. N. Pulliam, president
Amerimex Mining Company

RNP:L

Stamped:
Department of the Interior
Defense Minerals Admin.
Received
Feb. 4, 1954

N. J.
CROWLEY TAR PRODUCTS CO.
271 Madison Avenue,
New York 16

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-M468
Amerimax Mining Company
Fresno Mine
Presidio County, Texas

Attention: Mr. C. O. Nittendorf
Administrator

Dear Sirs:

Mr. R. N. Pulliam of Alpine, Texas has sent us copy of your letter addressed to Amerimax 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 Amerimax 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,

/s/ W. J. Jennings

WJJ:m

Secretary

cc: Mr. R. N. Pulliam

copy

FEB -2 1954

Mr. Clinton C. Knox
Executive Officer
DMEA Field Team, Region VI
[illegible] West 3rd Street
Joplin, Missouri

Re: Docket No. DMEA-[illegible] (Mercury)
Contract No. [illegible]
American Mining Company
Pinnacle 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. E. H. Pulliam, President, American 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

Enclosure

APPROVED:

J. H. Hedges

Director, Bureau of Mines

s/ Philip W. Smith

Director, Geological Survey

Knowse/Ellis/fos 1-29-54
cc to: Adm. Reading File
Operating Committee
Docket
Messrs. HMMayer, Rm. 3603
AMKinkel, Rm. [illegible], GSA
Chambers
Ellis
Knowse

C
O
P
Y

AMERIMEX MINING COMPANY
INCORPORATED
BOX 626
ALPINE, TEXAS

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 Ldm-2468
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.

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 contract 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. Minerals mined in 1944 by the previous operator and left in bins owned as a separate estate by separate owners, apart from the mineral entering and mineral mined in 1944 and left in the old underground blocks, stopes and stopes, neither mined nor produced under the Contract.

2. Mineral sorted out of the rock 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 occurrence 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 owned 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

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,

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 interpretations 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 partly 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 $5,372.71 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.

When the July reimbursement was received, it has been reduced to $1,664.11 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 had 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 IMEA totals 75% of the $12,764.88 expense incurred by the Operator or $9,573.64, 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 IMEA 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 doubtedly 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 IMEA 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 amounts 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 amounts 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,

/s/ R. H. Pulliam,

R. H. Pulliam, President
AMERICAN MINING COMPANY

RHP:L

Contract Adm. & Audit Div

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

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

Pursuant to the provisions of Exploration Project Contract No. Idm-E468, dated December 18, 1952, (Docket No. IMEA-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 broadly 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. Mittenberg
Administrator, Defense 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., Mat. Div., EPS
Adm. Reading File
Operating Committee
Mr. Hedges, Rm. 4604
Mr. Thayer, Rm. 5216, GSA
Mr. F. E. Johnson
Mr. Ellis
Mr. Murphy

C
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Y

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

JAN - 8 1954

Mr. W. P. Williams
Executive Officer
DMEA Field Team, Region VI
221 West 3rd Street
Joplin, Missouri

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

Dear Mr. Williams:

Enxlosed 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 18, 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

Chairman, Operating Committee

Enclosures 6

APPROVED:

J. H. Hedges
Member, Bureau of Mines

D. M. Larrabee
Member, Geological Survey

Mr. Chambers

Docket
Messrs: H. M. Meyer, Rm. 3623
A. R. Kinkel, Rm. B-242A, GSA
Ellis, Murphy

EMMurphy/db
12-28-53
cc to: Adm. Reading File
Operating Committee

JAN - 8 1954

Mr. Irving Gantal, Acting Director
Materials Division
Emergency Procurement Service
General Services Administration Bldg., Rm. 5002
7th and D Streets, N. W.
Washington 25, D. C.

Re: Contract No. [illegible]-1,58
Contract No. 13-1,58
American Mining Company
Tesoro Mine
Presidio County, Texas

Dear Mr. Gantal:

Enclosed is a copy of a certification of discovery or development under the captioned contract.

The project contract was dated September 15, 1952, with Government participation to the extent of 75 percent, in an exploration project estimated to cost $[illegible] (Government share $[illegible]). Project work was suspended on August 14, 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 1145 linear feet of drifting, cross-cutting, raising, and sinking, 1500 linear feet of diamond drilling, and 56 hours of tractor-mining to cut sample trenches. Up to the time operations ceased only 912 feet of the above first items of work and 576 feet of the diamond drilling had been completed. The trench work was fully completed.

During the period of work 69 flasks of mercury were recovered from processing 536 tons of ore. The reserves discovered during the contract are estimated at 900 tons containing approximately 3.0 lbs. of mercury per ton.

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosure 1

Mr. Hodgson, Rm. 1404
Mr. Thayer, Rm. 5[illegible], GSA
Contract Adm. & Audit Div.
Philip S. Flynn DOCKET

Mr. Ross E. Ellis, Metals Division (Rm. 2116)
Mr. Murphy
Mr. F. L. Johnson
Field Team, Region VI (2)

Minerals/db
Ch-2-53
cc to Adm. Reading File
Operating Committee

Government's Copy

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

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

Operator under Exploration Project
Contract Idm-E468, 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 O Mittendorf
Administrator, Defense
Minerals Exploration
Administration

JAN - 5 1954

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

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

Dear Mr. Pulliam:

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

Administrator

Enclosure

FMMurphy/gla 12-29-53
cc to: Adm. Reading File
Operating Committee
Docket
Messrs. Hedges, Rm. 4604
Thayer, Rm. 5216 GSA
Ellis
Murphy
F.E.Johnson
Chambers
DMEA Field Team, Region VI (2)

Government's 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 O Mitteudorf
Administrator, Defense Minerals
Exploration Administration

AMERIMEX MINING COMPANY

By R. N. Pulliam, Pres.

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-Fl68

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

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

Amendment #1

Exploration Project Contract No. Idm-E468
Docket DMA-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:

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.

added 1 jack hammer

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.

18

1018

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: ~~Jan~~ Feb. 27, 1953

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

AMERIMEX MINING CO.

Signed: Feb. 25, 1953

By R. N. Pulliam, Pres.
R. N. Pulliam

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.
Joplin, Missouri
February 19, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 10 1953
9

AIRMAIL

Mr. R. F. Fullian, President
Ameriinex Mining Company
P. O. Box 626
Alpine, Texas

Re: Docket No. [illegible]-2202X (Mercury)
Contract No. [illegible]-1468
Ameriinex Mining Co.
Presidio County, Texas

Dear Mr. Fullian:

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. F. 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 DMA 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 4e 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 Amerimax 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 Amerimax 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 receive 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 Amerimax 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)

C
O
P
Y

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

Docket No. DMEA - 2102

Commodity Mercury

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

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

Contract No. Idm-E 468

Date of Contract or Amendment: ~~xxxxxxxxxxxx~~ Dec., 18,1952

Name and Address of Operator:

Americex Mining Co., a corporation
P. O. Box 626
Alpine, Texas

Amount of Government participation $ 60,000.00

Percent of Government participation 75 %

Region: 17 State: Texas

Note: Please release $ 13,534.96

E. H. Talbert
(Name)

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

Date Delivered to Bureau of Mines, Washington.

3/30/55

54458

Docket No. [illegible]

Commodity [illegible]

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

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

Contract No. Idm-E [illegible]

Date of Contract or Amendment: December 10, 1952

Name and Address of Operator:

American Mining Company, a corporation
P. O. Box [illegible]
Alpine, Texas

Amount of Government participation ____ $ 60,000.00

Percent of Government participation 75 %

Region: VI State Texas

(Name)

J. L. [illegible],
Chief, Contract Administration and Audit Division

(Title)

Date Delivered to Bureau of Mines, Washington. Dec. 18, 1952

13808

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration
OCT 6 1952
RECEIVED

DOCKET NO. DMA-2202X

COMMODITY Mercury

DEC 18 1952

Government's copy
IDM-E 468

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

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 M29843 to M29848, inclusive, out of Survey 106, Block 341, T.C. Ry. Co., and the other six (6) awards being numbered M29849 to M29854, inclusive, out of Survey 108, Block G-5, M.K.&T.E.Ry. Co.

the Operator represents and undertakes: [4]

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

(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 two guarantees are attached.

~~(c) That the Operator is a lessee in possession and entitled to possession, and the Owner's Consent to Lien is attached:~~

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

ARTICLE 3. *Exploration project.*—The Operator, within 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 to independent contractors under independent contracts listed in Exhibit "A." The estimated cost of any work to be performed under an independent contract is or shall be included in the estimate of costs in Exhibit "A" in terms of the estimated numbers of units of work to be performed, the estimated amount to be paid per unit, and the estimated total amount to be paid to the independent contractor, and such estimates shall be allowable maximums above which the Government will not contribute. Regardless of the provisions of any such independent contract, the Government will participate in the payments to the independent contractor only on account of work actually performed and that conforms with the provisions of the exploration project contract, and only to the extent that the Government deems the unit prices for the work under the independent contract to be reasonable and necessary. No such independent contract shall have the effect of increasing the estimated total cost of the exploration project contract nor the maximum amount which the Government will pay as provided in the exploration project contract.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 8. *Payments by the Government.*—(*a*) The Government will pay 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 proportion to their respective interests. If the Operator, within 90 days after the receipt of written notice from the Government, fails, neglects, or refuses to dispose of such property, the Government may itself enter upon the land, take possession of, and remove and dispose of any such property as above provided.

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

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

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By [signature] Administrator, Defense Minerals Exploration Administration

AMERIMEX MINING COMPANY
(Operator)

By [signature] President

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.

[signature]
L. M. Pulliam, Secretary
AMERIMEX MINING COMPANY

[CORPORATE SEAL]

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

1-2

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 , 1952.

N.J. CROWLEY TAR PRODUCTS CO.

By: Nan Lewis
President.

- - - - - -

I, William J. Jennings, certify that I am the Secretary of the corporation named as Guarantor herein; that Nan 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-2202X, 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

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	
A	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	
B	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

C. 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:

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

(4) Operating equipment

A. (a) Equipment owned by Operator: -- none

B. (b) Equipment to be rented:

1	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
2	1 315 c.f.m. compressor, 6 mos. @ $335	2,010
3	1 power plant, 125 KVA, 6 mos. @$400	2,400
4	1 " " , 30 KVA, 6 mos. @$120	720
5	1 hoist, cage, and accessories, 6 mos. @$250	1,500
6	1 air tugger, 6 mos. @ $35	210
7	1 diamond drill and accessories, 3 mos. @$100	300
8	1 jeep, 6 mos. @$30	180
	Total equipment rent	$ 8,220

C. (c) Equipment to be purchased:

1	1 heavy jackhammer	$ 365
2	1 drifter	750
	column, arm, cradle, and other drill accessories	250
3	1 double-drum slusher, scraper, cable, and accessories	1,500
4	1 ventilation fan and motor	150
5	1 diamond drill 10-foot core barrel	90
6	1 diamond drill 5-foot core barrel	60
7	1 duplex high-pressure water pump	200
8	1 truck (2-ton cap.)	3,175
9	1 pickup (1/2 ton cap.)	1,975
10	3 steel water supply tanks @ $250	750
11	1 centrifugal water pump and engine	200
12	1 butane cook stove	150
13	1 butane refrigerator	350
14	1 refrigerated food storage cabinet	400
15	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

(5) Rehabilitation and repairs:

Repair buildings.....$ 550

Total rehabilitation and repairs.....$ 550

(6) New buildings, improvements and installations:

A 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

B Rehabilitation of mine headframe, shaft and underground workings..... 545

Total.....$ 3,145

(7) Miscellaneous

A Repairs and maintenance of trucks and other newly purchased equipment.....$ 550

B Public Liability, Property Damage, Fire and Theft Insurance on trucks, 6 mos. @ $50..... 300

C Freight on equipment, materials and supplies..... 800

D Workmen's Compensation Insurance (7.4 percent of payroll)..... 2,635

E Social Security Taxes (1.5 percent of payroll)..... 535

F Taxes Unemployment Insurance (3% of payroll)..... 1,070

Miscellaneous Technical Services and Expenses:

G Sustenance, communications, travel and transportation..... 750

H Accounting and preparation of cost reports, 6 mos. @ $100..... 600

I 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.

MAY 26 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, 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

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

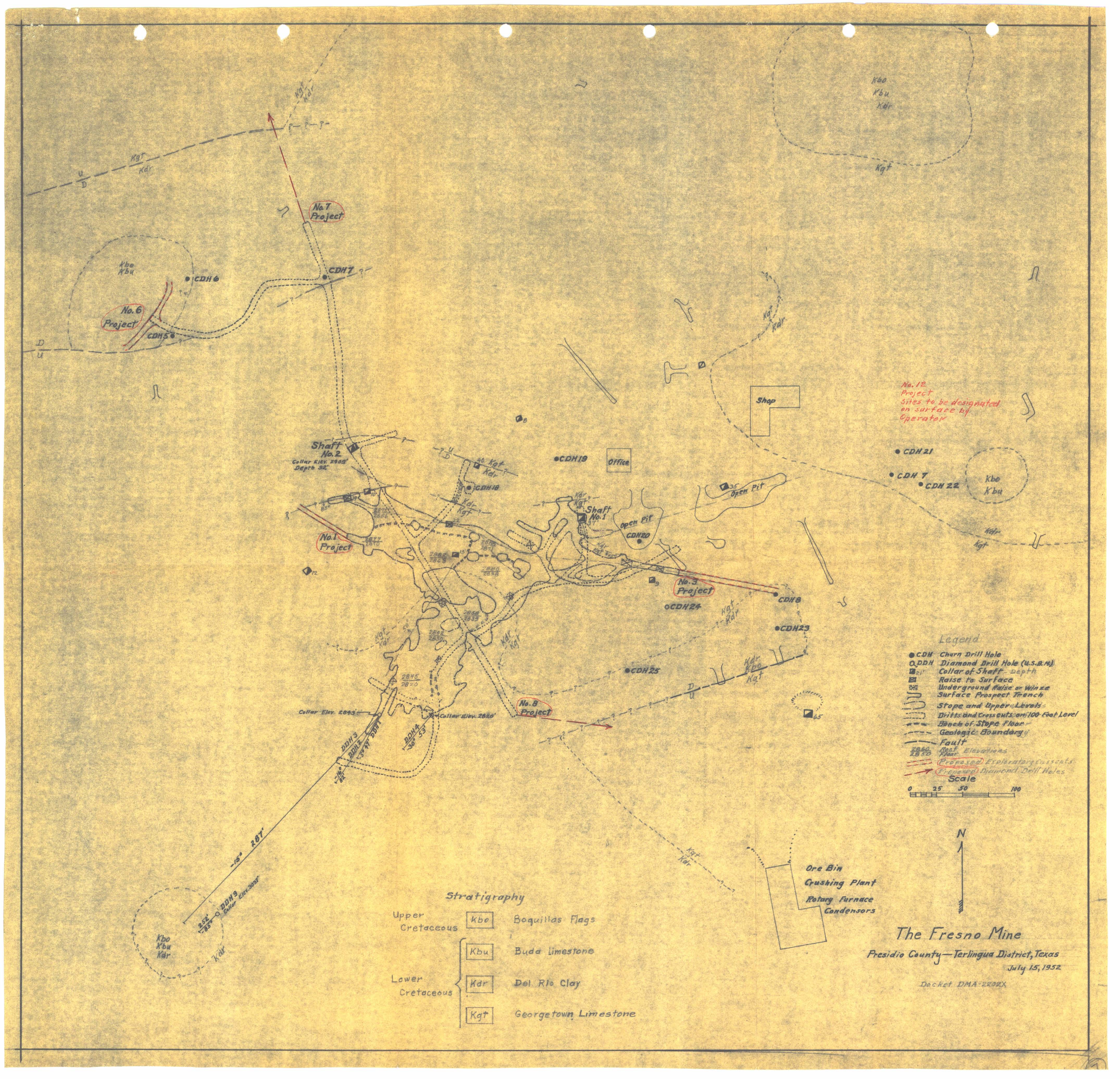
THE STATE OF TEXAS }
COUNTY OF PRESIDIO } I, J. H. FORTNER, County Clerk, Presidio County, Texas do hereby certify that the within is a true and correct copy of Mining Lease as the same appears of record in my office in the Deed Records of Presidio County Texas, Vol. 137 Page 80

WITNESS my hand and seal of office this the 23rd day of May A. D. 19 52

J. H. Fortner
County Clerk, Presidio County, Texas

Deputy

15


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 7
CDH 5
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
Ore Bin
Crushing Plant
Rotary Furnace
Condensors
Collar Elev. 2843
Collar Elev. 2820'
DDH 1
DDH 2
DDH 3
DDH 4
DDH 9
Collar Elev. 3031'
Kgt
Kdr
Kbo
Kbu
Legend
CDH Churn Drill Hole
DDH Diamond Drill Hole (U.S.B.M.)
Pit Collar of Shaft Depth
Raise to Surface
Underground Raise or Winze
Surface Prospect Trench
Stope and Upper Levels
Drifts and Crosscuts on 100 Foot Level
Bench of Stope Floor
Geologic Boundary
Fault
Roof Elevations
Floor
Proposed Exploratory Crosscuts
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