DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

The New Jersey Zinc Company
160 Front Street
New York 38, New York

pertaining to Exploration Project Contract No. Idm-E1109, DMEA No. 4673, including Amendment No. 1, for October 1957 to January 1958, inclusive, covering a zinc-lead-copper project in the Valsinco Area, Spotsylvania County, Virginia.

My review included an examination of the Monthly Reports (Forms MF-104) and supporting documents, comparison of the claimed costs with the contract and pertinent schedules, verification of work performed by reference to Field Team reports and correspondence, and a determination of the reasonableness and propriety of the costs.

This review was made in lieu of a final audit of the Operator's accounts and records for the reasons given in the attached schedule.

The findings of this review are stated in the following summary and attached schedule:

Total cost billed by Operator		$12,321.60
Exceptions:		
Prior to this review	$ -0-	
Herewith	-0-	-0-
Accepted cost claimed by Operator		$12,321.60
Acceptable cost not claimed		35.00
Total acceptable cost, if claimed		$12,356.60

The contract calls for a 50 percent contribution of the allowable costs by the Government. Therefore, if the project is otherwise accepted as having met the terms of the contract, payments as follows are valid and proper:

On cost claimed	$6,160.80
On additional cost, if claimed	17.50
Total payable, if claimed	$6,178.30
Payable on audited claim	$6,160.80
Paid to date	6,160.80
Balance due Operator	$ -0-
Additional payable, if claimed	$ 17.50

E. D. Talbert, Auditor

April 15, 1958

Reasons for Report of Review in lieu of a final audit:

(a) the Monthly Reports were supported by documentary proof of that portion ($10,832.40) of the costs covering work performed at unit rates under independent contract;

(b) the balance ($1,524.20) of the costs was under a contract provision for payment by the Government at fixed unit costs for work performed; and

(c) the administrative cost to the Government of an audit would be excessive in relation to the estimated amount of possible disallowances.

Acceptable cost not claimed:

140 core boxes claimed by Operator at actual cost of $2.25/each, whereas contract provides a fixed unit cost of $2.50/each "regardless of costs incurred by the Operator". Additional acceptable cost, if claimed, 140 each @ $.25 ..... $35.00

Mr. Robert A. Laurence
Executive Officer
DMFA Field Team, Region V
Room 13, Post Office Building
Knoxville 2, Tennessee

Re: Docket No. DMFA-4673 (Zinc)
The New Jersey Zinc Co.
Velzinco Area
Spotsylvania County, Virginia
Contract No. Idm-E1109

Dear Mr. Laurence:

Enclosed are the original and three copies of a Report of Review covering the above-cited contract. If you concur with the facts as stated in this report, please make the usual distribution. If for any reason you do not concur, please return the original and all copies with your comments to this Division.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Director
Contract Administration
and Audit Division

Enclosures

EDTalbert/ama
April 15, 1958

Copy to: Docket
Admr. Reading File
Helen R. Miller
Mr. Chambers

Mrs. Helen R. Miller
Personal Assistant
Bureau of Mines, Region V
P. O. Box 217
Norris, Tennessee

Re: Docket No. DMFA-4673 (Zinc)
The New Jersey Zinc Co.
Valzinco Area
Spotsylvania County, Virginia
Contract No. Idm-E1109

Dear Mrs. Miller:

Enclosed are the nine drilling invoices and one core box invoice submitted with your March 12 request for a Report of Review on the referenced project. The Report of Review, however, cannot be issued until a decision is made on amendment of the contract.

This contract provides for overburden drilling only "to 100-foot depth". Both the logs and invoices indicate that the overburden drilling exceeded 100 feet in 6 of the 9 holes completed. Unless the contract is appropriately amended a disallowance of $1,394.90 for an aggregate excess of 481 feet @ $2.90/ft. will be necessary.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Director
Contract Administration
and Audit Division

Enclosures

EDTalbert/ama
March 18, 1958

Copy to: Docket
Admr. Reading File
Mr. Laurence
Mr. Chambers
Mr. Talbert

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION V

ELECTROTECHNICAL
EXPERIMENT STATION

P. O. BOX 217
NORRIS, TENNESSEE

REGISTERED MAIL

March 12, 1958

Memorandum

To: Jay L. Chambers, DMEA, Interior Building, Washington, D. C.

From: Personal Assistant, Norris, Tennessee

Subject: Contract Idm-E1109, Docket No. DMEA-4673, The New Jersey Zinc Company, New York, New York - Valzinco Area, Spotsylvania County, Virginia

A report of review in lieu of final audit is requested on Contract Idm-E1109, Docket No. DMEA-4673, The New Jersey Zinc Company, Valzinco Area. The work under the subject contract was completed in December, and in error the January Voucher was not recognized as a final voucher.

We are enclosing the following:

1. Memo regarding completion of work

2. Invoices covering previously paid vouchers (10 vouchers)

Helen Miller
Helen R. Miller

Attachments
/hbm
Copies to R. A. Laurence
V. J. Lynch
Norris files
Day files

OFFICIAL FILE COPY
DMEA
RECEIVED MAR 17 1958

DATE		CODE
3/18	C	220
		800

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

ROOM 13 POST OFFICE BLDG.
KNOXVILLE 2, TENN.

OFFICIAL FILE COPY
DMEA
RECEIVED MAR 17 1958
DATE

March 10, 1958

Memorandum

To: J. L. Chambers, Director Contract Administration and Audit Division - DMEA

From: Executive Officer, DMEA - Region V - Knoxville, Tenn.

Subject: Completion of DMEA-4673 (zinc-lead-copper).
The New Jersey Zinc Co., New York, N.Y.
Valzinco area, Spotsylvania County, Virginia
Contract No. Idm-E1109

Work under the subject contract was completed on December 30, 1957. An acceptable final engineering and geologic report was received March 6-1958.

The following units of work have been satisfactorily completed, as verified by our Field Examiners:

Overburden drilling	1,323 ft.
Diamond drilling	2,591 "
Core Boxes	140
Sample analyses	none

Through some misunderstanding, the January voucher was not recognized as a final voucher, and was forwarded for payment. We are asking Mrs. Helen Miller to send you her file of vouchers and supporting documents. A Report of Review is requested.

Robert A. Laurence

Robert A. Laurence

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

FEB 2

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.5
PAID ON VOUCHER & SCHEDULE
OF PAYMENTS K- 42

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of January, 1958 Docket No. DMEA 4673 Contract No. Idm-E-1109
Operator's Name The New Jersey Zinc Company Minerals Zinc-lead-copper
Address 160 Front Street, New York 38, NY
Contract Amount, $12,770.00 Government Participation: 50 % Amount, $6,385.00

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 BXWL (AX)	2527.20	4468.50	6995.70			
Bulldozing Overburden	701.80	3134.90	3836.70			
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
Core boxes	-	315.00	315.00			
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
Incidental allowances	353.40	820.80	1174.20			
Analyses	-					
(8) Contingencies (specify):						
TOTALS	3582.40	8739.20	12321.60	3582.40	8739.20	12321.60

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

Date Jan. 20, 1958 Payee The New Jersey Zinc Company

Per W. L. Allsopp Title General Supt.

*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:

$ 1791.20

Signature Helen R. Mellie
(Authorized Certifying Officer)

Date FEB 25 1958 Vou. No. 135

(See other side)

4

1791.20.

(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. E 1109 in accordance with the terms of the contract.

Signature [illegible] Title Mining Engr. Date 2/10/58

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature [illegible] Title ACTING EXECUTIVE OFFICER DMEA - REGION V Date FEB 18 1958

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.

Form DMEA-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S UNIT COST AND PROGRESS REPORT

RECEIVED FEB 27 1958 D.M.E.A.

Month of January 1958 Docket No. DMEA 4020 Contract No. Idm-E-1109
Operator's Name The New Jersey Zinc Company Minerals Zinc-lead-copper
Address 160 Front Street, New York 38, NY

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core BXWL(AX)	feet	2527.20	936	6995.70	2591		3400	2.70
Over burden	feet	701.80	242	3836.70	1323		600	2.90
Auger								
Stripping Analyses	1	-	-	-	-		100	3.00
Trenching Core boxes	1	-	-	315.00	140		140	2.50
Test Pits								
Roads and Trails								
Incidental allowance	feet	353.40	1178	1174.20	3914		4000	0.30
Total Distributed Costs		3582.40		12321.60				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		3582.40		12321.60				

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 January 20, 58 Operator The New Jersey Zinc Co.

Per W. L. Albers Title General Supt.
W. L. Albers /gm

Remarks: Costs this month are for holes 85, 86 and 87. This completes the reporting of costs for the Valzinco area.

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)

H. A. Burmeister 2/10/58

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 872894

THE NEW JERSEY ZINC COMPANY

160 FRONT STREET

NEW YORK 38, N.Y.

January 20, 1958

PLEASE ADDRESS REPLY TO

P. O. Box 67
Mineral, Virginia

Mr. H. L. Burmeister
U. S. Bureau of Mines
College Park, Maryland

Re: Monthly Report, January 1958
DMEA 4673, Contract Idm-1109
Valzinco Area
Spotsylvania County
Virginia

Dear Mr. Burmeister:

Attached is the January, 1958, report on our DMEA contract for the Valzinco area. This completes submission of costs for the Valzinco. No narrative is included because drilling was completed in December, 1957, and reported in the December report.

Very truly yours,

W. L. Albers,
General Superintendent

CLH
CLHamilton/mmk
in quintuplicate

Form MF-104 Rev. (April 1952)

Budget Bureau No. 42-R1036.5

RECEIVED JAN 20 1958 D.M.E.A.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

PAID ON VOUCHER & SCHEDULE OF PAYMENTS K- 35

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of December, 1957 Docket No. DMEA 4673 Contract No. Idm-E-1109

Operator's Name The New Jersey Zinc Company Minerals Zinc-lead-copper

Address 160 Front Street, New York 38, NY

Contract Amount, $12,770.00 Government Participation: 50 % Amount, $6,385.00

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 BXWL (AX)	2721.60	1746.90	4468.50			
~~xxxxxx~~Overburden	1499.30	1635.60	3134.90			
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
Core boxes	--	315.00	315.00			
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
Incidental Allowance	457.50	363.30	820.80			
Analyses	--	--	--			
(8) Contingencies (specify):						
TOTALS	4678.40	4060.80	8739.20	4678.40	4060.80	8739.20

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

Date 1/3/58 *Payee The New Jersey Zinc Company

Per [signature] Title Superintendent

*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:

$ 2339.20

Signature Helen R. Miller (Authorized Certifying Officer)

Date JAN 16 1958 Vou. No. 116

(See other side)

3

2339.20

(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. E 1109 in accordance with the terms of the contract.

Signature [illegible] Title Mining Engr. Date 1/13/58

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature [illegible] Title EXECUTIVE OFFICER DMEA FIELD TEAM REGION V Date JAN 15 1958

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.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of December 195 57 Docket No. DMEA 4673 Contract No. Idm-5-1109

Operator's Name The New Jersey Zinc Company Minerals Zinc-lead-copper

Address 160 Front Street, New York 38, NY

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core BXWL(AX)	feet	2721.60	✓1008	4468.50	1655		3400	2.70
Over ~~xxxx~~ burden	feet	1499.30	✓ 517	3134.90	1081		600	2.90
Auger								
~~xxxxx~~Analyses	1	--	--	--	--		100	3.00
~~xxxxx~~ Core boxes	1	--	--	315.00	140		140	2.50
Test Pits								
Roads and Trails								
Incidental Allowance	feet	457.50	1525	820.80	2736		4000	0.30
TOTAL DISTRIBUTED COSTS		4678.40		8739.20				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		4678.40		8739.20				

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: Costs this month are for holes 82, 83 and 84

Date 1/3/58 Operator The New Jersey Zinc Co.

Per W. L. Albers Title Superintendent

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)

H. Burmeister 1/13/58

MINING ENGINEER
U. S. BUREAU OF MINES

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 872894

Valzinco Area - Narrative Report

December 1957

During December 1957, a total of 921 feet was drilled in holes 85-V through 87-V. Drilling of the Valzinco area was completed December 30 when DDH 87-V was bottomed. The drill is now moving to the Hunter area in Louisa County.

The drilling can be summarized as follows:

Hole No.	Overburden	BXWL (AX)[x]	Feet in December	Feet to Date
79-V	0-224 (224)	224-433 (209)	-	433
80-V	0-190 (190)	190-404 (214)	-	404
81-V	0-150 (150)	150-374 (224)	-	374
82-V	0-193 (193)	193-689 (496)	-	689
83-V	0-174 (174)	174-354 (180)	-	354
84-V	0-150 (150)	150-482 (332)	-	482
85-V	0-90 (90)	90-424 (334)	344	424
	(10' in Dec.)			
86-V	0-90 (90)	90-370 (280)	370	370
87-V	0-62 (62)	62-384 (322)	384	384
Footage this month	162	936	1098	
Total footage	1323	2591		3914

Drill holes 85-V, 86-V, and 87-V are shown on maps AXV-601, 602, and 603 respectively, which are attached. Formation boundaries correspond to those used in attached logs. Abbreviations conform to a standardized list in use at the Mineral office and can be correlated with the names used on the logs.

The three drill holes penetrated gneisses and schists similar to those penetrated by previous drill holes, with correlation still difficult.

All three holes penetrated traces of sphalerite, galena, and chalcopyrite but a definite mineralized zone is not present. Hole 86 penetrated the best showings but only in trace amounts.

[x] includes NX and BX footage necessary to set casing

North Valzinco, Anomaly 3

DDH 85-V

Started: November 29, 1957
Bottomed: December 4, 1957
Location: 403 feet N39°E of 84-V
Coordinates: 92,310.16N
74,877.25E
Elevation: 347
Bearing: N66°W @ collar
N61½°W @ 200'
Inclination: -60° @ collar
-56° @ 200'
Objective: Test geochemical anomaly

0 - 90	Overburden
90 - 206½	Biotite-sericite-quartz-feldspar schist
206½ - 424	Feldspar-biotite-sericite-quartz schist and gneiss 251-320, 361½, 396-419 - Scattered traces of zinc, lead, copper
424	Bottom

North Valzinco, Anomaly 3

DDH 86-V

Started: December 7, 1957
Bottomed: December 16, 1957
Location: 396 feet S41°W of DDH 84-V
Coordinates: 91,690.90N
74,877.25E
Elevation: 387
Bearing: N70°W @ collar
N66°W @ 200'
Inclination: -59° @ collar
-53° @ 200'
Objective: Test geochemical anomaly

0 - 90	Overburden
90 - 190	Quartz-sericite-biotite-feldspar gneiss (137½-151½ Diabase)
190 - 370	Feldspar-biotite-sericite-quartz schist and gneiss 212½-257, 271-278, 291-366 - Scattered traces of zinc, lead and copper
370	Bottom

DDH 87-V

Started: December 18, 1957
Bottomed: December 30, 1957
Location: 402 feet S40°W of 86-V
Coordinates: 91,384.02N
74,106.56E
Elevation: 395
Bearings: N68°W @ collar,
N65½°W @ 300'
Inclination: -60° @ collar
-46° @ 300'
Objective: Test geochemical anomaly

0 - 62	Overburden
62 - 103	Biotite-quartz sericite-feldspar gneiss and conglomerate
103 - 193	Sericite-quartz-feldspar schist and gneiss 106-193 Traces of zinc and lead
193 - 384	Biotite-sericite-feldspar-quartz schist and gneiss 195-308 Traces of zinc and lead
384	Bottom

THE NEW JERSEY ZINC COMPANY

(ESTABLISHED 1848)

CABLE ADDRESS
"JERSEZINC"

160 FRONT STREET

NEW YORK 38, N.Y.

January 2, 1958

PLEASE ADDRESS REPLY TO

P. O. Box 67
Mineral, Virginia

Mr. H. L. Burmeister
U. S. Bureau of Mines
College Park, Maryland

Re: Monthly Report, December 1957
DMEA 4673, Contract Idm-E-1109
Valzinco Area
Spotsylvania County
Virginia

Dear Mr. Burmeister:

Attached is the December, 1957 report on our DMEA contract for the Valzinco area.

Very truly yours,

W. L. Albers,
Superintendent

CLHamilton/mmk
in quintuplicate

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

RECEIVED JAN 16 1958 D.M.E.A.

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

PAID ON VOUCHER & SCHEDULE OF PAYMENTS K- 33

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of November, 1957 Docket No. DMEA 4673 Contract No. Idm-D-1109

Operator's Name The New Jersey Zinc Company Minerals Zinc-lead-copper

Address 160 Front Street, New York 38, NY

Contract Amount, $12,770.00 Government Participation: 50% Amount, $ 6,385.00

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 Contracts: Short Form						
Core Drilling BXML(AX)	1633.50	--	1633.50	1746.90	—	1746.90
~~Bulldozing~~ xxxxx Overburden	1757.40	--	1757.40	1635.60	—	1635.60
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
Core boxes	--	315.00	315.00	—	315.00	315.00
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
Incidental Allowance	363.30	--	363.30	363.30	—	363.30
Analyses	--	--	--		—	
(8) Contingencies (specify):						
TOTALS	3754.20	315.00	4069.20	3745.80	315.00	4060.80

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

Date 12/13/57 *Payee The New Jersey Zinc Company

Per [signature] Title Superintendent

*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:

$ 1872.90

Signature Helen R. Meller (Authorized Certifying Officer)

Date JAN 14 1958 Vou. No. 110

(See other side)

1872.90

(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. E-1109 in accordance with the terms of the contract.

Signature [illegible] Title Mining Engr. Date 12/26/57

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Lawrence Title EXECUTIVE OFFICER REGION V Date JAN 6 - 1958

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.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of November 1957 Docket No. DMEA 4673 Contract No. Idm-E-1109

Operator's Name The New Jersey Zinc Company Minerals Zinc-lead-copper

Address 160 Front Street, New York 38, NY

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core BXWL(AX)	feet	1633.50	605	1633.50	605		3400	2.70
Over ~~XXXX~~ burden	feet	1757.40	606	1757.40	606		600	2.90
Auger								
~~XXXXX~~ Analyses	1	--	--	--	--		100	3.00
~~XXXXX~~ Core boxes	1	--	--	315.00	140		140	2.50
Test Pits								
Roads and Trails								
Incidental Allowance	feet	363.30	1211	363.30	1211		4000	0.30
TOTAL DISTRIBUTED COSTS		3754.20		4069.20				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		3754.20		4069.20				

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 12/13/57 Operator The New Jersey Zinc Co.

Per W. L. Albers Title Superintendent

W. L. Albers

REMARKS: The only costs shown this month are for holes 79, 80, and 81, for which we enclose copies of the drillers invoices.

→ 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)

W. J. Burmeister 12/26/57

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 872894

THE NEW JERSEY ZINC COMPANY

(ESTABLISHED 1848)

CABLE ADDRESS
"JERSEZINC"

160 FRONT STREET

NEW YORK 38, N.Y.

December 10, 1957

PLEASE ADDRESS REPLY TO

P. O. Box 67
Mineral, Virginia

Mr. H. L. Burmeister
U. S. Bureau of Mines
College Park, Maryland

Re: Monthly Report, November, 1957
DMEA 4673, Contract Idm-E-1109
Valzinco Area,
Spotsylvania County,
Virginia

Dear Sir:

Attached is the November, 1957, report on our DMEA contract for the Valzinco area. The overburden for 79-V, 80-V, and 81-V was reported incorrectly in the narrative of the October report and has been changed in this report to include NX and BX footage necessary to set the casing.

Very truly yours,

W. L. Albers,
Superintendent

CLH
CLHamilton/mmk
in quintuplicate

RECEIVED
JAN 16 1958
D.M.E.A.

THE NEW JERSEY ZINC COMPANY
(ESTABLISHED 1848)
CABLE ADDRESS
"JERSEZINC"
160 FRONT STREET
NEW YORK 38, N.Y.

December 12, 1957

PLEASE ADDRESS REPLY TO
P. O. Box 67
Mineral, Virginia

Mr. H. L. Burmeister
U. S. Bureau of Mines
College Park, Maryland

Re: Telephone Conversation with
C. L. Hamilton, December 9,
1957
DMEA 4673, Contract Idm-E-1109
Valzinco Area
Spotsylvania County,
Virginia

Dear Mr. Burmeister:

This is to confirm our understanding of your telephone conversation with Mr. C. L. Hamilton, December 9, 1957. We understand that footage drilled in overburden may exceed the footage estimated in the contract provided that neither total footage (overburden plus rock) nor total cost of drilling does not exceed the footage and cost of drilling allowed in the contract.

We would appreciate your confirmation of our thoughts above.

Very truly yours,

W. L. Albers,
Superintendent

CLH/mmk
CLHamilton/mmk
in quintuplicate

December 30, 1957

Mr. W. L. Albers, Superintendent
New Jersey Zinc Company
Box 67
Mineral, Virginia

Re: DMEA 4673, Contract Idm-S 1109
New Jersey Zinc Co., Valzinco Area
Spotsylvania County, Virginia

Dear Mr. Albers:

This is in reply to your letter of December 12, 1957, confirming my telephone conversation with Mr. C. L. Hamilton relative to allowance of overburden drilling in excess of that allowed by this contract.

Your statement of the facts are correct but they have apparently been misinterpreted as evidenced by your November report on this project. Neither my conversation as confirmed by your recent letter, nor the terms of the contract indicate that drilling in rock with an NX or BX size bit may be considered as overburden drilling as has been assumed in your November report.

For your information in preparing subsequent reports, there is attached a corrected copy each, of forms MF 104 and MF 104-A as they should have been submitted in conformance with the R. J. Longyear invoice.

I have made the necessary corrections on all report forms submitted so this time it will not be necessary to resubmit the November voucher forms.

Very truly yours,

M. L. Burmeister

Attachment:

cc: VJLynch
RALaurence
1. PMAmbrose 2. Station Files
Mining
DMEA

Valzinco Area - Narrative Report

November 1957

During November, 1957, a total of 1392 feet was drilled. Drilling of anomalies 1 and 2 was completed with hole 83-V and drilling on anomaly 3 started with hole 84-V. The drilling can be summarized as follows:

Hole No.	Overburden[x]	BXWL (AX)	Feet in October	Feet to Date
79-V	0-238 (238)	238-433 (195)	--	433
80-V	0-194 (194)	194-404 (210)	--	404
81-V	0-174 (174)	174-374 (200)	--	374
82-V	0-193 (193)	193-689 (496)	476	689
83-V	0-180 (180)	180-354 (174)	354	354
84-V	0-150 (150)	150-482 (332)	482	482
85-V	0-80 (80)	None	80	80
Footage this month	410'	982'	1392	
Total footage	1209'	1607'		2816'

[x]includes NX and BX footage necessary to set casing

Drill holes 82-V, 83-V, and 84-V are shown on maps AXV-589, 596, and 598 respectively, which are attached. Formation boundaries correspond to those used in attached logs. Abbreviations conform to a standardized list in use at the Mineral office and can also be correlated with the names used on the logs.

Correlation of formations from one hole to the next continues to be difficult. However, all the holes on anomaly 1 (79-V through 82-V) penetrated biotite-sericite-quartz gneiss below the overburden and the lower contact of that formation can be correlated through the four holes. Zinc and lead mineralization occurs below the contact in all four holes. The deeper part of hole 82-V which is on strike from 83-V cannot be correlated with 83-V. Hole 84-V on anomaly 3 penetrated gneisses, schists, and conglomerates similar to those penetrated on anomalies 1 and 2. It is quite possible that some of the formations are of igneous origin.

All three holes drilled this month penetrated traces of sphalerite, galena, and chalcopyrite, but a definite mineralized zone is not present. Hole 84-V on anomaly 3 penetrated the best showings between 346 and 450, with an estimated 1½% zinc and traces of lead at 437-438½ and 445-445½.

South Valzinco, Anomalies 1 and 2

DDH 82-V

Started: October 30, 1957
Bottomed: November 8, 1957
Location: 400 feet N29½°E from 80-V
Coordinates: 81,072.66N
67,085.01E
Elevation: 417
Bearing: N69°W @ collar,
N69°W @ 300',
N74°W @ 500'
Inclination: -60° @ collar
-49° @ 300'
-45½° @ 500'
Objective: Test geochemical and self-potential anomalies

0 - 193	Overburden
193 - 201	Sericite-quartz schist and gneiss
201 - 268	Sericite-quartz-feldspar conglomerate and schist
268 - 307	Biotite-sericite quartzite
307 - 350	Carbonate-sericite-quartz gneiss and sericite-quartz conglomerate
350 - 689	Chlorite-biotite-feldspar-sericite-quartz schist and gneiss. 357-632 Scattered traces of zinc, lead, and copper including estimated ½% zinc, trace lead @ 527-531
689	Bottom

South Valzinco, Anomaly 2

DDH 83-V

Started: November 11, 1957
Bottomed: November 15, 1957
Location: 578 feet N10½°W of DDH 82-V
Coordinates: 81,642.32N
66,986.77E
Elevation: 408'
Bearing: N72°W @ collar
N59°W @ 300'
Inclination: -60° @ collar
-47° @ 300'
Objective: Test geochemical and self-potential anomalies

0 - 174	Overburden
174 - 210	Sericite-feldspar-quartz schist
210 - 338	Quartz-biotite-sericite-feldspar-gneiss and conglomerate 244½-245 Estimated 2% zinc, ¼% copper 271-276, 279½-280 Scattered traces of zinc in sphalerite
338 - 354	Biotite-sericite-quartz gneiss
354	Bottom

North Valzinco, Anomaly 3

DDH 84-V

Started: November 19, 1957
Bottomed: November 27, 1957
Location: 250 feet southeast of center of geochemical anomaly
Coordinates: 91,995.80N
74,621.57E
Elevation: 347'
Bearing: N72°W @ collar
N68¼°W @ 300'
Inclination: -60° @ collar
-50° @ 300'
Objective: Test geochemical anomaly

0 - 150	Overburden
150 - 289	Biotite-feldspar-sericite-quartz conglomerate, schist, and gneiss 160-160½ Estimated ½% zinc, trace lead 214-285 Scattered traces of zinc and lead. Recovery only 44½' out of 71' from 214-285
289 - 482	Biotite-feldspar-sericite-quartz schist 293-481½ Scattered traces of zinc, lead, and copper including: 346-347 Estimated ½% zinc, trace lead 437-438½, 445-445½ Estimated 1½% zinc, trace lead 448-448½ Estimated ½% zinc, trace lead
482	Bottom

Form MF-104 (Rev. April 1952)

RECEIVED NOV 25 1957 D.M.E.A.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.5

PAID ON VOUCHER & SCHEDULE OF PAYMENTS K- 27

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of October, 195 7 Docket No. DMEA 4673 Contract No. Idm-E 1109

Operator's Name The New Jersey Zinc Company Minerals Zinc-lead-copper

Address 160 Front Street, New York 38, N.Y.

Contract Amount, $12,770.00 Government Participation: 50 % Amount, $ 6,385.00

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:						
ore Drilling BMIL(AX)	-	-	-			
Bulldozing Overburden	-	-	-			
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
Core Boxes	315.00	-	315.00			
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
Incidental Allowance	-	-	-			
Analyses	-	-	-			
(8) Contingencies (specify):						
TOTALS	315.00		315.00	315.00		315.00

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

Date 11/6/57 *Payee The New Jersey Zinc Company

Per W. R. Allen, Jr. Title Superintendent

*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:

$ 157.50

Signature Helen R. Miller
(Authorized Certifying Officer)

Date NOV 22 1957 Vou. No. 89

(See other side)

157.50

(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. E-1109 in accordance with the terms of the contract.

Signature [illegible] Title GEOLOGIST, U. S. G. S. Date NOV 20 1957

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature V. J. Lynch Title ACTING EXECUTIVE OFFICER DMEA - REGION V Date NOV 20 1957

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.

Form MP-104A
(April 1962)

Budget Bureau No. 42-R1151.2

RECEIVED
NOV 25 1957
D.M.E.A.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of October, 1957 Docket No. DMEA 4673 Contract No. Idm-E 1109
Operator's Name The New Jersey Zinc Company Minerals Zinc-Lead
Address 160 Front Street, New York 38, N.Y. Copper

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core BWL(AX)	feet	-	-	-	-		3,400	2.70
Over Burden	feet	-	-	-	-		600	2.90
Auger								
Stripping Analyses	1	-	-	-	-		100	3.00
Trenching Core Boxes	1	315.00	140	315.00	140		140	2.50
Test Pits								
Roads and Trails								
Incidental Allowance	feet	-	-	-	-		4,000	0.30
TOTAL DISTRIBUTED COSTS		315.00		315.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		315.00		315.00				

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 11/5/57 Operator The New Jersey Zinc Co.

Per W R Atkins /WSH Title Superintendent

REMARKS: Narrative indicates 1424 feet were drilled in holes 79-V, 80-V, 81-V and 82-V. Since no invoices have been received as yet for these holes, they are not included in the above 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)

GEOLOGIST, U. S. G. S.

NOV 20 1957

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 872894

SOUTH VALZINCO - NARRATIVE REPORT

OCTOBER 1957

During the month of October 1957 a total of 1,424 feet was drilled. Drilling thus far on the Valzinco, anomalies 1 and 2, can be summarized as follows:

Hole No.	Overburden[x]	BXWL(AX)	Feet in Oct.	Feet to date
79-V	0-220(220')	220-433(213')	433	433
80-V	0-190(190')	190-404(214')	404	404
81-V	0-150(150')	150-374(224')	374	374
82-V	0-193(193')	193-213(20')	213	213
Footage this month	-753	671	1,424	
Total footage	-753	671		1,424

[x]includes NX and BX footage necessary to set casing.

Drill holes 79-V, 80-V, and 81-V are shown on maps AXV-580, 587, and 588 respectively, which are attached hereto. Formation boundaries on the sections correspond to those used in attached logs. Abbreviations conform to a standardized list in use at the Mineral office and can also be correlated with the names used on the logs.

Exact correlation of formations from one hole to the next is difficult and no marker beds can be recognized. However, mineralization generally occurs below the biotite-sericite-quartz gneiss.

All three holes penetrated traces of sphalerite, galena, and chalcopyrite, but a definite mineralized zone is not apparent. Hole 80-V penetrated the best showings of sphalerite and galena @ 220-389, but they are present in only trace amounts.

BOUGHT OF **WALTON & WOOD, INC.**

MERCHANTS

BUILDING SUPPLIES - FARM IMPLEMENTS
DEALERS FOR DODGE & PLYMOUTH CARS & TRUCKS

TERMS: CASH LOUISA PHONE 91K13

WHOLESALE **RETAIL**

PENDLETON, VA. 10/31/57 194

M. The New Jersey Zinc Company

NO.

To 140 Core Boxes @ $2.25 each.	$315 00
CERTIFIED TRUE COPY	
THE NEW JERSEY ZINC COMPANY	
W Whatton Sen	
GEOLOGIST	
Contract zinc	350 —

2D340

YOUR ACCOUNT STATED TO DATE. IF ERROR IS FOUND, RETURN AT ONCE.

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

SEP 12 1958

Mr. S. S. Goodwin, Vice President
The New Jersey Zinc Company
160 Front Street
New York 38, New York

Re: Docket No. DMEA-4673 (Zinc-Lead-Copper)
The New Jersey Zinc Company
Valzinco Area
Spotsylvania County, Virginia
Contract No. Idm-21109

Dear Mr. Goodwin:

Reference is made to your completed exploration contract with the Government.

We sincerely regret that the work performed did not result in a certification of discovery or development under the provisions of the contract. In the absence of such certification, the Government retains no claim or lien against the property subject to the contract or any future production therefrom. We, therefore, are closing our books and records on this project. Your attention, however, is called to the provisions of the contract which require the Operator to keep and preserve records for the period indicated.

Your interest in the DMEA exploration program and participation therein are fully appreciated.

Sincerely yours,

[signature]

Administrator

WPKlugeschaid/ism 9-10-58
cc: Adm.'rs Reading File
Contract Adm. & Audit Div.
Code 500
DMEA PT Reg. V (2)

Audit copy

EXPLORATION PROJECT CONTRACT
THE NEW JERSEY ZINC COMPANY
DOCKET NO. DMEA-4673

AMENDMENT NO. 1

It is agreed this 26th day of March, 1958, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and the New Jersey Zinc Company that Exploration Project Contract No. Idm-81109 (Docket No. DMEA-4673), dated July 19, 1957, is amended effective July 19, 1957, as follows:

In Exhibit "A," Estimated Costs of the Project, under the heading Actual Costs, Category (1) Independent Contracts is revised to read as follows:

"Category (1) Independent Contracts

Overburden drilling @ $2.90/ft 1/

Diamond drilling to 1,000-feet depth @ $8.70/ft. 1/ 2/ $10,920.00

"The above rates include charges for cementing and redrilling, water supply, changing of locations, reaming and casing, and all other charges which are incurred by the drilling contract.

"Neither the cost nor the value of casing left in drill holes at the option of the Operator will be accepted as a charge to the Contract."

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, the amount of any item designated as "maximum," or the fixed unit cost of any item of work.

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. M. Steuber
Administrator, Defense Minerals
Exploration Administration

THE NEW JERSEY ZINC COMPANY

By [illegible]

Title VICE PRESIDENT

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
ROOM 13 POST OFFICE BLDG.
KNOXVILLE 2, TENN.

EXTRA COPY
RECEIVED

DATE		CODE
		900

November 13, 1957

Mr. W. L. Albers, Supt.
Bertha Mineral Division
The New Jersey Zinc Company
Austinville, Virginia

DMEA-4673, Idm-E1109-Zinc
Valzinco Area
Spotsylvania County, Va.

Dear Mr. Albers:

This will constitute approval of the amended locations for drill hole 82-V, replacing the former location of Hole 4 on anomaly 1 and Hole 1 on anomaly 2, as requested in your letter of October 31. The location of the collar of this hole is 400 feet N 30°E from the collar of Hole 80-V.

Sincerely yours,

V. J. Lynch, Acting
Executive Officer, DMEA
Region V

RAL/zm
cc
Opr. Com.-2
Burmeister
E. Weinberg
Lynch
Files

THE NEW JERSEY ZINC COMPANY
(ESTABLISHED 1848)
160 FRONT STREET
NEW YORK 38, N.Y.
CABLE ADDRESS
"JERSEZINC"

EXTRA COPY
DMEA
RECEIVED NOV 15 1957
DATE | INITIALS | CODE

October 31, 1957

PLEASE ADDRESS REPLY TO
P. O. Box 67
Mineral, Va.

Mr. Robert A. Laurence
Regional Executive Officer
Defense Minerals Exploration Administration
Room 13, Post Office Building
Knoxville 2, Tennessee

Re: Amended hole locations
Docket 4673, Contract Idm-E 1109
Valzinco Area, Spotsylvania
County, Virginia

Dear Sir:

In accordance with the discussion at Mineral on October 11, 1957 held with Messrs. Wedow and Burmeister and as confirmed by telephone with Mr. Wedow on October 30, 1957 we herewith submit amended locations for hole four on anomaly one and hole one on anomaly two at the Valzinco area. We have now placed the collar of the fourth hole drilling on anomaly one 400' N30°E of the location of hole two(hole two is 80-V as located by our letter of October 11, 1957.) This fourth hole on anomaly one will also take the place of hole one on the second anomaly if it (82-V) is allowed to go to approximately 700 feet in depth.

The present hole, 82-V, is inclined at 60° and is directed N70°W.

Yours sincerely,

W. L. Albers,
Superintendent

E. L. Weinberg/jjf
in quintuplicate

RECEIVED
NOV 6 - 1957
U. S. Geological Survey
Geologic Division
Knoxville, Tenn.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
KNOXVILLE 2, TENN.

EXTRA COPY
DMEA
RECEIVED OCT 1957

DATE	INITIALS	CODE
		800

October 18, 1957

Mr. R. L. Albers, Superintendent
Bertha Mineral Division
The New Jersey Zinc Company
Austinville, Virginia

Re: DMEA-4673 (Zinc)
Valzinco Area
Spotsylvania County, Virginia
Contract Idm-E1109

Dear Mr. Albers:

This will constitute approval of the amended locations of the holes on the original fence at Valzinco anomaly one, as outlined in your letter of October 11, 1957, and discussed with Mr. Hadow and Mr. Burmeister.

Sincerely yours,

Robert A. Laurence
Executive Officer
DMEA Field Team, Region V

RAL/mg
cc - Operating Committee (2)
Mr. V. J. Lynch
Mr. W. T. Millar
Mr. E. L. Weinberg
File

THE NEW JERSEY ZINC COMPANY

(ESTABLISHED 1848)

CABLE ADDRESS
"JERSEZINC"

100 FRONT STREET

NEW YORK 38, N.Y.

October 11, 1957

PLEASE ADDRESS REPLY TO
P. O. Box 67
Mineral, Virginia

Regional Executive Officer
Defense Minerals Exploration Administration
Room 13, Post Office Building
Knoxville 2, Tennessee

Re: Docket 4673, Contract 1109
Valzinco Area, Spotsylvania
County, Virginia

Dear Sir:

We herewith submit amended locations for the original fence of holes on Valzinco anomaly one, in accordance with our discussion at Mineral on October 11, 1957 held with Messrs. Wedow and Burmeister of the DMEA field team. This was deemed necessary following appraisal of the overburden depth and depth to mineralization encountered in the first hole drilled on Valzinco anomaly one, 79V.

It is now proposed that the new fence of holes on anomaly one be drilled one to two hundred feet northwest of the original fence, as shown on map AXV-542-D-CK, and be inclined from 45° to 60° depending on conditions as they develop in the field. Hole 80V will be the first hole drilled under this revised fence and will be collared about 410 feet N15°E of hole 79V.

Yours sincerely,

W. L. Albers,
Superintendent

E. L. Weinberg/jjf
in quintuplicate

EXTRA COPY
DMEA
RECEIVED OCT 21 1957
DATE | INITIALS | CODE

RECEIVED
OCT 18 1957
U. S. Geological Survey
Geologic Branch
Knoxville, Tenn.

September 13, 1957

Mr. L. L. Albers, Superintendent
Sterlin Mineral Division
The New Jersey Zinc Company
Austinville, Virginia

Re: DMEA-673 (Zinc-lead-copper)
Palmyra Area
Spotsylvania County, Virginia
Contract Ldm-21109

Dear Mr. Albers:

This will constitute approval of the new drill sites as requested in your letter of September 10, and recommended by Mr. Burmeister and Mr. Hedow. No amendment is considered necessary.

Sincerely yours,

Robert A. Laurence
Executive Officer
DMEA Field Team, Region V

RAL/mc
cc - Operating Committee (3)
Mr. W. J. Lynch
Mr. L. T. Millar
Finance Office
File

EXTRA COPY
D M E A
RECEIVED SEP 17 1957

DATE	INITIALS	CODE
		800

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
ROOM 18 POST OFFICE BLDG.
KNOXVILLE 2, TENN.

800

September 13, 1957

Memorandum

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

From: Field Team, DMEA, Region V, Knoxville 2, Tennessee

Subject: Docket No. DMEA-1673, Contract No. Idm-E1109
(Zinc-lead-copper)
The New Jersey Zinc Company, New York, New York
Valzinco Area, Spotsylvania County, Virginia

Enclosed are three copies of a letter from the Operator, requesting changed location of the initial drill holes at the Valzinco project. Please refer also to the recent interim report by H. L. Burmeister and Helmuth Wedow, Jr.

We approve the proposed changes. It is our interpretation of the contract (paragraphs 3 and 4 of exhibit "A"), that an amendment is not needed, and we are authorizing the Operator to drill at the proposed sites. If this is incorrect and an amendment is considered necessary, please have one drafted or notify us so that we may write it.

Robert A. Laurence
Executive Officer

S. A. Feitler, for V. J. Lynch
U. S. Bureau of Mines

RAL/mg
Enclosures 3
cc - Operating Committee (3)
Mr. V. J. Lynch
Mr. W. T. Millar
File
Wedow

THE NEW JERSEY ZINC COMPANY
(ESTABLISHED 1848)
CABLE ADDRESS
"JERSEZINC"
160 FRONT STREET
NEW YORK 38, N.Y.

September 10, 1957

PLEASE ADDRESS REPLY TO
P. O. Box 67
Mineral, Virginia

Regional Executive Officer
Defense Minerals Exploration Administration
Room 13, Post Office
Knoxville 2, Tennessee

Subject: Docket 4673, Contract 1109
Valzinco Area, Spotsylvania County,
Virginia

Dear Sir:

We herewith submit amended locations for the initial holes on Valzinco anomalies 1, 2 and 3(rf. maps AXV-552,554), in accordance with our discussion at Mineral on September 5, 1957 held with Messrs. Wedow and Burmeister of the DMEA field team. This was deemed necessary following a reappraisal of the original data and consideration of self-potential data obtained after the preliminary field examination.

It is now proposed that diamond drill hole 1(Exhibit A, paragraph 3) on each anomaly be moved approximately as follows:

Anomaly No.	Distance of hole from original position	Bearing from original position
1	100 feet	N50°W
2	150 feet	N50°W
3	200 feet	N60°W

Very truly yours

W. L. Albers,
Superintendent

E. L. Weinberg/jjf
in quintuplicate

RECEIVED
SEP 12 1957

DMEA Form 14

Contract No. Idm-E 1109

Docket No. 4673

DEPARTMENT OF THE INTERIOR

Additional Release

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

TO: Chief, Finance Section, Budget and Finance Branch, Bureau of Mines

Please make the following entry on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program.

Date of Contract	Region	State	Commodity
July 19, 1957	V	Virginia	Zinc-Lead-Copper

Name and Address of Operator: The New Jersey Zinc Company
160 Front Street
New York 38, New York

	Reserve	Obligation
Prior Amount	0	6,178.30
Increase	0	0
Decrease	0	17.50
Revised Amount	0	6,160.80

Remarks:

(Name)
Allen S. Dokan, Chief
Operations Control and
Statistics Division
(Title)

Date delivered to Bureau of Mines, Washington 8/29/58

22845

DMEA Form 14

Contract No. Idm-E 1109

Docket No. 4673

DEPARTMENT OF THE INTERIOR

Terminated contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

TO: Chief, Finance Section, Budget and Finance Branch, Bureau of Mines

Please make the following entry on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program.

Date of Contract	Region	State	Commodity
July 19, 1957	V	Virginia	Zinc-Lead-Copper

Name and Address of Operator: The New Jersey Zinc Company
160 Front Street
New York 38, New York

	Reserve	Obligation
Prior Amount	0	6,385.00
Increase	0	0
Decrease	0	206.70
Revised Amount	0	6,178.30

Remarks:

(Name)
Allen S. Dakan, Chief
Operations Control and
Statistics Division
(Title)

Date delivered to Bureau of Mines, Washington 4/28/58

22845

DMEA Form 14

Contract No. Idm-E1109

Docket No. 4673

DEPARTMENT OF THE INTERIOR

Executed contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

TO: Chief, Finance Section, Budget and Finance Branch, Bureau of Mines

Please make the following entry on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program.

Date of Contract	Region	State	Commodity
July 19, 1957	V	Virginia	Zinc-Lead-Copper

Name and Address of Operator: The New Jersey Zinc Company
160 Front Street
New York 38, New York

	Reserve	Obligation
Prior Amount	6,385.00	0
Increase	0	6,385.00
Decrease	6,385.00	0
Revised Amount	0	6,385.00

Remarks:

Allen S. Dakan, Chief
Operations Control and
Statistics Division
(Name)
(Title)

Date Delivered to Bureau of Mines, Washington 8/7/57

16416

OFFICIAL FILE COPY
DMEA
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DATE	INITIALS	CODE
8/6	P.K.	220
		800

Audit copy

MF-200
(Revised June 1954)

Docket No. DMEA -6573

Commodity Zinc-Lead-Copper

Contract No. Idm-E 1109

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this ..... day of 19 JUL 1957, 195..., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] THE NEW JERSEY ZINC COMPANY, a New Jersey corporation, whose mailing address is 160 Front Street, New York 38, New York, hereinafter called the "Operator," as follows:

ARTICLE 1. *This contract* is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200), the attached Exhibit "A," Annex I, and Annex II, and 3 maps.

The Operator shall not transfer or assign this contract or any right thereunder without the written consent of the Government.

ARTICLE 2. *Operator's property rights.*—(a) The land which is the subject of this contract (hereinafter called "the land") is in the State of Virginia, County of Spotsylvania, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] optionee of [5] See Annex [illegible] in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] ....., [7] ....recorded in Book ....., page ....., official records of said County; and

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: interest of the owners.

(c) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above, and (if the Operator does not hold the legal title) the Consent to Lien of any holder of the legal title

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] Insert name, and if an organization, its nature (corporation and place of incorporation, partnership with names of partners, etc.).
[3] State on a separate sheet marked "Annex I" the legal description or enough to identify the property, particularly excluding any areas from which the production is not to be subject to the Government's percentage royalty.
[4] Insert "owner," "lessee," "contract purchaser," "locator," etc.
[5] Insert "the entire interest," "the mineral rights," "an undivided one-third," etc.
[6] Insert "deed," "lease," "contract," "location notice," "patent," etc.
[7] If not recorded, so indicate by inserting "un."

of the land (lessor, seller, optionor, etc.), are attached, as follows: Consent to Lien and Subordination Agreements of owners of optioned tracts are waived.

(d) The Operator shall preserve and maintain his right, title, and interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. Until the lapse of the time within which the Government may make a certification of discovery or development without any such certification having been made, and after any such certification has been made, the Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof. If the Government makes no certification of discovery or development within the time limited in Article 8, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 8(b)(1). See Annex I

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of Zinc-Lead-Copper The work to be performed is described in Exhibit "A." The Operator on or before November 1, 1957, shall commence the work, and on or before April 1, 1958 (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall ~~either~~ have completed the work, [redacted] See Annex II.

ARTICLE 4. *Performance of the work.*—(a) *Operator's responsibility.*—The work shall be performed with reasonable diligence, efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for liability insurance covering employment; and with suitable and adequate equipment, facilities, materials, supplies, and labor, to bring it to completion within the time fixed.

(b) *Independent contracts.*—To the extent that the allowable costs are estimated in Exhibit "A" with express reference to performance by independent contractors on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations), the work may be so performed; but if the reference in Exhibit "A" to any such independent contract requires the Government's approval thereof, payments under such contract will not be allowable costs unless the Government gives its written approval of the contract. Any such independent contract shall refer to some specific and identifiable part of the work, and shall be subject to all of the pertinent terms and conditions of this exploration contract; but the Government shall not be considered a party thereto, and its rights under this contract, including the right to terminate its contributions, shall not be affected thereby. Regardless of the provisions of any such independent contract and regardless of the Government's approval thereof, the Government will participate in payments to the independent contractor only on account of work performed in accordance with the provisions of this 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.

(c) *Government may inspect.*—The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract, and also after a certification of discovery or development to inspect production operations and underground workings. The operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 5. *Contribution by the Government.*—The estimated total allowable cost of the project, set forth in Exhibit "A," is the sum of $12,770.00 The Government shall contribute 50 percent of the allowable costs as they are incurred in a total sum not in excess of $6,385.00: *Provided,* That until the Operator has rendered to the Government his final report, 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 10 percent of the estimated total cost of the work or not in excess of the amount of the Government's contribution to the cost of property which is or may become subject to disposal as provided in Article 9(c), whichever is greater. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 7(b), but all payments by the Government are provisional only, subject to audit, until the account between the Operator and the Government is finally audited and settled. "Costs incurred" mean costs that have been paid or have become due and payable, or that in the opinion of the Government have become an obligation. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

ARTICLE 6. *Estimated costs.*—(a) *Categories of costs.*—The allowable costs of the work to which the Government shall contribute are limited to those that are direct, reasonable, necessary, and that are estimated in Exhibit "A" by categories as specified in this article. If any category or subcategory is omitted from the estimate of costs, or if the word "none" is annexed to the listing thereof, costs under such category or subcategory are not allowable. Any excess over any estimate which is indicated as the maximum of any category, subcategory, or item, either as to requirement or related cost, and any excess over the estimated total allowable cost of the work, shall not be allowable. Any excess over the estimate of any category, subcategory, or item, either as to requirement or related cost, not indicated as a maximum shall be allowable within the limit of the estimated total allowable cost of the work. To the extent that excesses over maximums other than the estimated total allowable cost of the work may be necessary for the performance of the work, the Operator shall incur such excesses for his own account without contribution by the Government; [redacted] See Annex II.

To the extent specified in this article or in Exhibit "A" the following categories, subcategories, and elements thereof are maximums; but if not so specified either here or in Exhibit "A" they are not maximums, and may be exceeded within the limit of the estimated total allowable cost of the work:

CATEGORY (1)—INDEPENDENT CONTRACTS.—Work to be performed under independent contracts (see Article 4(b)). The estimated total amount of this category and the estimated cost of each unit of work for performance under an independent contract are maximums. See Annex II.

CATEGORY (2)—PERSONAL SERVICES.

Subcategory (a)—Supervision.—All elements of this subcategory (number of supervisors, periods of employment, rates of pay, and total) are maximums.

Subcategory (b)—Technical services.—All elements of this subcategory (number of technicians, periods of employment, rates of pay, and total) are maximums.

Subcategory (c)—Labor.

CATEGORY (3)—OPERATING MATERIALS AND SUPPLIES.—Includes such items as drill bits and steel, explosives, fuel, pipe, power, small tools costing less than $50 each, timber, track.

CATEGORY (4)—OPERATING EQUIPMENT.

Subcategory (a)—Rental.—The number of each object to be rented [6 mine cars, 1 truck], the rate of rental [$100 per month, $5 per hour], and the total of this subcategory are maximums.

Subcategory (b)—Purchases.—The estimated total of this subcategory is a maximum.

Subcategory (c)—Depreciation.—All elements of this subcategory (time periods, rate of depreciation, and subcategory total) are maximums.

CATEGORY (5)—INITIAL REHABILITATION AND REPAIRS.—Estimates under this category include all requirements and related costs, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The estimated total of this category is a maximum.

Subcategory (a)—Initial rehabilitation and repairs of existing buildings, fixtures, and installations (exclusive of mine workings).—The estimated total of this subcategory is a maximum.

Subcategory (b)—Initial rehabilitation and repairs of operating equipment.—The estimated total of this subcategory is a maximum.

CATEGORY (6)—NEW BUILDINGS, FIXTURES, AND INSTALLATIONS (EXCLUSIVE OF MINE WORKINGS).—Estimates under this category include all requirements and related costs, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The estimated total of this category is a maximum.

CATEGORY (7)—MISCELLANEOUS.—Repairs and maintenance (other than initial) of operating equipment, analytical work, prints and other reproductions, accounting, Operator's share of payroll taxes, liability insurance covering employment, travel, communications, and any other items of requirement or cost that do not fall within any of the first 6 categories.

THE ESTIMATED TOTAL ALLOWABLE COST of the work is a maximum.

(b) *Nonallowable costs.*—The following costs are not allowable for contribution by the Government:

(1) *Costs of the land,* such as rental, depreciation, depletion, or other cost of acquiring, owning, or holding possession;

(2) *Indirect costs,* such as general overhead, corporate management, interest, taxes (other than payroll and sales taxes), insurance (other than liability insurance covering employment), damages to persons, damages to property (other than necessary repairs or replacements of equipment or other property used in the work);

(3) *Previous work* performed or costs incurred before the date of this contract; and

(4) *Deferred payments.*—Any costs incurred by the Operator under any rental-purchase agreement, installment-purchase agreement, or any agreement for the purchase of goods under the provisions of which payment of the full purchase price is deferred more than 90 days from the delivery of the goods; unless the purchase agreement is approved by the Government in writing.

(c) *Reductions in costs.*—The Operator shall account for and give the Government credit for any incidental benefits, credits, or money received in the ordinary course of business in prosecuting the work (as by salvage or sale of materials or equipment, furnishing of room or board, furnishing of power or services to third persons, rebates or discounts on purchases, etc.), in the same ratio in which the Government contributes to costs; and such amounts shall be treated as a reduction in costs incurred so that they are available for use within the limit of the original estimated total cost. This provision does not apply to receipts from production which are subject to the Government's percentage royalty under the provisions of Article 13. (See Annex II.)

ARTICLE 7. *Reports, accounts, audits.*—(a) *Operator's records.*—The Operator shall keep suitable records and accounts of the work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. If the Government elects to audit said records and accounts relating to the exploration work by certified public accountant, it may do so as a cost of the work to which the Operator shall contribute. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine any pertinent books, documents, papers, and records of the Operator. All of the Operator's vouchers and records and accounts relating thereto and the Government's payments thereof remain subject to adjustment until final audit by the Government. If work under this contract is carried on in conjunction with any other operations, or if labor, supervision, services, materials, supplies, equipment, facilities, or other requirements for carrying on the work are also used in connection with other operations, the costs shall be segregated and accounted for on a basis and by methods and accounts that are satisfactory to and approved by the Government.

(b) *Progress reports and vouchers.*—The Operator shall provide the Government with five copies of monthly progress reports in three sections as follows: (1) Operator's Monthly Report and Voucher showing detailed costs incurred during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and costs incurred for each type of work; and (3) a Narrative Report of the work performed during the reporting period including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground. (Forms for reporting under (1) and (2) above will be provided by the Government.)

(c) *Final report.*—Upon completion of the work or termination of the Government's obligation to contribute to costs, the Operator shall furnish the Government with five copies of a final report (in addition to the final progress report and voucher). This final report shall include a geological and engineering evaluation of the results of the work performed under the contract with an estimate of the ore reserves resulting from such work, complete assay data, adequate geological and engineering maps or sketches, and a summary of the work performed and related costs incurred.

(d) *Report of sales.*—The Operator shall provide the Government with suitable accounting and documentary evidence covering all production to which the Government's percentage royalty relates, such as copies of smelter or concentrator settlement sheets, and certified accounts of production and sale or other disposition of production.

(e) *Compliance with requirements.*—If in the opinion of the Government any of the Operator's reports, records, or accounts are insufficient or incomplete, or if the Operator fails to make them, the Government may procure the making or completion of such with suitable attachments as an expense of the work to which the Operator shall contribute. The Government may withhold approval and payment of any vouchers relating to insufficient or incomplete reports, records, or accounts.

ARTICLE 8. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after a sufficient final report and final account (see Article 7) has been rendered, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

(b) *Royalty on production.*—The Operator, as principal if the Operator is the producer, or as surety if the Operator is not the producer, shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, within a period of [redacted] years from the date of the contract, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. **(See Annex II.)**

(c) *Basis for computation.*—The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f. o. b. point); *except,* that charges of *the buyer* arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by *the buyer,* sampling and assaying to determine the value of the production sold, and freight paid by *the buyer* to a carrier (not the Operator), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. Any costs of treatment processes, sampling or assaying, or transportation, performed or paid by the Operator or by anyone other than the buyer, are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent) applied to the crude ore or other production after it is extracted from the ground, to put it into a commercially marketable form; excluding fabricating or manufacturing.

(d) *Unsold production.*—If any production (ore, concentrates, metal, or equivalent), after the lapse of six months from the date the ore was extracted from the ground, remains neither sold nor used by the Operator in integrated manufacturing or fabricating operations (for instance, if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrates, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value therof in the form in which and at the time when it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

(e) *Percentages of royalty.*—The percentages of the Government's royalty shall be as follows:

One and one-half (1½) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half (½)

percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.

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

(f) *Time for computation and payment.*—The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be, as above provided in this article.

(g) *Lien for payment.*—To secure the payment of its percentage royalty, there is hereby granted to the Government a lien upon the land or the Operator's interest in the land and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

(h) *Notice to purchasers.*—The Operator shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Administrator, Defense Minerals Exploration Administration, or his successor, and his estimate thereof shall be final and binding upon the Operator.

(i) *No obligation to produce.*—Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

(j) *Government not obligated to buy.*—Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals mined or produced from the land.

ARTICLE 9. *Interests in purchased property.*—(a) *Title and ownership.*—All costs under this contract shall be incurred by the Operator in the Operator's own name and for the Operator's own account; but any property acquired to the cost of which the Government contributes shall belong to the Operator and the Government jointly in proportion to their respective contributions, although title thereto shall be taken in the name of the Operator.

(b) *Preservation of property.*—Until the final disposal of any property in which the Government has an interest the Operator shall preserve and protect same for the best interest of the Government, any reasonable and necessary costs thereof to be treated as an allowable cost of the project. After the completion of the work or termination of the Government's obligation to contribute, or when such property is not in use for or needed for the work, the Operator shall neither use it without the written consent of the Government nor without paying a reasonable rental to be fixed by the Government for its interest.

(c) *Disposal of property.*—Upon the completion of the work or termination of the Government's obligation to contribute to costs, or when the property is no longer needed for the work, the Operator shall promptly dispose of salable or salvageable property in which the Government has an interest 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 or the Government at a price at least as high as could be obtained from others, unless the Government in writing waives its interest in any such property. Without advance approval of the sales price by the Government the Operator shall not sell at any price any item of property the cost of which was more than $500, and shall not sell at less than 25 percent of the purchase price any item of property which cost $500 or less. The Government, in lieu of approving the sales price for any such item, may itself purchase the item at the best price which the Operator is able to obtain or himself cares to give. Property remaining upon any termination of the work shall be considered in groups or categories (such as drill steel, or explosives, or pipe, or rails), and if the original cost of the remaining unexpended portion of any such group or category is less than $50, the Government waives its interest therein. If necessary to accomplish the disposal of any item the Operator shall dismantle and sever it from the land, the cost thereof to be treated as a cost of the project.

(d) *Default of the Operator re disposal.*—If within 90 days after the completion of the work or termination of the Government's obligation to contribute to costs, or after the property is no longer needed for the work, or after such further time as the Government may in writing allow, the Operator has failed to sell or otherwise liquidate or dispose of any property in which the Government has an interest, the Government, at any time prior to final settlement under the contract, may pursue one of the following two courses: (1) the Government, by written notice to the Operator, may place upon such property what in its opinion is a fair valuation thereof, not in excess of the cost less 1.66 percent per month from the

date such property was purchased under this contract to the termination of said 90-day period; and such property shall thereupon be considered and accounted for as having been purchased by the Operator at the valuation so fixed by the Government; or (2) the Government may enter and take possession of such property wherever it may be found, and remove and dispose of it for the joint account of the parties.

ARTICLE 10. *Termination of the Government's obligations.*—(a) If in the opinion of the Government operations at any time have failed to achieve anticipated results that indicate the probability of making a worthwhile discovery, and in the opinion of the Government further operations are not justified, the Government may give the Operator written notice thereof, and thereupon: (1) the Government shall be free of all obligation to contribute to costs not then incurred other than such as may be allowable under the provisions of the contract as necessary and incidental to winding up, reporting, and accounting; and (2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting.

(b) If in the opinion of the Government the Operator is in any manner in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon: (1) the Government shall be relieved of all obligation to contribute to costs not incurred when the notice was given, other than such as may be allowable by the provisions of the contract as necessary and incidental to winding up, reporting, and accounting; and (2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting. The remedy provided for the Government in this paragraph "(b)" is in addition to any other remedy provided in this contract, and in addition to any other remedy the law may provide for breach of contract.

(c) The giving of any notice by the Government under the provisions of this Article 10 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and such rights shall be fully preserved.

ARTICLE 11. *Notices to be given by the Government* may be delivered to the Operator, or may be sent by registered mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 12. *Officials not to benefit.*—No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 13. *Changes and added provisions.*—

See Annex II

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C Mitteudorf

Administrator, Defense Minerals Exploration Administration

THE NEW JERSEY ZINC COMPANY
(Operator)

By S S Goodwin

Title VICE PRESIDENT

I, SAMUEL PIKER JR, certify that I am the secretary of the corporation named as Operator herein; that Mr. S. S. Goodwin who signed this contract on behalf of the Operator, was then VICE 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.

Samuel Piker Jr

[CORPORATE SEAL]

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EXPLORATION PROJECT CONTRACT
THE NEW JERSEY ZINC COMPANY
DOCKET NO. DMEA-4673

ANNEX I

The land referred to in Article 2 of the contract consists of approximately 4,240 acres in Spotsylvania County, Virginia, about 3 miles southeast of the village of Paytes, Virginia. The Operator is in possession by virtue of a "Contract and Agreement," dated May 26, 1955, between The Chesapeake Corporation of Virginia and The New Jersey Zinc Company. A copy of the contract is contained in Docket No. DMEA-4673, and the land descriptions therein are incorporated herein by reference. All of the tracts of land referred to in this Annex I, on which any exploration work is planned, appear on the attached map entitled "The New Jersey Zinc Company, DMEA-4673, Valsinco Area Composite Map, Fig. 1, AXV-531-D-BD," and are outlined in blue color.

Lands on which the Operator has Right to Prospect for Minerals, for a Period of Five Years, which expires on May 26, 1960, plus Option of Leasing Mineral and Mining Rights on not to exceed 1,000 Acres, and not to exceed 200 Acres of Surface, for a Period of Twenty Years with right to renew for two successive twenty-year periods.

1. All of a certain tract of land conveyed by W. Campbell Spratt and Lillian J. Spratt, his wife, to The Chesapeake Corporation of Virginia by deed, dated December 27, 1950, and recorded in the Office of the Clerk of the Circuit Court of Spotsylvania County, Virginia, in Deed Book 154, page 105, EXCEPT that portion which was conveyed by The Chesapeake Corporation of Virginia to W. C. Spratt, by deed dated March 20, 1951. The said tract contains approximately 2,858 acres.

2. A tract of land containing approximately 1,382 acres, acquired by The Chesapeake Corporation of Virginia as follows:

From	Date of Deed	Deed Book	Page
Paumminas, Incorporated	May 1, 1951	156	354
Rowland Hazard et al.	September 26, 1951	158	80
Randolph C. Harrison et al.	September 26, 1951	158	360

3. All the right, title, and interest of The Chesapeake Corporation of Virginia to any mineral rights acquired by said corporation in the afore-mentioned deed from Panaminas, Incorporated, dated May 1, 1951.

SPECIAL AGREEMENT CONCERNING LAND

1. In the event the Operator or any subsidiary thereof at any time during the period expiring ten years from the date of this contract acquires any interest, title, or equity, in any lands contiguous to the premises described in this contract, it is agreed that such contiguous lands shall thereupon become subject to the provisions of this contract, and the parties hereto shall promptly execute amendments to this contract listing such contiguous lands as lands included in this contract.

2. It is further agreed that the Operator may, at any time before the expiration of sixty days following the conclusion or termination of exploration work performed pursuant to the terms of this contract, request the Government to delete from this contract such lands described in the option agreements listed in this Annex I, or in any amendments thereto, as have no known value for mineral production. The Government will promptly prepare amendments removing the specified lands from the contract, which amendments shall provide that the Operator:

(a) certifies the lands have no known value for mineral production;

(b) has, prior to the execution of the respective amendment, surrendered or otherwise disposed of all of its interest, title, and equity in such land, and any minerals produced therefrom, including any option, lease, or permit thereto, without any consideration whatsoever, including future compensation, for such surrender or disposition, other than relief from the cost of maintaining such interest;

(c) agrees that no benefit from such land or any production of minerals therefrom will accrue to the Operator or to any of its subsidiaries, directly or indirectly, during the period expiring thirty years from the date of this contract; and

(d) agrees that if the Operator or any of its subsidiaries acquires any interest, title, or equity in such land or any

minerals produced therefrom, or derives any benefit therefrom, before the expiration of thirty years from the date of this contract, the land with respect to which such interest, title, or equity is acquired, and any minerals produced therefrom, shall be deemed subject to this contract and any certification of discovery or development from the date that the Operator or its subsidiaries acquired such interest, title, or equity, or any benefit therefrom, until the expiration of thirty years from the date of this contract, or until the total amount contributed by the Government without interest is fully repaid, whichever occurs first.

EXPLORATION PROJECT CONTRACT
THE NEW JERSEY ZINC COMPANY
DOCKET NO. DMSA-4673

ANNEX II

1. In Article 3, the words following the reference to Article 10 are deleted, and the following words are substituted: "shall have completed the work."

2. In Article 6(a), that part of the last sentence in the first paragraph beginning after the semicolon is deleted.

3. Categories (2) through (7) of Article 6(a) are deleted.

4. In Article 6(c), the words "Article 9" are changed to "Article 8."

5. In Article 8(b), the words "ten years" are changed to "thirty years."

6. The following clause is added to Article 8(c):

"Provided, however, That so long as the Operator operates smelting facilities as an integrated part of its business, the settlement made by the Operator's smelter to its mine or mill on the ore or concentrates subject to the Government's royalty shall be, for the purpose of calculating the royalty payable to the Government under this contract, on the same settlement basis that the said smelter makes to its independent suppliers under the schedule most favorable to any independent supplier; or, should gross income from mining operations for percentage depletion purposes in Federal income tax determination show a greater value for ore or concentrate sales than that value which would result from applying the smelter schedule most favorable to an independent supplier, the greater value will be used as the basis for calculating royalty payable to the Government."

7. In addition to the costs of work estimated in Exhibit "A" by categories of actual costs, the costs of work requirements specified in Exhibit "A" as "Fixed Unit Costs" are allowable costs of the project. The Government will contribute to the fixed unit costs as work units are performed. A "Fixed Unit Cost" is an agreed price for each unit of work to be performed regardless of costs incurred

by the Operator. Costs set forth in Exhibit "A" include all allowable costs of the work to be performed under the contract.

8. Notwithstanding any other provision of the contract, the allowable unit cost per foot of a drilling item is the average unit cost per foot computed on the basis of all the actual unit costs of said drilling item incurred by the Operator: Provided, That the Government will not contribute to any portion of an average unit cost of a drilling item that exceeds the estimated unit cost of said item set forth in the contract.

EXPLORATION PROJECT CONTRACT
THE NEW JERSEY ZINC COMPANY
DOCKET NO. DMEA-4673

EXHIBIT "A"

Description of the Work

The purpose of the work is to explore for ores of zinc, lead, and copper by diamond drilling (and such churn drilling of overburden as may be necessary). Ores mined in this district occurred in two parallel veins known as the Holladay and the Discovery. The Holladay vein strikes about N 45° E and dips 68° to 70° to the southeast.

Drilling shall be done, on three geochemical and geophysical anomalies, on a bearing of N 50° - 60° W and on a minus 45° inclination. The anomalies are indicated on the attached map entitled "The New Jersey Zinc Company, DMEA-4673, Valzinco Area Composite Map, Fig. 1, AXV-531-D-BD."

The locations of the holes are tentatively shown in red on two attached maps entitled "The New Jersey Zinc Company, Mineral, Va, Fig. 2, S.W. Valzinco Area, AXV-552-D-BD," and "The New Jersey Zinc Company, Mineral, Va, Fig. 2A, North Valzinco Area, AXV-554-D-B." The initial drill hole location on each anomaly is indicated on the maps as D. D. H. #1.

Holes shall be spaced at not less than 200-foot intervals, except with the prior approval of the Government. The actual locations, directions, inclinations, and depths of all holes are subject to prior Government approval.

It is estimated that approximately 10 holes will be required, having an average depth of approximately 400 feet. Not more than 4,000 feet of drilling shall be performed.

All diamond drilling shall be done with AX size or larger coring bits, except when it is necessary to use an EX size bit in order to complete a hole. Drill holes shall be reamed and cased or cemented and redrilled as necessary.

No drilling shall be performed at locations which are within 200 feet of the outside boundary of the property.

made available to the Government for examination. All significantly mineralized core shall be split and one half thereof shall be properly sampled and assayed for zinc, lead, and copper. The remaining half of all significantly mineralized core samples shall be furnished to the Government upon request.

All assays shall be reported monthly to the Government, together with drill logs and proper plan maps and sections, showing the progress of the work and sample locations.

All work of drilling and sample preparation shall be properly supervised by competent engineers and geologists.

ESTIMATED COSTS OF THE PROJECT

Actual Costs

Category (1) Independent Contracts

Overburden drilling to 100-foot depth approximately 600 feet @ $2.90/ft. 1/	$ 1,740.00	
Diamond drilling to 1,000-foot depth approximately 3,400 feet @ $2.70/ft. 1/ 2/	9,180.00	$10,920.00

The above rates include charges for cementing and redrilling, water supply, changing of locations, reaming and casing, and all other charges which are incurred by the drilling contract.

Neither the cost nor the value of casing left in drill holes at the option of the Operator will be accepted as a charge to the contract.

Categories (2) through (7) None

Fixed Unit Costs (See Annex II of the Contract)

Incidental allowance 3/ for each foot of drilling completed 4,000 feet @ $0.30/ft.	1,200.00
Core boxes - 140 @ $2.50/each	350.00

Sample analyses - 100 @ $3.00/each sample	$ 300.00	$ 1,850.00
Estimated Total Cost of the Project		$12,770.00
Government's Participation @ 50%		$ 6,385.00

1/ See paragraph 8 of Annex II of the Contract.

2/ Any drilling with EX size bit will be at a maximum rate of $2.60 per foot.

3/ Includes all costs that might otherwise be allowable costs of the project under Categories (1) through (7) of Article 6(a), except as otherwise scheduled in Exhibit "A".

DMEA Form 14

Contract No. Idm-E 1109

Docket No. 4673

DEPARTMENT OF THE INTERIOR

Approved Contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

TO: Chief, Finance Section, Budget and Finance Branch, Bureau of Mines

Please make the following entry on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program.

Date of Contract	Region	State	Commodity
July 19, 1957	V	Virginia	Zinc-Lead-Copper

Name and Address of Operator: The New Jersey Zinc Company
160 Front Street
New York 38, New York

	Reserve	Obligation
Prior Amount	0	0
Increase	$6,385.00	0
Decrease	0	0
Revised Amount	$6,385.00	0

Remarks:

ALLEN S. DAKAN

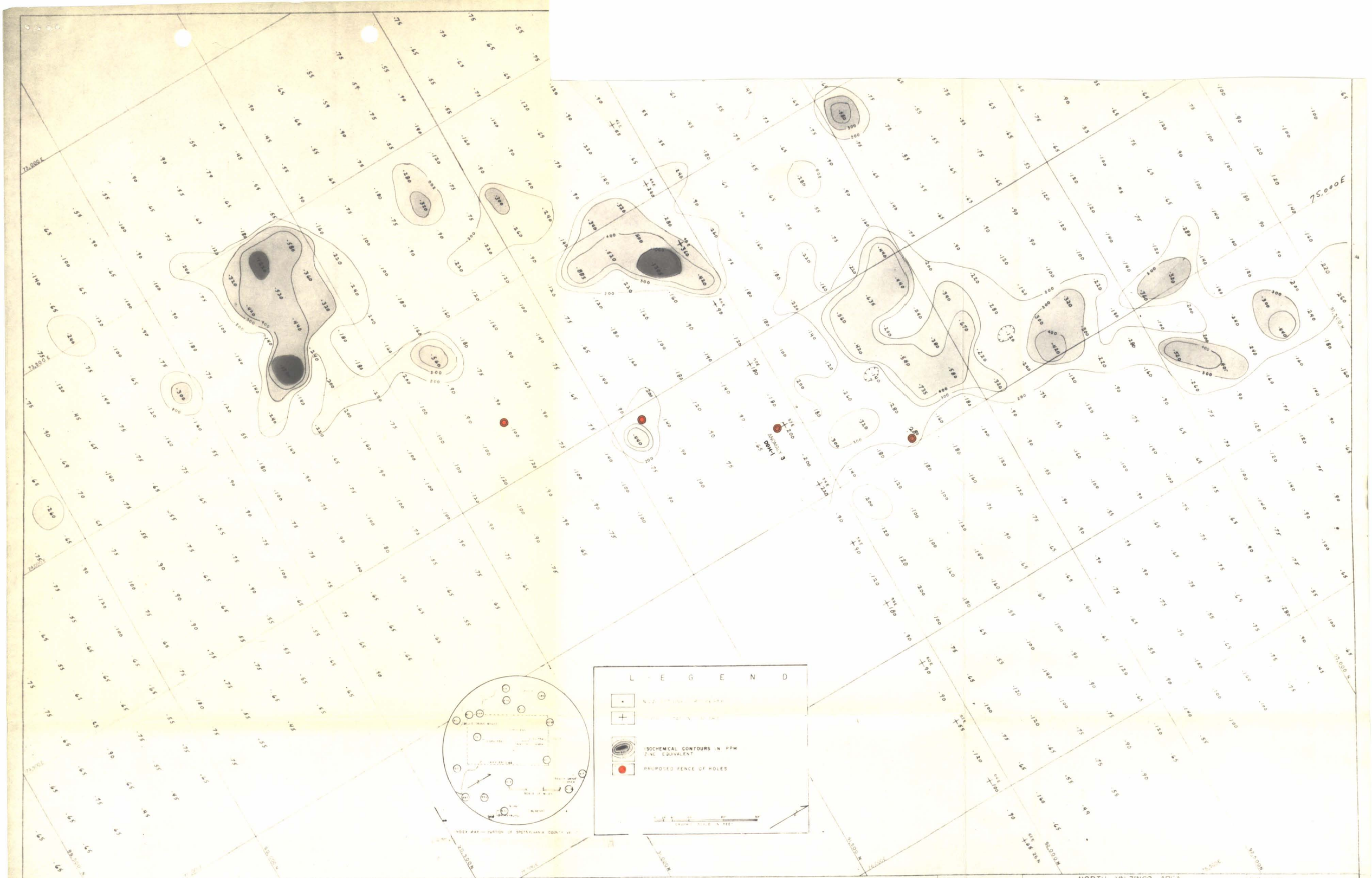
(Name)

Allen S. Dakan, Chief
Operations Control and
Statistics Division

(Title)

Date Delivered to Bureau of Mines, Washington 7/19/1957

16416


LEGEND
ISOCHEMICAL CONTOURS IN PPM ZINC EQUIVALENT
PROPOSED FENCE OF HOLES
INDEX MAP — LOCATION OF SPOTSYLVANIA COUNTY, VA
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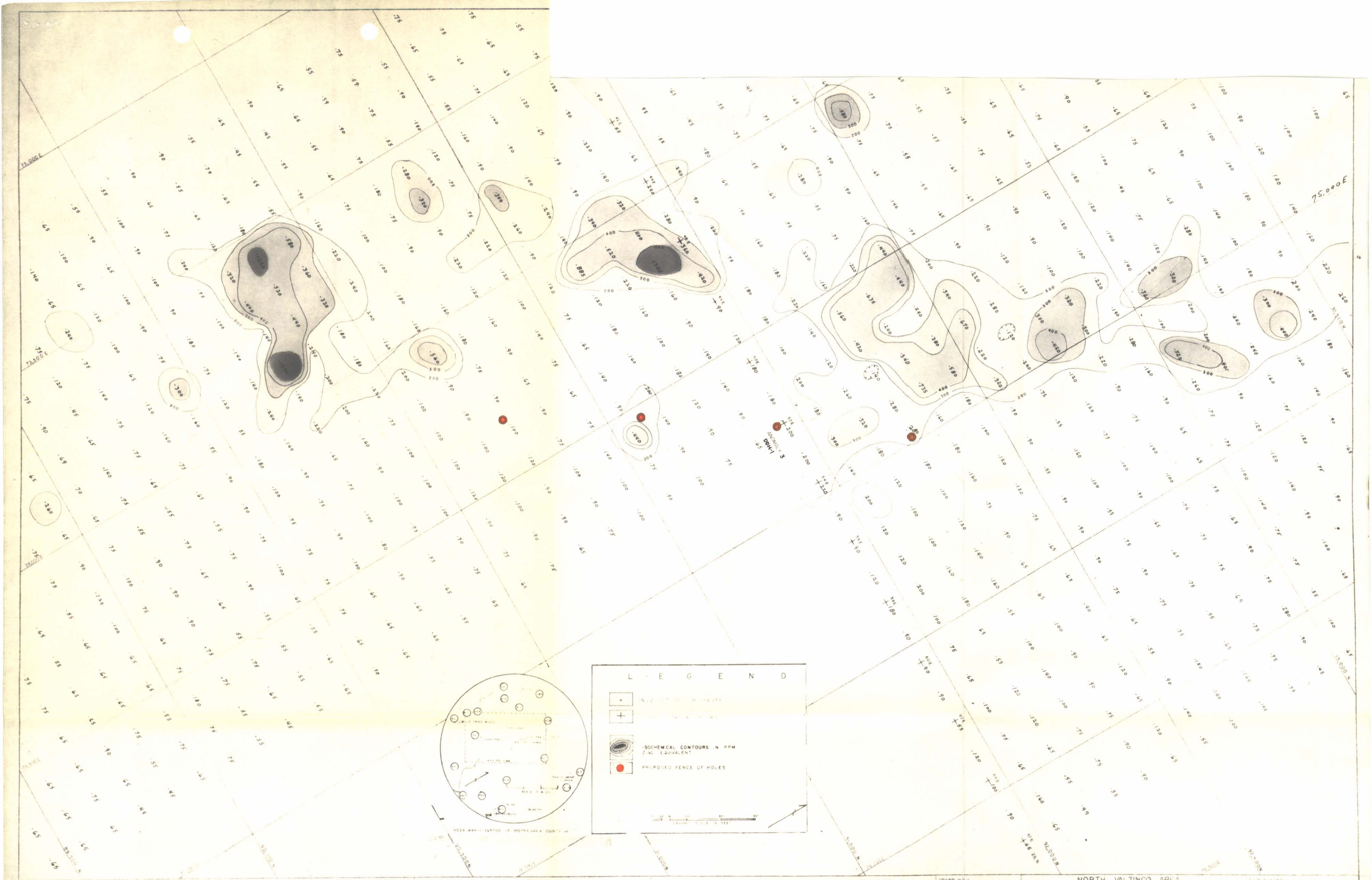

THE NEW JERSEY ZINC COMPANY
MINERAL, VA

FIG. 2A.

DRAWN W.R.H.
TRACED
CHECKED
APPROVED

NORTH VALZINCO AREA

GEOCHEMISTRY
DMEA-4673.

DATE 5-27-57
SCALE 1"=100'

AXV-554-D-B

1/2 Sepia

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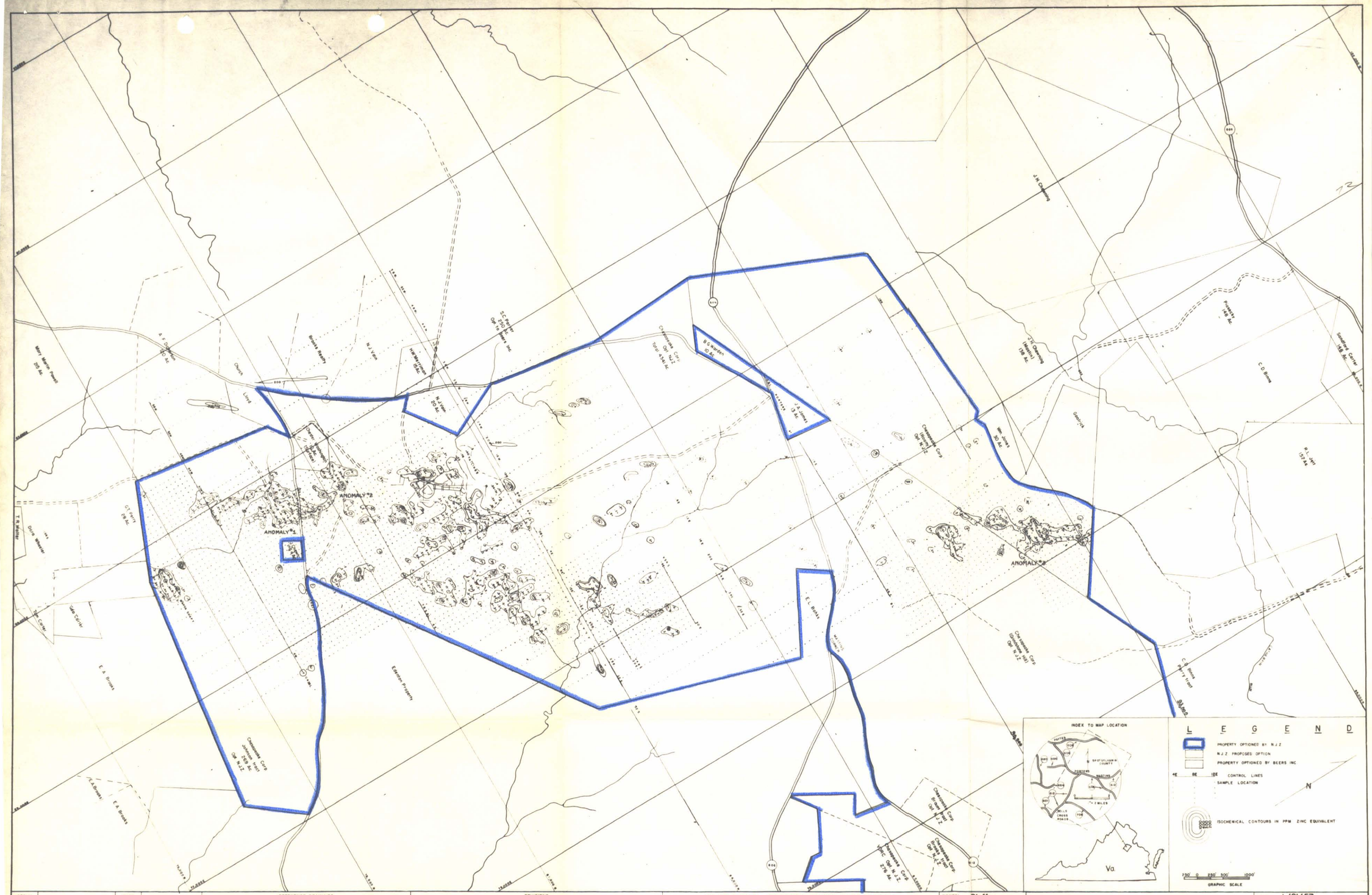

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REFERENCE DRAWINGS

AXV-246-D-B1	AXV-259-D-B1
AXV-246-D-D	AXV-259-D-D
AXV-253-D-B	
AXV-253-D-D	

REVISIONS

4/57	Staff		

THE NEW JERSEY ZINC COMPANY

DMEA-4673.

DRAWN	Staff
TRACED	PLW
CHECKED	
APPROVED	

VALZINCO AREA COMPOSITE MAP

FIG. 1.

DATE	1/21/57
SCALE	1" = 660'

AXV-531-D-BD