UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

OFFICIAL DOCKET FILE

DMEA No. 1212

This is the official contract file containing all official records of the transaction and from which duplicate material has been removed. The records contained in the files are checked and are arranged in this manner:

Left Side

✓ Certificate of Audit

Report of Review

✓ Termination ~~Notice~~ Agreement

Recision Notice

Assignment of Contract

Contract Amendments (latest on top)

✓ Contract with all exhibits and annexes

Owner's Consent to Lien

Subordination Agreement

✓ Leases and assignments of leases.

✓ Application and attachments

✓ Operator's monthly reports and all attachments (latest on top).

Right Side

✓ Project summary including any supplementary summaries.

✓ Work completed analysis.

All other material is filed in chronological order with correspondence including the following reports as checked:

✓ Final Field Team Report

Operator's Final Report

Interim Reports

Settlement Sheets

If additional folders are required because of volume of records, show folder numbers and contents below:

Maps in folder number ____

Operator's Monthly Reports in folder number ____

?

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

AUDIT CERTIFICATE

I have examined the records and transactions of:

The Philip Carey Company

Lockland, Cincinnati 15

Ohio

pertaining to Exploration Project Contract No. E-52, Docket No. 1212X, for the period of August 15, 1951 to January 31, 1952.

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

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

Total Cost as billed by Contractor	$3414.56
Exceptions	None
Total Accepted Cost	$3414.56

The contract calls for a 90 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Three Thousand Seventy Three Dollars and 10/100 plus contractor's share (10 percent of $692.50) of salvage value of equipment disposed of.

$3073.10
69.25
$3142.35

is valid and proper.

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

July 16, 1952

Robert M. Hull
Auditor

Amt payable $3,142.35
less: Amt paid for equip 692.50
Project Cost $2449.85

I INTRODUCTION

An audit was made on June 3 and 4, 1952 of Defense Minerals Exploration Contract No-E-52, DMEA Docket No. 1212 X, Philip Carey Manufacturing Company. The records pertaining to this contract are in the offices of the Philip Carey Manufacturing Company at Lockland, Cincinnati 15, Ohio. The audit covered the period of August 15, 1951, through January 31, 1952. The Philip Carey Manufacturing Company terminated its agreement with the owners of the property on December 31, 1951. This action automatically resulted in the termination of the company's exploration project contract. The project was officially terminated on May 7, 1952.

The Secretary of the Philip Carey Manufacturing Company, E. J. Fasold, and the Chief Accountant, B. H. Wuennemann, were present and were consulted as the occasion demanded.

II EXTENT AND SCOPE OF AUDIT

A comparison of the claims presented on Forms MF-104 was made with the provisions of the contract as outlined in the Engineer's statement of estimates as shown in Exhibits "A", "B", "C", and "D", and with supporting documants consisting of purchase orders, salary receipts etc., presented by the Contractor as proof of the project cost.

The Company Geologist, R. J. Merrill, who was in charge of the project, submitted a detailed work sheet monthly in support of and in addition to the Operator's Progress Report. These work sheets were checked in detail and all the supporting data traced to the appropriate

item.

The Company's Chief Accountant established work sheets, based upon the information received from the field, along the lines used in the Company's other operations. These were also examined and compared with the reports submitted by the Field Representative.

III FINDINGS

The records maintained by the Philip Carey Manufacturing Company pertaining to Defense Minerals Exploration Contract No. E-52 were in very good condition and adequate. It was possible to trace and support with detailed receipts, all of the claims submitted. The wage rates paid (MF-104s' August, September, and October 1951) were generally less than the amounts allowable under the contract as shown in the following summary:

	Contract	Claimed on MF-104s	
Geologist	at $500.00 per month	9 days at $500.00	$150.00
Transitman	at $400.00 per month	2 months at $350.00	$700.00
Rodmen (2)	at $300.00 per month		----
Laborer	at $250.00 per month	17 days at $200.00	$116.67
Cook	at $250.00 per month	19 days at $150.00	$ 95.00
Helper	at $200.00 per month		----
		Total	$1061.67

The various amounts claimed were set forth on detailed expense statements and the supporting data attached thereto.

The Final Report of the Field Team, Region III raised certain questions that are quoted below, as to whether the performance and

costs of the project were in accordance with the contract:

"For a transitman to have required 2 months and a geologist 9 days to do this small amount of work is ridiculous."

"The reconnaissance of the area was done at what appear to be excessive cost and probably much of it was not authorized in the contract."

"The reconnaissance and evaluation of the area called for could have been done by geologists or engineers under the supervision of the Field Team in less than 2 man-weeks time."

Upon further investigation and correspondence with the Executive Officer, DMEA Field Team, Region III, these points were satisfactorily cleared up as follows:

"The costs on the surface seem to be excessive, however, according to the final report that was turned in by Mr. R. J. Merrill and Mr. K. S. Blanchard on the Red Mountain area states that 'The Red Mountain Deposit is included in 13 mining claims owned by Carrico and Codding, situated in Section 33 of Township 26N, Range 12 W, and in Section 5 of Township 25N, Range 12W, Trinity County. The circular area ten miles in radius to which reference has already been made, has as its center the U. S. Land Survey Monument inscribed as 1/4 S. 5 U. S. L. S. located midway between corners on the Township line between Township 26N, Range 12W and Township 25 N, Range 12W.'"

"The Area is characterized by north to northwesterly trending ridges, the highest peaks of which attain elevations of 7500 feet. The numerous streams and creeks in its valleys form the headwaters of Eel, Trinity and Mad Rivers."

"Only the southern half is accessible by car over narrow mountain roads. The northern half must be travelled on horseback. The nearest village to the center of the area is Covelo, some 30 miles to the south in Mendocino County. The north Western Pacific Railroad passes only 14 miles east of the center but the nearest rail point by road is Dos Rios, 45 miles to the southeast. The southern half of the area is sparsely populated by cattle ranchers."

"For a transitman to make a reconnaissance survey of this area under conditions indicated above, two months' time is not excessive."

"Mr. Bailey, due to the fact that most of the area is devoid of favorable indications for asbestos, could have, perhaps, looked over the area in about two man-weeks time and he could have looked at the

work done as being ridiculous. It is appreciated, however, that the Philip Carey geologist was entirely unfamiliar with California geology and was, perhaps, over cautious not to overlook anything, so that he naturally spent more time on reconnaissance of the area than would have been spent by a Geological Survey geologist, more familiar with California geology."

"In the final report on the Red Mountain Asbestos Deposit by Edgar H. Bailey, Geologist, U. S. Geological Survey, dated April 1, 1952, there is a map (figure 1) on which is drawn a dotted line, identified as the 'Limit of area reconnoitered by Philip Carey Mfg. Co. geologists in search for serpentine masses.' Apparently, it is this area of approximately 140-150 square miles that was considered by Philip Carey Company as coming under their lease, of which the fourteen cited claims were a part."

"My decision, therefore, is that the costs incurred under Contract Idm-E52 are 'reasonable' within the meaning of Article 10 of the contract."

A trip was made to Nevada City, California for the purpose of taking possession and arranging for the disposal of the "jeep" pickup that had been purchased for the project. The "jeep" was put on public display at Cramers Auto Exchange at Grass Valley, California, and a for sale ad was run for three days in the local newspaper, "The Union". Also included in the ad were some 29 lengths of 1-1/2-inch used pipe.

The highest bid received and accepted was as follows:

Jeep	$605.50
Pipe	87.00

These funds were deposited to 14X4401, Revolving Fund, Defense Production Administration, Interior, under CD-2554 dated June 25, 1952. Accounts of A. H. Hoiland, Regional Disbursing Officer, Symbol 412.

IV RECOMMENDATIONS

As a result of this audit, no exceptions are taken. The costs are reasonable and are within the terms of the contract. The audit certificate prefacing this report reflects the total amount of the costs properly chargeable to this project.

GOVERNMENT'S COPY

TERMINATION OF EXPLORATION PROJECT CONTRACT BY AGREEMENT
AFTER COMMENCEMENT BUT BEFORE COMPLETION OF THE WORK

It is agreed this 7th day of May, 1952, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Philip Carey Manufacturing Co.
Lockland
Cincinnati 15, Ohio
, hereinafter called the "Operator," parties to that certain Exploration Project Contract I-dm-E 52, Docket No. DMEA-1212, dated July 3, 1951, that the said contract shall be and is hereby terminated as of the first date above written.

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

The undersigned Operator hereby releases and agrees to save harmless the Government from all claims and demands under or arising out of said Exploration Project Contract, except as herein expressly otherwise provided.

Witness the following signatures as of the day and year first above written.

UNITED STATES OF AMERICA

By O. Mittendorf
Acting Administrator, Defense Minerals Exploration Administration

Operator:
PHILIP CAREY MANUFACTURING COMPANY
By E. J. Fasold
E. J. Fasold, Secretary

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 8 1952

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

RECEIVED
JUL 12 1951
G. A. O.

July 9, 1951

The Philip Carey Manufacturing Company
Lockland
Cincinnati 15, Ohio

Re: Docket No. DMA-1212X

Gentlemen:

Enclosed find executed Exploration Project Contract No. Idm-E-52 dated July 3, 1951 with attached Exhibits and maps; also a set of monthly Progress Reports (Form MF-104). A Progress Report is to be submitted in quadruplicate to the Defense Minerals Administration field representative in your area where additional copies may be obtained.

Before commencing drilling operations, kindly comply with paragraph 4 of the contract by submitting a copy of your proposed drilling contract to the Executive Officer of Region III for his approval. His address is as follows:

Mr. H. C. Miller
Executive Officer
DMA Field Team, Region III
1415 Appraisers Building
San Francisco, California

A press release dated May 14, 1951 on "Questions and Answers on the Minerals Exploration Program" is enclosed for your information.

Sincerely yours,

C. O. Mittendorf

C. O. Mittendorf, Director
Production Expansion Division

Enclosures
EWEllis/bih
cc to: Messrs. Mittendorf-Olund
Strobel
Lyon
Barr
EWEllis
HCMiller, Region III
Field Finance Sec. Bu of Mines
Contract Ser. Sec. GAO
F I L E S

MF-200
(April 1951)

Index
No. Card
Card
Reviewed

Docket No. DMA 1212X
Commodity Asbestos

~~I-DMA-E52~~

I-DMA-E52

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

EXPLORATION PROJECT CONTRACT[1]

It is agreed this 3rd day of July, 1951, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration, hereinafter called the "Government," and[2] The Philip Carey Manufacturing Company
Lockland
Cincinnati 15, Ohio

hereinafter called the "Operator," as follows:

1. *Authority for contract.* This agreement is entered into under the authority of the Defense Production Act of 1950, pursuant to Mineral Order 5, entitled "Regulations Governing Government Aid in Defense Exploration Projects."

2. *Operator's property rights.* The exploration project shall be conducted on that certain property situated in the State of California, County of Trinity described as follows:[3] located mining lode claims situated in Mad River Mining District situated adjacent to T26N., R12W., and T25N., R12W., in conformance to mining option and lease between G. L. Carrico and Bruce L. Codding and subject company executed April 25, 1951.
with respect to which the Operator represents and undertakes:[4] (See Annex 2)

(*a*) ~~That he is the owner in possession and entitled to possession and that the property is subject to the following [illegible] as to each of which the coordination agreement of the holder is attached~~

~~see Appendix I, attached hereto.~~

(*b*) That he is a lessee, in possession and entitled to possession, ~~and the subordination agreement of the lessor is attached.~~

3. *Exploration project.* The Operator, within sixty (60) days from the date of this contract shall commence work on a project of exploration for[5] asbestos; shall prosecute the work efficiently, expertly, in a workmanlike manner, in accordance with good mining standards, with suitable and adequate equipment, materials, and labor, all properly designed to bring the project to completion within a period of[6] two (2) years from the date of this contract. The exploration project and the work to be performed are more fully described on Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, is made a part of this contract.

4. *Performance of the work.* The work shall be performed by the Operator, under his sole direction and control: *Provided,* That with the consent of the Government and its written approval of the contract or contracts, all or any part of the work may be performed by the Operator through contract or contracts with independent contractors. The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

5. *Fixtures and improvements.* The Operator shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of the exploration project without any allowance for the use, rental value, depreciation, depletion, or other cost of acquiring, owning, or holding possession thereof. Attached hereto, marked "Exhibit 'B'," is a detailed list of additional facilities, buildings, and fixtures, to be purchased, installed, or erected by the Operator, with the estimated cost of each, to which the Government will contribute its agreed pro-rata share of the cost. The difference between the cost of such additional facilities, buildings, or fixtures, and the salvage value thereof at the conclusion of the work, shall be charged as a cost of the project to which the Government has contributed its pro-rata share.

6. *Operating equipment.* Attached hereto, marked "Exhibit 'C'," is a detailed list of operating equipment divided into categories of items to be rented, purchased, or furnished by the Operator, with the allowable rental, purchase price, or rental value, as the case may be, annexed to each. As to equipment purchased for the project, the Government will contribute its agreed pro-rata share of the cost thereof, and the difference between the cost and the salvage value at the conclusion of the work shall be charged as a cost of the project to which the Government has contributed its pro-rata share.

JUL 19 1951
RECEIVED
CONTRACT SERV.
G.A.O.

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] State name, address, and nature of organization if any.
[3] Give legal description or enough to identify the property.
[4] Strike out the provision not applicable.
[5] Name of mineral.
[6] Not in excess of 2 years.

7. *Title to and disposition of property.* All facilities, buildings, fixtures, equipment, or other items costing more than $50 each, paid for or purchased with funds contributed jointly by the Operator and the Government, shall belong to the Operator and the Government jointly, in proportion to their respective contributions, and upon the termination of the contract, if they have any salvage value, shall be disposed of for their joint account unless the Government, in writing, waives its interest in any such items. The Government may require the dismantling, severance from land, and removal of any such items in order to realize its interest in the salvage value thereof, and the cost of any such removal and of the disposal of the items shall be for the joint account of the parties in proportion to their respective interests.

8. *Labor and supervision.* Attached hereto, marked "Exhibit 'D'," is an itemized schedule of labor, by numbers and classes (miners, muckers, millmen, etc.), and of supervisors, by numbers and positions, with the maximum wages or salaries that may be paid to each as an allowable cost of the project.

9. *Rehabilitation and repairs.* Attached hereto, marked "Exhibit 'E'," is a detailed schedule of existing facilities, buildings, installations, and fixtures, with a statement of the cost of any necessary rehabilitation or repairs to put into useful and operable condition, which cost shall be allowed as a cost of the project.

10. *Allowable costs of the project.* The allowable costs of the project in which the Government will participate are limited to the necessary, reasonable, direct costs of performing the exploration work, including the costs of materials, supplies, engineering, power, water, and utilities, including items of equipment costing less than $50 each; and the costs referred to in Articles 5, 6, 8, and 9, and the exhibits annexed to and referred to in the contract. Although the Government may pay part of the cost of new or additional facilities, structures, buildings, and equipment, only the depreciation on such items, computed as indicated in Articles 5 and 6, will be charged as a cost of the project. No items of general overhead, corporate management, interest, or any other indirect costs not expressly allowed by these regulations, or work performed or costs incurred before the date of this contract, shall be allowed as costs of the project in which the Government will participate.

11. *Participation by the Government.* At the end of the first full calendar month after the Operator has commenced work under the project, and at the end of each succeeding calendar month, the Operator shall submit to the Government a voucher for payment with a detailed statement of work done and allowable costs (as defined in Article 10 of this agreement) incurred, in a form and with supporting data acceptable to the Government. After approving the voucher, the Government shall pay to the Operator 90 percent of the sum of such costs incurred; *Provided,* That the aggregate total of all sums paid by the Government under this agreement shall not exceed $71,550.00, which is 90 percent of the agreed estimated total cost of this project, $79,500.00.

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

13. *Progress reports.* The Operator shall provide the Government with monthly reports of progress in form and content satisfactory to the Government, and upon the completion of the project or termination of the contract shall provide the Government with a comprehensive geologic and engineering report, including an estimate of ore reserves, to the best of his ability. Four copies of all reports shall be furnished to the Government.

14. *Repayment by Operator.* If, upon the completion of the exploration project or termination of the contract, the Government considers that a discovery or development has resulted from the work from which commercial production of ore may be made, the Government, within 6 months thereafter shall so certify to the Operator, particularly describing and delimiting its estimate of the discovery or the development. Thereafter, if and as ore is produced as a result of such discovery or development, the Operator and his successor in interest shall be and become obligated to pay to the Government a percentage royalty on the net smelter returns or other net proceeds realized from such ore, concentrates, or metal produced within ten (10) years from the date of this contract, until the total amount contributed by the Government, without interest, is fully repaid or said 10 years have elapsed, whichever occurs first, as follows:

Of net smelter returns or other net proceeds not in excess of eight dollars ($8.00) per ton of ore: One and one-half (1½) percent.

Of net smelter returns or other net proceeds in excess of eight dollars ($8.00) per ton of ore: One and one-half (1½) percent, plus one-half (½) percent additional for each full fifty cents ($0.50) in excess of eight dollars ($8.00) per ton of ore, but not in excess of a maximum of five (5) percent.

This obligation to repay from net returns or proceeds shall be and remain a claim and lien upon the property which is the subject of the exploration project and upon any production resulting from such discovery or development, in favor of the Government, until fully paid, or until said 10-year period has elapsed; and this claim and lien and the Government's right to repayment shall survive any termination of the contract, whether by completion of the exploration project or otherwise. This article is not to be construed as imposing any obligation on the Operator or his successor in interest to produce ore from any such discovery or development.

15. *No assignment of contract.* Without the written consent of the Government, the Operator shall not assign or otherwise transfer or hypothecate this contract or any rights thereunder.

16. *Termination and completion.* The Government may, at any time, by written notice to the Operator, terminate this contract: (*a*) If the Operator fails to provide his share of the money necessary to prosecute operations pursuant to the terms of the contract; (*b*) if the Operator, in the opinion of the Government, fails to prosecute operations pursuant to the terms of the contract; or (*c*) if in the opinion of the Government, operations up to the time of the notice have not indicated the probability of making any worthwhile discovery and in the opinion of the Government further operations are not justified. Upon the completion of the project or any termination of the contract the Operator shall render to the Government a full and final accounting of his operations under the contract and his expenditures of money; shall dispose of any unused materials, supplies, and equipment for the joint account of the Operator and the Government in the proportion of their respective interests; and shall pay to the Government its pro-rata share of any money remaining.

Executed in ~~triplicate~~ sextuplet the day and year first above written.

The Philip Carey Mfg Co Inc
(Operator)

By Vincent P. O'Keilly

THE UNITED STATES OF AMERICA

By Jesse Bay
Administrator, Defense Minerals Administration

U. S. GOVERNMENT PRINTING OFFICE 16—64066-1

EXHIBIT A

The exploration program to consist of field reconnaisance of the property including typographical, geological and geophysical mapping and surface trenching. Dependent upon favorable results of the surface work, a program of diamond drilling will be inaugurated to test and delineate the ore zones.

The above program is divided into two projects with Government participation in the cost of Project (2) dependent upon Field Team approval of data secured by Project (1) indicating the possibility of delineating commercial ore bodies by diamond drilling.

The estimated costs of the projects are as follows:

Project (1)

Trenching 200 feet @ $3.50	$ 7,000.00
Labor and Supervision (See Exhibit D)	13,200.00
Supplies	3,600.00
Building (See Exhibit B)	1,500.00
Equipment (See Exhibit C)	2,000.00
Laboratory work sample processing	600.00
Total Project (1)	$27,900.00

Project (2)

Core drilling 10,000 feet @ $4.00 per foot	$40,000.00
Labor and supervision (See Exhibit D)	8,800.00
Supplies	2,400.00
Laboratory work, sample processing	400.00
Total Project (2)	$51,600.00
Total Project (1) and (2)	$79,500.00

EXHIBIT B - Fixtures and Improvements

Project (1)

A building to serve as tool house is required at an estimated cost of $500.00. Frame work (floors and sides) is required for the tents used for crew housing is required at an estimated cost of $1,000.00. Both of these items are allowable costs under Project (1).

Project (2)

No additional facilities are required for the drilling project.

EXHIBIT C - Operating Equipment

Project (1)

The use of a jeep truck is required for transportation and the purchase of this item is allowable to a maximum cost of $1,500.00.

Project (2)

No additional equipment is required to be purchased or rented for the drilling project.

EXHIBIT D - Labor and Supervision

Project (1) and (2)

Geologist	$500.00	per	month
Transitman	400.00	"	"
Rodmen (2)	300.00	"	"
Laborer	250.00	"	"
Cook	250.00	"	"
Helper	200.00	"	"

The above crew will work on Project (1) to its conclusion and on Project (2) when started.

In addition a contract drilling crew will be engaged on Project (2) at the quoted rate of $4.00 per foot which includes all labor cost for the drilling.

EXHIBIT E - Rehabilitation and Repairs

No rehabilitation or repair of existing facilities is required or allowable under this contract.

ANNEX I

Whereas, the subordination agreement of the lessor, required by Paragraph #2 (B) of the annexed contract has not been obtained on the ground held by Mining Option and Lease between G. L. Carrico and Bruce L. Codding and The Philip Carey Manufacturing Company, dated April 25, 1951; and whereas, the United States of America has agreed to waive requirement of the lessor's subordination agreement. Now therefore, in consideration of said exploration project contract and of the foregoing, the Operator hereby undertakes and agrees to pay all sums that may fall due and owing to the United States of America under the terms of said contract in the same manner and to the same extent as if the subordination agreement of the lessor had been given. If for any reason his net smelter returns from operations that would be subject under said contract to such payments to the Government are not available as a means of measuring the amount of such payment, then the Operator agrees and undertakes to make such payment according to the best estimates of the amount that can reasonably be made, and in the event of dispute as to such estimate, the Operator agrees that the determination thereof by either the Administrator of Defense Minerals Administration or by the Director of the United States Bureau of Mines shall be final and binding upon the Operator, provided, however, that should the Operator furnish to the United States the subordination agreement required by Paragraph #2 (B) of this contract then, in that event, this covenant shall be null and void.

Signed: Vincent P. O'Reilly

Title: Director, Department of Sales

ANNEX II

1. THE VIRGINIA BRUCE MINING CLAIM NO. 1, notice of the location of which was recorded August 27, 1947 in Volume 51 of Mining Records, page 281, in the Office of the Recorder of Trinity County, California;

2. THE VIRGINIA BRUCE MINING CLAIM NO. 2, notice of the location of which was recorded February 17, 1948 in Volume 51 of Mining Records, page 360, in the Office of the Recorder of Trinity County, California;

3. THE VIRGINIA BRUCE MINING CLAIM NO. 3, notice of the location of which was recorded February 17, 1948 in Volume 51 of Mining Records, page 361, in the Office of the Recorder of Trinity County, California;

4. THE VIRGINIA BRUCE MINING CLAIM NO. 4, notice of the location of which was recorded June 23, 1948 in Volume 51 of Mining Records, page 418, in the Office of the Recorder of Trinity County, California;

5. THE VIRGINIA BRUCE MINING CLAIM NO. 5, notice of the location of which was recorded June 23, 1948 in Volume 51 of Mining Records, page 419, in the Office of the Recorder of Trinity County, California;

6. THE VIRGINIA BRUCE MINING CLAIM NO. 6, notice of the location of which was recorded February 17, 1948 in Volume 51 of Mining Records, page 362, in the Office of the Recorder of Trinity County, California;

7. THE VIRGINIA BRUCE MINING CLAIM NO. 7, notice of the location of which was recorded February 17, 1948 in Volume 51 of Mining Records, page 363, in the Office of the Recorder of Trinity County, California;

8. THE VIRGINIA BRUCE MINING CLAIM NO. 8, notice of the location of which was recorded February 17, 1948 in Volume 51 of Mining Records, page 364, in the Office of the Recorder of Trinity County, California;

9. THE VIRGINIA BRUCE MINING CLAIM NO. 10, notice of the location of which was recorded June 23, 1948 in Volume 51 of Mining Records, page 420, in the Office of the Recorder of Trinity County, California;

10. THE VIRGINIA BRUCE MINING CLAIM NO. 11, notice of the location of which was recorded June 23, 1948 in Volume 51 of Mining Records, page 421, in the Office of the Recorder of Trinity County, California;

11. THE VIRGINIA BRUCE MINING CLAIM NO. 12, notice of the location of which was recorded June 23, 1948 in Volume 51 of Mining Records, page 422, in the Office of the Recorder of Trinity County, California;

12. THE VIRGINIA BRUCE MINING CLAIM NO. 13, notice of the location of which was recorded June 23, 1948 in Volume 51 of Mining Records, page 423, in the Office of the Recorder of Trinity County, California;

13. THE VIRGINIA BRUCE MINING CLAIM NO. 15, notice of the location of which was recorded December 6, 1950 in Volume 52 of Mining Records, page 442, in the Office of the Recorder of Trinity County, California;

14. All right, title and interest of Bruce L. Codding, Virginia Codding and G. L. Carrico in and to the mineral and mining rights on all land now owned by William C. McCulloch and Florence W. McCulloch situated in Trinity County, California.

And including all after-acquired claims coming within the Mining Option and Lease of April 25, 1951 between Applicant and G. L. Carrico and Bruce L. Codding.

MINING OPTION AND LEASE

THIS AGREEMENT, entered into the 25th day of April, 1951, by and between G. L. CARRICO, of San Francisco, California, and BRUCE L. CODDING, of Covelo, California, the parties of the first part(hereinafter called "Owners"), and THE PHILIP CAREY MANUFACTURING COMPANY, a corporation, the party of the second part (hereinafter called "Carey"),

W I T N E S S E T H:

RECITALS:

WHEREAS, the Owners are the owners of record of certain lode and placer mining locations and real estate, situate in the Mad River Mining District, Trinity County, California, more particularly described in the schedule attached to this agreement marked Exhibit "A"; and

WHEREAS, Owners also expect to locate, purchase or otherwise acquire other adjacent and adjoining claims on public lands situate in said District which are valuable for production of asbestos, asbestos ores and asbestos-bearing materials; and

WHEREAS, Carey is desirous of acquiring an option for a lease and possible purchase of said mining claims, including those already located and those which may hereafter be located within the term of this agreement, upon the terms and conditions hereinafter specified;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and conditions herein contained, the parties hereto agree as follows:

For and in consideration of the sum of Twenty-five Dollars ($25) paid by Carey to Owners, receipt of which is hereby acknowledged, and of the agreements of Carey hereinafter contained, the Owners grant to Carey the exclusive right and option from the date of this agreement until the 1st day of January, 1952, to acquire a lease with incorporated option to purchase covering the mining claims and property described in Exhibit "A", upon the terms and conditions hereinafter specified. Said period from the date hereof until January 1, 1952, is hereafter described as the "exploratory period." During said exploratory period Carey agrees that not later than May 1, 1951, it will enter upon the above described mining claims and make such investigations and carry on such prospecting, drilling, testing, and sampling of said claims for asbestos fibre and asbestos-bearing materials as Carey deems necessary or desirable in order to determine to its satisfaction whether the asbestos fibre located in such properties is of sufficient quantity and quality to warrant the mining thereof. Owners agree that during said exploratory period Carey shall have the exclusive right to enter upon said mining claims for the foregoing purposes, and in this connection the provisions of Paragraph 7 of the following Lease and Option shall be operative during the exploratory period, and may erect thereon such structures, equipment, and machinery as it may deem necessary or advisable in connection with such exploratory operations, and thereafter to remove any property it has placed on said claims if it elects not

to exercise this option.

Carey further agrees that in the event it does not exercise the option hereby granted,then at the conclusion of said exploratory period it will notify Owners in writing that it does not desire to accept said Lease and Option, and will deliver to Owners a copy of all reports which may have been prepared by Carey or its agents setting forth the results of such investigations. If on or prior to the 1st day of January, 1952, Carey elects to exercise this option for a lease with incorporated option to purchase covering said claims, then upon making such election it will so notify Owners in writing, and upon receipt of such notification in writing, the following Lease and Option shall be considered as in effect between the parties hereto, and all other subsequent rights shall be governed by the terms of such Lease and Option.

LEASE AND OPTION

Owners hereby lease, demise and let to Carey, with an option to purchase as hereinafter set forth, and Carey hereby hires and takes from Owners, all of those mining claims and other property situate in the Mad River Mining District, Trinity County, California, and more particularly described in Exhibit "A" attached hereto and made a part hereof, for a term of five (5) years from date hereof, and so long thereafter as asbestos, gold or other metals may be produced by Carey from said property in paying quantities, subject always to the option hereinafter expressed for Carey to acquire title to said properties upon the terms specified in Paragraph 4 hereof.

It is further agreed that if in the course of its prospecting operations during both the exploratory period and the period of the lease, Carey in its exclusive descretion decides that claims in addition to those mentioned in Exhibit "A" attached hereto should be located and added to the area to be mined under the terms of this lease and Option, Carey will proceed to locate and stake said claims in its own name and will comply with the laws of the United States and of the State of California with respect to posting discovery notices, marking the boundaries and recording copies of location notices of said claims, and thereafter performing the location work thereon required by Section 2304 of the Public Resources Code of California; provided, that this obligation shall only extend to claims located within a radius of ten (10) air line miles from U. S. Land Survey Monument, inscribed as 1/4 S. 5 U.S.L.S. and located on Township line between Township 26 North, Range 12 West, Mount Diablo Base and Meridian and Township 25 North, Range 12 West, Mount Diablo Base and Meridian at 1/4 section of Section 5 of Township 25 North, Range 12 West, Mount Diablo Base and Meridian (hereinafter called the "mining area"), and discovered within a period of three years from the date of this agreement; said claims shall in all respects be subject to all of the terms and conditions of this lease and option agreement in the same manner and to the same extent as if included in Exhibit "A" hereto; if Carey fails to exercise the lease option, or having exercised said option and said lease having become operative, said lease is thereafter terminated, other than by exercise by Carey of the option to purchase or default of Owners, Carey agrees to execute

and deliver to Owners deeds covering all of Carey's right, title and interest to said additional claims; if Owners or their agents, servants, employees or partners during the exploratory period or the term of the lease make additional discoveries of asbestos or other minerals, in said mining area as previously described in this paragraph, they shall promptly inform Carey, and thereafter they may stake said claims in their own manes, and post discovery notices, marking the boundaries thereof, and thereafter record copies of the location notices of said claims and/or otherwise perfect said claims; said claims shall be subject to all of the terms and conditions of this lease and option agreement in the same manner and to the same extent as if included in Exhibit "A" hereto, unless Carey determines that it does not desire to have said claims included within the terms of this agreement and so notifies Owners in writing; when said claims have been perfected, Owners shall promptly execute, acknowledge and deliver in escrow deeds to said claims of the same kind and in the same manner as specified in Paragraph 4 hereof; in the event that Owners do not promptly perfect their title to said claims, Carey may at its option, treat said discovery as one of its own in the same manner and to the same extent as provided previously in this paragraph.

In the event that during the three year period following the execution of this agreement, individuals, corporations or associations other than Owners and Carey and their servants, agents, partners and employees, should locate mining claims within said mining area, Owners shall have the exclusive right for a period of sixty (60) days from date of location to secure the rights to said mining claims, provided

that mining claims are made subject to this lease and option agreement as if included in Exhibit "A", and provided particularly that Carey shall not be required to pay royalties on minerals and metals removed from said claims in excess or in addition to those provided for in Paragraph 3 hereof; following the expiration of said sixty (60) day period and providing that Owners have not been successful in purchasing said claims and subjecting them to the terms of this lease and option agreement as above specified, then Carey shall have the right to acquire said claims on such basis as it may see fit, provided that if Carey thereafter mines asbestos rock or asbestos fibre or other metals or minerals from said claims in commercial quantities, Owners shall be entitled to receive from Carey a sum of money, which, when added to such sums as Carey may already have paid Owners under the terms of this agreement, shall equal Twenty Thousand Dollars ($20,000).

This Lease and Option is granted subject to the following terms of this agreement, to all of which Carey hereby assents and agrees:

(1) OWNERS' COVENANTS:

Owners covenant that they are the owners of record and in actual and peaceable possession of all of the property described in Exhibit "A"; that their record title to the unpatented mining locations described in said Exhibit "A" is a good and valid locator's title under the mining laws of the United States and of the State of California; that all of the location work required by Section 2304 of the Public Resources Code of the State of California has been performed on each of said unpatented mining locations described in Exhibit "A";

that annual labor, as required by the laws of the United States has been duly performed on each of said claims and proofs thereof regularly recorded prior to delinquent dates prescribed by law (or that during such years as the obligation to perform annual labor shall have been suspended by statute, that notices of intention to hold each of said claims, as provided by law have been regularly filed) in the office of the County Recorder of the County of Trinity, State of California. Owners further covenant that they are in actual peaceable possession of said property and in a position to deliver possession thereof to Carey.

(2) CAREY'S POSSESSION AND WORKING COVENANTS:

Carey agrees that upon exercise of the option hereinabove contained, and giving notice of such exercise to the Owners as aforesaid, it will continue in possession of said property and will mine and develop the same for asbestos fibre and asbestos-bearing materials, and for that purpose may and will install such buildings, machinery, equipment, materials, and supplies on said premises as Carey may deem necessary or advisable for the mining, milling, or other treatment or beneficiation of ores which Carey may find in or on said property. Carey shall expend not less than 60 man shifts of labor each month commencing in January, 1954, in such mining operations and shall at all times work said property in a good and miner-like manner with due regard to the preservation of the same as a workable mine, and will comply with all State and Federal laws and regulations appertaining to such work. Carey may remove and sell or otherwise dispose of any and all asbestos fibre or asbestos-bearing materials

or other minerals or metals, and shall keep an accurate record of the tonnage of such ores and material mined and milled or removed from said property. It is expressly agreed that Carey shall be under no obligation, express or implied, to prospect, mine or develop said premises for any other minerals or metals than asbestos, and Carey's obligation, either to pay royalties, or otherwise, with respect to minerals or metals other than asbestos, shall arise only in and during such times as it elects to mine the same. Carey shall have the right at any time to suspend performance of all labor herein required and pay to Owners in lieu thereof the sum of Fifty Dollars ($50) per month during such period of suspension.

(3) ROYALTY AND RENTAL:

As and for the royalty and rental under the terms of this lease, Carey agrees that it will pay Owners as rental the sum of Twenty-five Thousand Dollars ($25,000) on or before the 1st day of January, 1952, and Fifty Thousand Dollars ($50,000) on or before the 1st day of January, 1953; in addition, Carey shall pay to Owners a royalty of One Dollar ($1) per ton of asbestos fibre, milled from asbestos-bearing rock mined from the premises described in Exhibit "A", and from any additional claims that may be located by Owners or Carey under the provisions of this lease and option agreement. Said royalties shall be based upon asbestos fibre as and when shipped from the mining area. If gold or other metals are discovered, mined, and milled or removed from the premises, Carey will pay Owners a ten per cent (10%) royalty on the net mint or smelter returns from such shipments. Said payments shall be made by deposit to Owners' account in the American Trust Company, Main

Office at San Francisco, California, of the full amount of each monthly payment, and shall be accompanied by a statement signed by Carey certifying the tonnage of asbestos fibre which has been shipped and a duplicate set of net mint or smelter returns from any minerals or metals that may have been treated during said preceding monthly period.

(4) OPTION TO PURCHASE:

At any time after the 2nd rental payment of $50,000 ~~all times~~ during possession under the terms of said lease, Carey shall have the exclusive right and option to purchase and acquire said premises, Exhibit "A", from Owners, and also all claims that may be hereafter located for the purpose of mining asbestos under the terms of this agreement, and all rights of way appurtenant to any locations hereunder, for the total sum of Four Hundred Twenty-five Thousand Dollars ($425,000) payable in ten equal installments of Forty Two Thousand Five Hundred Dollars ($42,500), the first of which shall be paid on the date of exercising said option, and the remaining installments shall be paid annually thereafter for the next nine years. Following exercise of the option to purchase and payment of the first of said G.L.C. ten installment payments of purchase price, Carey shall no longer be obligated to pay any royalty payments on asbestos fibre, nor any cash rental or in lieu payments, nor to perform any minimum number of man shifts of labor as provided in Paragraph (2) hereof; provided, however, that they shall be obligated to pay royalty payments on metals or minerals, other than asbestos in the manner provided for in Paragraph (3) hereof, when, as, and only if said metals or minerals are being mined, unless the parties hereto can agree upon a purchase price for said metals or minerals other than asbestos.

B.L.C. V.B.C. A.R.C. G.L.C.

B.L.C. V.B.C. A.R.C. G.L.C.

In order to enable Carey to exercise said option to purchase, Owners agree to execute, acknowledge and deliver in escrow to said American Trust Company, Main Office at San Francisco, California, at the time Carey makes said first cash rental payments hereunder a good and sufficient deed conveying to Carey a good and valid locator's title in good standing to each of the mining claims and mining rights described in Exhibit "A" attached hereto, and any additional claims that may have been located under the terms of this agreement prior to said date, with instructions to said excrow depositary to deliver said deed to Carey if and when Carey shall have deposited said ten installments of said agreed purchase price, and to deposit all payments made hereunder to Owners' account. At the time of executing said option to purchase and paying the first installment of said purchase price, Carey may, at its option, withdraw said deed or deeds from escrow and substitute in its place a promissory note providing for payment of the purchase price in the manner above specified secured by a deed of trust from Carey to Owners in like tenor to said deed or deeds placed in escrow by Owners; provided, however, that said note shall be subject to the provisions of Paragraphs 9,10 and 11 of this agreement. Excrow fees under said option shall be paid by Carey. Owners agree to remedy any defects in title of which it may have notice from Carey, but if such defects cannot be remedied, Carey shall have the option to accept said title subject to such defects if it so desires. Owners further agree to supplement said escrow deposit with any further deed or deeds which may be necessary to convey to Carey mining claims located after the date of said first deed.

(5) CAREY'S OPERATING COVENANTS:

Carey agrees at all times to pay all labor, material and other bills connected with its operations on said premises, and to keep said premises free and clear of any liens for labor or material furnished in connection with said operations, and at Owners' request to post and keep posted notices of Owners' non-responsibility for such liens; to carry compensation insurance as required by the laws of California for all employees engaged in work on said claims; to carry adequate public liability insurance with responsible carriers protecting Carey and Owners as named insured against claims for damage to persons or property arising out of Carey's operations; to perform on or before the 1st day of June of each calendar year, commencing with the year 1952, annual labor to the extent required by law on each of said mining locations described in Exhibit "A", and on each of the other mining locations which are subject to the terms of this Lease and Option, in the amount of $100 or such other sum as may be required by law in order to maintain the same in good standing, and to record proof of said labor on or prior to the 1st day of the following July; provided, that during any year that moratorium is allowed by Federal law on the performance of such annual labor this obligation shall be excused if Carey files in Owners' behalf such notice of Owners' intention to hold or other document as may be required to keep said option in good standing; to pay all State and County property taxes that may become a lien against said property on and after July 1, 1951, prior to the delinquent date thereof.

(6) RECORDS AND INSPECTION:

Carey agrees to keep accurate records of production of asbestos fibre and metals, which records shall be open to Owners' inspection on the premises at all reasonable times, together with the right on the part of Owners to take copies therefrom. Owners shall also have the right, at their own risk of personal injury, to inspect such premises and the workings thereon or therein and to take and retain samples of any ores or minerals disclosed by Carey's operations.

(7) WATER RIGHTS AND RIGHTS OF WAY:

Owners represent that they are owners of certain rights of way granted to them under the terms of an agreement by and between William C. and Florence McCulloch, first parties, and Bruce L. Codding, second party, dated November 26, 1947, a copy of which agreement is attached hereto, marked Exhibit B, and by this reference made a part hereof, which agreement has been modified by a letter from Owners to W. C. McCulloch, dated October 31, 1950, a copy of which is attached hereto, marked Exhibit C, and by this reference made a part hereof, said rights of way shall be included as part of the premises described in Exhibit "A" hereto unless and until Carey notifies Owners in writing that it does not desire to have said rights of way included within the provisions of this agreement; unless and until such notice is given, Carey will be obligated to perform the obligations of second party to said agreement; such obligation shall not create any rights whatsoever in first parties to said agreement or in any person, corporation or association other than Owners. Carey shall have the right to use such water as may be avail-

able for working said claims, but Owners make no warranty with respect to water rights, and Carey shall satisfy itself as to such availability and right to use. It is also understood that said claims lie in whole or in part within the boundaries of the Six Rivers National Forests, and that Carey shall have such rights of access to said property as Owners may possess but shall independently make such arrangements with Forest Reserve officials for other rights of access to said properties covered by this option as may be necessary in said operations. Owners will cooperate in signing any applications for such rights. Any terms or conditions imposed by said permits shall be obligations of Carey and not of the Owners.

(8) FORCE MAJEURE:

Carey shall be excused from performance of all and singular the covenants contained in this agreement, save and except the obligation to make the cash rental payments required in Paragraph 3 hereof, during such time as Carey may be prevented from performing the same by acts of God, the public enemy, war, strikes, riots, invasion, unusually inclement weather accompanied by heavy snow storms, rain storms, wind storms, or destruction of access roads or facilities incident thereto, labor disturbances, governmental laws and regulations preventing the performance of work or the obtaining of labor or materials requisite therefor, and other causes reasonably beyond the ability of Carey to overcome. Excuse of such performance shall extend only during the existence of such emergency or preventing cause, and all obligations hereunder shall be resumed immediately

thereafter.

(9) ABANDONMENT:

Carey shall have the right to abandon this Lease and Option and all obligations hereunder at any time upon thirty (30) days' previous written notice to Owners of Carey's intention so to do.

(10) FORFEITURE:

If Carey shall fail well and truly to perform all and singular its obligations hereunder unless prevented by causes described in paragraph entitled "Force Majeure," and in particular shall fail to make any rental or royalty payments on or before the date on which they, respectively, become due, Owners may declare Carey in default and give Carey written notice of such default. Unless such default is remedied within sixty (60) days from receipt of said written notice, all rights of Carey hereunder shall thereupon cease and terminate, except as provided in Paragraph (11) hereof, and Owners may enter upon and resume possession of said premises.

(11) RIGHTS OF PARTIES AFTER TERMINATION:

In the event of termination of this agreement for any other reason than the conveyance of the property herein provided for in conformity with exercise of option to purchase by Carey, the rights of the parties shall be as follows:

(a) Carey shall peaceably surrender possession of the premises to the Owners, together with any water rights or other easements acquired in

connection therewith;

(b) Carey shall pay all outstanding bills and claims arising out of Carey's operations, and all taxes which may be due and payable at the date of said termination, and all royalties due and unpaid;

(c) Carey shall have the right to remove and retain all machinery, equipment, materials and supplies placed by Carey upon said premises in connection with said operations, provided that unless said property is removed from the premises within one year from the date of such termination, the same shall remain and become the property of the Owners;

(d) Owners may retain all sums theretofore paid, the same to constitute rental for use and occupancy of said premises, and Owners may withdraw their deed or deeds from escrow.

All other rights of the parties shall cease and terminate except as set forth in this paragraph.

Forfeiture and enforcement of the terms of this paragraph shall be the sole remedy of the Owners in the event of breach of covenants by Carey.

(12) NOTICES:

Any notice of default, election of options, or other notices required or permitted to be given hereunder, shall be considered as delivered five (5) days after they shall have been written, signed, addressed, and deposited in the United States mail, with registered postage thereon duly

prepaid, addressed,

If to the Owners:

c/o G. L. Carrico
365 Ocean Avenue
San Francisco, California

If to Carey:

The Philip Carey Manufacturing Company
Lockland
Cincinnati 15, Ohio

Either party may change the address at which it or they are to receive such notices upon ten (10) days' previous written notice to the other.

(13) INUREMENT:

This agreement shall inure to the benefit of and be binding upon the parties hereto, their respective successors and assigns.

(14)

Owners represent that Bruce L. and Virginia Codding have entered into an agreement with William and Florence McCulloch dated March 11, 1951, a copy of which is attached hereto marked Exhibit D and by this reference made a part hereof, relating to certain property and mining rights included within the terms of this agreement. Carey agrees to perform the obligations imposed on "developers" by the terms of said agreement to the extent that, and during such time as, this lease and option agreement is applicable to the property included within said Exhibit D. The provisions of this paragraph shall not inure to the benefit of any individuals, corporations or associations other than the parties to this agreement.

IN WITNESS WHEREOF, the parties of the first part have hereunto set their hands, and the party of the second part has caused its corporate name and seal to be affixed by its officers thereunto duly authorized, all as of the day and year first hereinabove written.

G. L. Carrico
G. L. Carrico

Bruce L. Codding
Bruce L. Codding

Parties of the first part

THE PHILIP CAREY MANUFACTURING COMPANY

By John W. Humphrey
President

By E. J. Fasold
Secretary

Party of the second part

EXHIBIT A

Exhibit 2

1. THE VIRGINIA BRUCE MINING CLAIM NO. 1, notice of the location of which was recorded August 27, 1947 in Volume 51 of Mining Records, page 281, in the Office of the Recorder of Trinity County, California;

2. THE VIRGINIA BRUCE MINING CLAIM NO. 2, notice of the location of which was recorded February 17, 1948 in Volume 51 of Mining Records, page 360, in the Office of the Recorder of Trinity County, California;

3. THE VIRGINIA BRUCE MINING CLAIM NO. 3, notice of the location of which was recorded February 17, 1948 in Volume 51 of Mining Records, page 361, in the Office of the Recorder of Trinity County, California;

4. THE VIRGINIA BRUCE MINING CLAIM NO. 4, notice of the location of which was recorded June 23, 1948 in Volume 51 of Mining Records, page 418, in the Office of the Recorder of Trinity County, California;

5. THE VIRGINIA BRUCE MINING CLAIM NO. 5, notice of the location of which was recorded June 23, 1948 in Volume 51 of Mining Records, page 419, in the Office of the Recorder of Trinity County, California;

6. THE VIRGINIA BRUCE MINING CLAIM NO. 6, notice of the location of which was recorded February 17, 1948 in Volume 51 of Mining Records, page 362, in the Office of the Recorder of Trinity County, California;

7. THE VIRGINIA BRUCE MINING CLAIM NO. 7, notice of the location of which was recorded February 17, 1948 in Volume 51 of Mining Records, page 363, in the Office of the Recorder of Trinity County, California;

8. THE VIRGINIA BRUCE MINING CLAIM NO. 8, notice of the location of which was recorded February 17, 1948 in Volume 51 of Mining Records, page 364, in the Office of the Recorder of Trinity County, California;

9. THE VIRGINIA BRUCE MINING CLAIM NO. 10, notice of the location of which was recorded June 23, 1948 in Volume 51 of Mining Records, page 420, in the Office of the Recorder of Trinity County, California;

10. THE VIRGINIA BRUCE MINING CLAIM NO. 11, notice of the location of which was recorded June 23, 1948 in Volume 51 of Mining Records, page 421, in the Office of the Recorder of Trinity County, California;

11. THE VIRGINIA BRUCE MINING CLAIM NO. 12, notice of the location of which was recorded June 23, 1948 in Volume 51 of Mining Records, page 422, in the Office of the Recorder of Trinity County, California;

12. THE VIRGINIA BRUCE MINING CLAIM NO. 13, notice of the location of which was recorded June 23, 1948 in Volume 51 of Mining Records, page 423, in the Office of the Recorder of Trinity County, California;

13. THE VIRGINIA BRUCE MINING CLAIM NO. 15, notice of the location of which was recorded December 6, 1950 in Volume 52 of Mining Records, page 442, in the Office of the Recorder of Trinity County, California;

14. All right, title and interest of Bruce L. Codding, Virginia Codding and G. L. Carrico in and to the mineral and mining rights on all land now owned by William C. McCulloch and Florence W. McCulloch situated in Trinity County, California.

EXHIBIT "B"

AGREEMENT

THIS AGREEMENT, made November 26, 1947, between WILLIAM C. and FLORENCE McCOLLOCH, first parties, and BRUCE L. CODDING, second party,

W I T N E S S E T H :

1) In consideration of the sum of Ten Dollars ($10.00) paid by them by second party and his agreements herein, first parties grant to second party, for the uses and purposes hereinafter specified, the right to use and a right-of-way over the private road on first parties' property in Trinity County, California, (known as the Travis Ranch) running from the County road across the north fork of the Eel River and thence to first parties' ranch house, and also a right-of-way and easement for the construction and use of a road from said ranch house across first parties' said property in a northerly direction to the northerly limits thereof and approximately along the following described line; that is to say, commencing at the ranch house terminus of said private road, thence in a northerly direction, to that certain Ridge, known as the Hogsback. At no time will the road be more than approximately one quarter mile from present main trail to Red Mountain. If the line of such road, as continued and extended by second party into the adjacent Six Rivers National Forest shall cross any property or properties therein owned by first parties, then first parties grant to second party a right-of-way and easement across their said property or properties for the construction and use of a road along such line. Second party shall have the right to use said private road and to construct and use said proposed road for the transportation, to and from mines within said national forest, of ores, concentrates, equipment, materials, supplies and personnel, and for any other

purposes required in the exploration, development or operation of such mines and mining and milling facilities thereon or appurtenant thereto.

2) Second party shall, at a cost not exceeding Five hundred Dollars ($500.00), immediately commence and thereafter complete with reasonable diligence the construction of a temporary "Jeep Road", approximately along said described line, from first parties' ranch house to the northerly limits of their said property and from there, along a line to be selected by second party, to the southerly limits of the Six Rivers National Forest. (Any road constructed by second party hereunder shall be at his sole expense and so long as he shall, in the exploration, development or operation of such mines, use any such constructed road or said existing private road, he shall, at his sole expense, keep and maintain the surface of and any and all bridges along the same in a usable and safe condition) (the decision of the County Supervisor of Roads to govern if the parties are unable to agree as to its condition), and if he shall fail to do so, then first parties may, at the expense of second party, make such repairs as shall be necessary to place and/or maintain such road or roads or bridges in a usable and safe condition. Second party before first so using any of said roads shall furnish first parties with the undertaking of a responsible surety company in the amount of Two Thousand Dollars ($2,000.00), conditioned to pay to first parties the cost of placing each said constructed and private road in a usable and safe condition should second party at any time during his use thereof fail to maintain them in that condition, or should he fail to leave them in such condition when he shall finally cease his use thereof, and thirty days notice is to be given first parties by second party of any intentions to cease operations and withdraw equipment.

3) First parties may post along said road or roads, and

second party shall keep posted, a notice or notices of first parties' non-responsibility for any of the acts and deeds of second party hereunder, and second party hereby indemnifies first parties, and each of them, against and agrees to save and hold them, and each of them, free and harmless of and from any expense or liability resulting from second party's construction or use of said road or roads. Second party agrees to so construct and use said proposed road and to so use said private road as not to unnecessarily interfere with the operation by first parties of their said ranch. This indemnity is to be secured by a policy of insurance in a responsible surety company in the amount of 50/100,000. dollars.

4) For each month, or portion thereof, that second party shall transport ores and/or concentrates over said road or roads, he shall pay to first parties, as additional compensation for the rights hereby granted him, the sum of Fifty Dollars ($50.00), payable in any such month concurrently with the first shipment of ores and/or concentrates over such road or roads during that month.

5) This agreement shall inure to the benefit of and be binding upon the heirs, executors, administrators and assigns of the respective parties hereto.

IN WITNESS WHEREOF, the parties have executed these presents the day and year first hereinabove written.

(Signed) William C. McCulloch

" Florence McCulloch
(First Parties)

" Bruce L. Codding
(Second Party)

EXHIBIT C

October 31, 1950

Mr. W. C. McColloch
Travis Ranch
Covelo, California

Dear Mr. McColloch:

As you know, we have not been using the mine road, which we have been maintaining since our agreement of November 26, 1947, for development or operation purposes as originally contemplated, but only for prospecting, exploration and patrol. It is suggested that we declare a moratorium under the agreement from the date of this letter relieving me as second party to the agreement and Mr. Carrico, my associate in the mining venture, from any obligation to maintain the road and bridges subject to the following terms;

This moratorium to run from the date hereof to July 1, 1951, after which we will pay you $200.00 a month for the use of the road so long as we continue to use it and it will be maintained by you; or we will resume maintenance under the conditions of the agreement of November 26, 1947, and continue maintenance so long as we continue the use for development and operation purposes but for not less than 12 months of continuous maintenance and upkeep. It should also be understood that whenever we are using the road for development and operation purposes and adhere to the terms of said contract, we shall have the use of the camp sight and the water supply for it.

If the foregoing is agreeable to you, please endorse your approval upon the enclosed copy of this letter and return it to me.

Sincerely yours,

Approved: November _____, 1950.

_____ " By McColloch _____

EXHIBIT C

AGREEMENT

THIS AGREEMENT, made March 11, 1951, between William and Florence McCulloch, first parties, and Bruse L. and Virginia Codding, second parties.

1) This agreement covers the division of royalties for minerals found on that certain Red Mountain north of Red Mountain Creek, and West of the first fork, east of the North fork, as shown on the Hoaglan Quadrangle of the U.S.G.S. Also lands in lots 2 and 3 of [illegible] sec 2 tsp. 5SR. 8 E.H.M. lots 8, 9, 10. Sec. 6 Tsp 25 N. R. 12 W. M. D. M. and all lands owned by McCullochs in Trinity County.

2) The shares shall be as follows: One third to W. and F. McCulloch two thirds to B. and V. Codding. Payments based upon royalties paid by developers.

3) Developers shall inform both parties whenever payments are made.

4) It is the intent of B. and V. Codding to enter into agreements with third parties for the exploration and development of minerals in the areas above described, and in so doing, the parties of the second part will protect the interests of the parties of the first part at all times.

5) Should the parties of the second part fail to protect the parties of the first part, then the parties of the first part may declare that certain agreement, dated Nov. 26, 1947, and filed in Weaverville, Calif. null and void in its entirety.

6) The parties of the second part further agree that this agreement shall be incorporated in any agreement or contract made with third parties to develop or explore the above areas.

EXHIBIT D

EXHIBIT D

7) This agreement shall be binding on our heirs and assignes.

(Signed) Wm. C. McCulloch

" Florence W. McCulloch
(First Parties)

" Bruce L. Codding

EXHIBIT D

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 21 1951
LANDON F. STROBEL
Executive Secretary

UNITED STATES
DEPARTMENT OF THE INTERI[illegible]
BUREAU OF MINES

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

CB.

[illegible]

Marketing Map of CALIFORNIA

Arranged according to the Principal Trading Centers of the State and their respective Consumer Trading Areas. Each Trading Area is subdivided into the three following markets: (1) The market of First Importance: the Principal Trading Center (2) The market of Second Importance: the Secondary Trading Centers (3) The market of Third Importance: Rural territory in Counties within each area.

Index to Cities within State

Alameda B-5
Albany B-5
Alhambra D-8
Alturas C-2
Anaheim D-8
Antioch B-5
Arcadia D-8
Arcata A-2
Auburn B-4
Azusa D-8
Bakersfield D-7
Banning E-8
Bell D-8
Belvedere D-8
Benicia B-5
Berkeley B-5
Beverly Hills D-8
Brawley F-9
Brea D-8
Burbank D-8
Burlingame B-5
Calexico F-9
Carmel by the Sea B-6
Chico B-3
Chino D-8
Chula Vista E-9
Claremont D-8
Coalinga C-6
Colton E-8
Colusa B-4
Compton D-8
Corcoran C-6
Corona D-8
Coronado E-9
Covina D-8
Culver City D-8
Daly City B-5
Delano C-7
Dinuba C-6
Downey D-8
Dunsmuir B-2
El Centro F-9
El Cerrito B-5
El Monte D-8
El Segundo D-8
Emeryville B-5
Escondido E-9
Eureka A-2
Exeter C-6
Fillmore D-8
Fort Bragg A-3
Fresno C-6
Fullerton D-8
Gardena D-8
Gilroy B-5
Glendale D-8
Glendora D-8
Grass Valley B-4
Gridley B-4
Hanford C-6
Hawthorne D-8
Hayward B-5
Healdsburg A-4
Hemet E-8
Hermosa Beach D-8
Hillsborough B-5
Hollister B-6
Huntington Beach D-8
Huntington Park D-8
Indio E-8
Inglewood D-8
Jackson C-4
King City B-6
Laguna Beach D-8
La Habra D-8
La Mesa E-9
La Verne D-8
Lindsay D-6
Livermore B-5
Lodi B-5
Lompoc C-7
Long Beach D-8
Los Angeles D-8
Los Banos C-5
Los Gatos B-5
Lynwood D-8
Madera C-6
Manhattan Beach D-8
Manteca B-5
Martinez B-5
Marysville B-4
Maywood D-8
Menlo Park B-5
Merced C-5
Mill Valley A-5
Modesto B-5
Monrovia D-8
Montebello D-8
Monterey B-6
Monterey Park D-8
Mountain View B-5
Napa B-4
National City E-9
Needles F-7
Nevada City B-4
Newport Beach D-8
No. Sacramento B-4
Oakdale C-5
Oakland B-5
Oceanside E-9
Ontario D-8
Orange D-8
Oroville B-3
Oxnard C-8
Pacific Grove B-6
Palm Springs E-8
Palo Alto B-5
Pasadena D-8
Paso Robles C-7
Petaluma A-4
Piedmont B-5
Pittsburg B-5
Placerville C-4
Pomona D-8
Porterville D-6
Red Bluff B-3
Redding B-2
Redlands E-8
Redondo Beach D-8
Redwood City B-5
Reedley C-6
Richmond B-5
Riverside E-8
Roseville B-4
Sacramento B-4
Salinas B-6
San Anselmo A-5
San Bernardino E-8
San Bruno B-5
San Buenaventura (Ventura) C-8
San Carlos B-5
San Diego E-9
San Fernando D-8
San Francisco B-5
San Gabriel D-8
Sanger C-6
San Jose B-5
San Leandro B-5
San Luis Obispo C-7
San Marino D-8
San Mateo B-5
San Rafael B-5
Santa Ana D-8
Santa Barbara C-8
Santa Clara B-5
Santa Cruz B-5
Santa Maria C-7
Santa Monica D-8
Santa Paula D-8
Santa Rosa A-4
Sausalito B-5
Sebastopol A-4
Selma C-6
Sierra Madre D-8
Signal Hill D-8
Sonora C-5
South Gate D-8
South Pasadena D-8
S. San Francisco B-5
Stockton B-5
Sunnyvale B-5
Susanville C-3
Taft C-7
Torrance D-8
Tracy B-5
Tulare C-6
Turlock B-5
Ukiah A-4
Upland D-8
Vallejo B-5
Ventura C-8
Visalia C-6
Watsonville B-6
Whittier D-8
Willows B-3
Woodland B-4
Yreka B-1
Yuba City B-4

LEGEND

- Principal Trading Centers
- District Center of a Multiple Trading Center Market
- Subordinate Urban Cities 25,000 to 100,000 population
- Subordinate Urban Cities 10,000 to 25,000 population
- Urban Cities 5,000 to 10,000 population
- Less than 5,000 population
- Trading Area Boundary
- COUNTY County Boundary and Name
- State Boundary

Scale of Miles: 0 10 20 40 60 80 100

Determined and Arranged by
HEARST MAGAZINES INC.
Marketing Division

Cosmopolitan	Good Housekeeping
Harper's Bazaar	Town & Country
House Beautiful	American Druggist
Motor	Motor Boating

Copyright, 1942

Notice: This map is fully protected by copyright and it may not be reprinted, either wholly or in part, without special permission from Luke J. McCarthy, V.P. in charge of Marketing, Hearst Magazines Inc., 959 Eighth Ave., New York.

SUMMARY OF ANTICIPATED EXPENDITURES

10,000 feet diamond drilling at $4.00	$ 40,000
Wages: 10 months at $1,350.00	13,500
Tents and sections	1,000
Equipment and Jeep	2,000
Food, supplies [redacted]	6,000
~~Aerial photography~~	~~400~~
Trenching and cross cuts, 200 ft. at $35.	7,000
Geophysical and mapping	4,000
Core house	500
Laboratory milling and sampling	1,000
TOTAL	$ ~~75,400~~

SUMMARY OF ANTICIPATED EXPENDITURES

10,000 feet diamond drilling at $4.00	$ 40,000
Wages: 10 months at $1,350.00	13,500
Tents and sections	1,000
Equipment and Jeep	2,000
Food, supplies and travel	6,000
Aerial photography	400
Trenching and cross cuts, 200 ft. at $35.	7,000
Geophysical and mapping	4,000
Core house	500
Laboratory milling and sampling	1,000
TOTAL	$ 75,400

SUMMARY OF ANTICIPATED EXPENDITURES

10,000 feet diamond drilling at $4.00	$ 40,000
Wages: 10 months at $1,350.00	13,500
Tents and sections	1,000
Equipment and Jeep	2,000
Food, supplies and travel	6,000
Aerial photography	400
Trenching and cross cuts, 200 ft. at $35.	7,000
Geophysical and mapping	4,000
Core house	500
Laboratory milling and sampling	1,000
TOTAL	$ 75,400

SUMMARY OF ANTICIPATED EXPENDITURES

10,000 feet diamond drilling at $4.00	$ 40,000
Wages: 10 months at $1,350.00	13,500
Tents and sections	1,000
Equipment and Jeep	2,000
Food, supplies and travel	6,000
Aerial photography	400
Trenching and cross cuts, 200 ft. at $35.	7,000
Geophysical and mapping	4,000
Core house	500
Laboratory milling and sampling	1,000
TOTAL	$ 75,400

SUMMARY OF ANTICIPATED EXPENDITURES

10,000 feet diamond drilling at $4.00	$ 40,000
Wages: 10 months at $1,350.00	13,500
Tents and sections	1,000
Equipment and Jeep	2,000
Food, supplies and travel	6,000
Aerial photography	400
Trenching and cross cuts, 200 ft. at $35.	7,000
Geophysical and mapping	4,000
Core house	500
Laboratory milling and sampling	1,000
TOTAL	$ 75,400

SUMMARY OF ANTICIPATED EXPENDITURES

10,000 feet diamond drilling at $4.00	$ 40,000
Wages: 10 months at $1,350.00	13,500
Tents and sections	1,000
Equipment and Jeep	2,000
Food, supplies and travel	6,000
Aerial photography	400
Trenching and cross cuts, 200 ft. at $35.	7,000
Geophysical and mapping	4,000
Core house	500
Laboratory milling and sampling	1,000
TOTAL	$ 75,400

DMA-1212X and 1213X

~~Subex~~ Subordination forms MF-202 must be furnished.

Exhibit A

See answer to question 21, ~~MRQ~~ MF-103.

Exhibit B

Frame tent camp, $1,000.00

Core house, $500.00

Purchase price of jeep, $1,500.00

Camp equipment items under $50.00

Total, $500.00

Food supplies, $600.00 per month.

Total $6,000.00 for ten months.

One Geologist, $500.00 per month; ten months, $5,000.00

One cook, $250.00 per month; ten months, $2,500.00.

Camp tender, $200.00 per month; 10 months, $2,000.00

One transitman, $400.00 per month.

Two rodmen, $300.00 per month.

One axman, $250.00 ~~perm~~ per month.

Exhibit C

Contract for diamond drilling will be furnished.

Form MF-103
(April 1951)

U. S. DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

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

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

DO NOT FILL IN THIS BLOCK

Docket No. dma 12122 X

Date received 5-21-51

Participation

The Philip Carey Mfg. Co.
Lockland
Cincinnati 15, Ohio

Name and address of applicant

Date May 18, 1951

FILL IN THIS BLOCK

Date of application May 18, 1951

Estimated cost Maximum $75,000.00 See No. 24

Mineral or metal Asbestos (Spinning Grade)

Percentage of Government participation 90%

Location of mine Trinity County, California

Date of filing MF-100

DMA Docket Number, if available

INSTRUCTIONS

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

THE APPLICANT

*1. Is applicant an individual, partnership, or corporation? Corporation

*2. If a partnership, state names and addresses of partners. Nil.

*3. If a corporation, state names and addresses of officers, directors, and five largest stockholders. See attached sheet.

*4. Describe the mining and general business experience of (*a*) the applicant, and (*b*) the person or persons who will manage the project. (a) Have been in asbestos mining operations over 25 years (b) Company executives.

*5. Are you the owner or the lessee of the property? Lessee

6. If owner, state what claims, liens, or encumbrances, if any, are against the property. Nil.

7. If lessee, attach a copy of the lease and state if it is in good standing. Copy attached.

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

8. Furnish current financial statement, showing assets and liabilities, and a profit and loss statement. Copy attached.

9. How much money is applicant prepared to invest in proposed project? Is it sufficient to pay your part of the cost of the project as detailed in question 23 of this application form, in accordance with the regulations on Government participation (Section 9 of Mineral Order 5)? $7,500.00. Yes.

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

16—64067-1

THE PROPERTY

10. (*a*) Give a description of the real property that will be in any way involved in the exploration project, including any existing mine or operating property. See description under Exhibit A in attached lease.

(*b*) Give the legal description of the exact parcel, plot, or area upon which the exploration is to be conducted. See attached sheet for 10 (b)

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

*11. State the present and former names of the property, if any. Bruce L. Codding & G. L. Carrico

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

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

*14. Describe any existing useable facilities, equipment, buildings, or structure now on the property that will be devoted to the exploration work. None.

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

*16. History: See annexed sheet.

(*a*) Give a statement, as complete as possible, of previous exploration, development, operation, and production of property, with reasons for any past suspensions of operations.

(*b*) State briefly the known history and production of adjoining and neighboring properties.

(*c*) Furnish any available (private) reports that may apply to this application, including results of mine examinations, recommended exploration and development, and metallurgical investigations.

*17. Production:

(*a*) If mine is in production, furnish the following information: None.

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

*18. Ore or mineral reserves: (If property is or has been operating.)

(*a*) Describe the ore or mineral deposits briefly.
(*b*) Submit available maps and assay data.
(*c*) Give estimated tonnage and grade of each class of ore reserves.

} Not in operation.

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

THE EXPLORATION

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

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

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

22. Furnish statement of the geological basis of the project with particular emphasis on factors leading the operator to expect the finding of commercial ore bodies. This statement should be accompanied by supporting maps such as geological maps, maps of the proposed openings and assay maps, sample lists, and other pertinent data. See attached sheet. No maps available.

THE REQUIREMENTS AND COSTS

23. Tabulate in the form of an itemized statement with a sum for each item the estimated requirements and costs of the project so that the total will give the estimated cost of the project in which the Government will participate, as follows: See attached sheet.

(*a*) Labor, by numbers and classes (miners, muckers, millmen, etc.), with wages of each.
(*b*) Supervisors, by numbers and positions, with salaries of each.
(*c*) Cost of necessary repairs to existing facilities, structures, and buildings.
(*d*) Cost of necessary installation or construction of additional facilities, structures, and buildings.
(*e*) Cost of items of equipment, not now owned by the applicant which must be purchased for operations at a cost of $50 or more each.
(*f*) Cost of rental for equipment which the operator proposes to rent.
(*g*) Rental value of items of equipment which the operator now owns and which will be devoted to the work.
(*h*) Cost of materials and supplies, including items of equipment costing less than $50 each.
(*i*) Cost of power, water, utilities, and any other items not provided for above.

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

CERTIFICATION

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

The Philip Carey Mfg. Co.
(Name of company)

By R. S. King
(Signature of authorized official)

May 18, 1951
(Date)

R. S. King, Chairman of the Board
(Title)

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

*Same as footnote on page 1.

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

(3) Chairman of the Board - R. S. King
President - John W. Humphrey
Vice President and Controller - H. R. Barrett
Vice President (Sales) - L. W. Clarke
Vice President (Mfg.) - C. B. Pooler
Vice President - W. L. Steffens
Treasurer and Asst. Secy. - S. E. Breuleux
Secretary - E. J. Fasold

Directors:

R. S. King	J. W. Humphrey
H. R. Barrett	C. C. Merrifield
L. W. Clarke	C. B. Pooler
H. E. Coombe	G. A. Rentschler
	J. J. Rowe

Five largest stockholders:

G. A. Rentschler - Cincinnati
Fifth Third Union Trust Co. - Cincinnati
R. E. Kramig - Cincinnati
R. S. King - Cincinnati
George A. Anderson - New York City

10.(b) Work will be done on the property described above in 10 (a) but there is a possibility that exploration might be extended to adjacent property which is national forest reserve on which no arrangements have been concluded.

12. This property is situated contiguous to the central part of the southern boundary of Trinity County, California, at the approximate latitude of 39 degrees, 55 minutes north, longitude 123 degrees 20 minutes west. It is 18 miles north-northeast of the town of Covelo, 14 miles east of the railroad and approximately 55 miles by road from the nearest railroad shipping point at Dos Rios. 14 miles of private cut road now provide access to the gravel county road north of Covelo.

13. Sufficient water would be available for domestic purposes. None is required in the normal asbestos milling process. During exploratory period no electric energy will be needed. Power site surveys are now being made in the immediately adjacent area.

15. Ore would be milled locally wherever the exploration program was successful in outlining sufficient ore.

(16) a. Several shallow pits and trenches have been opened in recent years by the stakers to partially expose the southern part of the asbestos-bearing serpentine body. There is no record of any diamond drilling or systematic exploration and sampling of this serpentine body.

16. (b) There has been no production of asbestos from this or any adjoining properties.

(c) This property was examined by Philip Carey Co. geologist Dr. R. J. Merrill, and further reconnaissance diamond drilling and geological mapping was recommended.

21. It is proposed to immediately start geological and geophysical mapping on the property to be followed by trenching and diamond drilling and sampling the sections of serpentine mass which have been indicated to contain crysotile asbestos in commercial quantities. A reasonable amount of diamond drilling should be completed by December 31, 1951. If the results are promising, additional diamond drilling would be commenced early in 1952 to outline the size of the ore body. This should be completed by the fall of 1952.

22. Aerial photography and the initial reconnaissance by Dr. Merrill indicate that there is a comparatively large body of serpentine and pyroxenite underlying a portion of these claims and that the serpentine in the southern portion of this basic mass contains fibre in commercial quantities where exposed by the trenches. There are no maps available.

23. (a) Labor involved would be six <u>contract</u> diamond drillers (estimated cost of drilling per foot - $4.00), two assistants (@ $300 a month est.), and one cook ($250 per month est.).

(b) One geologist - salary $500 a month.

(c) Nil.

(d) Approximately $1,000 for tent frames and sections

(e) Scientific equipment and willys Jeep - total cost: $2,000

(f) Nil.
(g) Nil.

(h) $3,000 - $6,000 for food, supplies, and equipment for camp, depending on results.

(i) Nil.

(24) If approved, work will start immediately and a reasonable amount of diamond drilling should have been completed by fall. If the results are favorable, additional diamond drilling would commence as soon as the season permits in 1952 and continue until the ore body was defined.

As stated above, the estimates are on the assumption that drilling will continue through 1952. If results this yea are negative, the project will be abandoned and less fun required, probably less than one-half.

UFACTURING COMPANY
Y COMPANIES
SHEET, DECEMBER 31, 1950
s on Page 10)

LIABILITIES

Current Liabilities:			
Accounts payable—			
Trade creditors	$1,352,302		
Taxes, etc., withheld from payrolls	143,266		
Other	55,647	$ 1,551,215	
Accrued accounts—			
Salaries, wages and commissions	$ 572,588		
Federal, State and Canadian income and excess profits taxes	3,591,075		
Other taxes	121,713		
Other	99,881	4,385,257	
Sinking fund instalment payable in 1951 on 3¼% debentures		425,000	$ 6,361,472
Funded Debt:			
3¼% sinking fund debentures, due November 1, 1962 (fixed sinking fund payments of $325,000 required annually, plus additional annual sinking fund payments contingent upon consolidated net income but not to exceed $100,000 annually)			4,825,000
Other Reserves:			
Roofing guarantees		$ 500,000	
Retirement plans for hourly paid employees (Note 1)		102,000	
Taxes on future Canadian dividends (Note 2)		60,000	662,000
Capital Stock:			
Preferred—authorized, 75,000 shares of $100 par value each; issuable in series upon authorization of Board of Directors, initial series of 20,000 shares issuable as Five Percent Preferred Series, cumulative; issued 19,575–9/20 shares, less 1,234–9/20 shares held in treasury; outstanding, 18,341 shares		$ 1,834,100	
Common—authorized, 1,500,000 shares of $10 par value each; issued and outstanding, 800,000 shares		8,000,000	9,834,100
Surplus:			
Paid-in		$ 1,562,526	
Earned (Note 3):			
Appropriated as a reserve for contingencies		270,000	
Unappropriated		12,238,457	14,070,983
Total			$35,753,555

THE PHILIP CAREY MANUFACTURING COMPANY
and SUBSIDIARY COMPANIES

STATEMENT OF CONSOLIDATED INCOME
For the Year Ended December 31, 1950

Net Sales		$50,734,636
Cost of Goods Sold		37,856,781
Gross Profit		$12,877,855
Selling, Administrative and Research Expenses		5,042,742
Profit from Operations		$ 7,835,113
Other Income Credits:		
Interest, rents, royalties, etc.	$ 44,402	
Net gain from Canadian exchange transactions and conversions	68,897	
Miscellaneous	24,355	137,654
Total		$ 7,972,767
Income Charges:		
Debenture interest and amortization of debt discount and expense	$186,926	
Salaried employees' pension trust and related expenses	189,216	
Net loss from sales of property	29,888	
Miscellaneous	114,595	520,625
Net Income before Provision for Income and Excess Profits Taxes		$ 7,452,142
Provision for Federal, State and Canadian Income and Excess Profits Taxes		3,742,000
Net Income for the Year		$ 3,710,142

NOTES:

Provision of $985,966 for depreciation of property, plant and equipment is included in the above statement.

See Note 2 to the consolidated balance sheet, page 10, with respect to the statement in United States dollars of income and expense accounts of Canadian subsidiaries.

As we go into 1951, we believe that Carey personnel is capable of meeting whatever problems lie ahead. Production facilities have been well maintained and improved in operating efficiency. Our line of products for the construction industry and industrial markets is more diversified than ever before. We believe that the new year should be a satisfactory one profit-wise despite the fact that we are living in troubled times and unforeseen difficulties may arise.

A major factor in making the past year's operation a successful one was the continued loyalty and efficiency of Carey employees. The officers and directors are sincerely grateful for their excellent spirit of cooperation. We also wish to express deep appreciation to our shareholders and customers for their continued interest and understanding which have been so helpful in the successful conduct of our business.

President

Chairman of the Board

THE PHILIP CAREY MAN
and SUBSIDIAR

CONSOLIDATED BALANCE S

(Refer to Note

ASSETS

Current Assets:			
Cash		$ 2,471,352	
Dominion of Canada securities, at cost		50,774	
Notes and accounts receivable—			
Customers (less reserve of $350,000)	$7,410,094		
Employees	11,489		
Other	152,183	7,573,766	
Contract work in progress	$ 686,842		
Less advance billings	455,224	231,618	
Inventories—generally at standard costs which were not in excess of market—			
Finished product and work in process	$2,894,894		
Raw materials and supplies	3,237,633	6,132,527	$16,460,037
Cash Surrender Value of Life Insurance			23,238
Notes and Accounts Receivable—Not Current			167,671
Miscellaneous Investment			8,600
Property, Plant and Equipment:			
Mineral lands and development (less reserve for depletion, $24,414)		$ 121,083	
Land, land improvements and yard equipment		1,994,517	
Buildings		10,024,046	
Machinery and equipment		17,038,677	
Miscellaneous		625,534	
Construction in progress		262,285	
Total		$30,066,142	
Less reserves for depreciation		11,354,277	18,711,865
Deferred Charges:			
Unexpired insurance premiums		$ 177,369	
Unamortized tools, etc.		102,217	
Other		102,558	382,144
Total			$35,753,555

SF- Dm C9- F-14

MF-104
(August 1951)

Budget Bureau No. 42-R1036.2.
Approval Expires 6-30-52.

9- 3- 52

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Contract No. Idm-E 52

Name of Operator Philip Corey Mfg. Co.
Docket No. DMA 1012
Total Contract Amount $ 79,500
Government Participation: 90 % Amount, $ 71,500
Distribution of Expenditures for Month of January 1952

STRATEGIC AND CRITICAL MINERAL EXPLORATION PROGRAM
OPERATOR'S MONTHLY PROGRESS REPORT

Operators are to submit monthly reports to the designated field representative of the Defense Minerals Administration. Reports are to be submitted in quadruplicate prior to the 15th day of the month following the reporting period.

Narrative.—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered is to be furnished.

Maps.—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.

Cost Accounts.—All applicable parts of this form are to be filled in. This report will form the basis for payments of the Government's participating share of expenses. Audits of accounts may be made from time to time.

MAR 6 1952

CERTIFICATION

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.

Philip Corey Mfg. Co.	DEPARTMENT OF THE INTERIOR Defense Minerals Administration RECEIVED	R. J. Merrill
(Name of Company)		(Signature of Authorized Official)
January 31, 1952	SEP 29 1952	Geologist
(Date)		(Title)

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.

16—64068-3

MONTHLY SUMMARY COST STATEMENT

List as Shown on Exhibits Attached to Contract

Item	Monthly Total	Totals Previously Reported	Totals to Date	For Government Use Only		
				Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
1. Fixtures and Improvements:						
(*a*) Facilities						
(*b*) Buildings						
(*c*) Fixtures						
2. Operating Equipment:						
(*a*) Purchased[1]		1534.85	1534.85			
(*b*) Rented[2]						
(*c*) Furnished by operator						
3. Rehabilitation and Repairs:						
(*a*) Facilities						
(*b*) Buildings						
(*c*) Installations						

MONTHLY SUMMARY COST STATEMENT—Continued

Item	Monthly Total	Totals Previously Reported	Totals to Date	For Government Use Only: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(d) Fixtures						
4. Labor [3]		211.67	211.67			
5. Supervision	125.00	850.00	975.00			
6. Supplies						
(a) Timber						
(b) Explosives						
(c) Repair Parts						
(d) Other						
7. Power						
8. Transportation						
9. Insurance Jeep Ins.		13.54	13.54			
(a) Fire		1.78	1.78			
(b) Public Liability		19.21	19.21			
(c) Workmen's Compensation Soc. Sec. & Unemp. Ins.		17.50	17.50			
10. Contract Work						
11. Other (specify)		841.31	841.01			
Total	125.00	3289.56	3414.56			
Deletions						
Adjusted totals	3289.56					
Totals previously reported	3414.56					
Totals to date						

[1] Enter amount paid during month toward total purchase price.
[2] Payments for rental of equipment or prorated depreciation on equipment owned by contractor.
[3] Submit copy of the Social Security form filed under the Old Age Insurance system showing complete wage and salary data or furnish copy of payroll sheet giving same data.

NOTE.—Indicate that portion of supervisory, office, and engineering salaries that is chargeable to this project.

FOR GOVERNMENT USE ONLY

Checked by *fh*
Entered by
Approved by *A. C. Johnson*
Amount approved for payment $ 112.50
Remarks 69.25 per Audit Certificate
Total for Certification 181.75

SEP 3 1952

16—64068-3

EXPLORATION UNIT COST AND PROGRESS REPORT FOR MONTH OF .....

(Supply Data Below Applicable Only to Your Operations)

Item	Costs					Progress [4]				
	Wages [1] and salaries	Equipment [2]	Supplies	Other [3]	Total	Unit	Units this month	Units previously reported	Units to date	Units authorized by contract (Exhibit A)
Drifting										
Crosscutting										
Raising										
Shafts										
Winzes										
Drill holes										
Overburden										
Rehabilitation and preparation										
Geology and geophysics										
Trenching										
Sampling and assaying										
Roads and trails										
Test pits										
Other (specify)										
Totals										

[1] Prorate supervisory, engineering, and office salaries in proportion to man-shifts of direct labor.
[2] Prorate charges for equipment that is not exclusively for one type of job (such as compressors) against authorized units of work in each category.
[3] Where entries in the "Other" column (above) are more than 25 percent of the total expenditures, a breakdown of this item should be made.
[4] Specify whether feet, cubic feet, acres, miles, etc.

16—64068-3 U. S. GOVERNMENT PRINTING OFFICE

MF-104
(August 1951)

SF DMEa-F 14
9-3-52

Budget Bureau No. 42-R1036.2.
Approval Expires 6-30-52.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Contract No.
Idm-E

Name of Operator Billy Casey Lfr. Co.
Docket No. DMA 1123
Total Contract Amount $ 72,000
Government Participation: 90 % Amount, $ 71,050
Distribution of Expenditures for Month of (Corrector (quarterly statement covering certain item omitted from original statement)

STRATEGIC AND CRITICAL MINERAL EXPLORATION PROGRAM
OPERATOR'S MONTHLY PROGRESS REPORT

Operators are to submit monthly reports to the designated field representative of the Defense Minerals Administration. Reports are to be submitted in quadruplicate prior to the 15th day of the month following the reporting period.

Narrative.—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered is to be furnished.

Maps.—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.

Cost Accounts.—All applicable parts of this form are to be filled in. This report will form the basis for payments of the Government's participating share of expenses. Audits of accounts may be made from time to time.

ACCOUNTS MAR 6 1952

CERTIFICATION

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.

Billy Casey Lfr. Co.
(Name of Company)

By B. J. Corrill
(Signature of Authorized Official)

Jan. 31, 1952
(Date)

Geologist
(Title)

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
SEP 2 1952

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.

16—64068-3

MONTHLY SUMMARY COST STATEMENT

List as Shown on Exhibits Attached to Contract

Item	Monthly Total	Totals Previously Reported	Totals to Date	For Government Use Only		
				Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
1. Fixtures and Improvements:						
(*a*) Facilities						
(*b*) Buildings						
(*c*) Fixtures						
2. Operating Equipment:						
(*a*) Purchased[1]						
800 [illegible]		1534.00	1534.00			
(*b*) Rented[2]						
(*c*) Furnished by operator						
3. Rehabilitation and Repairs:						
(*a*) Facilities						
(*b*) Buildings						
(*c*) Installations						

MONTHLY SUMMARY COST STATEMENT—Continued

Item	Monthly Total	Totals Previously Reported	Totals to Date	For Government Use Only: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(d) Fixtures						
4. Labor[3]		211.07	211.07			
5. Supervision		850.00	850.00			
6. Supplies						
(a) Timber						
(b) Explosives						
(c) Repair Parts						
(d) Other						
7. Power						
8. Transportation						
9. Insurance						
(a) Fire Jeep Inc.	13.54		13.54			
(b) Public Liability		1.78	1.78			
(c) Workmen's Compensation		19.21	19.21			
Sec. Sec. & Unemp. Ins.		17.53	17.53			
10. Contract Work						
11. Other (specify)						
Bond 81,[illegible]105-10.40						
Demo - 7.33						
Bond tags - 0.03	33.07	808.41	841.01 ✓			
Total	46.11	3840.60	3886.60			
Deletions						
Adjusted totals						
Totals previously reported	3840.60					
Totals to date	3886.60					

[1] Enter amount paid during month toward total purchase price.
[2] Payments for rental of equipment or prorated depreciation on equipment owned by contractor.
[3] Submit copy of the Social Security form filed under the Old Age Insurance system showing complete wage and salary data or furnish copy of payroll sheet giving same data.

NOTE.—Indicate that portion of supervisory, office, and engineering salaries that is chargeable to this project.

FOR GOVERNMENT USE ONLY

Checked by fh
Entered by
Approved by A. C. Johnson
Amount approved for payment $ 44.20
Remarks

SEP 3 1952
SEP 3 1952

Lloyd L. Norvell
Authorized Certifying Officer

16—64068-3

EXPLORATION UNIT COST AND PROGRESS REPORT FOR MONTH OF .....

(Supply Data Below Applicable Only to Your Operations)

Item	Costs					Progress [4]				
	Wages [1] and salaries	Equipment [2]	Supplies	Other [3]	Total	Unit	Units this month	Units previously reported	Units to date	Units authorized by contract (Exhibit A)
Drifting										
Crosscutting										
Raising										
Shafts										
Winzes										
Drill holes										
Overburden										
Rehabilitation and preparation										
Geology and geophysics										
Trenching										
Sampling and assaying										
Roads and trails										
Test pits										
Other (specify)										
Totals										

[1] Prorate supervisory, engineering, and office salaries in proportion to man-shifts of direct labor.
[2] Prorate charges for equipment that is not exclusively for one type of job (such as compressors) against authorized units of work in each category.
[3] Where entries in the "Other" column (above) are more than 25 percent of the total expenditures, a breakdown of this item should be made.
[4] Specify whether feet, cubic feet, acres, miles, etc.

16—64068-3 U. S. GOVERNMENT PRINTING OFFICE

SF-Ones-10

MF-104
(April, 1951)

Budget Bureau No. 42-R1036.
Approval expires 6-30-51.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

ASSUMED TO HAVE TERMINATED
NO FINAL REPORT

STRATEGIC AND CRITICAL MINERAL EXPLORATION PROGRAM
OPERATOR'S MONTHLY PROGRESS REPORT

Operators are to submit monthly reports to the designated field representative of the Defense Minerals Administration. Reports are to be submitted in quadruplicate prior to the 15th day of the month following the reporting period.

Narrative.—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered is to be furnished.

Maps.—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.

Cost Accounts.—All applicable parts of this form are to be filled in. This report will form the basis for payments of the Government's participating share of expenses. Audits of accounts will be made from time to time.

CERTIFICATION

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.

Philip Carey Mfg. Company
(Name of Company)

By R. J. Murrill
(Signature of Authorized Official)

October 31, 1951
(Date)

Geologist
(Title)

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.

16—64068-1

MONTHLY SUMMARY COST STATEMENT

Name of operator Philip Carey Mfg. Company
Project No. DMA E-52 Docket 1212 X
Total contract amount 79,500
Government participation percent 90

Distribution of Expenditures for Month of October

Item	Monthly Total	Totals Previously Reported	Totals to Date	For Government Use Only: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals to Date
Wages and salaries	185.00	876.67	1061.67			
Equipment purchase [1]	--	1334.85	1334.85			
Equipment rental [2]						
Buildings						
Explosives						
Repair parts						
Other supplies	114.64	690.80	805.44			
Power						
Transportation						
Withholding taxes Soc. Sec.	2.63	7.87	10.50			
Compensation insurance	3.75	15.46	19.21			
Other insurance State U.I.	1.75	5.25	7.00			
Contract work						
Other (specify) Pub. Liab	0.34	1.44	1.78			
Total	308.09	2932.36	3240.45			
Totals previously reported	2932.36					
Totals to date	3240.45					

FOR GOVERNMENT USE ONLY

Checked by fh
Entered by
Approved by A. C. Johnson
Amount approved for payment $277.28
Remarks

DEC 3 1951

Lloyd L. Nervoll
Authorized Certifying Officer

[1] Enter total purchase price in month purchase is made.
[2] Payments for rental of equipment or prorated depreciation on equipment owned by contractor.

16—64068-1

OCTOBER PROGRESS REPORT

ON

The Philip Carey Mfg. Co.
Exploration Project DMA E-52
Docket 1212 X

Reconnaissance of the Godding property in Trinity County was completed during the first two weeks of October and a map and report are in preparation. A decision regarding further work on the property is pending.

R. J. Merrill

R. J. Merrill, Geologist
October 31, 1951

RJ:Home

DISTRIBUTION OF WAGES AND SALARIES FOR MONTH OF October

Name of operator Philip Carey Mfg. Co.
Project No. DMA E-52 Docket 1212 X
Total contract amount 79,500
Government participation percent 90

Type	Number	Man-Shifts	Rate	Total
Miners			$	$
Muckers				
Trammers				
Timbermen				
Pumpmen				
Hoistmen				
Surface				
Samplers				
Assayers				
Shift bosses				
Mechanics				
Electricians				
Blacksmiths				
Carpenters				
Drill runners				
Drill helpers				
Teamsters				
Manager				
Superintendent				
Engineers				
xxxxx Transitman	1	2 weeks	350 per mo	175.00
Geologists				
Bookkeeper				
Foreman				
Clerks				
Stenographers				
Other Laborer	1	1 day	10 per day	10.00
Total				185.00

Note.—Show only that portion of supervisory, office, and engineering salaries that is chargeable to this project.

FOR GOVERNMENT USE ONLY

Checked by fh
Entered by
Approved by A. C. Johnson
Remarks

DEC 3 1951

Edward Gottlieb & Son, Inc.

16—64068-1

EXPLORATION UNIT COST AND PROGRESS REPORT FOR MONTH OF October

Name of operator Philip Carey Mfg. Co.
Project No. DMA E-52 Docket 1212 X
Total contract amount 79,500
Government participation, percent 90

Item	Costs					Progress				
	Wages [1] and salaries	Equipment [2]	Supplies	Other [3]	Total	Unit	Units this month	Units previously reported	Units to date	Units authorized by contract
Drifting										
Crosscutting										
Raising										
Shafts										
Winzes										
Drill holes										
Overburden										
Rehabilitation and preparation										
Geology and geophysics	193.45		114.64		308.09	Dollar	308.00	2932.36	3240.45	18,800
Trenching										
Sampling and assaying										
Roads and trails										
Test pits										
Other (specify)										
Totals	193.45		114.64		308.09		308.00	2932.36	3240.45	18,800

[1] Prorate supervisory, engineering, and office salaries in proportion to man-shifts of direct labor.
[2] Prorate charges for equipment that is not exclusively for one type of job (such as compressors) against authorized units of work in each category.
[3] Where entries in the "Other" column (above) are more than 25 percent of the total expenditures, a breakdown of this item should be made.

16—64068-1 U. S. GOVERNMENT PRINTING OFFICE

FOR GOVERNMENT USE ONLY

Checked by fh
Entered by
Approved by A. C. Johnson
Remarks

DEC 3 1951

Lloyd L. Norvell
Authorized Certifying Officer

SF-Dma-10

MF
(Apr 1)

Budget Bureau No. 42-R1036.
Approval expires 6-30-51.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

DEFENSE MINERALS
ADMINISTRATION
WASHINGTON, D. C.
FEB 18 11 14 PM '52

STRATEGIC AND CRITICAL MINERAL EXPLORATION PROGRAM
OPERATOR'S MONTHLY PROGRESS REPORT

Operators are to submit monthly reports to the designated field representative of the Defense Minerals Administration. Reports are to be submitted in quadruplicate prior to the 15th day of the month following the reporting period.

Narrative.—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered is to be furnished.

Maps.—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.

Cost Accounts.—All applicable parts of this form are to be filled in. This report will form the basis for payments of the Government's participating share of expenses. Audits of accounts will be made from time to time.

CERTIFICATION

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.

Philip Carey Mfg. Co.
(Name of Company)

By R. J. Merrill
(Signature of Authorized Official)

September 30, 1951
(Date)

Geologist
(Title)

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.

16—64068-1

MONTHLY SUMMARY COST STATEMENT

Name of operator: Philip Carey Mfg. Co.
Project No. DMA: E 52 Docket 1212 X
Total contract amount: 79,500
Government participation percent: 90

Distribution of Expenditures for Month of September

Item	Monthly Total	Totals Previously Reported	Totals to Date	For Government Use Only: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals to Date
Wages and salaries	701.67	175.00	876.67			
Equipment purchase [1]	--	1334.85	1334.85			
Equipment rental [2]						
Buildings						
Explosives						
Repair parts						
Other supplies	357.23	333.52	690.80			
Power						
Transportation						
Withholding taxes Soc. Sec.	5.25	2.62	7.87			
Compensation insurance	11.75	3.73	15.48			
Other insurance UN. Insur.	3.50	1.75	5.25			
Contract work						
Other (specify) Pub. Liab.	1.09	0.35	1.44			
Total	1080.54	1851.82	2932.36			
Totals previously reported	1851.82					
Totals to date	2932.36					

FOR GOVERNMENT USE ONLY

Checked by
Entered by
Approved by A. C. Johnson
Amount approved for payment
Remarks

DEC 3 1951

[1] Enter total purchase price in month purchase is made.
[2] Payments for rental of equipment or prorated depreciation on equipment owned by contractor.

16—64068-1

PROGRESS REPORT FOR SEPTEMBER, 1951

PHILIP CARLY MFG. CO.

Lockland, Cincinnatti 15, Ohio

Project No. E-52 Docket No. 1212

During the month of September a geological reconnaissance of an area 10 miles in radius was commenced. Several previously unknown serpentine bodies were discovered but only one of these contained significant amounts of asbestos. A detailed map and report on this occurrence is in preparation and further reconnaissance is being carried out.

R. J. Merrill, Geologist

October 12, 1951

RJM:emc

DISTRIBUTION OF WAGES AND SALARIES FOR MONTH OF September

Name of operator Philip Carey Mfg. Co.
Project No. DMA E 52 Docket 1212 X
Total contract amount 79,500
Government participation percent 90

Type	Number	Man-Shifts	Rate	Total
Miners			$	$
Muckers				
Trammers				
Timbermen				
Pumpmen				
Hoistmen				
Surface				
Samplers				
Assayers				
Shift bosses				
Mechanics				
Electricians				
Blacksmiths				
Carpenters				
Drill runners				
Drill helpers				
Teamsters				
Manager				
Superintendent				
x ~~Engineers~~ Transitman	1	1 month	350 per mo.	350.00
Geologists	1	9 days	500 per mo.	150.00
Bookkeeper				
Foreman				
Clerks				
x ~~Stenographers~~ cook	1	19 days	150 per mo.	95.00
Other Laborer	1	16 "	200 per mo.	106.67
Total				701.67

Note.—Show only that portion of supervisory, office, and engineering salaries that is chargeable to this project.

DEC 3 1951

FOR GOVERNMENT USE ONLY

Checked by
Entered by
Approved by A. C. Johnson
Remarks

Lloyd L. Norvell
Authorized Certifying Officer

16—64068-1

EXPLORATION UNIT COST AND PROGRESS REPORT FOR MONTH OF September

Name of operator Philip Sonn. Eng. Co.
Project No. DMA 59 Project 1210 1
Total contract amount 79,000
Government participation, percent 00

Item	Costs					Progress				
	Wages [1] and salaries	Equipment [2]	Supplies	Other [3]	Total	Unit	Units this month	Units previously reported	Units to date	Units authorized by contract
Drifting										
Crosscutting										
Raising										
Shafts										
Winzes										
Drill holes										
Overburden										
Rehabilitation and preparation										
Geology and geophysics	723.20		357.20		1080.54	dollar	1080.54	1972.12	3052.36	18,800
Trenching										
Sampling and assaying										
Roads and trails										
Test pits										
Other (specify)										
Totals	723.20		357.20		1080.54		1080.54	1972.12	3052.36	18,800

[1] Prorate supervisory, engineering, and office salaries in proportion to man-shifts of direct labor.
[2] Prorate charges for equipment that is not exclusively for one type of job (such as compressors) against authorized units of work in each category.
[3] Where entries in the "Other" column (above) are more than 25 percent of the total expenditures, a breakdown of this item should be made.

16—64068-1 U. S. GOVERNMENT PRINTING OFFICE

DEC 3 1951

FOR GOVERNMENT USE ONLY

Checked by
Entered by
Approved by A. C. Johnson
Remarks

Lloyd L. Norvell
Authorized Certifying Officer

MF-104
(April 1951)

Budget Bur[illegible]
Approval expires 6-30[illegible]

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

STRATEGIC AND CRITICAL MINERAL EXPLORATION PROGRAM
OPERATOR'S MONTHLY PROGRESS REPORT

Operators are to submit monthly reports to the designated field representative of the Defense Minerals Administration. Reports are to be submitted in quadruplicate prior to the 15th day of the month following the reporting period.

Narrative.—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered is to be furnished.

Maps.—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.

Cost Accounts.—All applicable parts of this form are to be filled in. This report will form the basis for payments of the Government's participating share of expenses. Audits of accounts will be made from time to time.

CERTIFICATION

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.

Philip Carey Mfg. Co.
(Name of Company)

By R. J. Merrill
(Signature of Authorized Official)

August, 1951
(Date)

President
(Title)

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.

16—64068-1

MONTHLY SUMMARY COST STATEMENT

Name of operator: Philip Carey Mfg. Co.
Project No. DMA: E-52 Project No. 1R12X
Total contract amount: 79,500.00
Government participation percent: 90

Distribution of Expenditures for Month of August

Item	Monthly Total	Totals Previously Reported	Totals to Date	For Government Use Only: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals to Date
Wages and salaries	175.00	--	175.00			
Equipment purchase [1]	1334.85	--	1334.85			
Equipment rental [2]						
Buildings						
Explosives						
Repair parts						
Other supplies	333.52	--	333.52			
Power						
Transportation						
Withholding taxes Soc.Sec.	2.62	--	2.62			
Compensation insurance	3.73	--	3.73			
Other insurance Unemp.Ins.	1.75	--	1.75			
Contract work						
Other (specify) Pub.Liab.	0.35	--	0.35			
Total	1851.82	--	1851.82			
Totals previously reported	--					
Totals to date	1851.82					

FOR GOVERNMENT USE ONLY

Checked by fh
Entered by
Approved by A. C. Johnson
Amount approved for payment $1,666.64
Remarks

DEC 3 1951

Lloyd L. Norvell
Authorized Certifying Officer

[1] Enter total purchase price in month purchase is made.
[2] Payments for rental of equipment or prorated depreciation on equipment owned by contractor.

16—64068-1

PROGRESS REPORT FOR AUGUST, 1951

PHILIP CAREY MFG. CO.

Lockland, Cincinnati, 15, Ohio

Project No. E-52 Docket No. 1212

Work on the Codding Property was begun on August 15th.

During the period August 15th to 31st a jeep truck was purchased, the cabin on the property was prepared for occupancy and supplies were purchased in preparation for a reconnaissance survey of the circular area 10 miles in radius included in the option agreement.

R. J. Merrill
Geologist
September 15, 1951

RJM:emc

DISTRIBUTION OF WAGES AND SALARIES FOR MONTH OF August, 1951

Name of operator Philip Carey Mfg. Co.
Project No. DMA E-52 Docket No. 1212X
Total contract amount $79,500.00
Government participation percent 90

Type	Number	Man-Shifts	Rate	Total
Miners			$	$
Muckers				
Trammers				
Timbermen				
Pumpmen				
Hoistmen				
Surface				
Samplers				
Assayers				
Shift bosses				
Mechanics				
Electricians				
Blacksmiths				
Carpenters				
Drill runners				
Drill helpers				
Teamsters				
Manager				
Superintendent				
~~Engineers~~ Transitman	1	14	350.00/mo.	175.00
Geologists				
Bookkeeper				
Foreman				
Clerks				
Stenographers				
Other				
Total	1	14	350.00/mo.	175.00

Note.—Show only that portion of supervisory, office, and engineering salaries that is chargeable to this project.

FOR GOVERNMENT USE ONLY

Checked by [illegible]
Entered by
Approved by A. C. Johnson
Remarks

DEC 3 1951

16—64068-1

EXPLORATION UNIT COST AND PROGRESS REPORT FOR MONTH OF August, 1951

Name of operator: Philip Carey Mfg. Co.
Project No. DMA: E-52 Docket No. 1212X
Total contract amount: $79,500.00
Government participation, percent: 90

Item	Costs					Progress				
	Wages [1] and salaries	Equipment [2]	Supplies	Other [3]	Total	Unit	Units this month	Units previously reported	Units to date	Units authorized by contract
Drifting										
Crosscutting										
Raising										
Shafts										
Winzes										
Drill holes										
Overburden										
Rehabilitation and preparation										
Geology and geophysics	183.45	1515.89	152.48		1851.82	dollar	1851.82	--	1851.82	18,800.00
Trenching										
Sampling and assaying										
Roads and trails										
Test pits										
Other (specify)										
Totals	183.45	1515.89	152.48		1851.82					

[1] Prorate supervisory, engineering, and office salaries in proportion to man-shifts of direct labor.
[2] Prorate charges for equipment that is not exclusively for one type of job (such as compressors) against authorized units of work in each category.
[3] Where entries in the "Other" column (above) are more than 25 percent of the total expenditures, a breakdown of this item should be made.

16—64068-1 U. S. GOVERNMENT PRINTING OFFICE

FOR GOVERNMENT USE ONLY

Checked by: fl
Entered by:
Approved by: A. C. Johnson
Remarks:

Breakdown of Equipment

1 Jeep truck	1334.85
Repairs for truck	0.37
Camp Equipment	117.39
Maps, photos & Office Sups.	63.28
	$1515.89

Breakdown of Supplies

Living Exp. of Transitman	139.95
Gas and Oil	12.53
	$152.48

Lloyd L. Norvell
Authorized Certifying Officer

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

March 4, 1955

Memorandum

To: Mr. Jay L. Chambers

From: Lawrence G. Houk LGH

Subject: Closing dockets

The Nonmetallic Minerals Division have reviewed the following contracts and do not intend to make certifications of discovery or development:

Idm-E52	DMEA-1212	Idm-E	DMEA-
40	1213	217	1969
13	1679	244	1955
73	519	253	2134
74	1390	257	2077
78	1664	272	2360
93	812B	288	2344
97	1224	324	2255
121	1517	344	2156
124	1318	373	2439
125	1720	411	2528
129	1665	430	2524
134	1732	433	2620
140	1813	444	2646
179	1122	450	2681
180	1250	480	2725
191	1914	497	2778
195	1812	507	2840
198	1929	518	2785
211	1721	524	2909
216	2104	543	2950
		565	3030

Resume

D.M.E.A. 1212 Ash.
Idm E-52
Philip Carey Mfg Co.
Cincinnati, Ohio

The contract is dated July 1, 1951, for two years duration. It covers field reconnaissance and diamond drilling on property in Trinity County, California, with a radius of about ten miles. The reconnaissance is to include magnetometric mapping and 200 feet of trenching, at $3.50/ft, within a period of ten months. Up to 5,000 ft. of drilling may be completed in 1951, with an additional 5,000 ft. in 1952 if the reconnaissance indications are favorable $4.00 per ft. is allowed for the drilling. Total dollar allowances are $27,900.00 for reconnaissance and $51,600.00 for diamond drilling. The total contract is $79,500.00

The reconnaisance was completed in the first half of October, 1951, at a total cost of $3,240.45. Several previously unknown serpentine bodies were discovered, but only one contained significant amounts of asbestos, and core drilling was not warranted.

The contract was terminated April 29, '52 by mutual agreement

Plain Cement Mfg. Co.
Corporate

DMEA 1212-Asb.
1dm E-58

Duration 7-1-51 7-1-53

Reconnaissance ~~Exploration~~ ~~prelimin~~

Report on field reconnaissance in
20 miles in diam. Jackson County, California including
E-40?
102,000 102,000 200' 3.5/ft
~~exploration drilling core trenching~~
50'-200' flow
84/ft. Drilling to be continued if
5,000' in 1951
more work is favorable. 5,000' in 1952

Reconnaissance $27,900
Drilling $51,600
$79,500

Reconnaissance was completed during first half of October, 1952. ($3,210.45)
Several previously unknown serpentine bodies were discovered, but only one contained significant amounts of asbestos and core-drilling was not warranted.

Contract terminated April 29, 1952

☑ Audited

☐ Certified

WO[illegible] ANALYSIS SHEET -- DMEA PROJECT [illegible]

Analysis as of Nov 29, 54
Incl. Voucher for Sept 1952

☑ Actual Cost

☐ Agreed Unit Costs

Name Phillip Carey Company

Docket No. 1212 X

State California

Commodity Asbestos

Idn-E No. 52

OPERATION	AUTHORIZED Units	AUTHORIZED Cost	COMPLETED Units	COMPLETED Cost	NET COST
Drifting & Crosscutting					
Raising					
Shafts					
Winzes					
Drilling (Specify)	10.000	51.600	None	None	None
Surface Excavation		17.800		NONe	NONe
Underground Excavation					
Roads and Trails					
Operating Equipment Purchased Jeep		$2400		1334.85	$642.35
Surface Rehabilitation & Repairs					
Underground Rehabilitation					
New Building, Improvements, etc.		1.500		None	None
Other (Specify) Reconnaissance		6.600		1807.50	1807.50
Totals		79.500		3142.35	2449.85

Prepared by L. G. H.

DEPARTMENT OF THE ARMY
Defense Materials Administration
RECEIVED
OCT 8 1952

5456

CR

Defense acquisition
5456

BUREAU OF FEDERAL SUPPLY
1952 OCT 6 AM 8 57
TELEGRAPH OFFICE

WAD-1

4 WA SFS /I-B00/

SAN FRANCISCO CALIF 10-3-52 1137A

E D TALBERT

ASST CHIEF CONTRACT ADM & AUDIT DIVISION

Dep. Mines Adm.

REURTEL OF OCTOBER 3 1952 BALANCE SHOWN ON OPERATORS LEDGER FOR PHILIP CAREY MANUFACTURING COMPANY- CONTRACT I-DMA-52, DOCKET DMA [redacted]-1212 X IS 623.25

H C MILLER

MQ-854A/6

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

Office of
Executive Officer
DMEA Field Team
Region III

1012 Flood Building
870 Market Street
San Francisco 2, Calif.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
AUG 11 1952

August 5, 1952

Memorandum

To: Jay L. Chambers, Chief, Contract Administration and Audit Division, DMEA, Interior Building, Washington, D. C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Exploration Contract Idm-E40, Docket DMA-1213X and Exploration Contract Idm-E52, Docket DMA-1212X Philip Carey Manufacturing Company

Reference is made to your subject letter, dated July 18.

First, let me correct the last paragraph on the first page of the letter, which is a quotation from my December 31, 1951 letter to the Administration. The name of the property discussed therein should have been referred to as the "Codding" property rather than the "Gooding" property, as Mr. Bruce L. Codding is one of the owners of the land leased to the Philip Carey Company on April 25, 1951. The statement - "We are of the opinion that reference is to the company's other exploration project contract Idm-E52" - is correct and work done on the Codding property should not be charged to Contract Idm-E40. Despite the apparent confusion that has resulted from the error which occurred in the above-mentioned paragraph, no work done on the Codding property was charged to Contract Idm-E40.

Accordingly, the first paragraph on the second page of your July 18 letter can be answered that definitely all costs claimed under Contract Idm-E40 were for work actually performed on the property, described in and covered by that contract.

It is more difficult to answer the remaining part of your letter as the Geological Survey cannot agree on whether the time spent on reconnaissance work was excessive or not and whether some of the work was done in areas beyond those covered by Contract Idm-E52. Exhibit (Annex II) of Contract Idm-E52 lists fourteen claims which is definite information. However, after the list of claims there appears this statement: "And including all after-acquired claims coming within the Mining Option and Lease of April 25, 1951 between Applicant and G. L. Carrico and Bruce L. Codding."

We have no copy of the cited lease in our files and are under the impression that if we ever had a copy of the lease it may be in the folders which we loaned to Mr. Hull sometime ago and which to date have not been returned.

In the final report on the Red Mountain Asbestos Deposit by Edgar H. Bailey, Geologist, U. S. Geological Survey, dated April 1, 1952, there is a map (figure 1) on which is drawn a dotted line, identified as the "Limit of area reconoitered by Philip Carey Mfg. Co. geologists in search for serpentine masses." Apparently, it is this area of approximately 140-150 square miles that was considered by Philip Carey Company as coming under their lease, of which the fourteen cited claims were a part.

We have no knowledge of how thorough the Company geologists and transitmen reconnaissanced the area. Mr. Bailey, due to the fact that most of the area is devoid of favorable indications for asbestos, could have, perhaps, looked over the area in about two man-weeks time and he could have looked at the work done as being ridiculous. It is appreciated, however, that the Philip Carey geologist was entirely unfamiliar with California geology and was, perhaps, over cautious not to overlook anything, so that he naturally spent more time on reconnaissance of the area than would have been spent by a Geological Survey geologist, more familiar with California geology.

My decision, therefore, is that the costs incurred under Contract Idm-E52 are "reasonable" within the meaning of Article 10 of the contract.

H. C. MILLER

H. C. Miller
Executive Officer
DMEA Field Team, Region III

Copy to Mr. Robert M. Hull, Auditor, Contract Administration and Audit Division
c/o Mr. A. E. Weissenborn, Executive Officer, DMEA Field Team, Region II, Spokane, Washington
Mr. E. H. Bailey, USGS

TAT

4 WA SFS /I-DOM/

SAN FRANCISCO CALIF 10-3-52 1137A

E D TALBERT ASSIST CHIEF

CONTRACT ADMIN AND AUDIT DIV DMEA WA

REURTEL OF OCTOBER 3, 1952, BALANCE SHOWN ON OPERATOR-S LEDGER FOR PHILIP CAREY MANUFACTURING COMPANY - CONTRACT I-DMA-52, DOCKET DMA-1212X IS 623.25.

H C MILLER

3 1952 I-DMA-52 DMA-1212X 623.25

EF 1039A
V

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 6 1952

FILE COPY
SURNAME:

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

Alby
Talbert

BH

D.M.E.A.

E. D. Talbert
3461 2612

14X3923.970 Working Fund, DMEA
October 2, 1952

DMEA Finance Officer, Bureau of Mines, 1012 Flood Building, 870 Market Street, San Francisco 2, California

RE THE PHILIP CARNY MANUFACTURING COMPANY, CONTRACT I-DMA-R52, DOCKET DMA-1212X, PLEASE ADVISE BALANCE SHOWN ON OPERATORS LEDGER.

E. D. TALBERT, ASSISTANT CHIEF
CONTRACT ADMINISTRATION AND
AUDIT DIVISION

J.H.
10-3-52

AMAlley/ama
October 2, 1952

Copy to: Mails and Files
Admr. Reading File
Mr. Chambers
Bureau of Mines Audits

FILE COPY
SURNAME:

Chambers

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

D. M. E. A.

J. ~~L. Chambers~~
3461 2612

14X3923.970 Working Fund, DMEA
August 19, 1952

Mr. Robert M. Hull, c/o Mr. A. E. Weissenborn, South 157 Howard Street
Spokane 8, Washington

Reur letter August 14. Think it better to send Forms 104 for Philip Carey Contracts E40 and E52 to San Francisco for payment and final entry on records. Region III may want to make settlement on sales of equipment at time of final payment for project.

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration and
Audit Division

J.N.
8-19-52

JLChambers/wb
August 19, 1952

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

JUL 1 8 1952

Mr. H. C. Miller
Executive Officer
DMA Field Team, Region III
1012 Flood Building
870 Market Street
San Francisco 2, California

Re: Exploration Contract Idm-140
Docket DMA-1213X
and
Exploration Contract Idm-152
Docket DMA-1212X
Philip Carey Manufacturing Company

Surname on 1213

Dear Mr. Miller:

Reference is made to Mr. Hull's letters of June 11 and June 12 requesting certain information relative to the subject contracts and the memorandum of June 17, 1952, from Mr. Johnson, Chief, Mining Division, Region III, which you forwarded to Mr. Hull by memorandum dated June 25, 1952.

It appears from Mr. Johnson's memorandum that he has interpreted Mr. Hull's request for information as being exceptions taken during the audit. Such was not the case. The information is required in order that a determination can be made that the costs claimed by the operator are "the necessary, reasonable, direct costs of performing the exploration work" in accordance with Article 10 of the contracts. This must be done before the auditor may certify that payment of the Government's participating share of the costs is valid and proper and final settlement of the account may be effected.

In a letter dated December 17, 1951, addressed by you to the Administration relative to Contract Idm-140 you stated in part:

> "The October report states 'reconnaissance of the Gooding property in Trinity County was completed during the first two weeks of October, and a map and report are in preparation. A decision regarding further work on the property is pending'. We have no record of the location of the Gooding property, but are reasonably certain it is <u>not</u> one of the properties listed in Appendix 1 of the exploration project contract. We are of the opinion that reference is to the company's other exploration project contract Idm-152. <u>If so, we question why work done on the Gooding property should be charged to the contract Idm-140.</u>" (Underscoring supplied.)

In Mr. Johnson's memorandum of June 17, 1952, he states that "As the Philip Carey Mfg. Co. evidently has done some exploratory work on property that is covered by their contract, it seems that they should be entitled to payment for all work that has been done". It is not believed that this reply is adequate to relieve all doubt that the costs claimed by the operator were incurred in exploratory work on the specific property covered by the contract. The Government cannot pay for exploratory work on property other than that covered by the contract. Therefore, we request you as Executive Officer of DMEA Field Team, Region III, to make a definite and final determination as to whether the work for which costs are claimed under Contract Idm-E40 was actually performed on the property described in and covered by the contract.

With reference to Contract Idm-E52, under date of April 8, 1952, you addressed a memorandum to the Administration transmitting four copies of the "Final Report by Field Team, Region III", Contract Idm-E52." This report contains the following statements:

> "for a transitman to have required 2 months and a geologist 9 days to do this small amount of work is ridiculous."
>
> "the reconnaissance of the area was done at what appear to be excessive cost and probably much of it was not authorized in the contract."
>
> "The reconnaissance and evaluation of the area called for probably could have been done by geologists or engineers under the supervision of the Field Team in less than 2 man-weeks time."

Mr. Johnson's memorandum of June 17, 1952, states "For a transitman to make a reconnaissance survey of this area under conditions indicated above, two months' time is not excessive", and "There has been no time limitation set on the transitman or rodman, so again, I believe that these costs will have to be allowed". It is apparent that Mr. Johnson's memorandum and your Field Team Final Report represent contradictions. It is requested, therefore, that you, as Executive Officer, make a final determination as to whether the costs under Contract Idm-E52 are "reasonable" within the meaning of Article 10 of the contract.

Please forward a copy of your reply to this letter directly to Mr. Hull, c/o Mr. A. I. Weissenborn, Executive Officer, DMEA Field Team, Region II, South 157 Howard Street, Spokane 8, Washington.

EDTalbert/ama
July 17, 1952

Sincerely yours,

Jay L. Chambers, Chief
Contract Administration and
Audit Division

Copy to: Admr. Reading File
Mails and Files
Mr. Houk
Mr. Hull
Mr. Chambers

1-1027
(April 1946)

UNITED STATES
DEPARTMENT OF THE INTERIOR

AGENCY Bureau of Mines

PBS TELETYPE

Originator:
Ext.: 472 Room: 1006
Flood Bldg., San Francisco

Appro.: Bureau of Mines
Date: July 16, 1952
Time: 10:25 a.m.
No.:
To: Robert Hull, Defense Minerals Exploration Administration, South 157 Howard Street, Spokane, Washington
Subject:

Reurtt July 15. Cost of storage and sale of Jeep and Pipe amounted to $17.50 and $4.32 respectively. These amounts absorbed by Bureau of Mines as expense of processing documents transferring the small charge to 14X4401 not justifiable.

H. C. Miller
Executive Officer, DMEA Field Team
Region III

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 21 1952

Authorized:
H. C. Miller

CONFIRMATION

Sign original message and transmit to Room ..... in duplicate

U. S. GOVERNMENT PRINTING OFFICE 16—50915-1

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

So. 157 Howard Street
Spokane 4, Washington

July 9, 1952

Memorandum

To: Executive Officer, DMA Field Team, Region III

From: Robert M. Hull

Subject: Docket No. DMA-1212X (asbestos), the Philip Carey Manufacturing Company, Lockland, Cincinnati 15, Ohio, Exploration Project Contract Idn-152.

Please advise what disposition has been made of the jeep and the pipe that were purchased in connection with Exploration Project Contract Idn-152 with the Philip Carey Corporation.

It will be necessary to have this information in order to complete the audit of this project.

Robert M. Hull, Auditor
Contract Administration
and Audit Division

cc: Contract Administration and
Audit Division, DMA ✓

A. C. Johnson, [illegible]
Reno, Nevada

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 14 1952

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

Office of
Executive Officer
DMEA Field Team
Region III

1012 Flood Building
870 Market Street
San Francisco 2, Calif.

June 25, 1952

Memorandum

To: Robert M. Hull, Aduitor, Contract Administration and Audit Division, DMEA, South 157 Howard Street, Spokane, Washington

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMA-1212X (Asbestos) The Philip Carey Manufacturing Company, Lockland, Cincinnati 15, Ohio, Exploration Project Contract Idm-E52

Reference is to your letter, dated June 11, concerning subject contract.

The matter discussed in your letter was taken up with Mr. A. C. Johnson, Chief, Mining Division, Bureau of Mines, Region III and two copies of his memorandum reply to me, dated June 17, are attached.

I trust that Mr. Johnson has answered your questions fully.

H. C. MILLER

H. C. Miller
Executive Officer
DMEA Field Team, Region III

Attachment

Copy to Contract Administration and Audit Division, DMEA, Interior Building, Washington 25, D. C.

E. H. Bailey, USGS

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUN 30 1952

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

P O Box 1551
Reno, Nevada

June 17, 1952

Memorandum

To: H. C. Miller, Regional Director, Region III

From: Chief, Mining Division, Region III

Subject: The Philip Carey Manufacturing Company - Contract Idm-E40
Contract Idm-E52

The letters of June 11 and June 12 from Robert W. Hull to you regarding some exceptions that have been taken on payment to the Philip Carey Manufacturing Company on contracts Idm-E40 and Idm-E52:

In Mr. Hull's letter of June 12, he states: "The October report states 'reconnaissance of the Gooding property in Trinity County was completed during the first two weeks of October, and a map and report are in preparation. A decision regarding further work on the property is pending.' We have no record of the location of the Gooding property, but are reasonably certain it is not one of the properties listed in Appendix I of the exploration project contract."

Under contract Idm-E52, on the face of the contract, the Philip Carey Manufacturing Company were to conduct exploration work on certain property, situated in the State of California, in Trinity County, described as follows: "located mining lode claims situated in Mad River Mining District situated adjacent to T26N., R12W., and T25N., R12W., in conformance to mining option and lease between G. L. Carrico and Bruce L. Codding and subject company executed April 25, 1951." These mining claims are known as the VIRGINIA BRUCE MINING CLAIM NO. 1 through claim No. 13. The Annex No. 2 also states under Paragraph 14: "All right, title and interest of Bruce L. Codding, Virginia Codding and G. L. Carrico in and to the mineral and mining rights on all land now owned by William C. McCulloch and Florence W. McCulloch situated in Trinity County, California.

"And including all after-acquired claims coming within the Mining Option and Lease of April 25, 1951 between Applicant and G. L. Carrico and Bruce L. Codding."

According to the report in our files by R. F. Johnson of the U. S. Geological Survey, "The Virginia Bruce claims are located north of Covelo, California, near the Travis Ranch, in the southwest corner of T. 26 N., R. 12 W., Mt. Diablo base and meridian." This location is in agreement with the location described in the front page of the exploration project contract.

According to the report by Mr. Johnson of the U.S.G.S., "The claims have been prospected by several hundred feet of bull-dozer cuts in several chrysotile bearing serpentine lenses." As the Philip Carey Mfg. Co., evidently has done some exploratory work on property that is covered by their contract, it seems that they should be entitled to payment for all work that has been done.

In reference to exceptions that have been taken by Mr. Hull in his letter to you dated June 11, relative to a transitman for 2 months and a geologist 9 days on reconnaissance survey in the Red Mountain area, Trinity and Mendocino Counties, Calif. E-52

The costs on the surface seems to be excessive, however, according to the final report that was turned in by Mr. R. J. Merrill and Mr. K. S. Blanchard on the Red Mountain area states that "The Red Mountain Deposit is included in 13 mining claims owned by Carrico and Codding, situated in Section 33 of Township 26N, Range 12 W, and in Section 5 of Township 25N, Range 12W, Trinity County. The circular area ten miles in radius to which reference has already been made, has as its centre the U.S. Land Survey Monument inscribed as 1/4 S.5 U.S.L.S. located midway between corners on the Township line between Township 26N, Range 12W and Township 25N, Range 12W.

"The area is characterized by north to northwesterly trending ridges, the highest peaks of which attain elevations of 7500 feet. The numerous streams and creeks in its valleys form the headwaters of Eel, Trinity and Mad Rivers.

"Only the southern half is accessible by car over narrow mountain roads. The northern half must be travelled on horseback. The nearest village to the centre of the area is Covelo, some 30 miles to the south in Mendocino County. The north Western Pacific Railroad passes only 14 air miles east of the centre but the nearest rail point by road is Dos Rios, 45 miles to the southeast. The southern half of the area is sparsely populated by cattle ranchers."

For a transitman to make a reconnaissance survey of this area under conditions indicated above, two months' time is not excessive.

Mr. Hull has also stated "the reconnaissance of the area was done at what appear to be excessive cost and probably much of it was not authorized in the contract."

Under EXHIBIT D of the contract - Labor and Supervision, the contract has allowed for a transitman $400 a month and 2 rodmen at $300 a month. It is also stated in Exhibit D: "The above crew will work on Project (1) to its conclusion and on Project (2) when started."

There has been no time limitation set on the transitman or rodmen, so again, I believe that these costs will have to be allowed.

A. C. Johnson

June 11, 1952

Mr. H. C. Miller
Executive Officer
DMEA Field Team, Region III
1012 Flood Building
870 Market Street
San Francisco 2, California

Dear Mr. Miller:

Reference is made to the Final Report made by Field Team Region III, dated April 1, 1952 on Contract Idm-E52, the Philip Carey Manufacturing Company, Lockland, Cincinnatti 15, Ohio.

In view of certain statements on page 4 of the Final Report, which I quote below, more information, specifically as to whether the performance was in accordance with the contract and the costs in line with the contract, will be needed before the final determination of the costs and the Government's participation therein:

> "for a transitman to have required 2 months and a geologist 9 days to do this small amount of work is ridiculous."
>
> "the reconnaissance of the area was done at what appear to be excessive cost and probably much of it was not authorized in the contract."
>
> "The reconnaissance and evaluation of the area called for probably could have been done by geologists or engineers under the supervision of the Field Team in less than 2 man-weeks time."

I will not be able to write the audit report and certificate until I have the information as to what part of the work was not called for under the terms of the contract; what portion of the costs covered the unauthorized work; and what costs the Field Team agrees are reasonable and proper for the acceptable work performed within the terms of the contract.

I would appreciate your replying to me direct with a copy to the Contract Administration and Audit Division, Defense Minerals Exploration Administration, Department of the Interior, Washington 25, D. C.

Sincerely yours,

Robert M. Hull, Auditor
Contract Administration and
Audit Division

South 157 Howard Street
Spokane, Washington

For refund due to sale of jeep and pipe see

Schedule No. SF-DMEA-2, Contract No. Idm-E-136.

FILE COPY
SURNAME:

Talbot

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

D. M. E. A.

J. L. Chambers
3461 2612

1420137 Salaries & Expenses, Defense Production Activities, Interior, 1952
May 22, 1952

Mr. H. C. Miller, Executive Officer, 1012 Flood Building, 870 Market Street
San Francisco 2, California

REUR teletype 5-21-52. Tell Hull to pick up all documents necessary to audit Philip Carey projects E-40 and E-52. Your office should hold back sufficient funds to care for any exceptions taken in audit. Suggest two or three thousand dollars. Ask Hull to change his routing to Washington through St. Louis and Cincinnati with stopover at Cincinnati, by contacting the outgoing road. Lockland, home of Carey Company, is suburb of Cincinnati.

(Signed) J. L. Chambers

N.S
R+R

Jy L. Chambers, Chief
Contract Administration and
Audit Division

JLChambers/wb
May 22, 1952

cc: DMEA Mails & Files
Mr. Houk, Rm. 4639
Mr. Chambers, Rm. 2612
Admr. Reading File

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 22 1952

RECEIVED
MAY 21 6 43 PM '52

TA

73 WA SFS /I-BOM/

SAN FRANCISCO CALIF 5-21-52 135P

JAY L CHAMBERS CHF

CONTRACTS ADMIN AND AUDIT DIV DMEA INTERIOR BLDG WA

FOLLOWING WIRE RECEIVED TODAY FROM PHILIP CAREY COMPANY. "DOCUMENTS PERTAINING TO EXPENDITURES ON CONTRACTS IDM-E40, DOCKET 1213, AND E-52, DOCKET 1212, MAY BE EXAMINED BY YOUR AUDITORS AT OUR OFFICES AT LOCKLAND, OHIO. DO NOT HAVE DETAILS ON PAYROLLS BUT WILL ARRANGE TO HAVE THEM HERE FOR YOUR REVIEW IF YOU SO DESIRE. PLEASE ADVISE." WILL ATTEMPT TO AUDIT PAYROLLS FROM SAN FRANCISCO. MAJORITY OF MF-104"S ON E-40 BEING PROCESSED FOR APYMENT. WILL ADVISE YOU OF THOSE MF-104"S NOT BEING PAID. EQUIPMENT WILL BE SOLD AS SOON AS POSSIBLE

H C MILLER EXEC OFCR DMEA FLD TEAM REG III

3,000.

IDM-E40 1213 E-52 1212 MF-104"S E-40 MF-104"S

VD 142PM

MAY 22 9 23 AM '52
BUREAU OF MINES
MAIL ROOM
WASHINGTON, D. C.

FILE COPY
SURNAME:

Talbert

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

N.S. in R. & R.

D. M. E. A.

E. D. Talbert
3461 2612

1420137 Salaries & Expenses, Defense Production Activities, Interior, 1952
May 21, 1952

Mr. H. C. Miller, Executive Officer, 1012 Flood Building 870 Market Street
San Francisco 2, California

Reur teletype 5/21/52, Docket 1212, Idm-E52, Philip Carey Company.

Obligation in the amount of $156.70 to cover supplemented September, 1951 and final January, 1952 reports is being established.

(Signed) E. D. Talbert

Jay L. Chambers, Chief
Contract Administration and
Audit Division

EDTalbert/wb
May 21, 1952

cc: Admr. Reading File
Mails & Files
Mr. Chambers

54 WA SFS/I-BOM/

SAN FRANCISCO CALIF 5-21-52 806A

E D TALBERT ACTG CHF CONTRACT ADMIN AND AUDIT DIV

DEFENSE MINERALS EXPLORATION ADMIN /INTERIOR BLDG/ WA

RE DOCKET 1212 /ASBESTOS/ IDM-E52, PHILIP CAREY COMPANY. RELEASE OF $68,633.59 RECEIVED. MAY THIS BE AMENDED TO INCLUDE ONE SUPPLEMENTAL FOR SEPTEMBER 1951 AND FINAL REPORT FOR JANUARY 1952 IN AMOUNTS OF $44.20 AND $112.50 RESPECTIVELY GOVERNMENT PARTICIPATION. RELEASE WOULD THEN READ $68,476.89. REPORTS WERE HELD AWAITING DECISION ON SITE AUDIT OR DOCUMENTATION FOR OBLIGATIONS LISTED.

H C MILLER REGIONAL DIRECTOR REGION III

RECEIVED MAY 21 11 52 AM '52 PUBLIC ... FILE

DEPARTMENT OF THE ... Defense ... RECEIVED MAY 21 1952

1212 IDM-E52 $68,633.59 1951 1952 $44.20 $112.50 $68,476.89

RB 809A

MAY 21 1-10 PM '52
BUREAU OF MINES
MAIL ROOM
WASHINGTON, D.C.

FILE COPY
SURNAME:

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

MAY 19 1952

Mr. H. C. Miller
Executive Officer, DMEA
Field Team, Region III
1012 Flood Building
870 Market Street
San Francisco 2, California

Subject: Docket No. DMEA-1212 - Asbestos
Philip Carey Manufacturing Co.
Red Mountain Asbestos Deposit
Trinity County, California
Exploration Project Contract
No. Idm-E52

Dear Mr. Miller:

Transmitted herewith is formal "Termination of Exploration Project Contract by Agreement After Commencement but Before Completion of the Work", effective May 7, 1952.

Sincerely yours,

Signed

J.H. 5-19-52

Acting Administrator
Defense Minerals Exploration
Administration

Enclosure

LGHouk:gad 5/14/52
Copy to: Admin. Reading File
Docket File
Operating Committee
Dr. Bowles, 3522
Mr. Norton, G-232, GSA Bldg.
Mr. Houk

FILE COPY
SURNAME:

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

MAY 19 1952

Houk
Hedges
Simmon
Hoffield
Jones

The Philip Carey Manufacturing Company
Lockland
Cincinnati 15, Ohio

Subject: Docket No. DMEA-1212 - Asbestos
Red Mountain Asbestos Deposit
Trinity County, California
Exploration Project Contract
No. Idm-E52

Gentlemen:

Transmitted herewith is "Termination of Exploration Project Contract by Agreement After Commencement but Before Completion of the Work", effective May 7, 1952.

The Defense Minerals Exploration Administration wishes to thank you for your interest in the strategic minerals program.

Sincerely yours,

Signed

S.N. 5-19-52

Acting Administrator
Defense Minerals Exploration
Administration

Enclosure

LGHouk:gad 5/14/52
Copy to: Admin. Reading File
Docket File
Operating Committee
Field Team, Region III
Mr. Houk
Dr. Bowles, 3522
Mr. Norton, G-232, GSA Bldg.

THE PHILIP CAREY MANUFACTURING COMPANY

BUILDING MATERIALS Carey INDUSTRIAL PRODUCTS

LOCKLAND, CINCINNATI 15, OHIO

CONTROLLER'S DIVISION

May 6, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 8 1952

Mr. C. O. Mittendorf
Acting Administrator
Defense Minerals Exploration Adm.
U. S. Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA-1212 -
Asbestos - Trinity County,
California - Idm - E52

Dear Mr. Mittendorf:

In accordance with your letter of May 2nd, we have executed and are returning herewith seven copies of "Termination of Exploration Project Contract by Agreement After Commencement But Before Completion of the Work".

We presume that one copy of the Agreement will be returned to us after it has been signed by the Government.

Very truly yours,

THE PHILIP CAREY MFG. COMPANY

E. J. Fasold

E. J. Fasold
Secretary

EJF:jl

FILE COPY
SURNAME:

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

Mitt

MAY 6 1952

Mr. H. C. Miller
Executive Officer, DMEA
Field Team, Region III
1012 Flood Building
870 Market Street
San Francisco 2, California

Subject: Docket No. DMEA-1212 - Asbestos
Philip Carey Manufacturing Co.
Trinity County, California
Contract Idm-E52

Dear Mr. Miller:

Reference is made to your memorandum of January 9, 1952, concerning damage to a jeep which was purchased for use on exploration project Contract Idm-E52. I am enclosing copy of a memorandum from the Chief Counsel, the third paragraph of which will answer all the questions brought forth in your memorandum of January 9.

Sincerely yours,

SIGNED

Lawrence G. Houk, Chief
Non-Metallic Minerals Division
Defense Minerals Exploration
Administration

Enclosure
Enclosed
Copy to: Admin. Reading File
Docket File
Mr. Norton, G-232 GSA Bldg.
Mr. Bowles, 3522
Mr. Houk

FILE COPY
SURNAME:

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

MAY 2 1952

Houk
Johnson
Lehmann
Hedges
Kepner
Norton
McFellin

Philip Carey Manufacturing Company
Lockland
Cincinnati 15, Ohio

Subject: Docket No. DMEA-1212 - Asbestos
Philip Carey Manufacturing Co.
Red Mountain Asbestos Deposit
Trinity County, California
Idm-E52

Gentlemen:

Transmitted herewith are seven copies of "Termination of Exploration Project Contract by Agreement after Commencement but before Completion of the Work," for your signature in the space marked operator.

It is understood that the Philip Carey Manufacturing Company, under the subject contract, did not reveal a body of asbestos ore large enough to warrant core drilling, and the Company terminated its agreement with the owners of the property on December 31, 1951.

This office will be pleased to receive the seven enclosures properly signed at an early date.

Sincerely yours,

cc
5/2

C. O. Mittendorf

Acting Administrator
Defense Minerals Exploration
Administration

Enclosures 7

LGHouk:gad 4/29/52

Copy to: Admin. Reading File
Operating Committee
Docket File
Dr. Bowles, 3522
Mr. Norton, G-232, GSA Bldg.
Mr. Houk

50

FILE COPY
SURNAME:

UNITED STATES 140
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

May 1, 1952

Memorandum

To: Mr. Lawrence Houk N. S. in R. v R.

From: Chief Counsel

Subject: Philip Carey Manufacturing Company
Contract Idm-E52, Docket No. DMEA-1212

Reference is made to your memorandum dated January 17 to Mr. C. J. Koontz, to which was attached a memorandum dated January 9 from the Executive Officer, DMEA Field Team, Region III, to the Acting Administrator, all concerning damages to a jeep which had been purchased for the exploration project.

Your memorandum, addressed to Mr. Koontz instead of to the Chief Counsel, seems to have been lost sight of, and consequently never answered.

Damages to and repairs of property which has been purchased for exploration project contracts, may be treated as a part of the necessary expenses of the work. Of course, if any insurance was carried on the jeep, the insurance should be applied to the cost of the repairs.

I gather from Mr. Miller's memorandum to Mr. Mittendorf that Contract Idm-E52 is to be terminated, and it is desired to transfer this jeep to another exploration project with the same operator but under a different contract. There is no objection to transferring property from one project to another in this manner, provided suitable entries are made in the accounts to keep a record of the transaction.

J. L. Hofflund

J. L. Hofflund
Chief Counsel

Attachment
JLHofflund/em
Copy to: Mails and Files
Adm. Reading File
J. L. Hofflund
chron

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

Office of
Executive Officer
DMEA Field Team
Region III

1012 Flood Building
870 Market Street
San Francisco, 2, Calif.

April 8, 1952

Memorandum

To: Defense Minerals Exploration Administration, Interior Building, Washington, D.C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket 1212X (Asbestos) - The Philip Carey Manufacturing Company, Exploration Project Contract Idm-E52

Attached are four copies of a final report entitled "Red Mountain Asbestos Deposit, Trinity County, California", by Edgar H. Bailey, Geologist, U. S. Geological Survey, dated April 1, 1952.

The work done by the Philip Carey Manufacturing Company under the subject contract did not reveal a deposit of asbestos ore large enough to warrant core drilling, and accordingly, the company terminated its agreement with the owners of the property on December 31, 1951. This action automatically results in termination of the company's exploration project contract.

H. C. Miller
Executive Officer
DMEA Field Team, Region III

Attachment

Copy to E. H. Bailey, USGS

DEPARTMENT OF THE INTERIOR
Defense Minerals
APR 14 1952

F.T. FINAL REPORT

UNITED STATES
DEPARTMENT OF THE INTERIOR
OSCAR L. CHAPMAN, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

FINAL REPORT BY FIELD TEAM
REGION III

Contract Idm E52

Red Mountain Asbestos Deposit

Trinity County, California

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 14 1952

Edgar H. Bailey, Geologist
U. S. Geological Survey

April 1, 1952

Reviewed by
DMEA OPERATING COMMITTEE
4/18/52
(JG) (date)

Summary

The Red Mountain asbestos deposit in sec. 33, T. 25 N., R. 12 W. in the south-central part of Trinity County, California, and an area of several score of square miles about it, was explored by the Philip Carey Manufacturing Company under DMA contract Idm E52 between August 15, 1951 and October 15, 1951. The contract was terminated on December 31, 1951 with no commercial deposit of asbestos having been found.

Location

The Red Mountain asbestos deposit is in sec. 33, T. 25 N., R. 12 W. in the Mad River Mining District in the south-central part of Trinity County, California. The main occurrences of asbestos lie close to the top of a northerly-trending ridge at an altitude of about 4,200 feet, according to the U. S. Geological Survey topographic map of the Hoaglin quadrangle. The ridge is one of the minor divides in the rugged and highly dissected Northern Coast Range Province. The area is very sparsely settled,but the main deposit can be reached by automobile from Covelo by travelling northward about 30 miles over a narrow dirt road. A County Road is followed from Covelo to a point on the North Fork of the Eel River where a private road branches to the Travis Ranch, which is shown on the quadrangle map. This steep road is followed to the Ranch, and about two miles beyond it is the deposit. During the winter period of rain and snow, it is doubtful if the deposit could be reached without considerable difficulty even in a four-wheel drive vehicle. The North Western Pacific Railroad passes within 14 airline miles of the deposit, but the nearest rail station by road is at Dos Rios, 45 miles to the southeast.

History and Ownership

The asbestos deposit lies in a block of 15 claims located by the owners, G. L. Carrico and B. L. Codding, in 1949. In the summer of 1949 and 1950 they did surface exploratory work consisting of bulldozing and trenching in what appeared to be the better parts of the deposit. The Philip Carey Manufacturing Company negotiated a lease and option agreement with the owners in April 1951, and obtained on July 31, 1951 a DMA exploration contract (E52) directly from Washington without referral to the field team for an examination. The Philip Carey Manufacturing Company began a geologic reconnaissance of a large area about the previously explored deposits on August 15, 1951 and completed this work by October 15, 1951. On November 1, 1951, the deposit was visited by R. F. Johnson and E. H. Bailey of the Geological Survey. No further work was done under the contract prior to its termination on December 31, 1951.

Geology

The geology of this part of the Coast Ranges in unmapped, but hasty observations indicate all the rocks in the area are a part of the heterogenous Franciscan groups of probable Jurassic age or are slightly younger ultramafic intrusive rocks. The Franciscan group consists chiefly of greywacke, shale, and altered mafic lavas generally termed greenstones; all of these rocks are folded so that the bedding commonly strikes northwestward and the dips are generally steep. Probably north-northwesterly trending faults with a large componant of horizontal offset are responsible for the prominent trend of the major drainage pattern in the area.

The asbestos occurs only in the intrusive masses of ultramafic rocks, so only these will be discussed further. The ultramafic rocks vary in original composition from dunite, containing largely olivine, through peridotite to pyroxenite, which consists chiefly of pyroxene. The boundaries between rocks are gradational, and a single intrusive mass may contain several varieties. These masses of ultramafic rocks, like most other similar masses in the Coast Ranges, are largely converted to serpentine, a hydrous magnesium silicate, and are cut by veinlets of chrysotile asbestos of similar composition. The pyroxene is more resistive to this hydration than is the olivine, so not uncommonly pyroxene-rich portions of an intrusive are less thoroughly hydrated than are the olivine-rich parts of the same intrusive body.

The largest intrusive mass in the area reconnoitered by the Philip Carey Manufacturing Company geologists is that which contains the best asbestos showings at the Red Mountain deposit. This mass is an elongate intrusive measuring about 4 miles in a north-northwesterly direction, and it is about a mile wide on Red Mountain near its northern end. The Red Mountain deposit is not on Red Mountain, but is about 2 miles south, where the intrusive mass is only about 1/4 of a mile wide. All the other serpentine masses in the area are quite small as compared to this one.

The degree of shearing in the serpentine varies widely from place to place, and is related partly to composition and partly to proximity to the margins of the masses. Pyroxenite bodies are generally fairly massive, although they are cut locally by many narrow fractures and zones of shearing; on the other hand, the rocks with more olivine are typically highly sheared and cut by wide zones containing serpentine so completely sheared as to be comparable in texture to a slate. The borders of the intrusives are commonly composed only of highly sheared serpentine in which no relict textures are visible, but further inward such rock grades to what the Philip Carey Manufacturing Company geologist terms "conglomerate" serpentine, which consists of unsheared blocks in a matrix of completely sheared serpentine. As the asbestos veins occur chiefly in the serpentine that originally contained a high proportion of olivine, a correlation between it made of occurrence and the degree of shearing in the rock is essential in evaluating the potential of a deposit.

Occurrence of Asbestos

The asbestos may occur in several ways in a single ultramafic body, and the most common distinction made is on the basis of whether fibers extend across a vein at right angles (cross-fiber) or intersect the vein walls at low angles (slip-fiber). The cross fiber asbestos is generally of a far better grade than the slip-fiber; in fact, the latter is rarely usable.

In relatively unsheared serpentine, a high proportion of the larger veins are slip fiber material, as is the case in the less broken rock exposed in the northern part of the explored Red Mountain deposit. In the very highly sheared material, such as is found along the margins of Coast Range serpentine bodies or between the blocks in the "conglomerate" type, there are very few asbestos veins at all. In the blocks, the cross fiber asbestos occurs in through-going cracks, and also in small cracks which extend inward at right angles from the surface of the block for an inch or two. In the area of trenches 12 and 13, unsheared blocks of serpentine contain on their surface up to about 10% asbestos, but the matrix for the blocks contains no visible asbestos. A preliminary examination of an area containing such blocks concentrated by the erosion of the less resistant material, is likely to give misleading impressions of the asbestos content of the underlying mass for two reasons. First, the blocks represent a residual concentration, and, second, the asbestos veinlets are more abundant on the surfaces of the blocks than internally.

Results of the Exploration

No commercial or near-commercial deposit was found as a result of the work done under the exploration contract. A reconnaissance search was made of a roughly circular area with a radius of ten miles and a center at the U. S. Land Survey Monument inscribed as 1/4 S. R. U. S. L. S. located midway between corners on the Township line between T. 26 N., R. 12 W., and T. 25., R. 12 W. This search resulted in the finding of 9 small masses of serpentine, none of which offered enough promise to merit further exploration. In addition, the main Red Mountain serpentine mass was examined and mapped. A final report showing the results of this work was prepared and submitted to the Executive Officer of the Field Team.

Cost of the Exploration

The cost of the exploration according to the MF-104's submitted for payment was $3240.45, of which $1245.12 went for salaries and the remainder for a jeep and miscellaneous supplies. The disposal of the jeep is still pending.

Performance of the Contract

According to the map submitted by the applicant about 51 miles of trail and 42 miles of road were traversed in making the reconnaissance of the area, and about 9 miles of contact were mapped. To appraise the performance on the basis of the miles of traverse is unfair, as many miles

of road outside the area had to be travelled to get to the more remote parts of the area being examined. On the other hand, for a "transitman" to have required 2 months and a geologist 9 days to do this small amount of work is ridiculous.

In addition, it is debatable if the reconnaissance of an area within 10 miles of the Red Mountain deposit was called for in the contract. The final report prepared by the geologists of the Philip Carey Company explain this by stating that the Red Mountain area was accessible by a road passing over the ranch of W. C. McCullock, with whom the owners had an exclusive right-of-way agreement, and further that the Company had agreed to do reconnaissance of a large area and include any finds as a part of their lease and option. No copy of this agreement was submitted by the applicant so far as the writer knows. A study of the map submitted by the Philip Carey Manufacturing Company fails to substantiate its claims that the area covered by reconnaissance was accessible only by passing over Mr. McCullock's road.

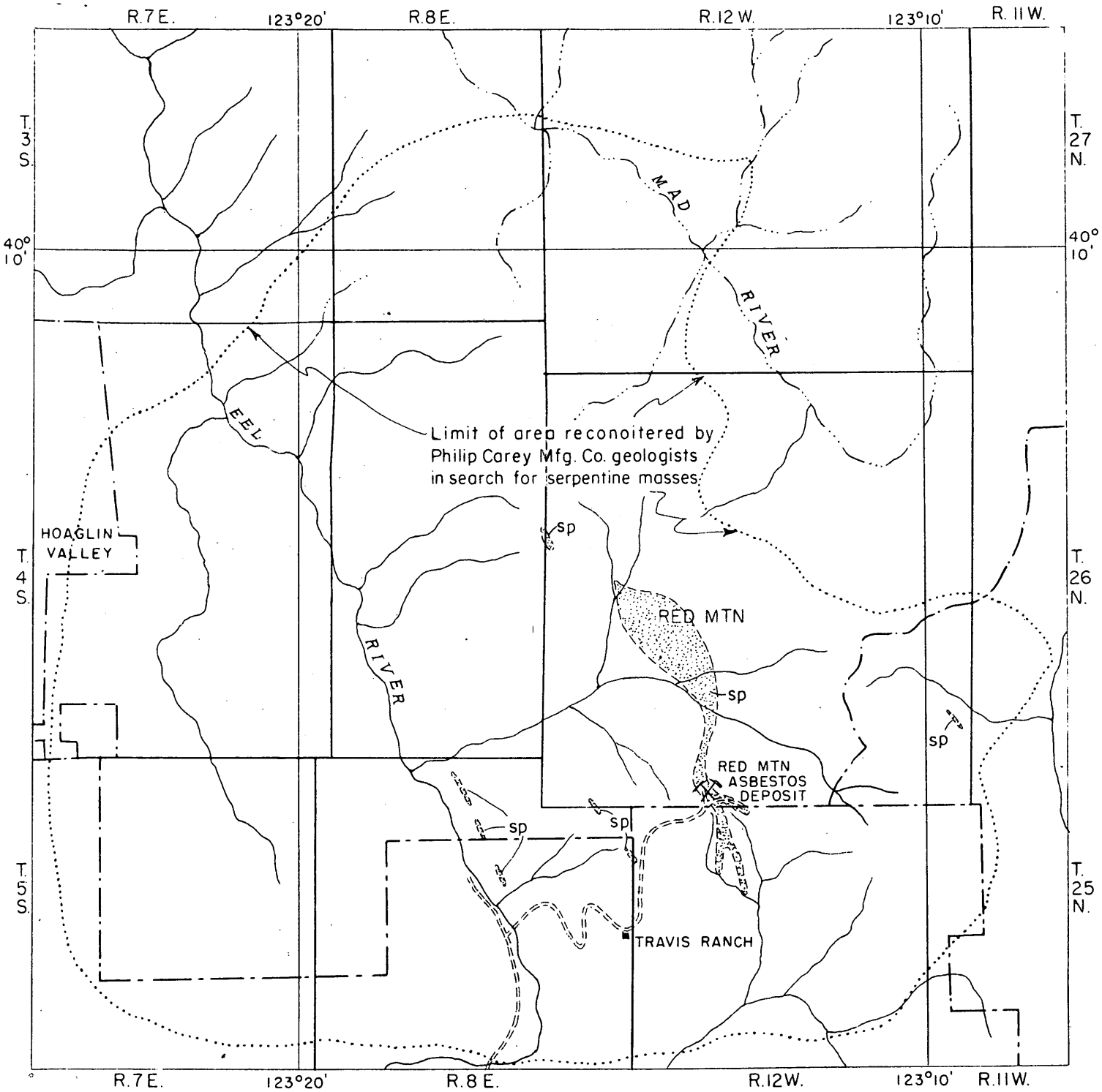
In summary, the reconnaissance of the area was done at what appear to be an excessive cost and probably much of it was not authorized in the contract. The reconnaissance and evaluation of the area called for probably could have been done by geologists or engineers under the supervision of the Field Team in less than 2 man-weeks time, and if the application had been referred to the field prior to awarding the contract an appreciable amount of Government funds would have been saved.

Appraisal of the Potential of the Area

The rather thorough search made by the geologist of the Philip Carey Manufacturing Company, and the field inspection made by the Survey geologist indicates that the area holds little promise for further prospecting for a workable asbestos deposit. The Survey field check unfortunately was made when noone was at the property, and as a result trenches 1,2, and 3 were missed by the examining geologists. One of the owners has subsequently stated that he believes the showings in trench 2 warrant further exploration, and he may apply for Government aid in financing this work. The report of the Philip Carey Manufacturing Company geolgist states that "Trenches 1 and 2 reveal a fiber zone roughly 10 feet wide and 150 feet long .. (with).. an estimated content of 2 percent asbestos with veins averaging 1/4 of an inch in width". Material of this grade, if present in very large quantity, might be commercial; however, the narrow width of the serpentine body suggests that not enough material of that grade could be found even with further exploration to result in an economic operation at such a remote locality. In the event an application for further funds for exploration are received, the possibilities in the area near trenches 1 and 2 should be determined by another field examination; the possibilities in the rest of the area are believed to be very small.

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DMA-1212 IdmE52
(ASBESTOS)



Note: sp, serpentine. The smaller masses are located approximately.

0 1 2 3 4 MILES

Figure 1. Index map showing area reconoitered around the Red Mountain asbestos deposit, Trinity County, California

FILE COPY
SURNAME:

Chapman
Houk

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

600

Mr. H. C. Miller, Executive Officer
DMEA Field Team, Region III
1012 Flood Building
870 Market Street
San Francisco 2, California

Subject: Docket DMA-1212X
Asbestos
The Philip Carey
Manufacturing Co.
Trinity Co., Calif.

Dear Mr. Miller:

Our files show that the last work on the above project was done in October, 1951. In a letter of October 31, 1951, Mr. R. J. Merrill writes that a decision regarding further work is pending.

We have not had an official notice of the termination of this project. If you have further data on this project, will you please advise us.

Sincerely yours,

2/21/52

Lawrence C. Houk, Chief
Non-Metallic Minerals Division
Defense Minerals Exploration
Administration

TLChapman:mp
2/20/52
cc: Adm. Reading File
Docket File
Mr. Houk
Mr. J. J. Norton, USGS
Oliver Bowles, B/M
Mr. Chapman

BL

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

January 17, 1952

Memorandum

To: Mr. C. J. Koontz

From: Acting Chief, Non-Metallic Minerals Division

Subject: Docket DMEA-1212, The Philip Carey Manufacturing Co. Exploration Project Contract Idm-E52

Would you like to give me a written memorandum on the questions put forth herein by Region III in relation to the jeep accident in transferring the jeep to Project Idm-E40. I wish to write a confirming letter to Miller on our telephone conversation regarding this subject.

Lawrence G. Houk

Attachment

OFFICE OF THE ADMINISTRATOR

DEFENSE MINERALS ADMINISTRATION WASHINGTON, D. C.

UNITED STATES
DEPARTMENT OF THE INTERIOR

JAN 11 1952

DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

1012 Flood Building
870 Market Street
San Francisco 2, Calif.

Office of
Executive Officer
DMEA Field Team
Region III

Air Mail

January 9, 1952

Our jeep
what was purchase price
contract terminated
Oct 15

Memorandum

To: C. O. Mittendorf, Acting Administrator, Defense Minerals Exploration Administration, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMA-1212X, The Philip Carey Manufacturing Co. Exploration Project Contract Idm-E52

Mr. R. J. Merrill, geologist, Philip Carey Manufacturing Company, called at the office this morning with another matter that seems should be submitted to Washington for action.

Under contract Idm-E52 the company purchased a jeep which has been used until recently on work in connection with that contract. Work under contract Idm-E52 was stopped by the company about October 15, and Mr. Merrill tells me that no further work is to be done and the option held by the company is to be cancelled.

At various times since October 15, the jeep has been used in connection with work under contract Idm-E40, as the company thought it could arrange to transfer the jeep from the then terminated operation to the project covered by contract Idm-E40. During Mr. Merrill's absence in the East before Christmas, the jeep was involved in a wreck and an estimate of the cost of the repairs is $450. An effort is to be made by Mr. Merrill to have the drilling contractor assume responsibility for putting the jeep back into running condition, but both Mr. Merrill and I doubt if he will pay the cost. Whether or not the contractor will stand the cost of repairs seems to rest on whether the wreck was due to negligence on the part of the driller.

The blue book value of the jeep (before the wreck) was $700. Mr. Merrill desires to have the jeep transferred to the Idm-E40 project. The question now is, how should this transfer be made and what steps should we take to effect a transfer? If the Carey Company has to stand the expense for repairing the jeep, should the cost be charged to contract Idm-E52 which is to be terminated, or to contract Idm-E40 which is still in force? Your guidance in this matter will be appreciated.

H. C. Miller
Executive Officer
DMEA Field Team, Region III

Copy to E. H. Bailey, USGS

400

FILE COPY

SURNAME:

Ellis

Johnson

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

NOV 14 1951

Contract Service Section
General Accounting Office
Washington 25, D. C.

Re: Docket No. DMA-1212X
The Philip Carey Mfg. Co.
Exploration Project Contract
I-DMA-452

Gentlemen:

Enclosed for recording in your office is an amended Exhibit A to the Exploration Project Contract between the operator named in the above reference and the Government of the United States.

Sincerely yours,

(signed) FRANK E. JOHNSON

Acting Director
Production Expansion Division

J7 11/14

Enclosure-1

EWEllis/jem
11-14-51
cc to: Adm. Reading File
Reports & Records
Messrs. Mittendorf, Olund
Field Team, Reg. III
Mr. Ellis
Docket

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

1012 Flood Building
370 Market Street
San Francisco 2, Calif.

Office of
Executive Officer
Mail Room
Room [illegible]

[illegible] 6, 1951

Mr. [illegible] J. Merrill
Philip Carey Manufacturing Co.
[illegible], California

Re: Contract 1012A - The Philip Carey
Mfg. Co., [illegible] Project
Contract [illegible]-52

Dear Mr. Merrill:

Reference is made to your letter of October 1[illegible], re additional [illegible] Project [illegible], by means of which you requested approval of the inclusion of [illegible] items in the item of your contract listed as "Supplies".

In line with the conversation Mr. Morrell and I recently had with you [illegible] called in the office last [illegible], we see no reason why you should not include the cost of gasoline, oil, camp supplies, office supplies, [illegible], etc. in the supplies item of [illegible] of the contract.

You have indicated your concern for living and traveling expenses of a couple of [illegible], but wish to call to the request for per diem expenses of your brother-in-law, who, in line of duty, is compelled at times to travel the [illegible] to the base camp. As there is no item in your contract other than supplies to which the expense of living and traveling [illegible] the base camp can be charged, we will consider your charging such expenses to the supplies account. [illegible] assumed, however, that you will not [illegible] the supplies item [illegible] with the other charges.

The contract will not be [illegible] to increase the contractor total cost of the project, the amount [illegible] which the Government may be obligated to pay, or the amount of the cost which has been [illegible] to be allocated to [illegible], under the provisions of Article 13 of the contract [illegible].

Regards [illegible],

[illegible]
[illegible] Miller
Executive Officer
[illegible] Mail Room, [illegible]

Copy to: C. O. Mittendorf (3)
E. E. Bailey, USGS
L. L. Morrell, B/T

FILE COPY
SURNAME:

Ellis
Strobel
Mittendorf

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

JUL 17 1951

My dear Senator Nixon:

I am pleased to report to you that the Defense Minerals Administration of this Department has recently entered into a contract with the Philip Carey Manufacturing Company, operating in your state for the exploration of possible sources of asbestos.

The contract provides that the Government will participate in the expense of this work up to 90% of the cost thereof.

This type of assistance is provided for under Section 303 of the Defense Production Act.

The Defense Minerals Administration will be glad to furnish you any further details you may desire regarding the matter.

Sincerely yours,

(Sgd.) Oscar L. Chapman

Secretary of the Interior

Honorable Richard M. Nixon
United States Senate
Washington 25, D. C.

EWEllis/bih

cc to: Messrs. Secy's Reading File
Adm's. Reading File
Mittendorf-Olund
Strobel
EWEllis
F I L E S

BUREAU OF MINES
WASHINGTON, D. C.
JUL 23 11 32 AM '51

FILE COPY
SURNAME:

Ellis
Strobel
Mittendorf

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

JUL 17 1951

My dear Mr. Engle:

I am pleased to report to you that the Defense Minerals Administration of this Department has recently entered into a contract with The Philip Carey Manufacturing Company, operating in your state for the exploration of possible sources of asbestos.

The contract provides that the Government will participate in the expense of this work up to 90% of the cost thereof.

This type of assistance is provided for under Section 303 of the Defense Production Act.

The Defense Minerals Administration will be glad to furnish you any further details you may desire regarding the matter.

Sincerely yours,

(sgd) Oscar Chapman

Secretary of the Interior

Honorable Clair Engle
House of Representatives
Washington 25, D. C.

EWEllis/bih

cc to: Messrs. Secy's. Reading File
Adm's. Reading File
Mittendorf-Olund
Strobel
EWEllis
F I L E S

BUREAU OF MINES
WASHINGTON, D. C.
JUL 23 11 32 AM '51

FILE COPY
SURNAME:

Ellis
Strobel
Mittendorf

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

JUL 17 1951

My dear Senator Knowland:

I am pleased to report to you that the Defense Minerals Administration of this Department has recently entered into a contract with The Philip Carey Manufacturing Company, operating in your state for the exploration of possible sources of asbestos.

The contract provides that the Government will participate in the expense of this work up to 90% of the cost thereof.

This type of assistance is provided for under Section 303 of the Defense Production Act.

The Defense Minerals Administration will be glad to furnish you any further details you may desire regarding the matter.

Sincerely yours,

(Sgd.) Oscar L. Chapman

Secretary of the Interior

Hon. William F. Knowland
United States Senate
Washington 25, D. C.

EWEllis/bih
cc to: Messrs. Secy's. Reading File
Adm's. Reading File
Mittendorf-Olund
Strobel
EWEllis
F I L E S

BUREAU OF MINES
WASHINGTON, D. C.
JUL 23 11 32 AM '51

FILE COPY
SURNAME:

Mittendorf

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

July 10, 1951

Mr. Frank McAtee, Jr.
Contract Services Section
General Accounting Office
4th Floor - New G.A.O. Building
Washington 25, D. C.

Re: Docket No. DMA-1212-X
The Philip Carey Manufacturing Co.
Exploration Project Contract
No. Idm-E52

Dear Mr. McAtee:

Enclosed for recording in your office is the original of an executed Exploration Project Contract between the Operator named in the above reference and the Government of the United States.

Sincerely yours,

C. O. Mittendorf

C. O. Mittendorf, Director
Production Expansion Division

EWEllis/ecl

cc to: Messrs. Mittendorf - Olund
Barr
Norton
H. C. Miller, Reg. III (2)
Ellis
R. & R. Br.
Admr's. Reading File
F I L E S

Docket 1212

856

FILE COPY
SURNAME:

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

July 9, 1951

The Philip Carey Manufacturing Company
Lockland
Cincinnati 15, Ohio

Re: Docket No. DMA-1212X

Gentlemen:

Enclosed find executed Exploration Project Contract No. Idm-E-52 dated July 3, 1951 with attached Exhibits and maps; also a set of monthly Progress Reports (Form MF-104). A Progress Report is to be submitted in quadruplicate to the Defense Minerals Administration field representative in your area where additional copies may be obtained.

Before commencing drilling operations, kindly comply with paragraph 4 of the contract by submitting a copy of your proposed drilling contract to the Executive Officer of Region III for his approval. His address is as follows:

Mr. H. C. Miller
Executive Officer
DMA Field Team, Region III
1415 Appraisers Building
San Francisco, California

A press release dated May 14, 1951 on "Questions and Answers on the Minerals Exploration Program" is enclosed for your information.

Sincerely yours,

C. O. Mittendorf

C. O. Mittendorf, Director
Production Expandion Division

Enclosures
EWEllis/bih
cc to: Messrs. Mittendorf-Olund
Strobel
Lyon
Barr
EWEllis
HCMiller, Region III
Field Finance Sec. Bu of Mines
Contract Ser. Sec. GAO
F I L E S

FILE COPY
SURNAME:

Koontz

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

July 3, 1951

Memorandum

To: C. O. Mittendorf

From: J. L. Hofflund

Subject: The Philip Carey Manufacturing Company exploration contract -- Docket No. DMA-1212X

This office has reviewed the proposed contract in the above case and finds it to be in satisfactory form for execution and dating. The drilling contract referred to in Exhibit "D" should be submitted to the Government for approval.

Your file in this case is returned.

J. L. Hofflund

J. L. Hofflund
General Counsel

Attachments

CJKoontz/ema

Copy to: L. F. Strobel
J. L. Hofflund
C. J. Koontz
Chron.
✓Files

MEMORANDUM

To: Director, Production Expansion Division
Defense Minerals Administration

From: Director, Supply Division
Defense Minerals Administration

Subject: Recommendation for Contract Approval

Name of Applicant: Philip Carey Manufacturing Co.
Lockland
Cincinnati 15, Ohio

DMA No. 1212-X

Commodity: Asbestos

Amount Requested: $ 75,000 (amended after conference)

Amount Approved: $ 79,500

Government Participation: 90 % $ 71,550

Tom Lyon

Tom Lyon

RECOMMENDATION:

1. That applicant be granted Exploration aid contract in the amount of $79,500, Government participation 90%, in accordance with exhibits attached hereto.

2. That applicant be allowed to substitute guarantee of repayment in event of production in lieu of Subordination Agreements.

NOTE: Applicant is represented in Washington by Mr. O'Reilly, who may be contacted at OV-2300 and who will sign contract for applicant.

EXHIBIT "A"

Work will consist of:

1. Topographical and geological mapping of the properties. Time approximately - 10 months.

2. Surface magnetometer survey concurrently with (1) above. Magnetometer and surveying instruments will be furnished by applicant without charge.

3. Surface trenching and sampling. It is proposed to excavate trenches across serpentine masses where asbestos is thought to occur, for sampling. Trenches will be about 4' x 4' cross-section in the bedrock beneath overburden. A total of about 200' linear feet of trenching is proposed. Time for completion - 10 months.

4. Approximately 10,000 feet of diamond drilling; shallow holes (50' - 200') in cross-cuts to outline asbestos bodies. Exact location of drilling will depend on magnometer and trenching results. Upto 5000' of drilling to be done in 1951, balance in 1952, if 1951 results are favorable.

All work will be supervised by a competent geologist who will be responsible for geology, mapping, geophysical work, etc. It is contemplated that additional and part time supervision will be given to the work by an official of the applicant corporation without charge to the project.

10,000' core drilling (contract)	@	$ 4.00 ft.	$40,000.00
200' trenching (contract)	@	3.50 ft.	7,000.00
Geologist - 10 months	@	500.00	5,000.00
Transitman - 10 months	@	400.00	4,000.00
2 Rodmen - 10 months	@	300.00 (ea)	6,000.00
Axman - 10 months	@	250.00	2,500.00
Cook - 10 months	@	250.00	2,500.00
Camp Tender - 10 months	@	200.00	2,000.00
Frame tent construction			1,000.00
Core and tool house construction			500.00
Purchase of Jeep			1,500.00
Camp and mess equipment			500.00
Food supplies - $600 per month - 10 months			6,000.00
Core testing, laboratory work, sample milling			1,000.00
		Total	$79,500.00

NOTE: Requirements set out above vary somewhat from those originally stipulated in Mr. King's and Mr. O'Reilly's application. Changes were agreed to in conference with applicant's representatives.

Docket DMA-1212X

EXHIBIT "B"

Frame Tent Camp and mess	$1,000.00
Core and Tool House	500.00
Total	$1,500.00

EXHIBIT "C"

Jeep (purchase)	$1,500.00
Camp and mess equipment	500.00
Total	$1,500.00

EXHIBIT "D"

1 Geologist	- 10 months	@ $500	$ 5,000.00
1 Transitman	- 10 months	@ 400	4,000.00
2 Rodmen	- 10 months	@ 300 (ea)	6,000.00
1 Axman	- 10 months	@ 250	2,500.00
1 Cook	- 10 months	@ 250	2,500.00
1 Camp Tender	- 10 months	@ 200	2,000.00
Total			$ 22,000.00

Docket DMA-1212X

EXHIBIT "E"

Not applicable.

6/5/51

Defense Minerals Administration

Review of Application for Exploration Assistance

Docket No. 1212-A

Commodity Asbestos

Total Amount $75,000

Govt. Participation 90%

1. Name and Address of Applicant The Philip Carey Mfg. Co., Lockland, Cincinnati 15, Ohio

2. Location of Property Trinity Co., California

3. Mineral or metal Asbestos Is it listed in Section 9 of MO-5?

If not, application will be rejected.

4. Geologic probability of discovery—based on data in application (question #16, 17, 18, 20 and 22)*

Mines or Survey reports, etc., do you rate chances:

a) ✓ Good See Dr. Bowles memo attached

b) Poor

c) None

d) Don't know—needs field examination

e) Is there an alternative and favorable project? (If so, attach an explanation)

5. Is the applicant's right to the property clearly stated? Yes, Lessee (question 5, 6, 7)*

6. If applicant is a lessee, is a copy of the lease attached? Yes

Does the lease have sufficient time to run to cover a future productive period?

*question numbers are those of MF-103

1212-7

7. Are subordination agreements necessary? Applicant will furnish

a) ~~MF-201?~~ guarantee of repayment in event

b) ~~MF-202~~ of production in lieu of [illegible]

8. From the data presented, does the proposed project appear feasible from the point of view of:

a) Available manpower Yes

b) Equipment and supplies Yes
(Question 14 plus general knowledge of availability)*

c) Accessibility (question 12)* Yes

d) Water (question 13)* Yes

e) Power (question 13)* Yes

Is a field check needed on any of these points? NO

9. Does the experience of the applicant appear to be adequate to assure that he can properly conduct the proposed project? (question 4)* Yes

Is a field check needed on this point? NO

10. Exhibit A. (questions 21 and 22)*

a) Is the project adequately described? Yes - Ques. 21

If not, are there sufficient data given so that you can describe the project? _____ If so, attach a draft.

b) Is there an adequate map or sketch of the proposed work? NO, part of project is map preparation

c) Is the proposed work "exploration" under the definition of Section 8, MO-5? Yes

If not, what part of it is? _____

1212-X

Is this part a worthwhile exploration project? _____

d) Are the cost estimates detailed? Yes

Can they be summarized, as on page 2 of Procedural Instruction 5-A, from the available data? Yes If so, attach a draft.

e) Are the cost estimates reasonable? Yes

f) Should more information be requested from applicant? NO

g) Is a field examination necessary to complete Exhibit A? NO

11. Exhibit B (question 23-d)*

a) Is it applicable? Yes

b) If so, are sufficient data furnished? Yes If so, attach a draft.

c) Is a field check needed? NO

12. Exhibit C (question 23-e, f and g)*

a) Is it applicable? Yes

b) Sufficient data? Yes If so, attach a draft.

c) Are rents and charges reasonable? Yes

d) Is a field check needed? NO

13. Exhibit D (question 23-a, b)*

a) Are there sufficient data? Yes

b) Is the schedule adequate for the work proposed? Yes

c) Is the schedule excessive for the work proposed? NO

d) Are the proposed wages and salaries reasonable? Yes

e) Is a field check needed? NO

1212-X

14. Exhibit E (question 23-c)*

a) Is it applicable? Not Applicable

b) Sufficient data?

c) Reasonable?

d) Field check needed? NO

15. In your judgment, can the proposed work be done in the proposed time? Yes

(All exploration must be completed within two years)

16. If field examination is not needed, attach your recommendation.

17. If field examination is needed, do you have any special instructions for the field team not indicated by your answers to the foregoing question?

Reviewed by: [illegible]

Date 6/20/75

97692

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
WASHINGTON 25, D. C.

June 13, 1951

Re: DMA Docket 1212X

Exploration Loan requested by Philip Carey Manufacturing Co.
Cincinnati, Ohio

Comment

I have had considerable correspondence with Bruce L. Codding one of the owners of this deposit during the past two years. Samples submitted were of excellent quality, and photographs and descriptions indicated that the occurrence was extensive. Samples that I have seen were of spinning grade and appeared to be as good as Canadian fiber. Jesse L. Weaver, Consultant with Emergency Procurement Service has visited the deposit, and is much in favor of approving exploratory work. In view of the favorable data now available I would favor approval of the loan without a preliminary field team investigation.

Very truly yours,

Oliver Bowles

Oliver Bowles
Commodity Specialist
Bureau of Mines

IN REPLY REFER TO:

G-MD-JAR

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

June 8, 1951

Memorandum

To: James A. Barr, Sr.

From: J. A. Redden

Subject: Application DMA-1212X from the Philip Carey Manufacturing Company, Cincinnati, Ohio for loan on exploration of an asbestos property, Trinity County, California.

Application DMA-1212X is to explore a spinning fiber asbestos deposit 18 miles from Covelo, California.

The Geological Survey has no file data on the property. There is no other known literature on the deposit or immediate surrounding area.

The applicant gives no geological information other than that the property is underlain by a serpentinized peridotite and that old pits and trenches expose asbestos-bearing serpentine of "commercial" quantities on the south side of the serpentine body. Their geologist recommends geological and geophysical mapping followed by trenching, diamond drilling, and sampling. The diamond drilling program will start in 1951 and will only be carried on in 1952 if results are favorable from the first year's drilling. Estimated expenses may be twice as much as actual expenses if the 1951 drilling is unfavorable.

The property should be visited by the field team. They should decide if the surface geology indicates a deposit of sufficient size and grade with asbestos of good enough quality to warrant an extensive mapping and diamond drilling project as proposed by Carey Manufacturing Company.

Jack A. Redden

J. A. Redden

BRANCH OFFICES

NEW YORK
PITTSBURGH
PHILADELPHIA

SPRAGUE & HENWOOD, INC.

CONTRACTORS FOR
DIAMOND CORE DRILLING
SHOT CORE DRILLING - WASH BORINGS & SOUNDINGS - WATER WELLS & CHURN DRILLING

MANUFACTURERS OF
DIAMOND DRILLS AND
SUPPLIES

ADDRESS ALL COMMUNICATIONS
TO MAIN OFFICE AND SHOPS
BOX 446
SCRANTON 2, PA.

SCRANTON 2, PA.

June 21, 1951

Phillip Carey Company
Lockland 15, Ohio

Attention:- Mr. R. S. King

Re: Drilling in Trinity County, California

Gentlemen:-

We wish to confirm our verbal quotation given you some time ago for drilling on your property in Trinity County, California.

We are prepared to undertake this work which we understand will be approximately 8,000 linear feet. Water is available within one-half mile from the location of the holes and we would furnish a high pressure water pump suitable for pumping water against a head of 700 feet.

As quoted you our price for this work will be - FOUR DOLLARS TWENTY-FIVE CENTS ($4.25) per linear foot.

Awaiting to hear from you, we are

Very truly yours

SPRAGUE & HENWOOD, INC.

Wm. J. Schank
Treasurer

WJS:IHS

FILE COPY
SURNAME:

Barr

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

June 20, 1951

Memorandum

To: Mr. James A. Barr, Sr.

From: Mr. A. B. Parsons

Subject: Docket DMA-1212X
The Philip Carey Manufacturing Co.

The prospective available supply of Chrysotile Asbestos is far short of meeting defense requirements. Consequently, it is highly desirable that exploration for new domestic deposits be stimulated by any reasonable Government assistance to private interests. Any exploration project that holds promise of finding significant new reserves, merits consideration by the Defense Minerals Administration.

A. B. Parsons
Assistant Director
Supply Division

RWASKEY:mp

cc: Mr. Strobel
Mr. Parsons
Mr. Barr
Mr. Norton
Mr. Mittendorf
DMA Files

Docket 1212