OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Washington office pertaining to Contract Idm-8334, Docket DMEA-2436 (cobalt-copper), dated June 2, 1952, with

Northfield Mines, Inc.
Room 1841, 230 Park Avenue
New York 17, New York

for the purpose of determining the amount of royalty payable to the U. S. Government on sales of minerals from property referred to as the Stevenson Property located in Lemhi County, Idaho, during the period September 9, 1959, through August 24, 1962.

A certification of discovery or development was issued on December 21, 1955, and, in accordance with Article 9, Amendment No. 7, and Annex II of the contract, royalty is payable on all minerals produced from the land described in Article 2 of the contract for a period of 15 years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A Report of Review dated June 14, 1955, indicated accepted costs under the exploration contract amounting to $96,862.62 with the Government's contribution on a 70 percent basis being $67,803.83.

The status of the project, the scope of review, and the reasons therefor are stated on page 2.

This review established no sales subject to the Government's royalty subsequent to the period covered by a prior Report of Royalty Review which also found no sales subject to the Government's royalty through September 8, 1959. Accordingly, as of August 24, 1962, the royalty account of this project was found to be:

Total Royalty Payable	$ -0-
Total Royalty Paid	-0-
Balance of Royalty Due	$ -0-

E. D. Talbert, OME Auditor

September 7, 1962

Idm-E334 Northfield Mines, Inc. DMEA-2436

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

This contract provides that the Operator or its successor in interest shall pay to the Government a percentage royalty on all minerals produced from the land thereunder. The land under the contract consists of 21 unpatented claims and 3 patented claims located in secs. 22, 26, and 27, T. 21 N., R. 18 E., Boise Meridian, Blackbird Mining District. At the time the contract was executed, the Operator was in possession by virtue of a March 14, 1952, assignment by Arnold Hoffman of a lease and option agreement granted on May 10, 1951, by Floyd W. and Merle Stevenson, General Delivery, Richland, Washington. In consideration of the contract the Stevensons executed a Landlord's Subordination Agreement on May 28, 1952, which provides for the assumption of the lessee's royalty obligation in event of termination or surrender of the leasehold interest.

The contract, when executed, included another patented claim (Queen); however, by a Special Agreement Concerning Land dated September 6, 1956, this claim was deleted from this contract and added to the land under contract Idm-E645, DMEA-5143, Calera Mining Company. The royalty obligation under this latter contract was liquidated by payment in full during 1958.

Exploration work under this contract was terminated effective October 1, 1955, by an agreement executed on July 13, 1955. This agreement provides that the Government may certify a discovery or development within six months after the execution date of the Termination Agreement. The certification was not made until December 21, 1955, but the Operator entered no protest. The final report dated March 1957 of the DMEA Field Team, Region I, states that no ore was mined during the exploration period and the property had remained idle, except for necessary assessment work, since termination of the work. A subsequent examination on December 6, 1957, disclosed no production.

By letter dated July 12, 1956, the Operator's attorneys stated that a transfer of the Operator's interests in the land to Idaho Metallurgical Industries, Inc., 88 Metcalfe Street, Ottawa, Canada, was contemplated and, further, that it was their interpretation of the contract that the Operator would not be liable for royalty if the transferee assumed that obligation. A July 25, 1956, reply prepared in the Office of the Solicitor advised that the Government would look to the Operator for royalty in event of non-payment by the transferee. A December 5, 1956, agreement transferring the Operator's interests in the May 10, 1951, lease and option provides for assumption of the royalty obligation by Idaho Metallurgical Industries, Inc.

On June 16, 1958, Quebec Metallurgical Industries Ltd., 2200-25 King Street West, Toronto 1, Canada, the parent company of Idaho Metallurgical Industries, Inc., advised that it had made final payment to the Stevensons on the property. Subsequently, on February 11, 1960, Idaho Metallurgical Industries, Inc., advised that since nothing of any value had been discovered it was suspending further assessment work and fees and allowing the options on all unpatented claims to lapse.

In an August 24, 1962, reply to a MME Form 63 inquiry, Quebec Metallurgical Industries Ltd. stated that (1) there had been no production since January 1, 1958, (2) all unpatented claims had been allowed to lapse, (3) the patented claims had been sold to Idaho Mining Company, 808 Newhouse Building, Salt Lake City, Utah, and (4) the charter of Idaho Metallurgical Industries, Inc., had been allowed to lapse.

This review was made in lieu of an on-site audit of the Operator's accounts and records for the following reasons:

(1) The files indicate that there has been no mineral production from the property under the contract during the period covered by this review; and

(2) The administrative cost to the Government of an on-site royalty audit at this time would be excessive in relation to the amount of possible royalty which might be disclosed.

SEP 7 1962

Memorandum

To: Acting Field Officer, Region I

From: E. D. Talbert, Chief (Signed) E. D. Talbert
Contract Administration and Audit Division

Subject: DMMA-2436 (Cobalt-Copper)
Northfield Mines, Inc.
Stevenson Property
Lemhi County, Idaho
Contract Idm-8334

The original and one copy of a Report of Royalty Review covering the subject contract are enclosed. If you concur in the facts stated therein, please make the following distribution:

(a) Original to the Fiscal Section, Division of Administrative Services, Office of the Secretary, Department of the Interior, Washington 25, D. C.; and

(b) One copy for your files.

This Report of Royalty Review is made for record purposes only; therefore, no copy for the Operator is provided.

As evidence of your concurrence, a copy of your memorandum transmitting the original report to the Fiscal Section should be furnished this Division. If for any reason you do not concur, both copies of the report should be returned to this Division with your comments.

Enclosures

EDTalbert/ama 9-7-62

cc:
Docket
Director's Reading File
CA & A Division
Fiscal Section

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Office of Minerals Exploration, Washington, D.C., pertaining to Contract No. Idm-E334, Docket No. DMEA-2436 (Cobalt-Copper), dated June 2, 1952, with

Northfield Mines, Inc.
Room 1841, 230 Park Avenue
New York 17, New York

for the purpose of determining the amount of royalty due the U. S. Government on sales of minerals from property referred to as Stevenson Property located in Lemhi County, Idaho, during the period June 2, 1952, through September 3, 1959.

A certification of discovery or development was issued on December 21, 1955, and, in accordance with Amendment No. 7 of the contract royalty is payable on all minerals mined or produced from the land subject to the contract for a period of 15 years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A Report of Review in lieu of final cost audit dated June 14, 1955, indicated accepted costs under the exploration contract amounting to $96,362.62 with the Government's contribution, on a 70 percent basis, being $67,803.83.

This review was made in lieu of an on-site audit of the Operator's accounts and records for the following reasons:

(1) The mine has not been operated since completion of the exploration;
(2) Semi-annual reports by representatives of the Field Team, Region I, and other documents in the files do not disclose any production or sales of minerals from this property subject to Government royalty during the exploration period or subsequent thereto; and
(3) The administrative cost to the Government of an on-site royalty audit at this time would be excessive in relation to the amount of possible royalty which might be disclosed.

The review has indicated that there has not been any production since June 2, 1952, from the land subject to the contract and no royalty is due to the Government.

September 15, 1959

C. E. Fisher

C. E. Fisher, OME Auditor

MME Form 22
April 59

DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration

CHECK SHEET OF EXAMINING ENGINEER

Operator's Name Northfield Mines, Inc.

Address 230 Park Avenue

New York 17, New York

Exploration Contract No. Idm-E334 Docket No. DMEA-2436

		Check One: Yes	Check One: No.
1.	(a) Does the Operator stockpile ore subject to royalty repayment?		X
	(b) If so, is segregation and identification procedure adequate?		
2.	(a) Does Operator commingle production subject to DMEA or OME royalties with exempt production?		X
	(b) If so, do you consider the allocation of the commingled production equitable?		
3.	(a) Does the Operator stockpile mine or mill rejects (low grade ore, tailing, middlings, etc.) that may have potential value within the royalty payment period?		X
	(b) If so, are adequate records maintained on such material to protect the Government's interest?		
4.	Do you consider the assay controls in effect are adequate?	X	
5.	Do you consider that the manner of disposing of production gives the Government its fair royalty returns?	X	
6.	Do your periodic examinations of operations indicate the Operator is properly reporting his production of ores subject to DMEA or OME royalties?	X	
7.	Does the Operator buy from or sell to other Operators?		X
8.	Comment on any item 2 (b) to 6 if answer is No.		

Property inactive.

September 8, 1959
Date

S. W. Zoldok
Mining Engineer
S. W. Zoldok

53362

JAN 22 1958

Clarkson, Gordon & Company
15 Wellington Street West
Toronto 1, Canada

Re: Docket No. DMEA-2436
Contract No. Idm-E334
Northfield Mines, Inc.
and
Docket No. DMEA-3739
Contract No. Idm-E884
Idaho Metallurgical Industries, Inc.

Gentlemen:

In reply to the request made in your letter of January 15, 1958, payments to Northfield Mines, Inc., Docket No. DMEA-2436, Contract No. Idm-E334, as of November 1, 1955, were $67,803.83. No payments by the Government have been made since that time. Payments to the Idaho Metallurgical Industries, Inc., Docket No. DMEA-3739, Contract No. Idm-E884, as of November 1, 1957, were $41,713.67. No payments by the Government have been made since that time. Therefore, your letter stated the accounts correctly.

According to our records the Government holds no equity in the buildings and equipment under either of the above contracts as at December 31, 1957.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Director
Contract Administration
and Audit Division

JLChambers/wb
January 21, 1958

Copy to: Docket (2)
Admr. Reading File
Mr. Chambers (2)

Clarkson, Gordon & Co.
Chartered Accountants

15 WELLINGTON STREET WEST
Toronto 1
CANADA

MONTREAL, TORONTO, HAMILTON
LONDON, WINNIPEG, REGINA
CALGARY, EDMONTON, VANCOUVER

PRINCIPAL CITIES OF U.S.A.
ARTHUR YOUNG, CLARKSON, GORDON & CO.

TELEPHONE EM 8-2751

OFFICIAL FILE COPY
DMEA
RECEIVED JAN 20 1958

DATE	INITIALS	CODE
1/20	gb	220
	WSM	400
		800

January 15, 1958.

United States Department of the Interior,
Defence Minerals Exploration Administration,
Washington 25,
District of Columbia,
U.S.A.

Dear Sirs: Re: Idaho Metallurgical Industries, Inc.

In connection with our audit of the accounts of the above company, we should appreciate receiving from you confirmation of the following:

(1) The company's records show amounts received from you totalling $109,517.50 to December 31, 1957 as follows:

Thereof by mistake for this docket.

Under Northfield Mines Inc. docket D.M.E.A. 2436 Idm E334 (transferred to the above company)	$ 67,803.83
Under Idaho Metallurgical Industries, Inc. docket D.M.E.A. 3739 Idm E884	41,713.67
	$109,517.50

40,796.17
917.50
$41,713.67

DMEA 3739 - No
See F.T. letter to Long, Cert. OFA. Oct 22, 1957

(2) You have no equity in the buildings and equipment under either of these dockets as at December 31, 1957.

DMEA 2486 - No
See J.L. Chambers letter of 4/2/57 to Clarkson Gordon Co

If this is correct, would you please sign this letter in the space below? If it is not correct, would you please note at the foot of this letter or on the reverse side the details of any differences? We shall appreciate it if you will return the letter directly to us in the enclosed envelope.

Yours faithfully,

CLARKSON, GORDON & CO.

per: B. Hicks

Please supply Messrs. Clarkson, Gordon & Co. with this information.

The above information is correct. _____

REPORT
OF REVIEW

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Northfield Mines Inc.,
a corporation organized and existing under the laws of Delaware,
Room 1641, 330 Park Avenue, New York 17, New York

pertaining to Exploration Project Contract No. Idm-3374, Docket No. DMEA-3756, including Amendment Nos. 1, 2, 3, 4, 5, 6 and 7, for the months of June 1952 to September 1953, inclusive, covering a project for the exploration of cobalt-copper on property, know as the Stevenson Property, located in Lemhi County, Idaho.

My review included an examination of the Monthly Reports (Forms MT-104) and supporting documents attached thereto, comparison of the costs claimed with contract and pertinent schedules, consultation with Executive Officer in charge of the project, and a determination of the reasonableness and propriety of the costs.

This review was made in lieu of a final audit of the Operator's accounts and records for the following reasons:

(a) the administrative cost to the Government of an audit would be excessive in relation to the amount of possible disallowances thereunder

(b) the accepted costs ($98,761.62) of ~~all~~ work on an actual cost basis were covered by an interim Audit Report and Audit Certificate, dated November 27, 1953, issued by Robert W. Hull, DMEA Auditor;

(c) of the remaining costs incurred, $6,125.00 were under a contract provision for payment by the Government on the basis of agreed estimated costs of work actually performed, and $551.00 was supported by documentary proof of the costs incurred under the contract.

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

Total cost as billed by Contractor	$105,437.62
Less: Proceeds from property disposition (Schedule attached)	8,575.00
Net Cost as claimed by Contractor	96,862.62
Exceptions	None
Total Accepted Cost	$ 96,862.62

The contract calls for a 70 percent participation of exploration expenses by the United States Government. Therefore, payment of the contractor, by the Government in the amount of Sixty Seven Thousand Eight Hundred Three and 83/100 Dollars:

** $67,803.83 **

is considered valid and proper, provided 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.

June 14, 1958

George M[illegible]
George M[illegible]

Schedule of Proceeds from Property Disposition

Northfield Mines Inc.	DMEA-3739	Idm-E334
Items listed as of audit of April 30, 1954	Cost	Salvage Value
Bunk house furnishings	$ 768.25	$ 250.00
Cook house furnishings	1,020.38	500.00
Explosives (1 ton unused)	1,546.67	100.00
Steel	867.89	100.00
Pipe and fittings	1,643.66	800.00
Mine rail	1,894.11	1,200.00
Ventube	488.65	400.00
Diesel Fuel etc.	2,350.94	- 0 -
Gasoline	1,128.58	- 0 -
Tools	862.98	350.00
Eng'r & geological supplies	728.07	150.00
Medical Supplies	113.30	- 0 -
Core boxes	235.20	- 0 -
Mine timber	2,143.87	- 0 -
Operating equipment purchases	1,601.79	1,000.00
New buildings & improvements, etc.	3,724.62	3,725.00
Totals	$21,118.96	$ 8,575.00

APR 2 - 195[illegible]

Clarkson, Gordon & Co.
Chartered Accountants
15 Wellington Street West
Toronto 1, Canada

Re: DMEA-2436, Ida-2334
Northfield Mines, Inc.
and
DMEA-3739, Ida-2884
Idaho Metallurgical Industries, Inc.

Gentlemen:

In connection with your audit of the Idaho Metallurgical Industries, Inc., by letter dated March 22, 1957, you have requested confirmation of payments by the Government to December 31, 1956, under the referenced exploration project contracts.

According to our records advances by the Government under the Northfield Mines, Inc., contract aggregated $67,910.14, but $106.31 was refunded by company check No. C-1970 dated October 17, 1955, to bring the net payments by the Government to $67,803.83, the amount determined by our auditors to be allowable under the terms of the contract.

Under the Idaho Metallurgical Industries, Inc., contract our records disclose that the Government has advanced an aggregate of $40,796.17, and that payment of a balance due of $1,080.00 has been withheld pending resumption of work under the contract after a recess which started December 1, 1955. Both the payment and balance due are subject to adjustment after audit by the Government.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

EDTalbert/wb
April 2, 1957

Copy to: Docket (2)
Admr. Reading File
Mr. Chambers

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

AUG - 3 1955

Mr. George Mavor
DMEA Auditor
1201 North Division Street
Spokane 2, Washington

Re: Northfield Mines, Inc.
Idm-E334, DMEA-~~3739~~
2436

Dear Mr. Mavor:

Receipt is acknowledged of your Report of Review covering the subject Exploration Project Contract.

After deletion of the word "all" in reason (b), this Report of Review is satisfactory and normal distribution may be effected. This word is deleted because it appears that part of the costs reviewed by you are on an actual cost basis.

This correction has been made on the Washington copies.

Sincerely yours,

(Signed) E. D. Talbert

E. D. Talbert, Acting Chief
Contract Administration
and Audit Division

EDTalbert/wb
August 2, 1955

Copy to: Docket
Admr. Reading File
Mr. Chambers

For Certificate of Deposit No. 275, dated November 1, 1955,
giving ~~xxxxxxxxxxxxxxxxxxxx~~ property proceeds of $106.31, see E-177.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
So. 157 Howard Street
Spokane 4, Washington

RECEIVED
OCT 31 1955

October 27, 1955

Mrs. Myrtle Purdy
Certifying Officer, DMEA
Region I, Northwest District
1201 North Division
Spokane 2, Washington

Re: Docket No. DMEA-2436 (cobalt-copper)
Northfield Mines, Inc.
Stevenson Property
Lemhi County, Idaho
Contract No. Idm-E334

Dear Mrs. Purdy:

Attached is check No. C-1970 dated October 17, 1955, in the amount of $106.31, received from Northfield Mines, Inc. This money is the liquidation of an overpayment by the Government to the Operator according to the audit review by Mr. George Mayer dated June 14, 1955.

The report received from the Operator June 8, 1954, covering the work completed through September 1, 1953, has been accepted by the Government in lieu of the final report required by the contract.

The Field Team, in its letter to the Operating Committee dated October 27, 1955, has recommended that a Certification of Discovery or Development be issued. By terms of the Termination Agreement, dated July 13, 1955, certification must be made within six months after the date of the Termination Agreement, or by January 13, 1956.

Very truly yours,

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I, NW District

Enclosure

cc: DMEA (3)
USBM (2)
Wickelson

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

RECEIVED
AUG 26 1955

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of May thru September 195 3 Docket No. DMEA 2436 Contract No. Idm 0334
Operator's Name Northfield Mines, Inc. Minerals cobalt-copper
Address % A. J. O'Connell, Eureka, Nevada
Contract Amount, $ 233,150.00 Government Participation: 70% Amount, $ 163,205.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly	Totals Previously	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Contracts						
Drilling	2,000.00	19,357.00	21,357.00			
Bulldozing		7,533.00	7,533.00			
Drifting	4,125.00	3,790.52	7,915.52			
Snow Removal		1,808.80	1,808.80			
(2) Labor & Supervision						
Labor		20,958.83	20,958.83			
Supervision		4,200.00	4,200.00			
Technical Services		2,500.00	2,500.00			
(3) Op.Mat'ls & Sup:						
Bunkhouse Furnish.		768.25	768.25			
Cookhouse Furnish.		1,020.38	1,020.38			
Powder,caps,fuse,etc		1,546.67	1,546.67			
Steel		867.89	867.89			
Pipe & Fittings		1,643.66	1,643.66			
Mine Rail		1,894.11	1,894.11			
Ventube		488.65	488.65			
Diesel Fuel, etc.		2,350.94	2,350.94			
Gasoline		1,128.58	1,128.58			
Tools		862.98	862.98			
Eng. & Geo. Sup.		728.07	728.07			
Medical Supplies		113.30	113.30			
Core Boxes		235.20	235.20			
Mine Timber		2,143.87	2,143.87			
(4) Operating Equipment						
Rented		8,401.90	8,401.90			
Purchased		1,601.79	1,601.79			
(6) New Bldgs & Improve.etc.		3,724.62	3,724.62			
(7) Miscellaneous						
Analytical	551.00	1,481.18	2,032.18			
Accounting Fees		1,039.81	1,039.81			
Travel for Engineer		1,000.00	1,000.00			
Telephone		350.00	350.00			
Automotive Repair		771.78	771.78			
Repair Parts-Machines		818.30	818.30			
Payroll Taxes		1,203.95	1,203.95			
Liability Insurance		1,209.13	1,209.13			
Boardinghouse Loss		543.46	543.46			
Cabin Rental		350.00	350.00			
Freight on Drill		325.00	325.00			
	$6,676.00	$98,761.62	$105,437.62	676.00	98761.62	105437.62

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of: no payment made.

$

Signature
(Authorized Certifying Officer)

Date Vou. No.
(See other side)

Original Mfg 104

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. 6334 in accordance with the terms of the contract.

Signature /S/ Verdo Z Johnson Title Mining Engr Date 7-7-54

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /S/ Stephen W Goldich Title Mining Engr Date 6-15-55

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

GPO 83-38476

XXXXXXXXXXXXXXXXX
1201 N. Division Street
Spokane 2, Washington
July 28, 1954

2

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

Dear Mr. Chambers:

Attached is one copy each of corrected 104A, letter, progress reports, and maps received by us from Northfield Mines, Inc., contract Idm-E334, for the period May through September 1953.

The first report submitted for this period was returned to the operator for correction and the corrected copies were received in this office June 21, 1954. However, payment is being held up until work is resumed.

This regrettable delay was caused by my being away for a few days on vacation and by my being kept quite busy since my return by the GAO auditors.

Yours very truly,

Myrtle Purdy
DMEA Certifying Officer,
Region II

INTERIM
AUDIT REPORT

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

INTERIM AUDIT CERTIFICATE

I have examined the records and transactions of

NORTHLAND MINES, INC.
Room 1041, 230 Park Avenue
New York 17, New York
and
Eureka, Nevada

pertaining to Exploration Contract No. Idm-3334, Docket No. DMEA-2436, including Amendments Nos. 1, 2, 3, 4, 5, and 6 (Executive Officer's memorandum November 17, 1953), covering a project of exploration for cobalt-copper located in Lemhi County, Idaho, commonly known as the Stevenson property, for the period of June 2, 1952, to April 30, 1953.

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

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

Total cost as billed by contractor			$108,115.36
Exceptions: (See Audit Report for details.)			
Prior to this audit		$5,473.11	
During this audit	$4,143.42		
Less reinstatements	262.79	3,880.63	
Total exceptions			9,353.74
Total accepted cost			$ 98,761.62

The contract calls for a 70 percent participation of exploration expenses by the United States Government. Therefore, payment to the Contractor by the Government in the amount of Sixty-Nine Thousand One Hundred Thirty-Three and 13/100 Dollars

-- $69,133.13 --

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.

November 27, 1953

Robert M. Hull
Robert M. Hull
Auditor

AUDIT REPORT

I INTRODUCTION

During the month of March 1953, an interim audit covering operations for the period of June 2, 1952, to January 31, 1953, was made at the office of Northfield Mines, Inc., Eureka, Nevada. In May 1953, the Operator brought all books and records to the DMEA office in Spokane, Washington, and the audit was continued through April 30, 1953. This audit pertained to Exploration Project Contract No. Idm-3334, Docket No. DMEA-2436, including Amendments Nos. 1, 2, 3, 4, 5, and 6 (Executive Officer's memorandum November 17, 1953) with the

NORTHFIELD MINES, INC.
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covering a project of exploration for cobalt-copper located in Lemhi County, Idaho, commonly known as the Stevenson property.

Mr. A. J. O'Connell, the accountant for the Northfield Mines, Inc., was consulted and his cooperation greatly facilitated the audit.

II GENERAL INFORMATION ON RECORDS

A separate set of books were established for the project which included a cash disbursement book, check register and detailed payroll records. Mr. A. J. O'Connell, the accountant, signs the payroll checks in Eureka, Nevada, and the engineer-in-charge, signed all other checks in Salmon, Idaho. The checks are drawn on the Salmon Branch of the American National Bank of Idaho. The cash disbursement book records all payments and is referenced

with the check number. The checks are prepared in duplicate with the duplicate being retained in the company office to support the payment.

A monthly work sheet consolidating all charges to the project forms the basis for the preparation of the Monthly Form MF-104, Operator's Monthly Report and Voucher.

III SCOPE OF AUDIT AND FINDINGS

The audit was limited to ascertaining the accuracy, propriety, and validity of the costs shown in the "Totals to Date" column of Form MF-104, Operator's Monthly Report and Voucher, for the month of April 1953. Since a preliminary review of the Certifying Officer's records indicated a considerable amount of improper distribution of charges to the "Items of Cost" shown on the Form MF-104, as well as some charges of questionable propriety, a detailed audit and analysis of costs was necessary. The findings, after correction of cost distribution, follow:

(1) Independent Contracts

The audit disclosed that the costs properly chargeable and allowable under this item are:

New road construction and road rehabilitation		
149½ hours bulldozing @ $13/hr.		$ 1,943.50
Trenching - 3,000 feet @ $13/hr.		
425½ hours bulldozing @ $13/hr.	$5,531.50	
Cost of freight on bulldozer	58.00	5,589.50

Diamond Drilling		
1,356 ft. reaming @ $2.50/ft.	$ 3,390.00	
1,674 ft. AX @ $5/ft.	8,370.00	
824 ft. BX @ $5.35/ft.	4,408.40	
187 ft. AX @ $5.50/ft.	1,028.50	
343 ft. NX @ $5.90/ft.	2,023.70	
20 ft. AX casing @ $1.35	27.00	
Laying and moving pipe line - 5½ shifts @ $85/shift	461.00	
2 water tanks @ $47.50 each	95.00	
	$19,803.60	
Reduction in cost claimed by Operator on February MF-104 1952	446.60	19,357.00
Drifting		
151.4 ft. drifting (timbered) @ $18/ft.	2,725.20	
41.6 ft. do. @ $16/ft.	665.60	
Supplies		
100 pieces lagging 12' long @ 36¢ ea.	36.00	
142 mine posts @ 80¢ ea.*	112.60	
71 mine caps @ 65¢ ea.*	48.35	
655 mine wedges @ 4¢ ea.	26.20	
Miscellaneous	2.77	
Freight on tractor	175.00	
	$3,792.22	
Net overclaim	1.70	3,790.52
Snow removal		
December 1952	350.00	
January 1953	350.00	
February 1953	350.00	
March 1953	350.00	
March 1953 (4 hrs. @ $7.50/hr.)	30.00	
April 1953	350.00	
April 1953 (4 hrs. @ $10/hr.)	40.00	
	$1,320.00	
Disallowance of excess of rates	11.20	1,808.80
		$32,489.32

*See discussion on drifting.

The road construction, rehabilitation and trenching, was done by C. R. Nechanicky of Salmon, Idaho, and the subcontract was approved by the Executive Officer of the DMEA Field Team on August 28, 1952.

The diamond drilling was done by Nichols and Thompson Core Drilling Company of Boise, Idaho, and the subcontract was approved by the Government on September 1, 1952. The original claimed costs for diamond drilling were $19,803.60, which exceeded the allowable maximum by $446.60. The Operator subsequently -- on his February 1952 MF-104 -- reduced his claimed costs to the amount of the allowable maximum $19,357.00, which was allowed by this audit. A slight error in the computation of 5½ shifts @ $85.00 per shift $461.00, for laying and moving pipe line, which should have been extended as $467.50, was ignored because of the Contractor's reduction of claimed costs.

The drifting was done by William S. Corrigan of Salmon, Idaho. The Government approved the subcontract on October 2, 1952. The Operator had figured the 142 mine posts @ 80¢ each as $112.60 rather than the correct amount of $113.60, an underclaim of $1.00; also the 71 mine caps @ 65¢ each as $48.85 instead of $46.15, an overclaim of $2.70. A net disallowance of $1.70 was made by the audit.

Snow removal was authorized as a necessary cost and was provided for by Amendment No. 3. The work was done by William S. Corrigan and the subcontract was approved by the Government on November 1, 1952. The contract provided for a flat fee of $350.00 for 47½ hours of work. In excess of 47½ hours in any one calendar month the rate will be $7.35 per hour. Therefore, a disallowance is made of $11.20, the difference between the authorized rate of $7.35 per hour and the rates of $7.50 and $10.00 per hour paid by the Operator. The audit allows $1,808.80 for snow removal.

The total allowed by the audit under Item (1), Independent Contracts, is $32,489.32.

(2) Labor and Supervision

The charges under this item were checked against the individual time cards to the individual pay sheets for each employee. The individual time cards are approved by the engineer-in-charge and then forwarded to the company's office in Eureka, Nevada, where the amount of earnings is calculated. All pertinent data is then recorded in the permanent payroll distribution book. Payroll computations were checked for the months of June through October 1952, December 1952, and January through April 1953.

The employees are paid semi-monthly and the checks are signed by the accountant, Mr. A. J. O'Connell. The payments were verified by a review of the paid bank checks. The hourly rates paid the employees for labor that was allowed by the audit were not in excess of the maximum specified in the contract.

The audit disclosed that when the allowable maximum for Supervision was reached, the Operator arbitrarily reclassified some of the employees, formerly paid under Supervision, to Labor. The hourly rates used for these employees were such as to give them the same total wage as had previously been claimed under Supervision.

Name	Period	Title	Hours Worked	Rate per hr.	Claimed	Disallowed
W. A. Paroni	Feb. 1953	Miner boss	225	$2.6666	$ 600.00	$ 600.00
do.	Mar. do.	Mucker	250	2.40	600.00	600.00
do.	April do.	Miner	250	2.40	600.00	600.00(a)
M. T. Manz	Feb. 1953	Carpenter	225	2.2222	500.00	500.00
do.	Mar. do.	Miner	250	2.40	600.00	600.00
do.	April do.	do.	250	2.40	600.00	600.00(a)
J. P. Salyer	Jan. 1953	do.	96	2.8646	275.00	275.00
do.	Feb. do.	do.				
	1-15		136	2.75735	375.00	375.00
	16-28		120	3.125	375.00	375.00
do.	Mar. do.	do.				
	1-15		140	2.67857	405.97	405.97
	16-31		144	2.60416	375.00	375.00
do.	April do.	do.				
	1-15		136	2.75735	375.00	375.00(a)
	16-30		136	2.75735	375.00	375.00(a)
					$6,055.97	$6,055.97

(a) Disallowed by audit.

Of the total disallowance of $6,055.97, the Certifying Officer disallowed $4,105.97 and $1,950.00 was disallowed by this audit.

Mr. J. P. Salyer is reported for the first time on the payroll as a miner effective January 21, 1953. Mr. Salyer was a shift boss at the Calera mine and obtained a leave of absence from his Calera job to supervise the adit work on a non-contract basis. While classified by the Operator as a miner, Mr. Salyer's salary of $750.00 a month, plus any earned bonus, is higher than that paid to any other employee on the project.

The U. S. Bureau of Mines engineer who visited the project, stated that Mr. Salyer was actually supervising the work and this fact was further confirmed by the following statement contained in a letter to Mr. A. B. Weissenborn, Executive Officer, DMEA Field Team, Region II, dated January 29,

1953, from Northfield Mines, Inc., and signed by George W. Mitchell:

> "Mr. Salyer has obtained leave of absence from his Calera job to supervise the adit work on a non-contract basis. Walter Paroni is remaining as engineer."

In view of the foregoing information and the rates at which the salaries were figured, a disallowance of the entire sum claimed under labor for Paroni, Salyer and Manz is made. The total allowed by the audit for labor is $20,953.83.

Supervision was paid in accordance with, and not in excess of, the terms specified in Exhibit "A" of the contract. Milo T. Manz was carried as superintendent for the period of June through December 1952 at $600.00 per month for seven months -- a total of $4,200.00. This sum is allowed by the audit.

Technical Services were performed by Jack Brozo, a full-time engineer-geologist, from June 1, 1952, to October 31, 1952.

Costs allowed by audit:

5 months @ $500.00 per month	$2,500.00

This item of cost is an "Allowable Maximum" provided by Amendment No. 4 of the contract.

(3) Operating Materials and Supplies

The costs chargeable to this category were determined by a detailed audit and analysis of the supplier's invoices and cancelled bank checks. The following summarizes the findings:

	Claimed	Disallowed	Reinstated	Accepted Costs
Bunkhouse furnishings	$ 768.25	$	$	$ 768.25
Cookhouse do.	1,020.38			1,020.38
Powder, Caps, Fuse, etc.	1,546.67			1,546.67
Steel	949.52	81.63*		867.89
Pipe and fittings	2,268.20	624.54		1,643.66
Mine rail	1,394.11	88.79*	88.79	1,394.11
Ventube	438.65			438.65
Diesel Fuel, etc.	2,358.04	7.10*		2,350.94
Gasoline	1,128.58			1,128.58
Tools	993.06	130.08		862.98
Engineer & Geological Supplies	733.22	5.15		728.07
Medical Supplies	113.30			113.30
Core boxes	235.20			235.20
Mine timber	2,143.87			2,143.87
	$16,641.05	$937.29	$88.79	$15,792.55

*Disallowance made by Certifying Officer.

The disallowance of $81.63, Steel, consisted of I beams that the Bureau of Mines engineer stated were not necessary for the work and the disallowance is concurred with. The audit made a disallowance of $624.54, Pipe and Fittings, consisting of 500 feet of 4-inch pipe which is not applicable to the operations. The item under Mine Rail of $88.79, covered the purchase of a rail bender. The disallowance made of this item by the Certifying Officer is not concurred with and it is reinstated. The Executive Officer has determined that the item is necessary to the exploration work. Under Diesel Fuel, Etc., the disallowance of $7.10 was made up of unsupported claims for fuel and the disallowance is concurred with. The disallowance by the audit of an item of Tools, $130.08, covered the following:

1	#A K-1 Clamp-on Voltameter	$ 58.77
1	99 by 39 Leather case for above	9.01
1	Type 40, Model 22VAX4M Miniature Instrument	7.45
1	1538B Wattmeter handle	1.07
1	AC Killowatt Meter	51.35
	Freight charges	2.43
		$130.08

The Executive Officer of the DMEA Field Team has stated that, "However, the so-called 'tools' were electrical instruments and attaching parts for electrical equipment beyond the necessary direct cost of the exploratory work then undertaken. These items were bought at the time the work provided for in the original contract was nearly completed and, therefore, would have been used mostly for the contemplated extension of the contract. The items might be classed legitimately as reasonable, necessary, direct cost, but since the extension of the contract is on a unit cost basis and since the unit cost includes the cost of all items of equipment and supplies, the disallowance of $130.08 covering the cost of these items is considered proper." The audit disallows $5.15 under Engineer and Geological Supplies as the items claimed are General Overhead and not direct costs to the project.

(4) Operating Equipment

Rented:

The costs of Operating Equipment -- Rented -- which were claimed only for the actual time the equipment was in use on the project were:

Item	Amount Claimed by Operator	Deletions by Certifying Officer	Deletions by Auditor	Allowed by Audit
Water pump Period covered: June 1952 thru March 1953 - 10 mos. @ $72	$ 792.00	$	$ 72.00	$ 720.00
Jeep Period covered: June 1952 thru March 1953 - 10 mos. @ $50	550.00		50.00	500.00
Dump truck Period covered: June 1952 thru Dec. 15'52 - 6½ mos. @ $100	750.00		100.00	650.00
Compressor Period covered: Sept. 1952 and Nov. 1952 thru March 1953 - 6 mos. @ $414	3,312.00	414.00	414.00	2,484.00
Mine cars Period covered: Sept. thru Nov. 1952 - Jan. thru March 1953 - 6 mos. @ $52	364.00		52.00	312.00
Mucking machine Period covered: Sept. 20, 1952 thru March 1953 - 6-1/3 mos. @ $325	2,383.33		325.00	2,058.33
Drifter Period covered: Sept. 20 thru Nov. 1952 - 2-1/3 mos. @ $120	280.00			280.00
Jackhammer Period covered: Dec. 1952 thru March 1953 - 4 mos. @ $120	600.00		120.00	480.00
Water tank Period covered: Jan. thru March 1953 - 3 mos. @ $7.65	30.60		7.65	22.95
Blower	25.00		25.00	-0-
Chain saw	55.00	55.00		-0-
	$9,141.93	$469.00	$1,165.65	$7,507.28
Freight	921.28	30.00		891.28
Truck delivery	75.00			75.00
	$10,138.21	$499.00	$1,165.65	$8,473.56
Less adjustment to bring to allowable maximum		71.66		71.66
	$10,138.21	$570.66	$1,165.65	$8,401.90

Deletions made by the Certifying Officer were $570.66, and by this audit, $1,165.65, to bring the figure to the allowable maximum of $8,401.90. The disallowances made by the Certifying Officer are concurred in.

Purchased:

Operating equipment purchased consisted of the following items:

		Claimed	Disallowed	Reinstated	Accepted Cost
1	Pipe die	$ 47.85	$	$	$ 47.85
1	Light plant	527.05			527.05
1	Gas welding outfit	150.53			150.53
1	Chain saw	238.36			238.36
1	Bench grinder	48.00			48.00
1	Ventilating fan	416.00			416.00
	Miners lamps	174.00	174.00	174.00	174.00
		$1,601.79	$174.00	$174.00	$1,601.79

The Certifying Officer's disallowance of the item of Miners Lamps is not concurred with and the item is reinstated. The Executive Officer has deemed the item to be a necessary cost of the project. The audit allows the sum of $1,601.79 for Operating Equipment purchased.

(5) Rehabilitation and Repairs

This item is not applicable to this contract.

(6) New Buildings, Improvements, Etc.

This item of cost covered the erection of the frames, including floor and sides for two tent houses; construction of a 12- by 20-foot compressor house and tool shed, construction of a 16- by 20-foot tar paper-covered frame bunkhouse and one 16- by 20-foot tar paper-covered frame cookhouse, as set forth in Exhibit "A" of the contract.

The audit disclosed that the costs allowable were as follows:

Tent house:		
Wall tents	$139.75	
Freight on tents	3.09	
Stove pipe	20.70	
Pipe fittings (water)	17.92	
Lumber, nails, etc.	568.54	$ 750.00
Materials and supplies for compressor house		579.03
Materials and supplies for cook house		1,100.80
Materials and supplies for bunkhouse		1,294.79
		$3,724.62

Labor for the compressor house, cook house, and bunk house was included under Item 2, Labor and Supervision. The total amount allowed by the audit is $3,724.62.

(7) Miscellaneous

The findings of the audit as to the costs acceptable and allowable under this item are summarized as follows:

	Costs Claimed	Disallowed	Accepted Costs
Analytical	$1,481.18	$	$1,481.18
Accounting fees	1,039.81		1,039.81
Travel for engineer	1,000.00		1,000.00
Telephone	350.00		350.00
Automotive repairs	803.58	31.80	771.78
Repair parts - machine	818.30		818.30
Payroll taxes	1,558.18	354.23	1,203.95
Liability insurance	1,514.57	305.44	1,209.13
Boarding house loss	552.05	8.59	543.46
Cabin rent	350.00		350.00
Freight on drill	325.00		325.00
	$9,792.67	$700.06	$9,092.61

Analytical work covers sampling and analysis. The acceptable cost for this item was found to be:

222 assays, cobalt & copper @ $6	$1,332.00
8 do. do. @ $15	120.00
6 do. tungsten @ $3	18.00
Preparation of samples	11.18
	$1,481.18

The assay work was done by the Union Assay Office, Inc., Salt Lake City, Utah.

Accounting fees in the amount of $1,039.81 have been claimed for the period of June 2, 1952, through December 31, 1952. The Operator claimed $139.31 for the month of June 1952. This sum consisted of accounting fees,

$99.50; accounting supplies of $40.31; and for the remainder of the period, a flat fee of $150.00 a month. The total allowed by the audit is $1,039.81.

Travel was disclosed by the audit to consist of the following:

			Allowed
June 1952	Travel of J. K. Brozo		$ 150.00
Aug. do.	Do.	Do.	90.20
Sept. do.	Do.	Do.	304.90
Oct. do.	Do.	Do.	90.20
Nov. do.	Do.	Do.	90.20
Dec. do.	Do.	Do.	150.00
Feb. 1953	Do.	Do.	124.50
			$1,000.00

The travel covered various trips of the engineer from Eureka, Nevada, to Salmon, Idaho, and return to Eureka. The audit allows $1,000.00 for travel. Exhibit "A", Page 6, Item (7) Miscellaneous, has the allowable maximum for travel at $150.00 per month with the total of $1,050.00; also telephone and telegraph at $50.00 per month, with the total of $350.00. The Executive Officer, DMEA Field Team, Region II, by memorandum of November 17, 1953, advised that when Amendment No. 6 was prepared it had been the intention of the Field Team to have removed the monthly maximum from "Traveling for the Engineer" and "Telephone and Telegraph." Therefore, only the total amount of these two items were to be considered as a maximum allowable.

Telephone. This item covered telephone calls essential to the exploration project and was supported by invoices containing the necessary information required. The audit allows the sum of $350.00 for this item.

Automotive Repairs covered the necessary parts and repairs to the jeep and the dump truck. The audit revealed that the Operator had not revised his figures to reflect the distribution corrections made by the Certifying Officer in the amount of $80.00 and disallowance of $19.30. The disallowance for this item consisted of the purchase of one heater and thermostat

to be installed on the dump truck, $19.30. The Certifying Officer's disallowance is concurred in. An item of $12.50 for repairs to a house trailer which was not applicable to the contract was disallowed by the audit. The audit allows the sum of $771.78.

Repair parts - machines consisted of necessary parts and repairs to the diamond drilling equipment, the mucking machine, and the jacklegs. The audit allows the sum of $313.30 for this item.

Payroll taxes applicable to this project cover the Federal Old Age Benefit, Federal Unemployment and Idaho Unemployment taxes at the following rates, which were verified by reference to the company's records:

Federal Old Age Benefit	1.5 percent
Federal Unemployment	0.3 do.
Idaho Unemployment	2.7 do.

Workmen's Compensation rates were:

Engineer	$1.00 per	$100.00 of base wage
Mechanics	1.30 Do.	Do.
Cooks	1.95 Do.	Do.
Surface labor	2.75 Do.	Do.
Miners	7.50 Do.	Do.

On the salary of the engineer, classified under Technical Services, the following tax rates were applicable:

Federal Old Age Benefit	1.5 percent
Federal Unemployment	0.3 do.
Nevada Unemployment	0.1 do.
Nevada Industrial Insurance	5.0 do.

The Operator has not adjusted his records to reflect the disallowances of $266.43 made by the Certifying Officer on Payroll Taxes and of $159.18 on Liability Insurance. The disallowance is concurred with. Additional disallowances of $37.75 for payroll taxes and $146.26 for liability

insurance are made by this audit due to the disallowances made under Item 2, Labor and Supervision.

The allowable amount for payroll taxes is $1,203.95, and liability insurance is $1,209.13.

The item of "Cabin Rental" has been included by the Operator with "Boarding House Loss." By the terms of Amendment No. 1, Cabin Rental was provided for 8 months at $50.00 per month. The audit disclosed that the Operator had claimed rental for 7 months, and the sum of $350.00 is allowed. The boarding house loss was claimed in the amount of $552.05. A disallowance of $3.59, covering magazines and club soda, is being made as these items are not considered as coming under this category. The total allowable by the audit for cabin rental and boarding house loss is $893.46.

The item of "Freight on Drill" is allowable by the audit in the amount of $325.00, which was the cost of moving the drill on to the property.

IV CONCLUSIONS AND RECOMMENDATIONS

This audit disclosed that all costs charged to this project with the exception of the disallowances itemized under Items (1) Independent Contracts, (2) Labor and Supervision, (3) Operating Materials and Supplies, (4) Operating Equipment, and (7) Miscellaneous of the preceding section of this report, are reasonable and proper under the terms of the contract.

The audit disclosed the status of the allowable maximums to be:

	Accepted costs	Allowable maximum	Balance
New road construction & road rehabilitation	$ 1,943.50	$ 2,223.00	$ 279.50
Trenching	5,589.50	5,655.00	65.50
Diamond drilling	19,357.00	19,357.00	-0-
Equipment -- Rented	8,401.90	8,401.90	-0-
Equipment -- Purchased	1,601.79	1,840.00	238.21
Two tent houses	750.00	750.00	-0-
Material & supplies for bunkhouse	1,294.79	2,500.00	1,205.21
do. do. cookhouse	1,100.80	2,750.00	1,649.20
do. do. compressor house and tool shed	579.03	1,500.00	920.97
Total for New Buildings, Improvements, etc.	3,724.62	7,500.00	3,775.38
Accounting fees	1,039.81	1,050.00	10.19
Travelling for engineer	1,000.00	1,050.00	50.00
Telephone and telegraph	350.00	350.00	-0-
Miscellaneous costs	9,092.61	12,660.93	3,568.32
Total estimated cost	98,761.62	102,900.00	4,138.38
Government participation -- 70 percent	69,133.13	72,030.00	2,896.87

The rates for wages were discussed under Item (2) of Section III of this report.

The adjustments between "Items of Cost" as shown on the April 1953 Form MF-104, the disallowances, and the accepted costs, are summarized as follows:

	Totals April 1953 IW-104	Corrected Distribution	Disallowed by Audit	Reinstated by Audit	Allowed by Audit
(1) Independent Contracts					
Drilling	$19,357.00	$19,357.00	$	$	$19,357.00
Bulldozing	7,533.00	7,533.00			7,533.00
Drifting	3,445.45	3,792.22	1.70		3,790.52
Snow removal	1,966.77	1,820.00	11.20		1,808.80
(2) Labor and Supervision					
Labor	27,014.80	27,014.80	*4,105.97) 1,950.00)		20,953.83
Supervision	4,200.00	4,200.00			4,200.00
Technical Services	2,500.00	2,500.00			2,500.00
(3) Operating Material & Supplies					
Bunkhouse Furnishings	768.25	768.25			768.25
Cookhouse do.	1,080.38	1,080.38			1,080.38
Powder, Caps, Fuse, Etc.	1,546.67	1,546.67			1,546.67
Steel	949.52	949.52	*81.63		867.89
Pipe and Fittings	2,268.20	2,268.20	624.54		1,643.66
Mine Rail	1,894.11	1,894.11	*88.79	88.79	1,894.11
Tentube	488.65	488.65			488.65
Diesel Fuel, Etc.	2,358.04	2,358.04	*7.10		2,350.94
Gasoline	1,128.58	1,128.58			1,128.58
Tools	993.06	993.06	130.08		862.98
Engineer & Geological Supplies	733.22	733.22	5.15		728.07
Medical Supplies	113.30	113.30			113.30
Core Boxes	235.20	235.20			235.20
Mine Timber	2,143.87	2,143.87			2,143.87
(4) Operating Equipment					
Rented	10,138.21	10,138.21	*570.66) 1,165.65)		8,401.90
Purchased	1,608.79	1,608.79	*174.00	174.00	1,608.79
(6) New Buildings & Improvements, Etc.	3,724.62	3,724.62			3,724.62
(7) Miscellaneous					
Analytical	1,481.18	1,481.18			1,481.18
Assessing Fees	1,039.81	1,039.81			1,039.81
Travel for Engineer	1,800.00	1,000.00			1,000.00
Telephone	350.00	350.00			350.00
Automotive Repair	723.58	803.58	12.50) *19.30)		771.78
Repair Parts-Machine	818.30	818.30			818.30
Payroll Taxes	3,072.75	1,558.18	87.75) *266.48)		1,203.95
Liability Insurance		1,514.57	146.26) *159.18)		1,209.13
Boarding House Loss	902.05	552.05	8.59		543.46
Cabin Rental		350.00			350.00
Freight on Drill	325.00	325.00			325.00
	$108,115.36	$108,115.36	$9,616.53	$262.79	$98,761.62

*Starred items in column "Disallowed by Audit" indicate items disallowed by the Certifying Officer.

The audit has been thoroughly discussed with the Executive Officer of the DMSA Field Team, Region II.

November 27, 1953

Robert M. Hull

Robert M. Hull
Auditor

FEB 1 0 1954

Mr. Robert M. Hull
DMEA Auditor
1201 North Division Street
Spokane 2, Washington

Re: Contract Ida-[illegible]
Docket DMEA-[illegible]
Northfield Mines, Inc.
Lemhi County, Idaho

Dear Mr. Hull:

Receipt is acknowledged of your Audit Report and Audit Certificate as transmitted by your letter of February 5, 1954.

The Audit Report as revised is an exceptionally well written report. Distribution may be made in the normal manner.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

WBorovies/wb
February 10, 1954

Copy to: Docket
Admr. Reading File
Mr. Chambers

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
1201 N. Division St.
Spokane 2, Washington
February 5, 1954

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

Re: Contract Idm-E334,
Docket No. DMEA-2436
Northfield Mines, Inc.

Dear Mr. Chambers:

Enclosed are 3 copies of the Audit Certificate and 2 copies of the Audit Report pertaining to Contract No. Idm-E334, Docket No. DMEA-2436, Northfield Mines, Inc.

Sincerely,

Robert M. Hull

Robert M. Hull
Auditor

Enclosures

Dal for your info

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

1201 N. Division St.
Spokane 2, Washington
December 22, 1953

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

Re: Idm-~~E344~~ E334, DMEA-2143
Northfield Mines, Inc.

Dear Mr. Chambers:

Reference is made to your letter of December 14, 1953.

With respect to the second paragraph of your letter, I am forwarding for your information a memorandum from the Acting Executive Officer, DMEA Field Team, Region II, concerning an audit to be made on Contract Idm-E406, McRae Tungsten Corp.

The revised report of the Northfield Mines will be submitted as soon as it is retyped.

Sincerely yours,

Robert M. Hull

Robert M. Hull
DMEA Auditor

Enclosure

Attachment filed in E406

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

DEC 1 4 1953

Mr. Robert M. Hull
DMEA Auditor
1201 North Division Street
Spokane 2, Washington

Re: Idm-1334, DMEA-2143
Northfield Mines, Inc.

Dear Mr. Hull:

Reference is made to your letter of December 7, 1953, in regard to the above-cited project.

I am pleased to hear that you are attempting to write your audit report on the backlog work. This is a desirable task. I wish to call your attention, however, to a point which has been made in many of my letters, namely, if the Executive Officer deems it more advantageous to make an audit of a project on which he has questions than to complete your audit reports on audited projects, you should make the audit. I would appreciate your advising me of such requests.

In regard to your question as to whether you should obtain a statement of approval from the Executive Officer on items which were not included in the contract but which were allowed as necessary and reasonable costs, wish to say that such a statement is necessary if you do not have confirmation made by the Executive Officer to the Certifying Officer. It is necessary for you to so state in your audit report that the Executive Officer has approved such items.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

JLChambers/wb
December 14, 1953

Copy to: Docket
Admr. Reading File
Mr. Chambers

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D. C.~~
1201 N. Division St.
Spokane 2, Washington
December 7, 1953

Defense Minerals Administration
RECEIVED
DEC 9 - 1953

AIR MAIL

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

Re: Contract Idm-E334,
Docket No. DMEA-2~~1~~46
43

Dear Mr. Chambers:

Receipt is acknowledged of your letter of December 4th addressed to me at 224 New Customhouse Building, Denver, Colorado, concerning the referenced subject. I regret very much that this report was not satisfactory and requires revision. I devoted a great deal of time to it not only during working hours, but on Saturdays and Sundays. I will make every effort to revise the report as outlined; however, in this report I have followed the same outline that has been acceptable in other reports.

The only explanation I can offer as to the reason for the delay in its preparation and submission was that I tried to follow the suggestions of the Field Team and made field trips and did the ground work on other audits. I would point out that at the present time there are pending uncompleted reports on the following projects:

Cosumnes Gold Dredging Co. (White Hawk)	Idm-E350, DMEA 2264
Cosumnes Gold Dredging Co. (Paddy Flat)	Idm-E351, DMEA 2265
Elkhorn Consolidated, Inc.	Idm-E268, DMEA 2183
Linton Mines	Idm-E226, DMA 208X
D. A. McNabb	Idm-E238, DMEA 2225
Pacific Northwest Mining Co.	Idm-E228, DMA 2123X
White Pine Lead Co.	Idm-E273, DMA 2034

There remains considerable work to be done on these reports; therefore, I propose to devote all of my time to completing these reports and will not undertake any additional work until such time as these reports have been submitted for your consideration. In the future I will prepare the report as soon as the audit has been completed.

I would like to discuss at this time the method by which the disallowances made by the Certifying Officer are handled. After checking the monthly vouchers submitted by the Operator the Certifying Officer submits a memorandum to the Field Team detailing the disallowances and his reasons therefor. The Field Team, if it is in agreement, advises the Operator of these disallowances. It has been my policy to accept these Field Team letters as signifying their concurrence in these disallowances. In view of this situation, do you deem it necessary that I obtain a statement that the Executive Officer has determined that the items disallowed were not reasonable, necessary direct costs of the exploration work?

I would greatly appreciate any constructive suggestions that would facilitate my report writing.

Sincerely yours,

Robert M. Hull

Robert M. Hull
Auditor

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

DEC 4 - 1953

Mr. Robert M. Hull
DMEA Auditor
224 New Customhouse Building
Denver 2, Colorado

Re: Idm-E334, DMEA-2436
Northfield Mines

Dear Mr. Hull:

Returned herewith are the copies of your Interim Audit Report and Certificate, which were forwarded by your letter of November 27, 1953, covering your audit of the referenced project.

It is requested that this Report be revised to clarify certain particulars as follows:

(1) It is stated under Section III of the Report that the audit is based on the Operator's claim as evidenced by the "Totals to Date" column of the April, 1953, MF-104. However, i n reconciling your narrative with the summary (on page 17), it is apparent that the Operator's claim did not include certain disallowances previously made by the Certifying Officer, which, however, your narrative implies were included in the amount under audit. The amounts referred to are $446.60 for diamond drilling (page 3), $1,116.00 for technical services (page 7) and $45.30 for tent houses (page 11).

In order to clarify your narrative, either all reference to such disallowances should be deleted or an explanation should be added to each that the Operator had accepted the disallowances and reduced his claimed costs on the April MF-104.

(2) It is impossible to determine from your narrative or the summary which of the disallowances, aggregating $9,616.53, were made by the Certifying Officer and which resulted from your audit. Your Certificate gives a segregation of $5,437.56 and $4,178.97, respectively, but your narrative and summary cannot be checked to these amounts.

The narrative and summary both should indicate this segregation of disallowances. Also your narrative should indicate either your concurrence with, or your reinstatement of, each of the Certifying Officer's disallowances.

(3) The first sentence under "Independent Contracts", on page 2, tends to indicate that only the road work and trenching are chargeable and allowable under this title, but then on subsequent pages you discuss and allow drilling, drifting and snow removal.

A better presentation could be made by listing all of the "Independent Contracts" costs in the first paragraph under that title, followed by a narrative paragraph for each of the items.

(4) On page 3, 3rd line from the bottom, there should be a "+" sign before the $1.00 amount rather than a "-" sign.

(5) On page 7 you give the reasons for disallowing $88.79 for a rail-bender and $130.08 for tools as "not covered by the contract" and "not specified in the contract", respectively. These are not sufficient reasons for disallowance, since none of the individual items under Operating Materials and Supplies or Purchased Equipment were designated as allowable maximums in Exhibit "A" of the contract.

For proper disallowance of these items there must be a determination by the Executive Officer that they were not reasonable, necessary direct costs of the exploration work.

(6) On page 8, in the opening paragraph under "Operating Equipment" you state that "The costs of Operating Equipment rented consisted of depreciation on equipment furnished by the Operator * * *." However, throughout the following tabulation you use the words "rent" and "rental" and in the summary of your audit the costs are listed as "Operating Equipment-Rented".

This certainly needs clarification, since the contract provided for the equipment "to be rented", and under "to be furnished by Operator" specified "none". Also, if this equipment was furnished by the Operator, there must be a determination of the reasonableness of the charges, and, if the rates are in excess of the usual depreciation allowance of 1/60th of the values of the equipment items a full justification is necessary.

(7) On page 9 a disallowance of $52.00 for Equipment Rental shown under Dec., 1952 appears to pertain to Nov., 1952. It is suggested that a summary statement, showing the number of months charged for each item, rather than the detailed month by month tabulation would be more appropriate for purposes of the Audit Report.

(8) On page 11, a disallowance of $174.00 for miners lamps is made for the reason that "item was not authorized by the contract." My comments under (5), above, also apply to this item.

(9) On page 12, the summary of your findings under "Miscellaneous" indicates no disallowances for automotive repairs, but your grand summary (page 17) indicates disallowances of $31.80 for this item and on page 14 of the narrative you discuss the items disallowed. Furthermore, in this "Miscellaneous" summary, you have combined the payroll taxes and employer's liability insurance under the heading of "Payroll taxes". Revision of this summary is required.

(10) This "Miscellaneous" summary illustrates another discrepancy which occurs in your Report. The opening paragraph of Section III states "The findings, after correction of the cost distribution follow:", but what follows, including your summary of snow removal, the supervision shown as labor, the summaries for Operating Materials and Supplies, Equipment Rented (if actually depreciation) and Miscellaneous, has been presented on a basis of the Operator's claim (plus prior disallowances accepted by him) prior to correction of the distribution. Revision to reflect consistency is necessary.

(11) The item of "Travel for engineer" under "Miscellaneous" on page 12 is another illustration of inconsistency. The summary in the first paragraph indicates Costs Claimed of $1,000.00, Disallowed nothing, and Accepted Costs $1,000.00; however, the detail listing in the fourth paragraph indicates Claimed $1,453.25, Disallowed $453.25, and $1,000.00 Allowed. This should be clarified.

(12) In the summary of the status of allowable maximums (on page 16) you have compared the costs claimed by the Operator (and apparently without even a reduction for the Certifying Officer's disallowances accepted by the Operator) with the allowable maximums specified in the contract. This summary should indicate the status of the allowable maximum after audit to prove that your accepted costs do not include any excesses over such allowable maximums and, therefore, the summary should be a comparison of the accepted costs with the contractual allowable maximums.

(13) One allowable maximum, i. e., the total of the Miscellaneous category of costs, has been omitted from your summary of the status of the allowable maximums.

Please review this Audit Report thoroughly and revise it in such a manner as to clarify your findings beyond any chance of misinterpretation. Also, with its return, please advise the reasons for the delay in its preparation and submission.

This is a very poorly prepared report, especially considering the elapse of time since the Operator brought his records to your office in the month of May, 1953. Furthermore, I understand that Mr. Talbert discussed some of the audit problems (particularly the supervision disallowance of $6,055.97) with you during his visit to Spokane in the first part of August, 1953. I, of course, understand that final preparation of the report had to be withheld until a determination was made as to termination or amendment of the contract, but this question was resolved with the

signing of Amendment No. 7 on August 6, 1953. It appears, therefore, that the Audit should have been prepared and submitted within a few weeks thereafter.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

Enclosure

EDTalbert/wb
December 4, 1953

Copy to: Docket
Admr. Reading File
Mr. Chambers

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
1201 N. Division St.
Spokane 2, Washington
November 27, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
1953

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

Dear Mr. Chambers:

There are submitted herewith 3 copies of the Audit Certificate and 2 copies of the Audit Report pertaining to Exploration Project Contract No. Idm-E334, Docket No. DMEA-2436, Northfield Mines, Inc.

As this audit covered only the period through April 30, 1953, no mention was made of Amendment No. 7, because this amendment was not executed until the 6th day of August, 1953.

Yours very truly,

Robert M. Hull

Robert M. Hull
Auditor

Enclosure

C
O
P
Y

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
So. 157 Howard Street
Spokane 4, Washington

October 31, 1953

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

Re: Collection of overpayment
on DMEA contract

Dear Mr. Miller:

This will acknowledge your letter of October 28, asking us to rescind as of that date your request to deduct $2,102.67 from contract Idm-E334 which we have with Northfield Mines to cover an overpayment made on contract Idm-E323 in your region. By carbon copy of this letter, Mr. Hindman, the Certifying Officer, is being advised of the rescission and is requested to return to you the bill for collection which you mailed to this office some time ago.

Sincerely yours,

/s/ A. E. Weissenborn

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

cc: Hindman
Hull
USBM (2) w/cy incoming
DMEA (2) w/cy incoming

C
O
P
Y

466 WA SP / I-BOM

SPOKANE 11/4/53 207P

E. D. TALBERT, ACTING CHIEF CONTRACT ADMINISTRATION AND AUDIT DIVISION
DEFENSE MINERALS EXPLORATION ADMIN.
DEPARTMENT OF INTERIOR WA 25 D.C.

RETEL NOVEMBER 4 REFERENCE IDM-E334, DMEA-2436, NORTHFIELD MINES AUDIT REPORT WILL BE FORWARDED WITHIN NEXT WEEK. ONLY 2 MF-104-S BEING WITHHELD APRIL AND MAY 1953. MAY INVOICE SUBJECT TO CORRESPONDENCE BETWEEN FIELD TEAM AND NORTHFIELD. NO PAYMENTS COULD BE MADE UNTIL SETTLEMENT OF REGION III CLAIM AGAINST NORTHFIELD AND A DETERMINATION AS TO WHETHER OR NOT THE PROJECT WAS TO BE TERMINATED OR WASHINGTON APPROVAL GRANTED TO SUSPEND OPERATION UNTIL SPRING. HAVE BEEN ADVISED BY MR. MILLER OF REGION III THAT REGION III CLAIM WILL BE SETTLED IN SAN FRANSCISCO.

R. M. HULL

Acknowledge in reply to Northfield's ltr of 10/27/53 & advise we have no reason for withholding payments.
CT 11/5/54

9/8

Dept. of Interior

Defense Minerals Exploration Admin.

14X3923.970 Working Fund, DMEA

Mr. Robert M. Hull
DMEA Auditor
1201 North Division Street
Spokane 2, Washington

November 4, 1953

Reference Idm-E334, DMEA-2436, Northfield Mines. Your Work Report for May-June indicated audit had been made. Please advise present status of Audit Report; also advise why payments of MF-104's subsequent to March are being withheld.

(Signed) E. D. Talbert

E. D. Talbert, Acting Chief
Contract Administration
and Audit Division

EDTalbert/wb
November 4, 1953

Copy to: Docket
Admr. Reading File
Mr. Talbert

C
O
P
Y

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, California

October 28, 1953

Memorandum

To: A. E. Weissenborn, Executive Officer, DMEA,
South 157 Howard Street, Spokane 8, Washington

From: Executive Officer, DMEA Field Team, Region III

Subject: Collection of overpayment on DMEA contract

On April 9, 1953, I sent you a copy of bill for collection dated April 9, 1953, in amount of $2,102.67, covering overpayment made to Northfield Mines, Incorporated, under Contract IDM-E-323, Docket DMEA 861X, requesting you to deduct this amount from final payment on Contract IDM-E-334 held in your region if collection were not made.

However, this is to advise you that this request has been rescinded as of October 28, 1953. Therefore, will you please return copy of bill for collection.

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

Copy to: R. J. Hindman, Finance Officer - Spokane, Washington
R. M. Hull, DMEA Auditor - Spokane, Washington

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D.C.
So. 157 Howard Street
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
Bureau of Land Management
RECEIVED
AUG 31 1953

August 30, 1953

Mr. A. J. O'Connell, Accountant
Northfield Mines, Inc.
Eureka, Nevada

Re: Docket DMEA 2436 (Cobalt - Copper)
Lemhi County, Idaho
Contract Idm-1534

Dear Mr. O'Connell:

Reference is made to your letter of July 28, 1953 in which you request information on your April MF 104 and the restated amount of $1,472.80, as proposed in a letter to Robert M. Bull, Auditor, dated March 21, 1953.

Our Certifying Officer has checked with Mr. Bull and concluded that the following restated items will be allowed:

Nov. 1952 report	Mine rail	$ 25.94
Nov. 1952 report	E. C. Bishop (snow removal)	175.00
Dec. 1952 report	W. E. Corrigan (snow removal)	496.77
Jan. 1952 report	W. E. Corrigan (gas fan)	416.00
Jan. 1952 report	W. E. Corrigan (miner's lamps)	174.00
		$1,287.71

Concerning your MF 104 for April 1953, in the amount of $15,595.69, we are informed the following deletions totaling $4,212.14 will be made:

Item II, Labor, $1,950.00 for supervisory charges of J. C. Salyer, W. A. Faroni, and M. L. Mann. They have exceeded the allowable maximums for supervision.

Item III, Cookhouse furnishings will be increased by $13.05 and Item III, Pipe and fittings, decreased by $13.05 due to erroneous distribution. This charge is on an invoice from Northwest Butane Gas.

Item III, Drill steel, $81.63 from Gentry Equipment invoice for trolley and I-beams not allowable under terms of the contract.

Item III, Pipe and Fittings, $63[illegible].00 for 300 ft. of 4" pipe billed by Spencer Supply Co. Our engineer states this pipe not applicable to this phase of the work.

Item III, Tools, $130.00. $2.43 was deleted from Challis Transfer Co. for transportation on battery charger not allowable. $127.63 was deleted from Eureka Corp. invoices for unauthorized purchase covering battery charge instruments.

Item III, Engineer and Geology Supplies, $3.15, for labels, envelopes, and stamps purchased from Pembroke Co. These are overhead items not allowable.

Item IV, Rental, was deleted in its entirety as they have exceeded the maximum allowable of $8,481.90.

Item VII, Auto Repair, $12.50, for trailer rent payed by Milo Smith. This item is not authorized.

Item VII, Payroll Taxes, $[illegible].00, which is adjustment due to deletion of $1,990.00 from payroll.

Item VII, Recording house lease, $8.50, which was for candy, Canada Dry, and magazines charged to the contract.

We have been instructed by our Washington, D. C. office to withhold payment in the amount of $2,182.67, which amount is reported due the Government by Northfield Mines, Inc., for overpayment on Contract Ida-5383, a tungsten contract in Inyo County, California. Accordingly, we are withholding this amount and we advise you to contact our Washington, D. C. office for further clarification on this matter if you have questions concerning it.

From the foregoing deletions we calculate the amount owed to you as:

70 percent of restated items totaling $1,[illegible].75-	$ 981.43
70 percent of April 1955 MP 104 of $11,383.55-	7,968.48
	$8,[illegible]
Less amount owed Government on Contract Ida-5383	$2,182.67
	$6,767.85 *

We are instructed to withhold up to 10 percent of the final payment to the Operator on work completed to protect the Government equity in jointly-owned equipment and supplies and to insure the closing out of the contract. For these reasons we are withholding payment on the $6,767.85

* Subject to change pending completion of audit by Mr. Hull.

In this respect, we wish to call your attention to the amendment extending Contract Ida-4398. This amendment is currently at this office and needs only clarification of certain property rights and signature of the Operator to become effective. As soon as the amendment is signed and work has started we shall release the remainder of the amount due to you; otherwise, we will need to effectively complete the present contract by disposing of equipment and supplies, and completing the final report before these funds will be payable.

By Field Team, Region II

A. E. Weissenborn, Executive Officer
(U. S. Geological Survey)

Thomas E. Howard, Acting Member
(U. S. Bureau of Mines)

Distribution:
DMEA (2)
USBM (2)
Auditor Hull
Certifying Officer Hindman
Cont. Adm. & Aud. Div., Wash. D. C.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D. C.~~
[illegible] Howard Street
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
FILED
JUL 10 1953

July 6, 1953

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

Dear Mr. Miller:

In answer to your letter of July 3, I have instructed Mr. Hindman, our Certifying Officer, to withhold the amount of $2,102.07 from the sum due the Northfield Mines, Inc., on their contract [illegible] in this area.

Will you please advise me as soon as the bill for collection of the overpayment mailed from your office to the Operator on April 9, 1953, has been paid, or if the Operator has indicated to you his intention of honoring this bill for collection.

Sincerely yours

A. L. Weissenborn
Executive Officer, DMEA
Field Team, Region II

cc: DMEA (2)
USBM (2)
Hindman
Hull

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D. C.~~
So. 157 Howard Street
Spokane 4, Washington

July 7, 1953

Memorandum

To: Ray Hindman, Certifying Officer, DMEA, Region II

From: Executive Officer, DMEA Field Team, Region II

Subject: Collection of overpayment on DMEA contract Idm-E323 in Region III

This is to advise you that I have received a letter from Mr. Miller, Executive Officer, DMEA Field Team, Region III, asking that $2,102.67 be withheld from the amount owed to Northfield Mines, Inc. on Contract Idm-E334. Mr. Hull's file contains the details of this deduction in a copy of a memo from Miller to Shelton at Albany dated April 9, 1953, with attachments.

A. E. Weissenborn

cc: DMEA (2)
USBM (2)
Hull

Form MF 104 (Rev.)
(April 1952)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.3.
Approval expires 6-30-53.

Wash.

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of April, 1953 Docket No. DMEA 243 Contract No. Idm R-334
Operator's Name Northfield Mines, Inc. Minerals Cobalt - Copper
Address % A. J. O'Connell, Eureka, Nevada
Contract Amount, $ 102,900.00 Government Participation: 70% Amount $ 70,300.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	Approved Mthly Total	Approved Totals ~~Todate~~ Previously Reported	Approved Totals Todate
(1) Contracts:						
Drilling		19,357.00	19,357.00		19,357.00	19,357.00
Bulldozing		7,533.00	7,533.00		7,533.00	7,533.00
Drifting		3,645.45	3,645.45	448	3,834.90	3,790.52
Snow Removal	390.00	1,576.77	1,966.77	1,078.80	730.00	1,808.80
(2) Labor & Supervision:						
Labor	7,718.35	19,296.45	27,014.80	5,768.35	15,190.48	20,958.83
Supervision		4,200.00	4,200.00		4,200.00	4,200.00
Technical Services		2,500.00	2,500.00		2,500.00	2,500.00
(3) Op. Mat'ls & Sup:						
Bunkhouse Furnishings	1.68	766.57	768.25	1.68	766.57	768.25
Cook house Furn.	94.40	925.98	1,020.38	94.40	925.98	1,020.38
Powder, Caps, Fuse, Etc	259.45	1,287.22	1,546.67	259.45	1,287.22	1,546.67
Steel	263.29	686.23	949.52	84.60	1,559.06	1,643.66
Pipe & Fittings	709.14	1,559.06	2,268.20	821.51	1,072.60	1,894.11
Mine Rail	706.78	1,187.33	1,894.11		488.65	488.65
Ventubo		488.65	488.65	696.05	1,654.89	2,350.9
Diesel Fuel, Etc.	696.05	1,741.99	2,438.04	427.44	701.14	1,128.5
Gasoline	427.44	701.14	1,128.58	343.31	519.67	862.9
Tools	473.39	519.67	993.06	23.48	704.59	728.0
Eng.& Geo. Sup.	28.63	704.59	733.22		113.30	113.3
Medical Supplies		113.30	113.30		235.20	235.2
Core Boxes		235.20	235.20	660.21	1,483.66	2,143.
Mine Timber	660.21	1,483.66	2,143.87			
(4) Operating Equipment:						
Rented	1,165.65	8,972.56	10,138.21		8,401.90	8,401.
(Purchased		1,601.79	1,601.79	590.00	1,011.79	1,601.
(6) New Bldgs & Imp.:	389.66	3,334.96	3,724.62	389.66	3,334.96	3,724.
(7) Miscellaneous:						
Analytical	192.00	1,289.18	1,481.18	192.00	1,289.18	1,481.
Accounting Fees		1,039.81	1,039.81		1,039.81	1,039.
Travel for Engineer		1,000.00	1,000.00		1,000.00	1,000.
Telephone		350.00	350.00	//350/00	350.00	350.
Automotive Rep.	96.11	627.47	723.58	83.61	688.17	771.
Repair Parts-Machines	93.23	725.07	818.30	93.23	725.07	818.
Payroll Taxes	808.67	2,264.08	3,072.75	574.67	1,838.41	2,413.
Boarding House Loss & Cabin Rent	421.56	480.49	902.05	412.97	130.49	543.
Freight on Drill		325.00	325.00		350.00	350.
					385.00	385.
	$15,595.69	$92,519.67	$108,115.36	12,747.15	86,014.47	98,761.

sent in previously

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

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

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

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

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

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

GPO 83-38476

Form M[illegible]104A
(April 1952)

Budget Bureau No. 42-R1151
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

RECEIVED
— 23 1954

Month of April 1953 Docket No. DMEA 2436 Contract No. Idm E-374
Operator's Name Northfield Mines, Inc. Minerals Cobalt-Copper
Address % A. J. O'Connell, Eureka, Nevada

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting	ft	15,206.03	114.2	43,149.23	766.2	64.15		37.19
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core	ft			19,357.00	3023	6.39		6.40
Churn								
Auger								
Stripping								
Trenching	hrs			5,760.50	425½	13.49		13.00
Test Pits								
Roads and Trails	hrs			1,332.50	241	13.00		13.00
Other Allowable				26,749.22				
Total Distributed Costs		15,206.03	1	2,733.95				Total Costs Authorized by Contract
Operating Equipment Purchased				1,693.73				2,000.00
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.		389.66		3,784.68				[illegible]
Total Costs		15,[illegible].69		108,115.36				93,500.00
								102,000.00

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

Date May 15, 1953 Operator Northfield Mines, Inc.

Per [signature] Title Accountant

Remarks:

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

Preparation of Form MF–104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF–104A has been designed to tie in with Form MF–104 for both monthly and cumulative costs. The "Total Costs" on Form MF–104A for each month should equal the monthly "Total Costs" as reported on Form MF–104. This is also true of the "Total Costs To Date".

In preparing Form MF–104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

U. S. GOVERNMENT PRINTING OFFICE 205676

NORTHFIELD MINES, INC.
Stevenson Property - Idaho

PROGRESS REPORT #11
April 1953

Docket #DMEA 2436
Contract #Idm E-334

The total advance for the month was 114.2 feet, making a total of 793.7 feet since 7000 Adit was started.

701 DRIFT

Advance was 26.6 feet, a total of 197.1 feet from 7000 Adit. The ground is such that timber sets are still being placed on 3 foot centers. Seepage from the spring thaw caused pressure on the sets in the area near 701a crosscut, breaking a number of posts. Twelve replacement and doubling up sets were placed, using minimum twelve inch diameter locally cut fir timbers.

The ground traversed was grey schist containing a few small stringers of mineralization. The soft biotite schist contact has been in or very near the west side of the face.

701a CROSSCUT

No work was performed in the crosscut this month. Some short underground diamond drill holes are planned to test the structure early in May.

702 DRIFT

Advance for the month was 87.6 feet. The face is now 281.6 feet south of 7000 Adit. Drift timbers on three foot senters are required. Difficulties with thaw seepage were less than in 701 Drift, though 702 is making about ten gallons of water per minute.

The ground is intercalated thin bedded quartzite and grey schist with some excellent very irratic showings of coarse cobaltite which make proper sampling difficult. Appreciable oxidation and leaching has probably removed some of the cobalt. The structure appears to be a small anticlinal fold, often very favorable for mineralization at the adjacent Calera Mining Company's property. Plans are to test the area by short underground diamond drill holes as soon as possible.

GENERAL

The number of shifts on surface work, cutting timbers for drift repairs and current work, was increased. This work was hampered by deep snow though warmer weather has started the thaw on the east and south hillsides.

Some work, to increase the size of the 7000 Adit yard, was done as well as some timber slashing adjacent to the yard.

Respectfully submitted,

George W. Mitchell

GWM/m

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

Budget Bureau No. 42-R1036.3.
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

Wash

Month of March, 1953 Docket No. DMEA 2436 Contract No. Idm B-334
Operator's Name Martfield Mines, Inc. Minerals Cobalt-Copper
Address A. R. J. O'Connell, Yerrocks, Nevada
Contract Amount, $ 102,900.00 Government Participation: 70 % Amount, $70,300.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Contracts:						
Drilling		19,357.00	19,357.00		19,357.00	19,357.00
Bulldozing		7,533.00	7,533.00		7,533.00	7,533.00
Drifting		3,645.45	3,645.45		3,824.90	3,824.90
Snow Removal	380.00	1,196.77	1,576.77	380.00	350.00	730.00
(2) Labor & Supervision:						
Labor	7,822.09	11,474.36	19,296.45	3716.12	11,474.36	15,190.48
Supervision		4,200.00	4,200.00		4,200.00	4,200.00
Technical Services		2,500.00	2,500.00		2,500.00	2,500.00
(3) Op. Mat'ls & Sup:						
Bunkhouse Furn.		766.57	766.57		766.57	766.57
Cookhouse Furn.	1.74	924.24	925.98	1.74	924.24	925.98
Powder, Caps, Fuse, Etc.	236.42	1,050.80	1,287.22	236.42	1,050.80	1,287.22
Steel	44.68	641.55	686.23	44.68	641.55	686.23
Pipe & Fittings	265.06	1,294.00	1,559.06	265.06	1,294.00	1,559.06
Mine Rail	79.38	1,107.95	1,187.33	79.38	993.22	1,072.60
Ventubo		488.65	488.65		488.65	488.65
Diesel Fuel, Etc.	161.06	1,580.93	1,741.99	161.06	1,493.03	1,654.09
Gasoline	37.47	663.67	701.14	37.47	663.67	701.14
Tools	81.26	438.41	519.67	81.26	438.41	519.67
Eng. & Geo. Supplies		704.59	704.59		704.59	704.59
Medical Supplies		113.30	113.30		113.30	113.30
Core Boxes		235.20	235.20		235.20	235.20
Mine Timber	414.26	1,069.40	1,483.66	414.26	1,069.40	1,483.66
(4) Operating Equipment:						
Rented	1,534.33	7,438.23	8,972.56	1534.33	7,438.23	8,972.56
Purchased	48.00	1,553.79	1,601.79	48.00	1,553.79	1,601.79
(6) New Bldgs. & Improv:						
	22.60	3,312.36	3,334.96	22.60	3,312.36	3,334.96
(7) Miscellaneous:						
Analytical	36.00	1,253.18	1,289.18	36.00	1,253.18	1,289.18
Accounting Fees		1,039.81	1,039.81		1,039.81	1,039.81
Travel for Engineer		1,000.00	1,000.00		1,000.00	1,000.00
Telephone		350.00	350.00		350.00	350.00
Automotive Repair	177.94	449.53	627.47		350.00	350.00
Repair Parts-Machines	83.39	641.68	725.07	177.94	449.53	627.47
Payroll Taxes	780.56	1,483.52	2,264.08	83.39	641.68	725.07
Boarding House Loss-Cabin Rent	26.73	453.76	480.49	354.89	1,483.52	1,838.41
Freight on Drill		325.00	325.00	26.73	453.76	480.49
					350.00	350.00
					325.00	325.00
	$12,232.97	$80,286.70	$92,519.67	7128.47	78886.00	86,014.47

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E 334 in accordance with the terms of the contract.

Signature Stephen A. Foldoh Title Min Eng Date 6/26/53

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /s/ Thomas E Howard Title Mining Engr Date 6/26/53

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

GPO 83-38476

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of March 1953 Docket No. DMEA 2436 Contract No. Idm E-334
Operator's Name Northfield Mines, Inc. Minerals Cobalt- Copper
Address % A. J. O'Connell, Eureka, Nevada

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting	ft.	12,162.37	207½	33,943.20	652'	52.06		37.19
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core	ft			19,357.00	3028	6.39		6.49
Churn								
Auger								
Stripping								
Trenching	hrs.			5,700.50	425½	13.40		13.00
Test Pits								
Roads and Trails & Sites				1,832.50	141	13.00		13.00
Other Allowable				26,749.72				
TOTAL DISTRIBUTED COSTS		12,162.37		87,582.92				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased		48.00		1,601.79				1,840.00
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.		22.60		3,334.96				7,500.00
Other Allowable								93,500.00
TOTAL COSTS		12,232.97		92,519.67				102,900.00

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

Date 4-16-53 Operator Northfield Mines, Inc.

Per [signature] Title Accountant

REMARKS:

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

Preparation of Form MF–104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF–104A has been designed to tie in with Form MF–104 for both monthly and cumulative costs. The "Total Costs" on Form MF–104A for each month should equal the monthly "Total Costs" as reported on Form MF–104. This is also true of the "Total Costs To Date".

In preparing Form MF–104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 83-38475

NORTHFIELD MINES, INC.

STEVENSON PROPERTY - IDAHO

PROGRESS REPORT #10

March 1953

Docket No. DMEA 2436
Contract No. Idm E-334

The total advance for the month was 207.5 feet making a total footage to date of ~~652.~~ 679.5

7000ADIT

Further work in the adit has been suspended because of the bad ground west of the 701 Drift. The track was removed for use elsewhere.

701 DRIFT

The month's advance was 100.5 feet to a point 170.5 feet from the turn-out from the 7000 Adit. Ground conditions have been fair though a little seepage water is entering. The drift is in the east wall of the mineralized shear following it north.

701a CROSSCUT

Advance was 45.0 feet from the turn-out in 701 Drift. The mineralized zone was intersected at 30.5 feet where the ground condition is similar to that encountered in the 7000 Adit when the intensely sheared biotite schist was entered. The crosscut was advanced an additional 14.5 feet using cribbing to support the bottom, sides and back. Breast boards are used and each round of 3 x 12 inch cribbing is placed as room is made for it. The inside dimension is 3½ x 5 feet. Work was delayed waiting for delivery of a small air operated slusher to facilitate removal of the broken rock.

The shear is only slightly mineralized where excavated, similar to the condition in the 7000 Adit. No assays are yet available. It is expected that both the mineral content and the ground condition will improve.

702 DRIFT

Advance for the month was 620 feet to a point 194 feet from the 7000 Adit turn-out. A turn to the south east was made at 146 in order to follow the shear zone south keeping the drift in the west wall. The direction is determined by the best intersection in diamond drill Hole D-6, approximately 100 feet ahead of the face. Atleast one crosscut east will be driven across the shear to determine its value. Considerable oxidation is present because the backs in the area are only about 75 feet.

GENERAL

Snow conditions were a little better than in February but deep snow in the timber hampers cutting lagging and drift sets. 702 Drift dried up the camp spring so another spring about 600 feet away had to be equipped for water supply.

Preparations are being made to enlarge the yard space at the 7000 Adit portal to accommodate equipment and buildings for an enlarged exploration program immediately following break up.

The total shifts worked including the cook and all labor and supervision was 256.

Respectfully submitted,

George W. Mitchell

MAY 21 1953

Mr. [illegible] Weissenborn
Executive Officer
DMEA Field Team, Region II
South 157 Howard Street
Spokane 4, Washington

Subject: Docket No. [illegible] 2436
Cobalt-Copper)
Contract [illegible]-2714
Lemhi County, Idaho

Dear Mr. Weissenborn:

Reference is made to a letter dated May [illegible], [illegible], addressed to Mr. A. J. [illegible] Counsel of Bertenfield Mines, Inc., by Mr. Tolin, Member Field Team, Region II, requesting the submission of a supplemental KP-104, revising all cost data to date in accordance with Amendment No. 6 to the subject contract.

The Operating Committee concurs that the requested action is the most practical way to proceed under the new amendment. It is noted, however, that you state that all costs previously charged to and paid for drifting "except for purchases of equipment" should be shown as credits on the supplemental KP-104.

Since Amendment No. 6 places the drifting operations on a basis of agreed unit costs, which include all costs of the drifting, this exception is not understood. The forms KP-104 submitted by the Operator indicate that purchases of equipment have been made since the date the drifting was commenced. The amounts of such purchases appear to be properly for credit to the Government.

Your advice on this matter will be appreciated.

Sincerely yours,

W. S. Martin

ACTING Chairman, Operating Committee

Approved:

J. H. Hedges

Member, Bureau of Mines

A. R. Kinkel, Jr.

Member, Geological Survey

[illegible]Talbert/aaa - May 20, 1953
Copy to: Files and Files
Admr. Reading File
Region II
Operating Committee
Messrs. [illegible] Thayer, J. H. Hedges,
[illegible] Martin, [illegible] Selfridge,
J. [illegible] Chambers

XXXXXXXXXXXXXXXX
1201 N. Division St.
Spokane 2, Washington
May 11, 1953

Mr. A. J. O'Connell,
Northfield Mines, Inc.
Stevenson Operation,
Eureka, Nevada.

Subject: Docket No. IMEA 2436
(cobalt-copper)
Contract Idm-E334
Lemhi County, Idaho

Dear Mr. O'Connell:

Enclosed are six copies of Amendment No. 6 to your contract Idm-E334, which has been signed by the Government and now needs signature of an authorized officer of your company before it becomes effective. If the amendment meets with your approval, please sign all copies, retain the copy marked for the Operator and return all others to this office.

Under this amendment No. 6 the Government will contribute to the cost of drifting on the basis of the unit costs shown in lieu of actual costs for units of work completed.

Before further payment can be made under the contract it will be necessary for you to submit a supplemental MF-104, revising all cost data to date so that they correspond to the provisions of this amendment. All costs that have been charged to drifting previously and for which payment has been made should be shown as credits; this will include the labor that was used for drifting, as well as all other expenses such as supervision, engineering, supplies, repairs, rental, and items directly or indirectly used except for purchases of equipment. The cost of drifting then can be reclaimed under Item I, Unit Contracts, on your supplemental MF-104. This is a lot of trouble, we realize, but it seems to be the most practical way to start under the new amendment.

Sincerely yours,

cc:
DMEA
USGS
AD
DF
Wash.(2)
Engineer
R. M. Hull

M. B. Volin, Member
Field Team, Region II

May 1, 1953

See Contract E323 for letter to A. E. Weissenborn from the Operating Committee re Contracts E323 and E334, Northfield Mines, Inc.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D.C.~~
N. 1201 Division
Spokane, Washington

Reply not necessary

April 16, 1953

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

APR 20 1953

Re: DMEA-2436, Idm-E334
Northfield Mines, Inc.

Dear Mr. Chambers:

Reference is made to your letter of April 1, 1953, pertaining to the referenced project.

The Field Team of Region 11, is awaiting the Operating Committee's action in this matter and everything at this end is at a stand still. Mr. Weissenborn is under the impression that the entire matter will be handled by the Washington office.

Therefore my audit report will not be written until such time as the matter is settled. I would appreciate any comments you may have on this subject.

Sincerely yours,

Robert M. Hull

Robert M. Hull

800

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

APR 1 1953

Mr. Robert M. Hull
DMEA Auditor
1201 North Division Street
Spokane 2, Washington

Re: DMEA-2436, Idm-E334
Northfield Mines, Inc.

Dear Bob:

Reference is made to that portion of your letter of March 27, 1953, pertaining to the referenced project.

There appears to be considerable misunderstanding relative to the matter of itemizing sub-contract costs under this project. As the contract was originally written provision was made for sub-contracting the following categories of work on a cost per unit of work basis (with unit costs, number of units, and total costs per category, and total costs for Independent Contracts each being designated as "allowable maximums"):

Road Construction
Trenching
Road Rehabilitation
Preparation of Drill and Building Sites
Diamond Drilling

All other work, including the exploratory drifting, was to be done by the Operator with the Labor, Supervision and Supplies listed (and designated by totals as "allowable maximums") in the Exhibit "A".

By Amendment No. 3, however, the Executive Officer provided that the drifting "may be done by independent contractors with the prior approval of the Field Team." This has the effect of decreasing the "allowable maximums" under Labor and Supervision and Operating Materials and Supplies and increasing the "allowable maximum" under Independent Contracts; and properly the amendment should have incorporated these changes in "allowable maximums". In view of the provisions of Article 6 (a) (1) of the contract an amendment effecting this change in "allowable maximums" is required before you can allow either the drifting costs under sub-contract, or any costs in excess of the total of $27,550 designated as an "allowable maximum" for Independent Contracts.

Since, by the terms of the contract, all independent contracts are required to be on a unit price basis, I cannot perceive of any reason or justification for you, as an auditor, to demand that either the Operator or the sub-contractor account for, or itemize, his charges by labor, supplies, overhead, profit, etc.

I understand that the amendment of this contract is the subject of current correspondence between the Operating Committee and the Executive Officer of Region II, and that the latter has been requested to prepare the necessary amendment.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

EDTalbert/wb
March 31, 1953

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

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

Budget Bureau No. 42-R1036.3.
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Defense Minerals Administration
RECEIVED
APR 13 1953

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of February, 1953 Docket No. DMEA 2436 Contract No. Idm-E334

Operator's Name Northfield Mines, Inc. Minerals Cobalt - Copper

Address c/o A. J. O'Connell - Eureka, Nevada

Contract Amount, $ 102,900.00 Government Participation: 70 % Amount, $ 70,300.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Contracts:						
Drilling		19,357.00	19,357.00			
Bulldozing		7,533.00	7,533.00			
Drifting		3,645.45	3,645.45			
Snow Removal	350.00	846.77	1,196.77			
(2) Labor & Supervision:						
Labor	6,024.31	6,729.30	12,753.61			
Supervision		4,200.00	4,200.00			
Technical Services		2,500.00	2,500.00			
(3) Op. Mat'ls. & Sup.:						
Bunkhouse Furn.	48.23	718.34	766.57			
Cook House Furn.	47.84	876.40	924.24			
Powder Caps, Fuse, Carbide, etc.	424.70	626.10	1,050.80			
Steel	1.24	640.31	641.55			
Pipe & Fittings	40.60	1,253.40	1,294.00			
Mine Rail	33.81	1,074.14	1,107.95			
Ventube		488.65	488.65			
Diesel Fuel, etc.	589.85	991.08	1,580.93			
Gasoline	219.77	443.90	663.67			
Tools	22.67	415.74	438.41			
Eng. & Geo. Supplies	36.78	667.81	704.59			
Medical Supplies		113.30	113.30			
Core Boxes		235.20	235.20			
Mine Timber	1,069.40		1,069.40			
(4) Operating Equipment:						
Rented	1,444.00	6,438.23	7,882.23			
Purchased	238.36	1,315.43	1,553.79			
(6) New Bldgs. & Improve.:	96.92	3,215.44	3,312.36			
(7) Miscellaneous:						
Analytical	186.00	1,067.18	1,253.18			
Accounting Fees		1,039.81	1,039.81			
Travel for Engineer	124.50	875.50	1,000.00			
Telephone		350.00	350.00			
Automotive Repairs	243.72	205.81	449.53	10250.87	68592.80	78845.67
Repair Parts-Machines	121.10	520.58	641.68			
Payroll Taxes	570.85	999.13	1,569.98			
Boarding House Loss - Cabin Rent	168.26	285.50	453.76			
Freight on Drill		325.00	325.00			
Totals	$12,102.91	$69,993.50	$82,096.41			

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

$ 7205.24

Signature [signature]
(Authorized Certifying Officer)

Date 4/6/53 Vou. No. 711
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E334 in accordance with the terms of the contract.

Signature Verda J. Johnson Title Mining Engr. Date 3-23-53

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature M E Dolin Title Member DMEA Field Team Reg'l Date 3/23/53

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

U. S. GOVERNMENT PRINTING OFFICE 205675

Northfield Mines, Inc.
c/o A. J. O'Connell, Eureka, Nevada.

Contract Idm-E334

	Month-Feb. 1953	Approved Totals Forward	Approved Totals to Date
(1) Contracts:			
Snow removal	350.00		350.00
Drilling		19,357.00	19,357.00
Bulldozing		7,533.00	7,533.00
Drifting (adit)		3,834.90	3,834.90
(2) Labor & Supervision			
Labor	4,745.06	6,729.30	11,474.36
Supervision		4,200.00	4 200.00
Technical services		2,500.00	2,500.00
(3) Operating Materials & Supplies			
Core boxes		235.20	235.20
Geology Supplies	36.78	667.81	704.59
Small tools	22.67	415.74	438.41
Drill Steel	1.24	625.86	627.10
Mine rail	33.81	959.41	993.22
Pipe fittings	40.60	1,253.40	1,294.00
Cook house furnishings	47.84	876.40	924.24
Medical supplies		113.30	113.30
Gasoline	219.77	443.90	663.67
Bunkhouse furnishings	48.23	718.34	766.57
Fuel oil, tires, etc.	589.85	906.18	1,496.03
Ventube		488.65	488.65
Powder, caps & fuse	424.70	626.10	1,050.80
Mine timber	1,069.40		1,069.40
(4) Operating Equipment			
Rental	1,000.00	6,438.23	7,438.23
Purchases	238.36	725.43	963.79
(6) New Buildings & Equipment	96.92	3,215.44	3,312.36
(7) Miscellaneous			
Drill parts & repairs	121.10	520.58	641.68
Repairs to Equipment	243.72	266.51	510.23
Sampling & Analysis	186.00	1,067.18	1,253.18
Payroll taxes	484.39	999.13	1,483.52
Telephone		350.00	350.00
Freight on drill		325.00	325.00
Accounting		1,039.81	1,039.81
Engineer travel	124.50	875.50	1,000.00
Cabin rent		350.00	350.00
Boarding house loss	,168.26		103.76
	10,293.21	68,592.80	78,886.00

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151
Approval expires 6-30-53.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 13 1953

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

Month of February 1953 Docket No. DMEA 2436 Contract No. Idm-E334
Operator's Name Northfield Mines, Inc. Minerals Cobalt - Copper
Address c/o A. J. O'Connell - Eureka, Nevada

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting	Ft.	11,767.63	172 1/2	23,590.54	444 1/2	53.07	1000	37.19
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core	Ft.			19,357.00	3028	6.39		6.49
Churn								
Auger								
Stripping								
Trenching	Hrs.			5,700.50	425 1/2	13.40		13.00
Test Pits								
Roads and Trails & Sites	Hrs.			1,832.50	141	13.00		13.00
Other Allowable				26,749.72				
TOTAL DISTRIBUTED COSTS		11,767.63		77,230.26				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased		238.36		1,553.79				1,840.00
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.		96.92		3,312.36				7,500.00
Other Allowable								93,560.00
TOTAL COSTS		$12,102.91		$82,096.41				$102,900.00

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

Date 3-19-53 Operator Northfield Mines, Inc.

Per [signature] Title Accountant

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.

REMARKS:

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

Preparation of Form MF–104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF–104A has been designed to tie in with Form MF–104 for both monthly and cumulative costs. The "Total Costs" on Form MF–104A for each month should equal the monthly "Total Costs" as reported on Form MF–104. This is also true of the "Total Costs To Date".

In preparing Form MF–104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 83-38475

NORTHFIELD MINES, INC.

STEVENSON PROPERTY - IDAHO

PROGRESSS REPORT #9

February 1953

Docket #DMEA 2436
Contract Idm E-334

The total advance for the month was 172.5 feet.

7000 ADIT

The adit was advanced 3.5 feet to 270 feet from the portal. The ground at this point and at several other points between 170 feet and the face was such that the turnout north from the face was abandoned. A turnout, 701 Drift, was made from a point 130 feet from the portal on the east side of the ore zone where better mining conditions were expected.

701 DRIFT

Advance for the month was 70 feet to a point about 50 feet north of 7000 Adit.

After the turnout from 7000 Adit was made, a very bad piece of ground was intersected and work in 701 seemed to cause the timber in 702, the south drift, to take weight. It appeared for a while as though the cost of maintaining the headings might be great enough to necessitate a radical change in the exploration plan. However, near the end of the month conditions improved to such an extent in 701 that this possibility seems remote.

701 Drift is being driven in the grey schist just east of the ore zone. When it has been advanced another 20 to 30 feet, depending on ground conditions, a crosscut west will be driven to explore the ore zone.

If ground conditions within the ore zone are good enough, which seems unlikely, the drift will be continued in the zone. If not, it will continue north in the footwall with crosscuts through the ore zone about every 70 feet. Timber sets of native pine on three foot centers are being placed. A supply of 10 x 10 fir timbers are on hand for use if heavier ground is encountered.

The drift is gaining backs rapidly as it is driven deeper into the steep hill.

702 DRIFT

Advance for the month was 99 feet to a point 132 feet south of 7000 Adit. The bearing of the drift is such that it is a diagonal crosscut. When the ore zone has been crosscut, a drift turnout will be made south in the best grade material in order to explore it, provided ground conditions permit. Otherwise, the drift will be driven in the footwall with short crosscuts through the zone.

The shape of the surface terrain is not so favorable as 701 for gaining backs. It is expected that 702 will contain some oxide material so the drift does not have the importance of 701 at the 7000 Adit horizon. Furthermore, the "slump" in the surface rocks, which has caused them to dip flatly to the west, is not far ahead of the present face.

A number of "helper" or "doubling up" drift sets were placed earlier in the month in 702 because of weight. This condition seems to have improved though there is some water in the drift which often causes ground movements.

Assays of the mineralized zone are on the plans and section.

GENERAL

Improvement in organization and accomplishment was marked during the month. The crew now consists of two sets of drift men on day shift and one set on each of the other two shifts. Snow conditions have been bad, hampering the cutting of native timbers used as drift sets and lagging as well as necessitating much road plowing. A stock of fir is on hand in the event heavy ground requires its use.

The total man shifts worked, including the cook and all labor and supervision, was 258.

Respectfully submitted

George W. Mitchell

George W. Mitchell

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.3.
Approval expires 6-30-53.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 13 1953

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of January 1953 Docket No. DMEA 2436 Contract No. Idm-19334
Operator's Name Northfield Mines, Inc. Minerals Cobalt - Copper
Address c/o A. J. O'Connell - Eureka, Nevada
Contract Amount, $102,900.00 Government Participation: 70 % Amount, $70,300.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly	Totals Previously	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Contracts:						
Drilling		19,803.60	19,803.60			
Bulldozing		7,644.00	7,644.00			
Drifting	573.65	3,933.02	4,506.67	573.65		
(2) Labor & Supervision:						
Labor	3,709.31	3,913.07	7,622.38	3,109.31		
Supervision		4,200.00	4,200.00			
Technical Services		3,616.00	3,616.00			
(3) Op. Mat'ls. & Sup.:						
Core Boxes		235.20	235.20			
Geology Supplies	14.20	653.61	667.81	14.20		
Small Tools	259.95	155.79	415.74	259.95		
Drill Steel		625.86	625.86			
Mine Rail	15.76	1,058.38	1,074.14	15.76		
Pipe & Fittings	35.73	1,217.67	1,253.40	35.73		
Cook House Furn.	519.49	356.91	876.40	519.49		
Medical Supplies	93.88	19.42	113.30	93.88		
Gasoline	56.18	396.77	452.95	56.18		
Bunkhouse Furn.	140.04	578.30	718.34	140.04		
Fuel Oil, Tires, etc.	188.92	802.16	991.08	188.92		
Ventube		488.65	488.65			
Powder, Caps & Fuse	623.10	3.00	626.10	623.10		
(4) Operating Equipment:						
Rented	1,040.65	5,449.58	6,490.23	1,040.65		
Purchased	740.53	574.90	1,315.43	740.53		
(6) New Bldgs. & Improve.:	823.63	2,437.11	3,260.74	823.63		
(7) Miscellaneous:						
Drill Parts & Repairs		520.58	520.58			
Repairs to Equipment	70.28	135.53	205.81	70.28		
Sampling & Analysis	168.00	899.18	1,067.18	168.00		
Payroll Taxes	395.25	659.66	1,054.91	395.25		
Telephone	50.00	344.03	394.03	50.00		
Freight on Drill		325.00	325.00			
Accounting		1,039.81	1,039.81			
Engineer Travel		878.75	878.75			
Cabin Rent & Boarding House Loss	64.50*	350.00	285.50			
TOTALS	$9,454.05	$63,315.54	$72,769.59	7508.01	6984.74	14592.80

*Credit

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

Date 2-13-53 *Payee Northfield Mines, Inc.

Per A. J. O'Connell Title Accountant

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

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

(Instructions on reverse)

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

$5465.64

Signature
(Authorized Certifying Officer)

Date 3/5/53 Vou. No. 675
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E 334 in accordance with the terms of the contract.

Signature /s/ Webster S Anderson Title Mining Engr. Date 7/18/53

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /s/ Thomas E. Howard Title Mining Engr. Date 7/18/53

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

GPO 83-38476

(April 1952)

Budget Bureau No. 42-R1151
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 13 1953

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of January 1953 Docket No. DMEA 2436 Contract No. Idm-E334
Operator's Name Northfield Mines, Inc. Minerals Cobalt - Copper
Address c/o A. J. O'Connell - Eureka, Nevada

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting	Ft.	7,889.89	87	11,822.91	272	43.47	1000	37.19
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core	Ft.			19,803.60	3,028	6.54	2980	6.49
Churn								
Auger								
Stripping								
Trenching	Hrs.			5,700.50	425½	13.40	435	13.00
Test Pits								
Roads and Trails & Sites				1,943.50	149½	13.00	171	13.00
Other Allowable				28,922.91				
TOTAL DISTRIBUTED COSTS		7,889.89		68,193.42				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased		740.53		1,315.43				1,840.00
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.		823.63		3,260.74				7,500.00
Other Allowable								93,560.00
TOTAL COSTS		$9,454.05		$72,769.59				$102,900.00

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

REMARKS:

Date 2-13-53 Operator Northfield Mines, Inc.

Per [signature] Title Accountant

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

Preparation of Form MF-104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF-104A has been designed to tie in with Form MF-104 for both monthly and cumulative costs. The "Total Costs" on Form MF-104A for each month should equal the monthly "Total Costs" as reported on Form MF-104. This is also true of the "Total Costs To Date".

In preparing Form MF-104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 83-38475

NORTHFIELD MINES, INC.

STEVENSON PROPERTY - IDAHO

PROGRESS REPORT #8

January 1953

Docket #DMEA 2436
Contract Idm E-334

ADIT 7000

The total advance for the month was 54 feet, 38.5 of which was done by the contractor from January 1 to 20. The adit heading is at 266.5 feet from the portal. The average assay of mineralized zone from 188 to 245 (57 feet) was 0.32% cobalt and 0.79% copper. The west 38.5 feet averaged 0.37% cobalt and 0.94% copper. At 235.5 to 236.5 a pick sample assayed 4.19% cobalt and 13.8% copper. Ground conditions in the mineralized zone remained poor, necessitating timber and some spiling but was considerably improved from that penetrated in December. However, two sets at 244 and 248 took weight and had to be doubled up. The area where trouble was experienced in December will require repairs again when the ground has had a chance to stabilize.

702 DRIFT

The south drift was turned off of the 7000 Adit at a point 89 feet from the portal. Advance was 33 feet. Four sets not previously placed in the 7000 Adit at the 702 turn out were placed. 702 will explore the mineralized zone south of the adit. It is expected that the zone may be partially oxidized to the south because the surface is less than 100 feet above.

701 DRIFT

The north drift will be turned off of the face of the adit, 266.5 feet from the portal, early in February. 701 will explore the zone of

mineralization to the north. The surface is more than 100 feet above the drift collar and this distance will increase as the drift goes deeper into the hillside. The showings in the drill holes appear a little better to the north.

The location from which both 702 and 701 drifts turn off of the 7000 Adit was controlled in a large degree by the presence of very bad ground where the adit intersected the ore zone. Both drifts attempt to avoid this area and it is hoped that ground conditions will be better at the points the two drifts will reenter the zone to the north and south of the adit. If this is not the case, 702 will remain in the east wall and 701 in the west wall of the zone which will be explored by short crosscuts from each.

Because of the

GENERAL

Because of the fact that the adit contractor had not been able to improve his footage in the first half of the month, the contract was cancelled as of January 20. Attempts to interest other parties in a contract even at a better price per foot failed, but one of Calera Mining Company's shift bosses who has been with Calera throughout their exploration, development and production program to date took over operation on a company basis. He is well acquainted with the miners in the district, is young and aggressive so should build up a good crew that will greatly improve progress. Our engineer is remaining to check the work, handle the business end, map and do other technical work.

Respectfully submitted,

George W. Mitchell

George W. Mitchell

File with Jan. Report

NORTHFIELD MINES, INC.

Eureka, Nevada
March 4, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 6 1953

Mr. A. E. Weissenborn
Executive Officer
DMEA Field Team, Region II
157 South Howard Street
Spokane, Washington

Docket DMEA 2436
Contract Idm E-334

Dear Mr. Weissenborn:-

When the adit work at our Stevenson Property near Cobalt, Idaho was discussed with Messrs. Frank Johnson and George Selfridge on February 10, 1953 in Washington, the following was suggested:-

1. That the period of the contract be extended three to four months. We are making application in another letter for this extension.

2. That we list funds in all accounts showing the amounts allowed by the contract, the amounts spent (as nearly as possible to the date of this letter) and the amounts unused. We are enclosing this list as of January 31, 1953. All of the funds to December 31, 1952 are those approved by your office. The January figures have been submitted as shown but we do not yet know whether or not they have all been approved.

3. That we list all of the work performed to date. This list to January 31, 1953 is below:-

For $70,238.79 we have completed:-

7048 feet of bulldozer trench.
2248 feet of new road.
73 3/4 hours - road rehabilitation and maintenance.
3028 feet of diamond drilling (and sites).
272 feet of adit.

Constructed the necessary buildings to house employees and equipment:

1 - bunkhouse
1 - cook house
1 - compressor shed

Note: During February 172 feet of adit work was done but expense figures are not yet available.

4. That we use all of the available balance left in the contract for the adit work at a flat cost per foot based on existing conditions. Included in the cost per foot would be:- all underground and surface labor, mine and other supplies, rented equipment, purchased equipment, repairs and maintenance, engineering, supervision, sampling, analytical work, snow removal, cook house and bunkhouse operation, accounting, other miscellaneous items such as pay roll taxes, etc., and contingencies. The only fixed sum should be the total. Thus our adit cost would be the sum of all our expenses compiled and submitted as they have been in the past. The maximum liability for the DMEA would be 70% of $32,661.21 (remaining funds as of January 31, 1953) divided by 728 feet (remaining footage as of January 31, 1953) or $44.86 per foot. If costs were higher per foot than this figure, Northfield would be required to pay the extra cost. If they were lower, the DMEA would pay 70% of the actual cost. The figure of approximately $45.00 per foot is close to the cost of Calera Mining Company under conditions similar to ours.

By the above method administration of the contract would be the simplest possible with ample protection and we would be enabled to complete all of the work originally set up in the contract for the original amount the DMEA was committed to spend. Northfield expense might be slightly in excess of the original amount.

We suggest that the above change be made as soon as possible if it meets with your approval. The proposal is along the lines discussed with Messrs. Johnson and Selfridge so we believe you will have their support.

Sincerely yours,

NORTHFIELD MINES, INC.

George W. Mitchell

GWM:ej

Enclosure

cc: C. O. Mittendorf - 2
W. A. Paroni
M. T. Manz
A. J. O'Connell
V. A. Manz

NORTHFIELD MINES, INC.

STEVENSON OPERATION - IDAHO

CONTRACT Idm E-334

	Contract Allowance	Costs Claimed and Allowed To 12-31-52	Cost Claimed January 1953	Balances Available 2-1-53
Contracts				
Diamond Drilling	$16,000.00	$19,803.60		$ 3,803.60 *
New Roads	2,055.00	630.50		1,424.50
Trenching	7,500.00	5,700.50		1,799.50
Road Rehabilitation	1,680.00	848.00		832.00
Site Preparation	315.00	354.00		39.00 *
Labor				
Dozer Swamper	1,184.12	891.79		292.33
Surface Labor	2,352.00	1,079.43	200.27	1,072.30
Carpenters	1,690.08	839.39	108.56	742.13
Carpenter Helpers	777.84	161.03	55.53	561.28
Timber Framer	4,278.12	24.68	253.12	4,000.32
Truck Driver	2,722.44	247.09	14.34	2,461.01
Miners	4,403.11	290.20	2,556.03	1,556.88
Muckers	4,278.12	86.38	228.12	3,963.62
Bonus for Miners	1,960.00			1,960.00
Cook	2,722.72		293.34	2,429.38
Engineer	1,295.00	2,500.00		1,205.00 *
Superintendent	4,200.00	4,200.00		
Supplies				
Bunkhouse Furnishings	884.00	578.30	140.04	165.66
Cookhouse Furnishings	657.00	356.91	519.49	219.40 *
Blastings & Lamps	1,645.00	3.00	623.10	1,018.90
Drill Steel	1,020.00	625.86		394.14
Pipe & Hose	1,140.00	1,217.67	35.73	113.40 *
Mine Rail	1,140.00	943.65	15.76	180.59
Vent Tubing	1,000.00	488.65		511.35
Diesel Fuel, Tires, Etc.	2,152.50	717.26	188.92	1,246.32
Gasoline	960.00	387.73	56.18	516.09
Tools	521.12	155.79	259.95	105.38
Muck Sheets	64.00			64.00
Engineer & Geologists Supplies	1,050.00	653.61	14.20	382.19
Medical Supplies	350.00	19.42	93.88	236.70
Core Boxes	500.00	235.20		264.80

Northfield Mines, Inc.
Stevenson Operation - Idaho
CONTRACT Idm E-334

Continued	Contract Allowance	Costs Claimed and Allowed To 12-31-52	Cost Claimed Jan. 1953	Balances Available 2-1-53
Rented Equipment				
Compressor	$ 2,820.00	$ 1,242.00	$ 414.00	$ 1,164.00
Jackhammers	720.00	440.65	120.00	159.35
Mine Cars	312.00	156.00	52.00	104.00
Mucking Machine	1,950.00	1,083.33	325.00	541.67
Water Tank	45.90		7.65	38.25
Water Pump	504.00	504.00	72.00	72.00 *
Universal Jeep	350.00	350.00	50.00	50.00 *
Dump Truck	700.00	650.00		50.00
Freight on Above	1,000.00	971.60		28.40
Equipment Purchased				
Chain Saw	400.00			400.00
Vent Fan	375.00		416.00	41.00 *
Light Plant	600.00	527.05		72.95
Welder	150.00		150.53	.53 *
Bench Grinder	50.00			50.00
Skill Saw	145.00			145.00
Miners Lamps & Charger			174.00	174.00 *
Electric Hand Drill	70.00			70.00
Pipe Die	50.00	47.85		2.15
2 - Tent Houses	750.00	750.00		
Bunkhouse	2,500.00	548.99	334.11	1,616.90
Cookhouse	2,750.00	637.12	444.68	1,668.20
Compressor House	1,500.00	455.70	44.84	999.46
Miscellaneous				
Analytical	1,000.00	899.18	168.00	67.18 *
Accounting Fees	1,050.00	1,039.81		10.19
Travel for Engineer	1,050.00	875.50		174.50
Telephone	350.00	309.38	50.00	9.38 *
Automotive Repairs	500.00	196.23	70.28	233.49
Drill Machine Repairs	150.00	520.58		370.58 *
Boarding House Loss - Cabin Rent	4,472.50	350.00	64.50 **	4,187.00
Payroll Taxes	3,588.43	603.88	395.25	2,589.30
Freight - Diamond Drill	500.00	325.00		175.00
Drift Contract		3,261.25	573.65	3,834.90 *
	$102,900.00	$60,784.74	$9,454.05	$32,661.21

* Overdrawn
** Income

Form MF-1[illegible] (Rev.)
(April 19[illegible])

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.3.
Approval expires 6-30-53.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 5 1953

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of December 1952 Docket No. DMEA 2436 Contract No. Idm-E334
Operator's Name Northfield Mines, Inc. Minerals Cobalt - Copper
Address c/o A. J. O'Connell - Eureka, Nevada
Contract Amount, $102,900.00 Government Participation: 70 % Amount, $70,300.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Contracts:						
Drilling		19,803.60	19,803.60			
Bulldozing		7,644.00	7,644.00			
Drifting	1,231.17	2,701.85	3,933.02			
(2) Labor & Supervision:						
Labor	293.08	3,619.99	3,913.07			
Supervision	600.00	3,600.00	4,200.00			
Technical Services		3,616.00	3,616.00			
(3) Op. Mat'ls. & Sup.:						
Core Boxes		235.20	235.20			
Geology Supplies	3.50	650.11	653.61			
Small Tools	26.57	129.22	155.79			
Drill Steel	67.60	558.26	625.86			
Mine Rail	91.03	967.35	1,058.38			
Pipe & Fittings	150.90	1,066.77	1,217.67			
Cook House Furn.	175.98	180.93	356.91			
Medical Supplies		19.42	19.42			
Gasoline	31.28	365.49	396.77			
Bunkhouse Furn.	193.44	384.86	578.30			
Fuel Oil, Tires, etc.	87.42	714.74	802.16			
Ventube		488.65	488.65			
Powder, Caps, Fuse		3.00	3.00			
(4) Operating Equipment:						
Rented	1,123.65	4,325.93	5,449.58			
Purchased		574.90	574.90			
(6) New Bldgs. & Improve.:	16.80	2,420.31	2,437.11			
(7) Miscellaneous:						
Drill Parts & Repairs		520.58	520.58			
Repairs to Equipment	.63	134.90	135.53			
Sampling & Analysis	104.00	795.18	899.18			
Payroll Taxes	22.75	636.91	659.66			
Telephone	19.66	324.37	344.03			
Freight on Drill		325.00	325.00			
Accounting	150.00	889.81	1,039.81			
Engineer Travel	153.25	725.50	878.75			
Cabin Rent	50.00	300.00	350.00			
TOTALS	$4,592.71	$58,722.83	$63,315.54	[illegible]	[illegible]	[illegible]

I certify that the above bill is correct and just and that payment therefor has not been received.
Date 1-14-53 *Payee Northfield Mines, Inc.

Per [signature] Title Accountant

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

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

(Instructions on reverse)

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

$2552.60

Signature [signature] (Authorized Certifying Officer)

Date 1/29/53 Vou. No. [illegible]
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E 334 in accordance with the terms of the contract.

Signature Verda B. Johnson Title Mining Engr. Date 1-26-53

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /s/ Thomas E. Howard Title Mining Engr. Date 1/26/53

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Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)" followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

U. S. GOVERNMENT PRINTING OFFICE 205675

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 5 1953

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of December 1952 Docket No. DMEA 2436 Contract No. Idm-E334

Operator's Name Northfield Mines, Inc. Minerals Cobalt - Copper

Address c/o A. J. O'Connell - Eureka, Nevada

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting	Ft.	1,231.17	4[illegible]	3,933.02	185	21.26	1000	18.00
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core	Ft.			19,803.60	3028	6.54	2980	6.49
Churn								
Auger								
Stripping								
Trenching	Hrs.			5,700.50	425½	13.40	435	13.00
Test Pits								
Roads and Trails & Sites	Hrs.			1,943.50	149½	13.00	171	13.00
Other Allowable		3,344.74		28,922.91				
TOTAL DISTRIBUTED COSTS		4,575.91		60,303.53				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased				574.90				1,840.00
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.		16.80		2,437.11				7,500.00
Other Allowable								93,560.00
TOTAL COSTS		$4,592.71		$63,315.54				$102,900.00

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

Date 1-14-53 Operator Northfield Mines, Inc.

Per [signature] Title Accountant

REMARKS:

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

Preparation of Form MF–104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF–104A has been designed to tie in with Form MF–104 for both monthly and cumulative costs. The "Total Costs" on Form MF–104A for each month should equal the monthly "Total Costs" as reported on Form MF–104. This is also true of the "Total Costs To Date".

In preparing Form MF–104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc.; provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 83-38475

NORTHFIELD MINES, INC.

STEVENSON PROPERTY - IDAHO

PROGRESS REPORT #7

December 1952

Docket No. DMEA 2436
Contract No. Idm-E334

ADIT 7000

Total advance this month is 40.8 feet; the adit heading is now at 212.5 feet. Delay was experienced due to bad ground, necessitating driving spiling and placing breast boards to hold the ground. On December 11, the left side of the lead set (at 194.5') settled approximately 10 inches and the preceding five sets were pushed out of alignment. The sets were re-aligned and a false set was put in ahead of the set that had settled. In general the ground at the face is much firmer, but the left side of the adit continues to give some trouble with caving.

The intensely sheared zone that has been troublesome is the projected ore zone as shown in drill hole #D2 and surface trench #5, apparently offset a little to the west by a post mineral (?) fault. Car samples of the area between 190 and 195 assayed slightly in excess of 0.25% cobalt and was all sulphide.

When the present face has been advanced another 30 to 40 feet, it is planned to turn off a drift both north and south to follow the ore zone on each side of the 7000 Adit. The adit will also be continued through the mineralized intersection shown in drill hole #D2 to a point about 75 feet west of the present face.

The log of the north wall of the adit is as follows:

172' to 187.5'	Mineralized schist, intensely sheared, shows some native copper and sulphides.
187.5'to 192'	Mineralized schist, intensely sheared, some iron stain, small stringers of native copper, and sulphides.
192' to 196.5'	Mineralized schist, intensely sheared, some iron stain, native copper, sulphides and quartz pods. Strike N80E, dip 57W.
196.5' to 201.5'	Mineralized schist, intensely sheared, stringers of sulphides from 2" to 6" wide, some iron stain. Strike N23E, dip 82W.
201.5' to 206'	Mineralized schist, intensely sheared, stringers of sulphides up to 2" wide, some iron stain. Strike N23E, dip 71W.
206' to 212.5'	Mineralized schist, strongly sheared, stringers of sulphides, some iron stain.

GENERAL

All labor spent building office-staff house.

LABOR

21 shifts.

ADIT 7000

40.8 feet advance.

Respectfully submitted,

George W. Mitchell

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

AIR MAIL

Mr. E. D. Talbert
DMEA Auditor
c/o Mr. H. C. Miller
1012 Flood Building
870 Market Street
San Francisco, California

Dear Dal:

Northfield Mines, Inc., whose business address for DMEA projects appears to be Eureka, Nevada, c/o A. J. O'Connell, has project E323 located in Inyo County, California, and project E334 located in Lemhi County, Idaho.

It appears that this company may be charging engineer consulting fees for J. W. Mitchell, General Manager, on both contracts in excess of limitation set forth in its contracts. It also appears that they are charging rather exorbitant amounts for bookkeeping and audit work. The question arises as to whether the same auditor who does the work for the general books of the company is drawing money from the company on its regular salary and the company is attempting to recuperate this by charging the amounts to the projects, which amounts may be equal or in excess to his regular salary.

The contract permits $900.00 a month for engineering and technical services. An engineer has drawn almost this amount in addition to amounts charged for the services of J. W. Mitchell, General Manager. The proposition has been offered that the amounts paid Mitchell may have come from the money allowed for Contingencies. Since supervision and Consultants' fees are "allowable maximums", no money can be charged for these services to Contingencies without an amendment to the contract signed or approved by officials in Washington.

The Operating Committee proposes to send a letter in regard to this matter to Mr. Miller suggesting that any payments not yet made to the company will be curtailed in the amounts previously billed and paid to Mitchell for consultation work. Mr. Mitchell

appears to be a regular overhead supervisor for the company. You will probably want the two projects audited and the expenditures of the item mentioned in this letter and any others which may occur to you compared with the allowable expenditures in the project contracts. If you think Mr. Mayer should assist in the two audits, you may ask him to go to Idaho for the audit there after the California audit has been made.

For further background information I am sending you a copy of a proposed letter to be issued by the Operating Committee. It is my opinion after discussing the matter with Mr. Selfridge, that the proposed letter will be approved by the Operating Committee, or at least be sent with only minor changes.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration and
Audit Division

JLChambers/wb
February 2, 1953

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

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.3.
Approval expires 6-30-53.

Defense Minerals Administration
RECEIVED
JAN 9 1953

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of November 1952 Docket No. DMEA 2436 Contract No. Idm-2334

Operator's Name Northfield Mines, Inc. Minerals Cobalt - Copper

Address c/o A. J. O'Connell - Eureka, Nevada

Contract Amount, $102,900.00 Government Participation: 70 % Amount, $70,300.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Contracts:						
Drilling		[illegible]	[illegible]			
Sinking		[illegible]	[illegible]			
Drifting	[illegible]	[illegible]	[illegible]	1905.00		
(2) Labor	[illegible]	[illegible]	[illegible]	138.65		
Engineering	[illegible]	[illegible]	[illegible]	600.00		
Technical Services	[illegible]	[illegible]	[illegible]	1590.00		
(3) Operating Supplies:						
Hose, Water	[illegible]	[illegible]	[illegible]	89.10		
Coupling, Hose	[illegible]	[illegible]	[illegible]	11.85		
Drill Rods		[illegible]	[illegible]			
Drill Steel	[illegible]	[illegible]	[illegible]	217.60		
Rails	[illegible]	[illegible]	[illegible]			
Powder	[illegible]	[illegible]	[illegible]	46.47		
Cord Wood Pulp.		[illegible]	[illegible]			
Caps		[illegible]	[illegible]			
Fuse	[illegible]	[illegible]	[illegible]	38.15		
Blasting Caps	[illegible]	[illegible]	[illegible]	14.58		
Fuse	[illegible]	[illegible]	[illegible]	87.93		
Lubricants		[illegible]	[illegible]			
Other Supp. Pump	[illegible]		[illegible]	3.00		
(4) Operating Equipment						
Hoist	[illegible]	[illegible]	[illegible]	12abl.60		
Pump	[illegible]	[illegible]	[illegible]	480.11		
(5) Power	[illegible]	[illegible]	[illegible]	390.86		
(6) Other Supplies						
Drill Steel	[illegible]	[illegible]	[illegible]	37.94		
Bits	[illegible]	[illegible]	[illegible]	139.04		
Supplies, Misc.		[illegible]	[illegible]			
Payroll Taxes	[illegible]	[illegible]	[illegible]	107.10		
Insurance	[illegible]	[illegible]	[illegible]	39.85		
Rent		[illegible]	[illegible]	150.00		
Postage		[illegible]	[illegible]	90.20		
Expense Travel	[illegible]	[illegible]	[illegible]	100.00		
Other						
TOTALS	$8,936.34	$49,786.49	$58,722.83	7351.68	49786.49	57138.17

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

Date 12-15-52 *Payee Northfield Mines, Inc.

Per [signature] Title Accountant

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

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

(Instructions on reverse)

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

$5146.18

Signature [signature] (Authorized Certifying Officer)

Date 1/6/53 Vou. No. (See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E 334 in accordance with the terms of the contract.

Signature Verda Z. Johnson Title Mining Engineer Date 12-23-52

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Thomas E Howard Title Mining Engr Date 12/24/52

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

GPO 83-38476

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 9 1953

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of November 1952 Docket No. DMEA 2436 Contract No. Idm-8334

Operator's Name Northfield Mines, Inc. Minerals Cobalt - Copper

Address c/o A. J. O'Connell - Eureka, Nevada

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting	Ft.	2,080.85	109.7	2,701.85	144.2	18.74	1000'	18,000.00
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core	Ft.			19,803.60	3028	6.54	2980	61.49
Churn								
Auger								
Stripping								
Trenching	Hrs.			5,700.50	425	13.40	435	13.00
Test Pits								
Roads and Trails & Sites	Hrs.			1,943.50	149	13.00	171	13.00
Other Allowable		5,939.22		25,578.17				
TOTAL DISTRIBUTED COSTS		8,020.07		55,727.62				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased		480.11		574.90				1,840.00
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.		436.16		2,420.31				7,500.00
Other Allowable								93,560.00
TOTAL COSTS		$8,936.34		$58,722.83				$102,900.00

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

Date 12-15-52 Operator Northfield Mines, Inc.

Per [signature] Title Accountant

REMARKS:

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

Preparation of Form MF–104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF–104A has been designed to tie in with Form MF–104 for both monthly and cumulative costs. The "Total Costs" on Form MF–104A for each month should equal the monthly "Total Costs" as reported on Form MF–104. This is also true of the "Total Costs To Date".

In preparing Form MF–104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 83-38475

NORTHFIELD MINES, INC.

STEVENSON PROPERTY - IDAHO

PROGRESS REPORT #6

November 1952

Docket No, DMEA 2436
Contract No. Idm-E334

ADIT 7000

Total advance for this month is 105.7'; the adit heading is now in 171.7'. Considerable delay was experienced due to bad ground, necessitating driving spiling and placing breast boards to hold ground. The log of the North wall of adit, as submitted by the engineer is as follows:

0' to 20' - Grey schist, some iron staining, average bedding strike N25°E, dip 42°NW.

20' - Flat fault, strike N90°E, dip 25°N.

20' to 50' - Grey schist, slightly sheared, strike and dip of shearing appears to be N6°W, 53°SW.

50' to 78' - Grey schist, bedding strike N3°E, dip 40°W, in places rock shows iron and yellow arsenate staining in cracks.

78' - Flat fault, strike N20-30°W, dip 25-45°SW.

78' to 87' - Basic dike rock, iron stained with occasional quartz pods.

87' to 100'- Grey schist, schist next to basic dike somewhat silicified.

100' - 2" to 6" sulphide stringer, mostly covellite and iron oxide.

100'to 104'- Grey schist.

104'to 108'- Mixture of grey schist and some mineralized schist, occasional small stringers, less than 2", of sulphides.

108' - Fault, strike N13°E, dip 54-75°W. There are small stringers of sulphides on both the hanging wall and footwall.

108'to 147'- Grey schist for most part, locally shows moderate shearing action, strike N20°W, dip 47°SW.

147' to 150' - Mixture of grey schist and some mineralized schist, occasional small stringers, less than 2", of sulphides.

150' to 171' - Mineralized schist, with numerous small stringers of sulphides.

171' - Fault contact with intensely sheared mineralized schist, strike N8°W, dip 72°W.

171' to 172' - Intensely sheared mineralized schist, shows some native copper and sulphides.

Engineering Note: There was a 5-7° northerly deviation in bearing on the adit centerline, taken at the portal, as compared to a bearing taken inside adit. Strikes on the geology log will not be corrected until adit centerline bearing is checked with transit.

GENERAL

All labor spent for benefit of driving Adit 7000.

LABOR

9 shifts.

ADIT 7000

105.7 feet advance.

Respectfully submitted,

George W. Mitchell

GWM/m

Standard Form No. 1034a—Revised
Form prescribed by
Comptroller General, U. S.
September 7, 1950
(Gen. Reg. No. 51, Supp. No. 11)

Wash

PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL

D. O. Vou. No. .....

Bu. Vou. No. 555

U. S. Interior, Mines
(Department, bureau, or establishment)

Voucher prepared at Spokane, Washington 11/28/52
(Give place and date)

THE UNITED STATES, Dr., Payee's Account No. Idm-E334

To Northfield Mines, Inc.
(Payee)

c/o A. J. O'Connell, Eureka, Nevada
(Address) (City) (State)

PAID BY

(For use of Paying Office)

No. and Date of Order	Date of Delivery or Service	ARTICLES OR SERVICES (Enter description, item number of contract or Federal supply schedule, and other information deemed necessary) Discount Terms	QUANTITY	UNIT PRICE Cost	UNIT PRICE Per	AMOUNT Dollars	AMOUNT Cts.
	October 1952	As per attached certified form MF-104 dated 11/12/52				7,245	39
PAYMENT: Complete ☐ Partial ☐ Final ☐		Use continuation sheet(s) if necessary					
Shipped from	to	Weight	Government B/L No.		Total	7,245	39

(Payee must NOT use this space)

Differences .....

Account verified; correct for 7,245 39

(Signature or initials) .....

Contract No. Idm-E334 Date Req. No. Date Invoice Rec'd.

7,245.39

MEMORANDUM

ACCOUNTING CLASSIFICATION (For completion by Administrative Office)

Appropriation, limitation, or project symbol	Appropriation title	Limit'n. or Proj't. Amount	Appropriation Amount
14X4401	Revolving Fund, Defense Production Act, Interior	7,245.39	7,245.39

Allotment symbol	Amount	Obligations liquidated	COST ACCOUNT Symbol	COST ACCOUNT Amount	OBJECTIVE CLASSIFICATION Symbol	OBJECTIVE CLASSIFICATION Amount

Paid by { Check No. ..... dated ....., 19....., for $..... } on Treasurer of the United States in favor of payee named above.
{ Cash, $....., on ....., 19.....

16—22900a-2

METHOD OF OR ABSENCE OF ADVERTISING

METHOD OF ADVERTISING

1. Advertising in newspapers Yes ☐ No ☐.
2. (*a*) Advertising by circular letters sent to ..... dealers.
   (*b*) And by notices posted in public places Yes ☐ No ☐.

   (If notices were not posted in addition to advertising by circular letters sent to dealers, explanation of such omission must be made below.)

ABSENCE OF ADVERTISING

3. Without advertising, under an exigency of the service which existed prior to the order and would not admit of the delay incident to advertising.
4. Without advertising in accordance with .....
5. Without advertising, it being impracticable to secure competition because of .....

.....

.....

.....

.....

(Here state in detail the nature of the exigency or circumstances under which the securing of competition was impracticable under 3 and 4)

NOTE.—The above form "Method of or Absence of Advertising" is to be used when purchases are made or services secured under proper authority without written agreement in any form. In case of a written agreement (formal contract, proposal, and acceptance, or less formal agreement) Standard Form No. 1036—Revised should be used for abstracting the method of or absence of advertising and award of contract. (See General Regulations No. 51, as amended.)

U. S. GOVERNMENT PRINTING OFFICE : 1950 O—75805

16—22000a-2

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

Washington

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.3. Approval expires 6-30-53.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 4 1952

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of October 1952 Docket No. DMEA 2436 Contract No. Idm-E334

Operator's Name Northfield Mines, Inc. Minerals Cobalt - Copper

Address c/o A. J. O'Connell - Eureka, Nevada

Contract Amount, $ 102,900.00 Government Participation: ____ % Amount, $ 70,300.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Contracts:						
Drilling	4,498.90	15,304.70	19,803.60			
Bulldozing		7,644.00	7,644.00			
Drifting	621.00		621.00			
(2) Labor	1,185.21	2,296.13	3,481.34			
Supervision	600.00	2,400.00	3,000.00			
Technical Services	186.00	744.00	930.00			
(3) Op. Mat'ls. & Sup:						
Core Boxes		146.10	146.10			
Geology Supplies	35.56	655.50	691.06			
Small Tools		129.22	129.22			
Drill Steel		340.66	340.66			
Mine Rail	686.67	254.74	941.41			
Pipe & Fittings		1,020.30	1,020.30			
Cook House Furn.	1.94	178.99	180.93			
Medical Supplies		19.42	19.42			
Gasoline	58.50	262.80	321.30			
Bunkhouse Furn.		370.28	370.28			
Fuel, Oil & Tires	16.32	525.59	541.91			
Ventube		488.65	488.65			
(4) Operating Equipment:						
Rental	727.40	2,391.93	3,119.33			
Purchase	12.23	82.56	94.79			
(6) New Bldgs., Improve.	1,188.85	795.30	1,984.15			
(7) Misc.: Drill Repairs		482.84	482.84			
Repairs to Equip. Auto		58.56	58.56			
Sampling & Analysis	114.00	681.18	795.18			
Payroll Taxes	146.88	339.45	486.33	146.83		
Telephone	30.94	218.93	249.87			
Freight on Drill		325.00	325.00			
Accounting	150.00	589.81	739.81			
Engineer Travel	90.20	545.10	635.30			
Cabin Rent		200.00	200.00			
TOTALS	$10,350.60	$39,491.74	$49,842.34	1035.55	39491.94	49842.29

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

Date 11-12-52 *Payee Northfield Mines, Inc.

Per [signature] Title Accountant

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

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

(Instructions on reverse)

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

$ ____

Signature R J H
(Authorized Certifying Officer)

Date 11/28/52 Vou. No. ____
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E354 in accordance with the terms of the contract.

Signature Verda E. Johnson Title Mining Engineer Date Nov-17-52

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /s/ Thomas E. Howard Title Mining Engineer Date 11/17/52

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

U. S. GOVERNMENT PRINTING OFFICE 205675

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151
Approval expires 6-30-53.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 4 1952

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

Month of October 1952 Docket No. DMEA 2436 Contract No. Idm-E334
Operator's Name Northfield Mines, Inc. Minerals Cobalt - Copper
Address c/o A. J. O'Connell - Ely, Nevada

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting	Ft.	621.00	34½	621.00	34½	18.00	1,000	18.00
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core	Ft.	4,498.90	687	19,803.60	3,028	6.54	2,980	6.49
Churn								
Auger								
Stripping								
Trenching	Cu.			5,700.50	425½	13.40	435	13.00
Test Pits								
Roads and Trails & Sites	Mi.	59		1,943.50	149½	13.00	171	13.00
Other Allowable		4,029.62		19,694.80				
TOTAL DISTRIBUTED COSTS		9,149.52		47,763.40				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased		12.23		94.79				1,940.00
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.		1,188.85		1,984.15				7,500.00
Other Allowable								93,560.00
TOTAL COSTS		$10,350.60		$49,842.34				$102,900.00

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

Date 11-12-52 Operator Northfield Mines, Inc.

Per [signature] Title Accountant

REMARKS:

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

Preparation of Form MF–104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF–104A has been designed to tie in with Form MF–104 for both monthly and cumulative costs. The "Total Costs" on Form MF–104A for each month should equal the monthly "Total Costs" as reported on Form MF–104. This is also true of the "Total Costs To Date".

In preparing Form MF–104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

U. S. GOVERNMENT PRINTING OFFICE 205676

Docket No. DMEA 2436
Contract No. Idm-E334

NORTHFIELD MINES, INC.

Stevenson Property - Idaho

PROGRESS REPORT #5

October 1952

DIAMOND DRILLING

Drill Hole #D11

Footage 254'. At 223' October 1st shown on last month's report as not completed. Location 489N 86W - Elevation 7420.7- Bearing S23W - Incl. -33°. 0 to 16 grey mica schist. 16 to 21 vein quartz and mica schist and gouge. 21 to 68 quartzite schist. 68 to 158 quartzite schist with occasional quartz seams and iron oxide stains, somewhat vuggy at 109 to 110. 158 to 167 basic dike and iron oxide. 167 to 208 quartzite schist with some silicification and iron oxide. 208 to 211 vuggy iron stained mica schist. 211 to 254 quartzite - mica schist with quartz, iron oxide, a little residual pyrite and at 223 cobaltite.

Drill Hole #D12

Footage 345'. Location 544N 103W - Elevation 7392 - Bearing S60W - Incl. -50°. 0 to 146 quartizite schist with intercalated mica schist and with occasional quartz streaks and iron oxide stain. 146 to 156 basic dike with iron oxide. 156 to 186 quartzite schist, with some quartz seams and iron oxide stain. 186 to 191 basic dike and quartz. 191 to 242 quartzite schist lightly mineralized with quartz and iron oxide and arsenate stain. 242 top of sulphide zone. 242 to 296 ore zone. 296 to 345 lightly mineralized in the end. A little oxidation continued thru the sulphides but is probably old residual iron oxide in the belt series.

Drill Hole #D13

Footage 342' Location 177.1N 27.4E - Elevation 7428 - Bearing S60W - Incl. -67°. 0 to 32 grey quartzite schist with a few quartz seams. 32 to 47 quartzite schist very lightly mineralized. 47 to 180 quartzite schist with occasional iron oxide stained quartz and a little arsenate stain. 180 to 190 basic dike mixed with quartzite schist and quartz. 190 to 280 quartzite schist very lightly mineralized. 280 to 298 quartz streak with iron oxide and a remnant of pyrite. 298 to 323 8" quartz streak with pyrite, slightly oxidized. 323 to 342 12" streak of quartz and sulphide, quartzite schist. D13 entered the sulphide zone at 282 feet but partial oxidation has taken place to the bottom of the hole and a 12" streak of quartz heavily impregnated with sulphide at 323' showed vuggy leaching of the sulphide with iron oxide stains on sides of voids. Sulphide mostly pyrite.

Ending of Diamond Drilling Contract October 21, 1952, total footage 3028 feet.

ADIT 7000

Total footage 66'. The ground is not very solid and required timber up to the face. We are in a mineralized zone, mostly grey fissle schist with arsenate stains on the seams. At 50 feet a quartz pod. Strike of the shears N14W and dipping 42W.

GENERAL

Completed the following buildings:

One cookhouse - 14' x 26'
One bunkhouse - 14' x 16'
One compressor house - 16' x 30' rough lumber

All labor spent on buildings and starting the Adit 7000.

LABOR - 74 Shifts

DIAMOND DRILLING - 718 feet

ADIT 7000 - 66 feet

NORTHFIELD MINES, INC.

Stevenson Property - Idaho

ENGINEERING NOTES:

With the submission of Paul Tronken's final coordinates to us and the running of a transit stadia check survey the reported "scaled" coordinates for the drill holes on the Merle 5 zone have been changed as follows:

Note: The conversion factor to 0.0N 0.0E, (Stevenson) coordinates was set last year at 225'S and 646'W; this has now been changed to 240'S and 646'W.

PLACE	NEW COORDINATES & ELEVATIONS			OLD COORDINATES & ELEVATIONS		
Drill Hole D_1	446±N	853±E	7121 ±	464±N	852±E	7141.9
Drill Hole D_2	231±N	913±E	6989 ±	247±N	914±E	7010
Drill Hole D_3	218±N	893±E	6991 ±	236±N	899±E	7013
Drill Hole D_4	441±N	841±E	7122 ±	456±N	841±E	7143.1
Drill Hole D_5	41±N	846±E	7036 ±	58±N	844±E	7063.2
Drill Hole D_6	65±N	772±E	7043 ±	86±N	770±E	7076.6
Drill Hole D_7	296±N	725±E	7073 ±	300±N	720±E	7098
Drill Hole D_8	601±N	622±E	?	598±N	623±E	7270

Docket #DMEA 2436
Idm - E334
(Cobalt)

NORTHFIELD MINES, INC.

Stevenson Property - Idaho

CHECK SAMPLES

Sample No.	Interval	Type of Sample	Core Recovery	Bureau of Mines Returns	Union Assay Returns	Remarks
D_1 - 20b	112 - 116	Core Split	90%	0.18	0.132	
D_1 - 24b	130 - 138	" "	50%	0.16	0.117	Soft fine schist taken from core barrel
D_1 - 27b	150 - 155	" "	50%	0.16	0.161	
D_1 - 31b	175 - 180	" "	54%	0.16	0.146	
D_2 - 2b	212 - 215	" "	47%	0.28	0.66	
D_2 - 7b	230 -233	" "	70%	0.22	0.46	
D_2 - 14b	131 - 134	" "	44%	0.43	0.52	
D_3 -35b	146 -150	Sludge	15%	0.21	0.102	
D_3 - 41b	144 - 148	Core Split	47%	0.38	0.249	
D_4 - 42b	124½ - 131	" "	80%	0.15	0.073	
D_4 - 50b	164 - 174	" "	30%	0.37	0.322	
D_4 - 51b	174 - 181	" "	36%	0.16	0.190	
D_4 - 46b	151 - 157	Sludge	0%	0.13	0.073	
D_5 - 54b	144 - 151	Core Split	33%	0.16	0.088	
D_5 - 55b	151 - 156½	" "	49%	0.16	0.117	

Docket No. DMEA 2436
Contract No. Idm-E334

NORTHFIELD MINES, INC.

Stevenson Property - Idaho

PROGRESS REPORT #5

October 1952

Sample No.	Interval	Type of Sample	Core Recovery	Returns $\%WO_3$	Remarks
D9 - 1A	167 - 172	Core	88%	0.05	Check run for WO_3
D9 - 2A	172 - 183.5	"	30%	0.03	"
D9 - 3A	183.5 - 188	"	24%	0.03	"
D9 - 4A	193.5 - 195.5	"	40%	0.04	"
D9 - 5A	195.5 - 198	"	100%	0.02	"

Standard Form No. 1034a—Revised
Form prescribed by
Comptroller General, U. S.
September 7, 1950
(Gen. Reg. No. 51, Supp. No. 11)

PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL

O. Vou. No. .....

Bu. Vou. No. 519

U. S. Interior, Mines
(Department, bureau, or establishment)

Voucher prepared at Spokane, Washington 11/18/52
(Give place and date)

THE UNITED STATES, Dr., Payee's Account No. Idm-E334

To Northfield Mines, Inc.,
(Payee)

Stevenson Operation, Eureka, Nevada
(Address) (City) (State)

PAID BY

(For use of Paying Office)

No. and Date of Order	Date of Delivery or Service	ARTICLES OR SERVICES (Enter description, item number of contract or Federal supply schedule, and other information deemed necessary) Discount Terms	QUANTITY	UNIT PRICE Cost	UNIT PRICE Per	AMOUNT Dollars	AMOUNT Cts.
	Sept. 1952	As per attached certified form MF-104 dated 10/14/52				10,648	76
PAYMENT: Complete ☐ Partial ☐ Final ☐		Use continuation sheet(s) if necessary					
Shipped from	to	Weight	Government B/L No.		Total	10,648	76

(Payee must NOT use this space)

Differences .....

Account verified; correct for 10,648 76

(Signature or initials) .....

Contract No. Idm-E334 Date Req. No. Date Invoice Rec'd.

10,648.76

MEMORANDUM

ACCOUNTING CLASSIFICATION (For completion by Administrative Office)

Appropriation, limitation, or project symbol	Appropriation title	Limit'n. or Proj't. Amount	Appropriation Amount
14X4401	Revolving Fund, Defense Production Act, Interior	10,648.76	10,648.76

Allotment symbol	Amount	Obligations liquidated	COST ACCOUNT Symbol	COST ACCOUNT Amount	OBJECTIVE CLASSIFICATION Symbol	OBJECTIVE CLASSIFICATION Amount

Paid by { Check No. ..... dated ....., 19....., for $..... } on Treasurer of the United States in favor of payee named above.
{ Cash, $....., on ....., 19.....

16—22900a-2

METHOD OF OR ABSENCE OF ADVERTISING

METHOD OF ADVERTISING

1. Advertising in newspapers Yes ☐ No ☐.
2. (*a*) Advertising by circular letters sent to ..... dealers.
   (*b*) And by notices posted in public places Yes ☐ No ☐.

   (If notices were not posted in addition to advertising by circular letters sent to dealers, explanation of such omission must be made below.)

ABSENCE OF ADVERTISING

3. Without advertising, under an exigency of the service which existed prior to the order and would not admit of the delay incident to advertising.
4. Without advertising in accordance with .....
5. Without advertising, it being impracticable to secure competition because of .....

.....

.....

.....

.....

(Here state in detail the nature of the exigency or circumstances under which the securing of competition was impracticable under 3 and 4)

NOTE.—The above form "Method of or Absence of Advertising" is to be used when purchases are made or services secured under proper authority without written agreement in any form. In case of a written agreement (formal contract, proposal, and acceptance, or less formal agreement) Standard Form No. 1036—Revised should be used for abstracting the method of or absence of advertising and award of contract. (See General Regulations No. 51, as amended.)

U. S. GOVERNMENT PRINTING OFFICE : 1950 O—75805

16—22000a-2

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

Wash.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R0036.3.
Approval expires 6-30-53.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 21 1952

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of September 2 1952 Docket No. DMEA 2436 Contract No. Idm-334
Operator's Name Northfield Mines, Inc. Minerals Cobalt - Copper
Address c/o F. J. O'Connell - Eureka, Nevada
Contract Amount, $ 102,900.00 Government Participation: 70 % Amount, $ 70,030.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling	5,873.50	9,431.20	15,304.70			
Bulldozing	1,046.50	6,597.50	7,644.00			
Crosscutting						
Drifting						
(2) Labor and Supervision:	1,288.96	1,007.17	2,296.13			
Labor	1,200.00	1,200.00	2,400.00			
Supervision	372.00	372.00	744.00			
Technical Services						
(3) Operating Supplies: Core Boxes	153.72	146.10	146.10			
Timber Geology Supplies	45.46	541.77	541.77	100.93		
Explosives Small Tools	336.66	83.77	132.20			
Pipe Drill Steel	234.44		320.16			
Blank Cube Furn. Drill Hole	292.00	728.24	1,020.30			
Oil & Tires Wool Gauze & Bandage	3.00	148.92	148.92			
Ventube Drill Rods	142.26	153.55	295.81	189.26		
	12.35	154.38	352.80			
	180.29	345.30	525.59			
	488.65		488.65			
(4) Operating Equipment:	1,550.93	841.00	2,391.93			
Rental		82.56	82.56			
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs	230.66	564.64	795.30			
(6) New Bldgs., Improvements, etc. Drill Repairs	482.84		482.84			
(7) Miscellaneous: Auto	23.61	34.95	58.56			
Repairs to Equipment	351.18	330.00	681.18			
Sampling and Analysis	193.15	146.30	339.45			
Payroll Tax Tel and Tel	70.69	148.24	218.93			
Freight on Drill		225.00	225.00			
Accounting	150.00	239.81	389.81			
Engineer Travel	395.10	150.00	545.10			
Cabin Rent	50.00	150.00	200.00			
(8) Contingencies (specify):						
TOTALS	$15,268.31	$24,223.43	$39,491.74	152.12.51	24222.03	39485.94

I certify that the above bill is correct and just and that payment therefor has not been rec
Date 10-14-52 *Payee Northfield Mines, Inc.
Per [signature] Title Accountant

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

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:
10,648.76
$ 10,648.76
Signature [signature]
(Authorized Certifying Officer)
Date Vou. No.
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

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

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

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

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

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

GPO 83-38476

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151
Approval expires 6-30-53.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 21 1952

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

Month of September 1952 Docket No. DMEA 2436 Contract No. Idm-5334
Operator's Name Northfield Mines, Inc. Minerals Cobalt - Copper
Address c/o A. J. O'Connell - Eureka, Nevada

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core	Ft.	5,873.50	896	15,304.70	2,341	6.54	2000'	8.00
Churn								
Auger								
Stripping								
Trenching	Hrs.	221.00	4	5,700.50	425½	13.40	500	15.00
Test Pits								
Roads and Trails & Sites	Hrs.	825.50	63½	1,943.50	149½	13.00	270	15.00
Other Allowable		8,117.65		15,747.74				
TOTAL DISTRIBUTED COSTS		15,037.65		38,696.44				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								1,840.00
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.		230.66		795.30				7,500.00
Other Allowable								93,560.00
TOTAL COSTS		$15,268.31		$39,491.74				$102,900.00

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

Date 10-14-52 Operator Northfield Mines, Inc.

Per A. J. O'Connell Title Accountant

→ 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.

REMARKS:

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

Preparation of Form MF–104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF–104A has been designed to tie in with Form MF–104 for both monthly and cumulative costs. The "Total Costs" on Form MF–104A for each month should equal the monthly "Total Costs" as reported on Form MF–104. This is also true of the "Total Costs To Date".

In preparing Form MF–104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 83-38475

Rockwell Mines, Inc.

[illegible] - [illegible]

[illegible] #4

September 1952

[illegible]

[illegible] new trench was dug in September. Trenching operations have been stopped as sufficient continuous structure has been exposed and diamond drilling on the Merle No. 3 zone was started September 11th.

Trench #33 Footage 140' located about 114' [illegible] of the Woodlice No. 1 Location Monument. At 68 to 70 black schist on the hanging wall of iron stain quartz vein at 70 to 72 striking N25W and dipping 75 degrees east. At [illegible] feet 6" of iron stain quartz stringers striking [illegible] and dipping about 50 degrees west with a little shearing between the two. Rating poor.

[illegible]

Drill Hole #57 Footage 224'. At 134' September 1st but not shown on last month's report. Location [illegible] - Elev. 70[illegible] - Bearing [illegible] - Incl. 31½ degrees. Overburden to 14 feet and medium hard light black schist to 23 feet. 23 to 44 soft and green grey schist and starting to pan a little at 44 feet. 44 to 79 dark grey soft broken schist with some quartz at 74 feet and showing nothing in panning. 79 to 95 quartz stringers, sulphides, iron pyrites and dark schist panning very good. 95 to 134 soft black green schist, iron pyrites and sulphides panning good. 134 to 155 medium hard black green schist, some iron pyrites and sulphides, panning. 155 to 224 medium hard grey schist panning a little.

Drill Hole #58 Footage 177'. Location [illegible] - Elev. 794? - Bearing [illegible] - Incl. -[illegible] degrees. 0 to 9 overburden. 9 to 16 light grey schist. 16 to 27 broken quartzite and grey schist. 27 to 64 soft light brown to black schist. 64 to 72 very soft dark brown to black schist. 72 to 106 soft grey schist oxidized - panning a little. 106 to 118 soft grey and brown schist oxidized - also panning a little. 118 to 136 light black and grey schist. 136 to 146 yellow brown and light grey schist oxidized. 146 to 152 soft and broken light black schist. 152 to 177 medium hard grey schist.

Drill Hole #59 Footage 241'. Location [illegible] - Elev. 74[illegible] - Bearing [illegible] - Incl. -[illegible] degrees. 0 to 21 medium hard grey schist. 21 to 26 grey schist with arsenate and iron stains quartz. 26 to 172 grey schist with gouge. 172 to 176 arsenate stains and also some gouge. Starting to get some quartz. 17[illegible] to 17[illegible] slight mineralization quartz with iron oxide strongly oxidized. 17[illegible] to 1[illegible] arsenate

stained schist with some quartz - strongly oxidized. 1[illegible] to 1[illegible] iron stained quartz with some arsenate stain and a little remaining chalcopyrite and covellite. 1[illegible] to 2[illegible] grey schist with quartz seams. 2[illegible]6 to 215 strongly oxidized iron stained quartz. 215 to 241 grey schist with occasional seams of quartz.

Drill hole #[illegible] — Footage 224'. Location 50[illegible] 1[illegible] - Elev. 74[illegible] - Bearing [illegible] - Incl. -[illegible] degrees. 0 to 5[illegible] grey quartzite schist with occasional iron stain on the face of fractures. 56 to [illegible] vein with more iron stain somewhat vuggy. 61 to [illegible] soft dike [illegible] and gouge - doesn't pan. 66 to 12[illegible] is grey quartzite schist with somewhat more iron stain and occasional iron stain stringers thru Carlo [illegible] vein, thoroughly oxidized - no sulphides. 1[illegible] to 1[illegible] grey quartzite schist. 1[illegible] to 154 is the same with some [illegible] schist. 154 to 171 grey quartzite with occasional arsenate stains in seams from 16[illegible] to 171. 171 to 201 grey quartzite schist with occasional seams of iron stained quartz - all oxidized. 201 to 210 darker dike schist and showing a little in panning. 210 to 224 grey quartzite schist occasional iron stained quartz seams.

Drill hole #[illegible] — Footage [illegible]3', not finished. Location 4[illegible] 3[illegible] - Elev. 74[illegible] - Bearing [illegible] - Incl. - 33 degrees. This hole has not been logged and will give a complete report next week. Mostly quartzite showing a basic dike at 165. [illegible] Fe stained probably dike material, more mineralization and found a little sphalerite at about [illegible] and still drilling.

Drill hole #[illegible] — To be started soon. Approximately [illegible], 55 feet from drill hole #[illegible], bearing [illegible], -[illegible] degrees. To cut the formation from 1[illegible] to 1[illegible] feet deeper and expect to be in the sulphides.

GENERAL

Dozer work on road repair and preparing tunnel site.

Labor spent on laying pipe to Carlo [illegible] drill sites, drying samples and moving test houses to the tunnel site and getting them ready for the winter.

Drilling

67½ hours

Labor

4[illegible] shifts

Drilling footage

955 feet.

TUNNEL SITE

A site for an adit (called 7000 Adit) has been selected and prepared on the Merle #5 shear at a location just below the D2 and D3 drill sites at elevation 6984. (See plan map) It will crosscut the shear zone parallelling drill hole D8 for approximately 200 feet through the main Merle #5 shear. An adit drift will be turned from it to follow the shear north, using the drill hole intersections ahead as well as the indications disclosed by the adit work as directional guides. The back under the arsenate showing in trench #5 will be approximately 80 feet, increasing rapidly in a northerly direction well below the oxide zone as indicated in the diamond drill holes. The best drill holes, D2 and D7 are in this immediate area.

The area south of the adit crosscut may be too shallow to be explored below the oxide zone but some exploration will be done in that direction under trenches #7, #17 and #18.

A thousand feet of adit has been planned and it is expected that this work can be carried on through the winter by the contractor to whom the adit work has been let. One of our geologists will remain and supervise the work.

DIAMOND DRILLING

Most of the drilling done on the Merle #5 shear reached the sulphide zone at about 60 to 75 feet below the surface. So far the sulphide zone has been considerably deeper on the Merle #3 shear. The reason for this seems to be that the Merle #5 mineral occurs in soft black schist while that on the Merle #3 is usually in alternate beds of quartzite and a harder schist. Percolating waters appear to penetrate the latter more rapidly and thus have carried oxidization deeper.

It seems likely that it will be necessary, because of deep oxidation on Merle #3, to carry on underground exploration from the same adit crosscut (7000 Adit) now being started on Merle #5. 7000 Adit will give in excess of 400 feet of back on the Merle #3 but about 800 feet of crosscut will be necessary from Merle #5 to Merle #3. Some of this crosscut will be in favorable ground.

Respectfully submitted,

George W. Mitchell

GWM/m

Docket No. DMEA 2436
Idm - E334
(Cobalt)

NORTHFIELD MINES, INC.

Stevenson Property - Idaho

ENGINEERING NOTES

At the start of the diamond drilling program the reference elevation for Drill Hole D_2 was set at 7010.0 by altimeter and all reported elevation shown on Progress Reports have been based on this elevation. Recently Mr. Wayne Roberts, of the U.S.G.S., ran a plane table survey of these reported elevation points from a known bench mark and it was found that the previously reported elevations were 21' to 26' too high. Starting with this report all elevations will be based on Mr. Roberts' elevations and the changes will be as follows:-

Place	Old Elevation	New Elevation	Remarks
Drill Hole D_1	7141.9	7121	
Drill Hole D_2	7010.0	6989	Base elevation
Drill Hole D_3	7013.0	6991	
Drill Hole D_4	7143.1	7122	
Drill Hole D_5	7063.2	7036	
Drill Hole D_6	7076.6	7049	
Drill Hole D_7	7098	7073	
Drill Hole D_8	7270	----	
Drill Hole D_9		7428	
Drill Hole D_{10}		7420	

Standard Form No. 1034 a—Revised
Form prescribed by
Comptroller General, U. S.
September 7, 1950
(Gen. Reg. No. 51, Supp. No. 11)

Wash.

PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL

D. O. Vou. No. .....

Bu. Vou. No. DMA-404

U. S. Interior, Mines
(Department, bureau, or establishment)

Voucher prepared at Albany, Oregon 10/3/52
(Give place and date)

THE UNITED STATES, Dr., Payee's Account No. Idm E 334

To Northfield Mines, Inc.,
(Payee)

c/o A. J. O'Connell, Eureka, Nevada
(Address) (City) (State)

PAID BY

(For use of Paying Office)

No. and Date of Order	Date of Delivery or Service	ARTICLES OR SERVICES (Enter description, item number of contract or Federal supply schedule, and other information deemed necessary)	QUANTITY	UNIT PRICE Cost	UNIT PRICE Per	AMOUNT Dollars	AMOUNT Cts.
	August 1952	Discount Terms net As per attached certified form MF-104 dated September 12, 1952				7,713	24
PAYMENT: Complete ☐ Partial ☐ Final ☐		Use continuation sheet(s) if necessary					

Shipped from to Weight Government B/L No. Total 7,713 24

(Payee must NOT use this space)

Differences .....

Account verified; correct for 7,713.24

(Signature or initials) .....

Contract No. Idm E334 Date Req. No. Date Invoice Rec'd.

7,713.24

MEMORANDUM

ACCOUNTING CLASSIFICATION (For completion by Administrative Office)

Appropriation, limitation, or project symbol	Appropriation title	Limit'n. or Proj't. Amount	Appropriation Amount
14X4401	Revolving Fund, Defense Production Act, Interior	7,713.24	7,713.24

Allotment symbol	Amount	Obligations liquidated	COST ACCOUNT Symbol	COST ACCOUNT Amount	OBJECTIVE CLASSIFICATION Symbol	OBJECTIVE CLASSIFICATION Amount

Paid by { Check No. ..... dated ....., 19....., for $..... } on Treasurer of the United States in favor of payee named above.
{ Cash, $....., on ....., 19.....

16—22900a-2

METHOD OF OR ABSENCE OF ADVERTISING

METHOD OF ADVERTISING

1. Advertising in newspapers Yes ☐ No ☐.
2. (*a*) Advertising by circular letters sent to ..... dealers.
   (*b*) And by notices posted in public places Yes ☐ No ☐.

   (If notices were not posted in addition to advertising by circular letters sent to dealers, explanation of such omission must be made below.)

ABSENCE OF ADVERTISING

3. Without advertising, under an exigency of the service which existed prior to the order and would not admit of the delay incident to advertising.
4. Without advertising in accordance with .....
5. Without advertising, it being impracticable to secure competition because of .....

.....

.....

.....

.....

(Here state in detail the nature of the exigency or circumstances under which the securing of competition was impracticable under 3 and 4)

NOTE.—The above form "Method of or Absence of Advertising" is to be used when purchases are made or services secured under proper authority without written agreement in any form. In case of a written agreement (formal contract, proposal, and acceptance, or less formal agreement) Standard Form No. 1036—Revised should be used for abstracting the method of or absence of advertising and award of contract. (See General Regulations No. 51, as amended.)

U. S. GOVERNMENT PRINTING OFFICE : 1950 O—75805

16—22900a-2

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

wach

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1038.3.
Approval expires 6-30-53.

DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration
RECEIVED
OCT 1 [illegible]

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of August 1952 Docket No. DMEA 2436 Contract No. Idm-8394
Operator's Name Northfield Mines, Inc. Minerals Cobalt - Copper
Address c/o A. J. O'Connell - Eureka, Nevada
Contract Amount, $ 102,900.00 Government Participation: 70 % Amount, $ 70,030.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported & Adjusted	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling	5,492.55	3,938.65	9,431.20	5492.55	3938.65	9431.20
Bulldozing	3,079.00	2,918.50	6,597.50	3679.00	2918.50	6597.50
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor	[illegible]	1,007.17	1,006.44	—	1007.17	1,007.17
Supervision	[illegible]	1,200.00	1,200.00	—	1200.00	1200.00
Technical Services	185.00	372.00	557.00	—	372.00	372.00
(3) Operating Mat'ls. and Supplies:						
Timber	146.10		146.10	146.10	-0-	146.10
Explosives	121.78	379.99	501.77	121.78	379.99	501.77
Pipe		83.77	83.77		83.77	83.77
Track		720.24	720.24		720.24	720.24
[illegible]	78.29	25.65	103.94	78.29	25.65	103.94
[illegible]	19.42	19.42	19.42	—	19.42	19.42
[illegible]	141.25	212.13	353.38	141.25	212.13	353.38
[illegible]	6.34	338.96	345.30	6.34	338.96	345.30
(4) Operating Equipment:						
Rental	347.00	494.00	841.00	347.00	494.00	841.00
Purchase		82.56	82.56		82.56	82.56
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.	330.88	233.76	564.64	330.88	233.76	564.64
(7) Miscellaneous:						
Repairs to Equipment		34.95	34.95		34.95	34.95
Sampling and Analysis	330.00		330.00	330.00	-0-	330.00
Payroll Taxes	104.94	146.30	251.24	—	146.30	146.30
Liability Insurance	45.73	102.51	148.24	45.73	102.51	148.24
Accounting		325.00	325.00		325.00	325.00
Engineer Travel	150.00	289.81	439.81	150.00	289.81	439.81
Cabin Rent	300.00	150.00	450.00	—	150.00	150.00
(8) Contingencies (specify):	150.00		150.00	150.00	-0-	150.00
TOTALS	[illegible]	13,204.51	[illegible]	11018.92	13204.51	24223.43

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

Date 9-12-52 *Payee Northfield Mines, Inc.

Per [signature] Title Office Manager

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

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

(Instructions on reverse)

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

$ 7713.25

Signature [signature]
(Authorized Certifying Officer)

Date 10-2-52 Vou. No.
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E334 in accordance with the terms of the contract.

Signature /s/ Dean C. Holt Title Mining Engineer Date 9/16/52

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /s/ Thomas E. Howard Title Mining Engineer Date 9/16/52

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Item (8) includes any unforeseen costs not included in the other seven categories.

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Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

U. S. GOVERNMENT PRINTING OFFICE 205675

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 1 52

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of August 1952 Docket No. DMEA 2436 Contract No. 7dm-8334
Operator's Name Northfield Mines, Inc. Minerals Cobalt - Copper
Address c/o A. J. O'Connell - Luroka, Nevada

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core	Ft.	5,492.55	821	9,421.20	1445	6.53	2000'	8.00
Churn								
Auger								
Stripping								
Trenching	Hrs.	3,267.00	259	5,479.50	421½	13.00	500	15.00
Test Pits								
Roads and Trails Haulage	Hrs.	322.00	24	1,118.00	86	13.00	270	15.00
Other Allowable		3,454.37		9,567.97				
TOTAL DISTRIBUTED COSTS		22,425.92		25,586.67				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								1,840.00
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.		220.88		904.64				7,500.00
								92,560.00
TOTAL COSTS		$22,956.80		$26,161.31				$202,980.00

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

Date 9-12-52 Operator Northfield Mines, Inc.

Per A. J. O'Connell Title Office Manager

REMARKS This report has been adjusted to reflect the following amounts not allowed on July 1952 claim as per letter Mr. R. H. Hull, Auditor, dated 8-25-52.

1. Deducted Surface Labor 1.00
2. Deducted Engineer Travel 150.00
3. Deducted Payroll Tax 47.06
198.06

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

Preparation of Form MF-104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF-104A has been designed to tie in with Form MF-104 for both monthly and cumulative costs. The "Total Costs" on Form MF-104A for each month should equal the monthly "Total Costs" as reported on Form MF-104. This is also true of the "Total Costs To Date".

In preparing Form MF-104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

U. S. GOVERNMENT PRINTING OFFICE 205676

NORTHFIELD MINES, INC.

STEVENSON PROPERTY - IDAHO

PROGRESS REPORT #3

August 1952

Docket No. DMEA 2436
Contract No. Idm -E334

TRENCHING

Listed below are the new trenches dug this month, giving length, general location and rating. Total footage for this month was 2383.

Trench #11 Shown on last month's report as caved and unable to log. It was cleaned out showing mostly quartzite. One sheared zone 22' to 150' showed some iron stained quartz. Trench is located in S.E. part of Merle #3, footage 300'. Rating poor.

Trench #20 Footage 133' located below Merle #4 Location Monument. At zero slight Fe stain; 0 to 12 little yellow stain (cobalt ?); 67 to 87 is a shear zone striking N8W dipping 53°. Wall in quartzite. Rating poor.

Trench #21 Footage 300' located about center of south end on D Queen claim. Shows shearing from 47 to 67 striking N8E dipping 65° SE - some mineralization. Shearing zone 150 to 238 striking roughly N15W dipping 65 to 75 degrees W. - some mineralization throughout, probably cobalt stains at 175 and 250. Rating fair.

Trench #22 Footage 150' located about 100 feet S.W. of Trench #21. Shear zone striking about N20W. From 0 to 12' there is 15 inches of gouge with some mineral and yellow stain striking S56W and dipping 75° SE and on the north side of cut from 25 to 75 degrees. Rating fair.

Trench #23 Footage 200' located about 75' S.W. of Trench #22. At northeast end shear zone 0 to 15 striking S74W dipping 80° S.E. with heavy mica and some mineral and cut by beds striking N17E dipping 10° to 20° E; also shearing at 0 plus 27 striking S74W dipping 80° SE - cuts beds then at 27 to 50 - flat beds of grey to blue quartzite with 1 foot of black mica schist and some mineral - at 50 shears strike N72E dipping 72W cutting flat beds to 75 - then flat beds of grey to blue quartzite containing some black mica schist and small amount of mineral. Rating poor to fair.

Trench #24 Footage 175' East - 125' west - Total 300'. Located on the south end of D Queen claim. At 0 of east trench shears strike N66E dipping 53° SE and at surface flat beds of grey quartzite dipping 17° NE containing from 1ft. to 2 ft of black mica schist with some mineral and yellow stain. At 80 shear zone striking N15W to NOW and dipping 70° SW to vertical beds and contains black

mica schist with much mica and considerable mineral which continues to near end of cut. Same zone as cut in "A" Trench. Rating fair to good. Southwest end slight mineralization with gouge in quartzite beds at 60. Rating poor.

Trench #25 Footage 250' located north of Trench #21 about 75'. Showing a shear zone striking N20W dipping 50° W that projects to Trench #21 and Trench "A". Rating fair.

Trench #26 Footage 65' about center of David #22 claim. Shear zone striking N27W dipping 50° E not quite in line with shear in Trench #24. Rating fair.

Trench #27 Footage 150' to the south of Trench 5.4S 4.5W made last year. 6 inches of quartz vein shows some copper stain, shear zone and a basic porphyry intrusion. Rating fair.

Trench #28 Footage 50'. An extension of Trench #17 on the north end showing quartzite and some mineralization. Rating fair.

Trench #29 Footage 300', near Merle#6 Location Monument. 0 to 74 was grey schist with weak shearing 39 to 71, small basic dike at 46 to 49. Rest of trench was in quartzite, 250 to 200 was Fe stained. Rating poor.

Trench #30 Footage 110', about 140' below Trench #29 to the north. 0 to 42 was grey schist, start of shear zone at 42 ending at 106. Zone contains grey schist, some mineralized schist, Fe gossan and quartz, weakly mineralized. Rating poor.

Trench #31 Footage 150', extension of Trench 2S 2.4E. Greater portion of cut still in overburden after cutting 10 to 12 foot bank. 80 to 115 showed shearing action and some mineralization; very little Fe gossan or yellow arsenate, mostly quarts and green biotite. Rating fair.

Trench #32 Footage 350, south of Trench 5.8N 1.1E parallel to road. Slightly mineralized overburden to 48, overburden to 119, schist and quartzite slightly mineralized to 180 - also from 190 to 203 and from 270 to 287. Rating fair.

Trench #25A Trench started last year but not finished near Bronken' Station 251. Dug deeper for about 100'. Cut quartzite beds striking N23E dipping 38 degrees SE with slight mineralization at 60 to 80 in beds. Rating poor.

DIAMOND DRILLING

Drill Hole #D_1 Footage 195' (140' on last month's Progress Report). 140 to 150 showing soft black schist and panning in mineral. 150 to 153 showing quartz sand and medium hard black schist. 153 to 160 medium soft black schist panning good in mineral. 160 to 175 showing medium hard dark schist sometimes a greenish cast and pyrites. 175 to 180 grey quartzite. 180 to 195 quartzite and occasional soft black schist stringers panning a little in mineral.

Drill Hole #D4 — Footage 200'. 0 to 31 showing mostly grey quartzite with a little white quartz at 24 to 28. 31 to 36 turning to a darker color with some yellow stain at 33. 36 to 56 showing dark grey schist 56 to 81 medium hard grey schist with oxidized areas between 66 to 71. 71 to 81 medium hard grey schist turning to darker color at 81 and hitting small quartz seams at 91. 91 to 121 dark grey schist and quartz seams at 121. Panning a little in mineral. 121 to 141 dark grey schist and panning very good. 149 to 167 dark grey schist fairly soft and panning good. 167 to 181 dark grey schist with some white quartz panning fair. 181 to 191 medium hard dark grey schist panning a little. 191 to 200 mostly quartzite and not panning.

Drill Hole #D5 — Footage 186'. 0 to 16 overburden and 16 to 51 broken grey schist with quartzite seams. 51 to 76 broken light grey schist with some very soft at 71. At 76 it started to pan a little. 76 to 106 brown schist with a few places showing black schist and panning a little. 106 to 118 very soft broken light grey schist panning fair. 118 to 141 medium hard light brown with some blue and grey schist. Panning good at 128 to 131 and also at 141 to 144. At 144 to 158 grey schist with mica some quartz with iron oxide and sulphides panning fair. 158 to 186 grey quartzite panning no mineral.

Drill Hole #D6 — Footage 211'. 0 to 22 overburden, 22 to 40 changing from a light brown sandy schist to a light grey sandy schist. 40 to 61 changing from a soft grey schist to a medium hard grey schist. We found some cobaltite in the core at 46 but didn't show in panning. 61 to101 soft light grey and brown schist some badly broken and panning very little. 101 to 121 soft grey schist badly broken and unable to pan due to no water return. 121 to 144 soft dark schist panning good. 144 to 181 very soft dark schist still panning good. 181 to 198 dark grey schist panning. 198 to 211 very soft broken dark schist panning. Due to cave section we were unable to drill deeper.

GENERAL

Five drill sites were prepared. Four on Merle #5 and one on Merle #3.

One portable shower house was erected and at present located near the "Y".

Balance of labor spent on drying samples, cleaning out trenches and laying pipe lines.

CAT WORK

160 hours.

LABOR

47½ shifts.

DIAMOND DRILLING

652 feet.

Gromtree

Standard Form No. 1034a—Revised
Form prescribed by
Comptroller General, U. S.
September 7, 1950
(Gen. Reg. No. 51, Supp. No. 11)

PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL

D. O. Vou. No. .....

Bu. Voy. No. DMA-384

U. S. Interior, Mines
(Department, bureau, or establishment)

Voucher prepared at Albany, Oregon 9/18/52
(Give place and date)

PAID BY

(For use of Paying Office)

THE UNITED STATES, Dr., *Payee's Account No.* Idm-E334

To Northfield Mines, Inc.,
(Payee)

C/o A. J. O'Connell, Eureka, Nevada
(Address) (City) (State)

No. and Date of Order	Date of Delivery or Service	ARTICLES OR SERVICES (Enter description, item number of contract or Federal supply schedule, and other information deemed necessary)	QUANTITY	UNIT PRICE Cost	UNIT PRICE Per	AMOUNT Dollars	AMOUNT Cts.
	July 1952	Discount Terms net As per attached certified form MF-104 dated August 15, 1952				6,618	59
PAYMENT: Complete ☐ Partial ☐ Final ☐		Use continuation sheet(s) if necessary					

Shipped from to Weight Government B/L No. Total 6,618 59

(Payee must NOT use this space)

Differences .....

Account verified; correct for 6,618 59

(Signature or initials) .....

Contract No. Idm-E334 Date Req. No. Date Invoice Rec'd.

6,618.59

MEMORANDUM

ACCOUNTING CLASSIFICATION (For completion by Administrative Office)

Appropriation, limitation, or project symbol	Appropriation title	Limit'n. or Proj't. Amount	Appropriation Amount
14X4401	Revolving Fund, Defense Production Act, Interior.	6,618.59	6,618.59

Allotment symbol	Amount	Obligations liquidated	COST ACCOUNT Symbol	COST ACCOUNT Amount	OBJECTIVE CLASSIFICATION Symbol	OBJECTIVE CLASSIFICATION Amount

Paid by { Check No. ..... dated ....., 19....., for $..... } on Treasurer of the United States in favor of payee named above.
{ Cash, $....., on ....., 19.....

16—22900a-2

METHOD OF OR ABSENCE OF ADVERTISING

METHOD OF ADVERTISING

1. Advertising in newspapers Yes ☐ No ☐.
2. (*a*) Advertising by circular letters sent to ..... dealers.
   (*b*) And by notices posted in public places Yes ☐ No ☐.

   (If notices were not posted in addition to advertising by circular letters sent to dealers, explanation of such omission must be made below.)

ABSENCE OF ADVERTISING

3. Without advertising, under an exigency of the service which existed prior to the order and would not admit of the delay incident to advertising.
4. Without advertising in accordance with .....
5. Without advertising, it being impracticable to secure competition because of .....

.....

.....

.....

.....

(Here state in detail the nature of the exigency or circumstances under which the securing of competition was impracticable under 3 and 4)

NOTE.—The above form "Method of or Absence of Advertising" is to be used when purchases are made or services secured under proper authority without written agreement in any form. In case of a written agreement (formal contract, proposal, and acceptance, or less formal agreement) Standard Form No. 1036—Revised should be used for abstracting the method of or absence of advertising and award of contract. (See General Regulations No. 51, as amended.)

U. S. GOVERNMENT PRINTING OFFICE : 1950 O—75805

16—22000a-2

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

Wash

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.3.
Approval expires 6-30-53.

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of July 1952 Docket No. DMEA 2436 Contract No. Idm-E334
Operator's Name Northfield Mines, Inc. Minerals Cobalt - Copper
Address c/o A. J. O'Connell - Eureka, Nevada
Contract Amount, $ 102,900.00 Government Participation: 70 % Amount, $ 70,030.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling	3,938.65		3,938.65			
Bulldozing	1,066.00	1,852.50	2,918.50			
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor	813.74	194.43	1,008.17	812.74	194.43	1007.17
Supervision	600.00	600.00	1,200.00			
Technical Services	186.00	186.00	372.00			
(3) Operating Mat'ls. and Supplies:						
Timber Geology Supplies	376.95	3.04	379.99			
Explosives Small Tools	47.62	36.15	83.77			
Pipe & Fittings	706.68	21.56	728.24			
Track Cook House Furn.	24.55	1.10	25.65			
Medical Supplies	17.13	2.29	19.42			
Gasoline	118.78	2.02	120.80			
Bunkhouse Furn.	167.65	45.08	212.73			
Oil & Tires	338.96		338.96			
(4) Operating Equipment:						
Rental	222.00	272.00	494.00			
Purchase	82.56		82.56			
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.	90.65	143.11	233.76			
(7) Miscellaneous:						
Repairs to Equipment Auto	34.95		34.95			
Sampling and Analysis Telephone	58.52	43.99	102.51			
Payroll Taxes	137.10	56.26	193.36	90.04	56.26	146.30
Liability Insurance Freight on Drill	325.00		325.00			
Accounting	150.00	139.81	289.81			
Travelling Engineer	150.00	150.00	300.00	—	150.00	150.00
(8) Contingencies (specify):						
TOTALS	$9,653.19	$3,749.38	$13,402.57	$945.13	$3749.38	$13204.51

I certify that the above bill is correct and just and that payment therefor has not been received.
Date 8-15-52 *Payee Northfield Mines, Inc.

Per A. J. O'Connell Title Office Manager

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

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

(Instructions on reverse)

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

$ 6,618.59

Signature [illegible]
(Authorized Certifying Officer)

Date 9/18/52 Vou. No.
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. 334 in accordance with the terms of the contract.

Signature Thomas E Howard Title Mining Engr Date 8/19/52

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Glenn R Reid Title Mng Engr Date 8/19

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

U. S. GOVERNMENT PRINTING OFFICE 205675

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of July 1952 Docket No. DMEA 2436 Contract No. Idm-2934
Operator's Name Northfield Mines, Inc. Minerals Cobalt - Copper
Address c/o A. J. O'Connell - Eureka, Nevada

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core	Ft.	3,938.65	624	3,938.65	624	6.31	2000	8.00
Churn								
Auger								
Stripping								
Trenching	Hrs.	1,066.00	82	2,112.50	162½	13.00	500	15.00
Test Pits								
Roads and Trails & Sites				806.00	62	13.00	270	15.00
Other Allowable		4,475.33		6,229.10				75,350.00
TOTAL DISTRIBUTED COSTS		9,479.98		13,086.25				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased		82.56		82.56				
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.		90.65		233.76				
TOTAL COSTS		$9,653.19		$13,402.57				

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

Date 8-15-52 Operator Northfield Mines, Inc.

Per [signature] Title Office Manager

REMARKS:

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

(Instructions on reverse)

(For Government use only)

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
Denver
SEP 26 1952

INSTRUCTIONS

Preparation of Form MF-104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF-104A has been designed to tie in with Form MF-104 for both monthly and cumulative costs. The "Total Costs" on Form MF-104A for each month should equal the monthly "Total Costs" as reported on Form MF-104. This is also true of the "Total Costs To Date".

In preparing Form MF-104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

U. S. GOVERNMENT PRINTING OFFICE 205676

Docket No. [illegible] 2436

Idm- [illegible]

(Cobalt)

NORTHFIELD MINES, INC.

STEVENSON PROPERTY - IDAHO

DRILL HOLE D_2 SAMPLES

Sample No.	Interval	Type of Sample	Core Recovery	Results %Cu	%Co	Remarks
D_2 - 1	209'-212'	Core Split	53%	1.17	2.64	
D_2 - 2	212'-215'	"	47%	0.35	0.66	
D_2 - 3	215'-218'	"	20%	0.05	0.17	
D_2 - 4	218'-221'	"	25%	0.30	0.17	
D_2 - 5	221'-224'	"	63%	0.30	0.17	
D_2 - 6	224'-229'	Sludge Split	0%	0.15	0.14	Cave section 224' to 230'. One of the core material may be melted from 230' to 239' section.
D_2 - 7	230'-233'	Core Split	70%	0.46	0.46	
D_2 - 8	236'-239'	"	66%	0.39	0.23	
D_2 - 9	119'-121'	"	60%	1.22	0.17	
D_2 - 10	121'-124'	"	53%	0.09	0.10	
D_2 - 11	124'-126½'	"	64%	0.06	0.11	
D_2 - 12	126½'-129'	"	40%	0.27	0.11	
D_2 - 13	124'-134'	Sludge Split	0%	0.27	0.20	
D_2 - 14	131½'-134'	Core Split	44%	0.44	0.52	
D_2 - 15	134'-139'	"	66%	0.36	0.32	
D_2 - 16	139'-144'	"	42%	0.10	0.22	
D_2 - 17	74'-77'	"	73%	0.44	0.20	(Part of core oxid.- ized)
D_2 - 18	254'-259'	Sludge Split	0%	0.28	0.19	Possibility of melting

DOCKET NO. DMEA 2436
Idm - E334
(Cobalt)

NORTHFIELD MINES, INC.

STEVENSON OPERATIONS * IDAHO

PROGRESS REPORT #2

JULY 1952

TRENCHING

Fourteen new trenches were dug this month approximately 3340 feet. The trenches are listed below giving the length, general location and rating.

Trench #1EX — Footage 550' and located below the Merle #5 location monument. This is an extension of the #1 trench. Two "mineralized" zones intersected; one between 0 to 479' - 0 to 586' and the other at 0 to 678' - 0 to 701'. Mineralization consisted of hydrothermal mica, silification, Fe gossan and yellow arsenate stain. Rating fair.

Trench #7 — Two sheared zones 107 to 266 and 287 to 312 with strong mineralization in the central part of first zone. Rating good. Footage 350' and located lower end Merle #5.

Trench #8 — This number was omitted through an error.

Trench #9 — Footage 200' and located south of 3.7N .8W trench made last year. Two sheared zones at 0 to 100 and 117 to 153. Mineralization in first zone with Cobalt at 62' and less mineralized in second zone. Rating good.

Trench #10 — Footage 250' and located north of 3.7N .8W trench made last year. Slight shearing 0 to 40 then mineralized sheared zone to 67'. Also shearing in zone 112' to 225' with slight mineralization and some Cobalt at 212'. Rating fair.

Trench #11 — Footage 200' and located in S. E. part of Merle #3. Sheared zone 22' to 150' with some iron stained quartz. This trench caved before we could log it. The rating is poor but will clean out and check again.

Trench #12 — Footage 250' and located S. E. part of Merle #3. Two "mineralized" zones intersected; 66' to 84' and 144' to 160'. First is poor and the second is fair. Second zone showed hydrothermal mica, silification, Fe gossan and Cu staining.

Trench #13 — Footage 150' and located near "A" extension trench made last year. One mineralized zone, 25' to 85' showed good gossan and strong yellow arsenate staining. Rating good.

Trench #14 Footage 100' and located near 1.9N 8.5W trench made last year. North wall had good mineralization whereas south wall did not; mineralization in this area seems to be very spotty. Rating poor. This area should have more work done on it to prove or disprove the above statement.

Trench #15 Footage 250' located south of 1.9N 8.5W trench made last year. Two small zones, one at 180' to 115' and the other at 160' to 163'. Rating poor.

Trench #16 Footage 150' and located north of 1.9N 8.5W trench made last year. No mineralization showing in this trench.

Trench #17 Footage 380' and located south of #2 and #3 drill sites. 0 to 30', 130' to 175', 285' to 305' and 467' to 475'. The 130' to 175' zone was the best of the three of this particular horizon. Very strong yellow arsenate staining and 3' wide yellow arsenate stained quartz gossan. Rating very good.

Trench #18 Footage 320' and located south of #2 and #3 drill sites. Two mineralized zones; 445' to 473' and 509' to 700'. The last zone is broad partly because of the intrusive basic dike which has caused, due to oxidization, considerable Fe staining. Rating fair.

Trench #19 Footage 190' located south of #18 trench. Sheared zone 100' to 170'. This trench is not deep enough and might show mineralization if cut deeper. So far the rating is poor.

Listed below are the trenches made last year. These were cleaned out and some were cut considerably deeper.

Trench #7A	5.1N .1W	Rating	fair
Trench #8A	6.9N .8W	"	"
Trench #9A	3.7N .8W	"	"
Trench #12A	2 S 2.4E	"	"
Trench #14A	1.9N 8.5W	"	good
Trench #17A	3.2N 6.8W	"	fair

DIAMOND DRILLING

Drill hole #D2 was started July 8th and finished July 15th. 0' to 74' hole showed soft gray schist, some sugar quartz and at 77' a medium soft dark schist. 77' to 119' at times a very soft black schist with poor core recovery. 119' to 144' changing from medium soft schist to a very soft black schist and at 134' showed good in mineral. 144' to 209' changing to a medium hard schist with a poor showing in mineral. 209' to 259' changing to soft black schist and in places very good showing in mineral. Due to cave section around 240' there is a possibility of salting below this area. Ground was caving badly at 259' and hole was stopped. Samples were sent in for assay and returns will be shown on a separate sheet.

Drill hole #D3 was started July 23rd and finished July 26th at a depth of 170 feet. 0' to 9' showed white quartz and schist and continued with a light black schist to 99'. At this point it started showing a little mineral. 99' to 146' changing from a light black schist to quartz and then to a gray quartzsite. 146' to 148' panned fair in mineral showing light black schist. 152' to 170' mostly gray quartzsite and hole was stopped.

Drill hole #D1 was started July 28th and is not finished. 0' to 7' mostly overburden with some schist. 7' to 30' broken schist and quartzsite. 30' to 44' broken white quartz. 44' to 70' changing from quartz to gray schist. 70' to 95' white quartz and schist with a light brown water return in quartz region. 95' to 140' medium hard to very soft black schist. At 113' it started to pan fair in mineral and around 120' it looked very good and also at 135'. Hole 140' feet July 31st. We were still in the soft black schist and panning fair.

U. S. GEOLOGICAL SURVEY

Two men started July 23rd checking trenches we have dug so far and also mapping the area.

CAMPSITE AND GENERAL

Three 14' x 16' tents were set up with wood floors and 3 foot walls. Also built two outdoor toilets and one 4' x 8' shack for drying sludge samples at the drill site.

Two drill sites, #1 and #3, were prepared located on the south end of the Marie #5 showing.

The lower spring did not supply enough water for drilling and a pipe line was put in from the upper spring. It required about 900 feet of pipe, part of this being used for return from drill site to settling pond.

Balance of labor was spent on cleaning trenches for logging and drying samples.

CAT WORK

Total hours	204

LABOR

Shifts	54

DIAMOND DRILLING

Total Footage	569

Standard Form No. 1034a—Revised
Form prescribed by
Comptroller General, U. S.
September 7, 1950
(Gen. Reg. No. 51, Supp. No. 11)

PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL

D. O. Vou. No. .....

Bu. Vou. No. DDR-353

U. S. Interior, Mines
(Department, bureau, or establishment)

Voucher prepared at Albany, Oregon 8/26/52
(Give place and date)

THE UNITED STATES, Dr., Payee's Account No. Idm-F-334

To Northfield Mines, Inc.
(Payee)

% A. J. O'Connell, Eureka, Nevada
(Address) (City) (State)

PAID BY

(For use of Paying Office)

No. and Date of Order	Date of Delivery or Service	ARTICLES OR SERVICES (Enter description, item number of contract or Federal supply schedule, and other information deemed necessary) Discount Terms	QUANTITY	UNIT PRICE Cost	UNIT PRICE Per	AMOUNT Dollars	AMOUNT Cts.
	June, 1952	As per attached certified form MF-104 dated 8/7/52				2,624	57

PAYMENT:
Complete ☐
Partial ☐
Final ☐

Use continuation sheet(s) if necessary

Shipped from to Weight Government B/L No. Total 2,624 57

(Payee must NOT use this space)

Differences .....

Account verified; correct for 2,624 57

(Signature or initials) .....

Contract No. Idm-F-334 Date Req. No. Date Invoice Rec'd.

2,624.57

MEMORANDUM

ACCOUNTING CLASSIFICATION (For completion by Administrative Office)

Appropriation, limitation, or project symbol	Appropriation title	Limit'n. or Proj't. Amount	Appropriation Amount
14X4401	Revolving Fund, Defense Production Act, Interior.	2,624.57	2,624.57

Allotment symbol	Amount	Obligations liquidated	COST ACCOUNT Symbol	COST ACCOUNT Amount	OBJECTIVE CLASSIFICATION Symbol	OBJECTIVE CLASSIFICATION Amount

Paid by { Check No. ..... dated ....., 19....., for $..... } on Treasurer of the United States in favor of payee named above.
{ Cash, $....., on ....., 19.....

16—22000a-2

METHOD OF OR ABSENCE OF ADVERTISING

METHOD OF ADVERTISING

1. Advertising in newspapers Yes ☐ No ☐.
2. (*a*) Advertising by circular letters sent to ..... dealers.

   (*b*) And by notices posted in public places Yes ☐ No ☐.

   (If notices were not posted in addition to advertising by circular letters sent to dealers, explanation of such omission must be made below.).

ABSENCE OF ADVERTISING

3. Without advertising, under an exigency of the service which existed prior to the order and would not admit of the delay incident to advertising.
4. Without advertising in accordance with .....
5. Without advertising, it being impracticable to secure competition because of .....

.....

.....

.....

.....

(Here state in detail the nature of the exigency or circumstances under which the securing of competition was impracticable under 3 and 4)

NOTE.—The above form "Method of or Absence of Advertising" is to be used when purchases are made or services secured under proper authority without written agreement in any form. In case of a written agreement (formal contract, proposal, and acceptance, or less formal agreement) Standard Form No. 1036—Revised should be used for abstracting the method of or absence of advertising and award of contract. (See General Regulations No. 51, as amended.)

U. S. GOVERNMENT PRINTING OFFICE : 1950 O—75805

16—22000a-2

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.3.
Approval expires 6-30-53.

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of June, 1952 Docket No. DMEA 2436 Contract No. Idn-5334
Operator's Name Northfield Mines, Inc. Minerals Cobalt - Copper
Address c/o A. J. O'Connell
Contract Amount, $102,900.00 Government Participation: 70 % Amount, $70,030.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing	1,852.50		1,852.50			
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor	194.43		194.43			
Supervision	600.00		600.00			
Technical Services	186.00		186.00			
(3) Operating Mat'ls. and Supplies:						
Timber Geology Supplies	3.04		3.04			
Explosives Small Tools	36.15		36.15			
Pipe & Fittings	21.56		21.56			
Track Cook House Fur.	1.10		1.10			
Medical Supplies	2.29		2.29			
Gasoline	2.06		2.06			
Bunkhouse Fur.	45.08		45.08			
(4) Operating Equipment:						
Rental	272.00		272.00			
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.	143.11		143.11			
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis Telephone	43.99		43.99			
Payroll Taxes	56.26		56.26			
Liability Insurance						
Accounting & Fees	139.81		139.81			
Travelling Engineer	150.00		150.00			
(8) Contingencies (specify):						
TOTALS	3,749.38		3,749.38	3749.38		3749.38

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

Date 8-7-52 *Payee Northfield Mines, Inc.

Per [signature] Title Office Manager

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

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

(Instructions on reverse)

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

$2624.57

Signature [signature]
(Authorized Certifying Officer)

Date 8/25/52 Vou. No.
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. 1dm-E334 in accordance with the terms of the contract.

Signature Thomas E. Howard Title Mining Engr. Date 8-12-52

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Glenn A. Reed Title Mng. Engr. Date 8/20

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

U. S. GOVERNMENT PRINTING OFFICE 205675

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151
Approval expires 6-30-53.

SEP 2 1952

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of June 1952 Docket No. DMEA 2436 Contract No. Idm-E334
Operator's Name Northfield Mines, Inc. Minerals Cobalt - Copper
Address c/o A. J. O'Connell Eureka, Nevada

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching	Hours	1,046.50	80½	1,046.50	80½	13.00	500 Hrs	15.00
Test Pits								
Roads and Trails & Sites	Hours	806.00	62	806.00	62	13.00	270 Hrs	15.00
Other Allowable		1,753.77		1,753.77				75,350.00
TOTAL DISTRIBUTED COSTS		3,606.27		3,606.27				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								1,840.00
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.		143.11		143.11				7,500.00
								93,560.00
TOTAL COSTS		3,749.38		3,749.38				$102,900.00

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

Date 8-7-52 Operator Northfield Mines, Inc.

Per [signature] Title Office Manager

REMARKS:

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

Preparation of Form MF–104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF–104A has been designed to tie in with Form MF–104 for both monthly and cumulative costs. The "Total Costs" on Form MF–104A for each month should equal the monthly "Total Costs" as reported on Form MF–104. This is also true of the "Total Costs To Date".

In preparing Form MF–104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

U. S. GOVERNMENT PRINTING OFFICE 205676

July 30, 1952

Northfield Mines, Inc.
Stevenson Property
Cobalt, Idaho

Agreement Memo #1

Dear Sirs:-

We agree to rent the following equipment to Northfield Mines, Inc. Stevenson Operation at the following rental fees.

1 - Willys Jeep	$ 50.00 per mo.
1 - 2 ton Chevrolet Dump Truck	100.00 per mo.
1 - Peerless Turbine Pump and Gasoline Engine	72.00 per mo.
2 - 16 cu. ft. Mine Cars	52.00 per mo.

Rentals start when the equipment is turned over to you and ceases when returned to us. Rentals are due and payable on the 1st of each month following work period. Maintenance of the equipment during use will be your responsibility. It shall be returned to us in as good condition as delivered to you, normal wear excepted. The equipment shall be covered by suitable insurance, the premiums for which shall be Northfield's expense. Freight to and from our base point will be at Northfield's expense.

Yours truly,

EUREKA CORPORATION LIMITED

A. J. O'Connell
Chief Accountant

AJO'C:ej

Approved

Northfield Mines, Inc.

G. W. Mitchell
Gen. Mgr.

NORTHFIELD MINES, INC.

COBALT EXPLORATION SYNDICATE

PROGRESS REPORT #1

JUNE 1952

Docket No. DMEA 2436
Contract No. Idm-E334

TRENCHING

Work was started June 10. At month's end 1200 feet of new trench was dug mainly in the area of the Merle #5 claim. The "break" exposed last fall in four trenches was exposed in five of the new trenches. Though accurate mapping has not yet been completed, the structure appears to be continuous for some 700 feet. Some cobaltite has been seen but no samples have been taken because of the oxidized, leached condition of the exposed structure.

Sufficient continuous structure has been exposed to warrant diamond drilling. Drilling on the Merle #5 structure will be started during July.

Trenching on the Merle #3 claim will be carried on during July. Two long trenches were dug in the area in June but the showings have not yet been correlated.

ROADS, CAMPSITE & GENERAL

A trail was built to a fair sized spring about 1500 feet from the location of the temporary camp near Stevenson's cabin on the Merle #2 claim. The spring will supply water for both domestic and diamond drill use. A pump and supply lines will be placed in July.

An "escape trail" from the campsite to the power line road was constructed to provide a second exit from the campsite in the event of a bad forest fire.

A means of access was built to #2 drill site and the site prepared for drilling. The hole is spotted at the south end of the Merle #5 showing.

Heavy rains during the last week of the month hampered operations.

Progress maps are being prepared to accompany the report for July.

NORTHFIELD MINES, INC.
COBALT EXPLORATION
EUREKA, NEVADA

July 30, 1952

Defense Minerals Exploration
Administration
North 1201 Division Street
Spokane, Washington

Dear Sirs:-

Docket #DMEA 2436
Contract Idm-8334

This is to certify that the "Cobalt Exploration Syndicate", name which appears on some of our invoices for June and July 1952, is the name used for the property designated as Northfield Mines, Inc., Stevenson Operation, in Contract Idm-8334. The two names are for one and the same property under the same management and interest.

In the future all invoices will be under the name Northfield Mines, Inc.

Very truly yours,

NORTHFIELD MINES, INC.

G. W. Mitchell
General Manager

GWM:ej

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

Acting Director
Office of Minerals Exploration

JLHofflund:GMcC/jfg:2/25/60
CC: Director's Reading File
Mr. Kirkemo, Room 5224
Mr. Lamb, Room 3608
OME Docket, [redacted] 3739
Mr. Soller
Mr. Hofflund
Mr. Lynch
OME Docket, DMEA-2436
OME Field Team, Region I (2) w/2 cys incoming letr. from Herman B. Davis
Code 308

FROM DIRECTOR

FOR SIGNATURE

63683

Government's copy

EXPLORATION PROJECT CONTRACTS
NORTHFIELD MINES, INC.
DOCKET NO. DMEA-2436
and
CALERA MINING COMPANY
DOCKET NO. DMEA-3143

SPECIAL AGREEMENT CONCERNING LAND

WHEREAS:

1. The Government and Northfield Mines, Inc., are parties to Contract Idm-E334 (Docket No. DMEA-2436), dated June 2, 1952. The Queen claim (Survey No. 2128), is included as part of the land described in Article 2 of this contract, but no exploration was performed on or near this claim. This contract was terminated by an agreement dated July 13, 1955, which provides that a discovery or development was made under the contract and which preserves all the Government's rights with respect to royalty.

2. The Government and Calera Mining Company are parties to Contract Idm-E645 (Docket No. DMEA-3143), dated December 9, 1953. Annex I of this contract provides that should Calera acquire any interest in the Queen claim, which is contiguous to the land described in Annex I, it shall be included as part of the land under this contract.

3. Calera now desires to acquire the Queen claim from Northfield, provided that in so doing it does not assume any obligation for the payment of royalty under Northfield's contract. On the other hand, Northfield desires to transfer the Queen claim to Calera, provided that it will not be required to pay royalty under its contract for any production made from the Queen claim by Calera.

4. It is more likely that the Government will receive royalty on production from the Queen claim if it is transferred to Calera than if the transfer is not made.

NOW THEREFORE, effective August 1, 1955, it is agreed that:

1. The Queen claim is deleted from Annex I to Contract Idm-E334 (Docket No. DMEA-2436), and production from said claim is not subject to the Government's royalty under said contract.

2. The Queen claim is added to the land referred to in Article 2 of Contract Idm-E645 (Docket No. DMEA-3143), and the Consent to Lien of the owners is required on forms furnished by the Government.

Executed this 6th day of September, 1956.

THE UNITED STATES OF AMERICA

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

NORTHFIELD MINES, INC.

By Paul W. Beckhouser
Treasurer

CALERA MINING COMPANY

By [illegible]
[illegible]

FORM No. 320—DEED TO MINING CLAIM.

DEED TO MINING CLAIM

THIS INDENTURE, made the 10th *day of* JANUARY, 1956, *between*

NORTHFIELD MINES, INC., a corporation,

party of the first part, and

CALERA MINING COMPANY, a corporation,

party of the second part;

WITNESSETH: That the said party of the first part, for and in consideration of the sum of ONE DOLLAR ($1.00) and other valuable considerations---------- ~~Dollars,~~ *lawful money of the United States of America, to* it *in hand paid by the said party of the second part, the receipt whereof is hereby acknowledged, has granted, bargained, sold, remised, released* and confirmed *and forever quitclaimed and by these presents does grant, bargain, sell, remise, release* and confirm *and forever quitclaim unto said party of the second part,* its *heirs and assigns*

QUEEN Patented Lode Mining Claim, No. 2128, situate in the Blackbird Mining District, in the County of Lemhi, State of Idaho.

Together with all the dips, spurs and angles, and also all the metals, ores, gold and silver-bearing quartz rock and earth therein, belonging thereto, and all the rights, privileges and franchises thereto incident, appendent and appurtenant, or therewith usually had and enjoyed; and also all and singular the tenements, hereditaments and appurtenances thereto belonging or in anywise appertaining, and the rents, issues and profits thereof; and also all the estate, right, title, interest, property, possession, claim and demand whatsoever, as well in law as in equity, of the said party of the first part, of, in and to the said premises, and every part and parcel thereof, with appurtenances.

To Have and to Hold all and singular, the said premises, together with the appurtenances and privileges thereto incident, unto the said party of the second part, its *heirs and assigns forever. It is expressly covenanted that it is intended hereby to convey any and all right, title, interest and estate which may hereafter be acquired to said premises, or any part thereof, by virtue of any patent, which may hereafter be issued by the United States Government therefor under proceedings heretofore instituted in that behalf by the said party of the first part or* its *grantors.*

IN WITNESS WHEREOF, the said party of the first part has hereunto set its *hand and seal the day and year first above written.*

Executed and Delivered in the Presence of

ATTEST: Paul D. Beckhauser
Secretary

NORTHFIELD MINES, INC.
By T. Hudley (SEAL)
President
(SEAL)
(SEAL)
(SEAL)

Deed to Mining Claim

(FORM No. 320)

TO

Dated ....., 19....

STATE OF IDAHO,
County of Lemhi } ss.

I hereby certify that this instrument was filed for record at request of C. Walker Lyon at 1 minutes past 4 o'clock P. M., this 7t day of June, 195.., in my office, and duly entered in Book 45 of Deeds at page 498.

J. W. Simmonds
Ex-Officio Recorder.

By Opal Reddington
Deputy.

Fees, $ 1.50 Paid

Mail to .....

4911 STEVENS-NESS LAW PUB. CO.

STATE OF ~~IDAHO~~ New York
County of New York } ss.

On this 7th day of June, 1956, before me the undersigned Notary Public in and for said State, personally appeared Ivan Kirby, a Notary Public, known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Notary Public for the State of ~~Idaho~~ New York
Residing at New York, ~~Idaho~~

FORM No. 100—WARRANTY DEED.

THIS INDENTURE, made this 3rd *day of* May, *19* 56, *between* Floyd W. Stevenson and Merle Stevenson, also known as F.W. Stevenson and Merle Stevenson, husband and wife, *of* Richland, *County of* Benton, *State of* Washington, *the part* ies *of the first part and* Calera Mining Company, a corporation, *of*, *County of* Lemhi, *State of* Idaho, *the part* y *of the second part,*

WITNESSETH, that the said part ies *of the first part, for and in consideration of the sum of* ONE DOLLAR ($1.00) and other valuable considerations ---------- ~~Dollars~~ *lawful money of the United States of America*, *to* them *in hand paid by the part* y *of the second part, the receipt whereof is hereby acknowledged, ha* ve *granted, bargained, sold, and by these presents, do grant, bargain, sell and convey and confirm unto the said part* y *of the second part, and to* its *heirs and assigns, forever, all the following described real estate, situated in*, *County of* Lemhi, *State of Idaho, to-wit:*

QUEEN Patented Lode Mining Claim No. 2128, situate in the Blackbird Mining District, in Lemhi County, State of Idaho.

TOGETHER with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining, and the reversion and reversions, remainder and remainders, and rents, issues and profits thereof; and all estate, right, title and interest in and to the said property, as well in law as in equity, of the said part ies *of the first part.*

TO HAVE AND TO HOLD, all and singular the above mentioned and described premises together with the appurtenances unto the part y *of the second part, and to* its *heirs and assigns forever. And the said part* ies *of the first part, and* their *heirs, the said premises in the quiet and peaceable possession of the said part* y *of the second part,* its *heirs and assigns, against the said part* ies *of the first part, and* their *heirs, and against all and every person and persons whomsoever, lawfully claiming or to claim the same shall and will warrant and by these presents forever defend.*

IN WITNESS WHEREOF, the said part ies *of the first part ha* ve *hereunto set* their *hand* s *and seal* s *the day and year first above written.*

Executed and Delivered in the Presence of

Floyd W. Stevenson [SEAL]

F. Merle Stevenson [SEAL]

[SEAL]

[SEAL]

No.

WARRANTY DEED

(FORM No. 800)

TO

Dated, 19

STATE OF IDAHO,
County of Lemhi } ss.

I hereby certify that this instrument was filed for record at request of C. Walker Lyon at - minutes past 4 o'clock P. M., this 7th day of June, 19 56, in my office, and duly entered in Book 45 of Deeds at page 497.

W. J. Simmonds
Ex-Officio Recorder.

By Opal Reddington
Deputy.

Fees, $ 1.50 Paid

Mail to

552 STEVENS-NESS LAW PUB. CO., PORTLAND, ORE.

STATE OF IDAHO,
County of Bannock } ss.

On this 2nd day of June in the year 1956, before me the undersigned, a Notary Public in and for said State, personally appeared Floyd W. Stevenson and Merle Stevenson known to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Notary Public for the State of Idaho
Residing at Preston, Idaho

Code 800

C O P Y

WICKES, RIDDELL, BLOOMER, JACOBI & McGUIRE
60 BROADWAY, NEW YORK 4, N. Y.

July 12, 1956

Northfield Mines, Inc.
Docket No. DMEA 2436

Dear Sir:

We are counsel for Northfield Mines, Inc., which on June 2, 1952, entered into Exploration Project Contract Idm-E334, Docket No. DMEA 2436, Commodity Cobalt-Copper. That contract as amended from time to time was terminated by an Agreement dated as of July 13, 1955.

It is planned that Northfield's interest in the properties referred to in Article 2 of the contract be transferred to Idaho Metallurgical Industries, Inc. (hereinafter called "I.M.I."), an Idaho corporation which, we are advised, has entered into Exploration Project Contract Idm-E884, Docket No. DMEA 3739, Commodity Cobalt-Copper.

Under the terms of Article 9 of the contract of June 2, 1952, Idm-E334, as amended by Annex II and amendment 7, Northfield (therein referred to as "Operator") or its successor in interest shall pay to the United States Government a royalty on all minerals mined or produced from the land which was the subject of the contract until the total amounts contributed by the Govermment is fully repaid or the period specified in Article 9 as so amended shall have elapsed.

Pursuant to Article 10 of said contract, the Operator (i.e., Northfield) "shall not make any voluntary * * * transfer or conveyance of the Operator's rights in the land described in Article 2, without making suitable provision for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof; * * *". Article 10 further provides

> "* * * Should the Operator make or permit any transfer or conveyance in violation of this provision, the Operator shall be and remain liable for payment to the Government of the same amounts, at the same times, as would have been paid under the terms of the percentage royalty on production."

Upon transfer of the mining claims referred to in Article 2 of Contract Idm-E334 I.M.I. will assume all obligations relating to said claims, including the royalties and lien provided in Article 9.

It is our interpretation of Article 10 of Contract Idm-E334 that the consent of the Government (Defense Minerals Exploration Administration) will not be required for the transfer of the rights which Northfield may have in and to the properties referred to in Article 2 and that upon assumption by I.M.I. of the obligations referred to in Article 9, Northfield will not be further liable to the Government under said contract.

We believe that our interpretation is further supported by the first sentence of Article 10 which provides that the Operator shall not assign or otherwise transfer "this contract or any rights thereunder" without the written consent of the Government. Since the contract has been terminated by Agreement dated July 13, 1955, we believe that Northfield has no further rights thereunder which it could or will transfer.

We would appreciate being advised whether you agree with our interpretation of Article 10. If you should not agree, will you kindly advise us of the instruments to be submitted for obtaining the consent of the Government.

Very truly yours,

Signed: Marcel W. Singer (?)

C. O. Mittendorf, Esq., Administrator
Defense Minerals Exploration Administration
Department of the Interior
Washington 25, D. C.

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

To: Northfield Mines, Inc.
Room 1841, 230 Park Avenue
New York 17, New York

Pursuant to the provisions of Exploration Project Contract No. Idm-E334, dated June 2, 1952, as amended (Docket No. DMEA 2436), hereinafter called the "Contract," between you and the United States of America, hereinafter called the "Government"; to establish and fix the Government's percentage royalty on production and its lien thereon and on the land described in the contract, the Government considers and therefore certifies that a discovery or development from which production may be made has resulted from the exploration work.

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

Cobalt and copper occur in wide, persistent mineralized shear zones traceable on the surface over extensive lengths. These shear zones have been proved by diamond drilling to continue to depth.

Surface trenching, drifting, crosscutting, and diamond drilling have indicated a substantial quantity of the cobalt-and-copper-bearing material.

THE UNITED STATES OF AMERICA

Dated: DEC 21 1955

By C. O. [illegible]
Administrator, Defense Minerals
Exploration Administration

cc: Docket
Code 400-Mr. Martin
Code 800-Mr. Chambers
Code 110-Mr. Johnson
Operating Committee
Adm. Read. File
R. W. Geehan, USBM
H. W. Davis, USBM
Thor Kiilsgaard, USGS
Helena Meyer, USBM

cc: Finance Officer
Mr. & Mrs. F. W. Stevenson
EPS, GSA
FT, Reg. I--Spokane

PSHolt/ls 12/19/55

DEC 22 1955

Northfield Mines, Inc.
Room 1841, 230 Park Avenue
New York 17, New York

Re: Docket No. DMEA 2436, Cobalt-Copper
Stevenson Property
Lemhi County, Idaho
Contract No. Idm-E334

Gentlemen:

Transmitted herewith is a certification of discovery or development issued under the subject contract, which was executed June 2, 1952.

By the terms of the exploration project contract and of the certification, all production from the lands described in the referenced contract from the date of the exploration project contract is subject to the Government's percentage royalty as set forth in the contract until the sum of $67,803.83 is paid, or until June 2, 1967, whichever occurs first.

Payments should be made to Mr. A. E. Weissenborn, Executive Officer, DMEA Field Team, Region I, Northwest District, South 157 Howard Street, Spokane 4, Washington. Checks should be made payable to the Defense Minerals Exploration Administration. The purchaser should be advised to deduct the royalties from the amount due on each shipment and forward check direct to the Executive Officer. Royalty payments to the Government should be accompanied by suitable evidence, such as copies of settlement sheets, showing quantity and grade of the products sold, the name of the purchaser, and the price and charge certified to be correct by the purchaser.

You are requested to notify Mr. Weissenborn of any changes in ownership or production rights that might have any effect on the Government's right to its percentage royalty. Also, if production ceases at any time for any extended period, please notify Mr. Weissenborn at 6-month intervals that no production has been made, when that is the case.

Sincerely yours,

C. O. Mittendorf

Administrator

losure
ket
. Chambers, Code 800
R. W. Geehan, USBM

cc: Code 400 (2 cc)
Adm. Read. File
Oper. Committee
Mr. Johnson, Code 110
Helena Meyer, USBM

cc: H.W.Davis, USBM
T. Kiilsgaard, USGS
FT, Reg.I-Spokane

SPHolt/ls
11/28/55

400

DEC 22 1955

Mr. A. L. Weissenborn, Executive Officer
DMEA Field Team, Region I-N.W. District
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMEA 2436, Cobalt-Copper
Northfield Mines, Inc.
Stevenson Property
Lemhi County, Idaho
Contract No. Idm-E334

Dear Mr. Weissenborn:

Enclosed are copies of a certification of discovery or development for the above-named property, and of related correspondence.

Sincerely yours,

Chairman, Operating Committee

Enclosures

APPROVED:

Member, Bureau of Mines

Member, Geological Survey

cc: Docket
Code 400 (2 cc)
Adm. Read. File
Oper. Committee
Mr. Johnson, Code 110
Mr. Chambers, Code 800
R. W. Geehan, USBM
Helena Meyer, USBM
H. W. Davis, USBM
Thor Kiilsgaard, USGS
FT, REG. I-NW District

lt/ls
12/28/55

400

Mr. Chambers

DEC 22 1955

Mr. Clarence A. Fredell, Acting Director
Materials Div., Emergency Procurement Service
General Services Administration
Washington 25, D. C.

Re: Docket No. DMEA 2436, Cobalt-Copper
Northfield Mines, Inc.
Stevenson Property
Lemhi County, Idaho
Contract No. Idm-2334

Dear Mr. Fredell:

Enclosed is a copy of a certification of discovery or development issued under the subject contract.

Contract No. Idm-2334 for the exploration of the Stevenson property's cobalt-copper deposits was executed June 2, 1952.

Expenditures authorized $102,900.00
Government participation at 70% . . . 72,030.00

Amendment No. 7 to the contract authorized an increase in total cost to $233,150.00, with Government participation increased to $163,205.00.

Work authorized under the contract consisted of erection of tent houses, compressor house, bunkhouse, cookhouse, construction of 2,500 feet of road and 2,000 feet of trail, excavation of 5,500 feet of bulldozer trenches, 1,000 feet of drifting and crosscutting, and 2,000 feet of diamond drilling. Amendments Nos. 2 and 7 increased the totals of drifting and crosscutting to 3,750 feet and of diamond drilling to 3,580 feet.

Work completed consisted of:

Drifting and crosscutting	840.2 feet	
Roads and trails	141.0 hours	(5,000 feet)
Trenching	425½ hours	(7,048 feet)
Diamond drilling	3426 feet	
New buildings erected	3	

Total cost of the completed work . . . $96,862.62
Government participation at 70%. . . . $67,803.83.

The project was established to explore for cobalt and copper in the Stevenson property by surface trenching, diamond drilling, drifting and crosscutting. Cobalt-copper ore discovered by the project was estimated by this office as 82,500 tons of inferred ore, average assay about 0.33 percent cobalt, and 0.62 percent copper.

Sincerely yours,

C. O. Mitkowski

Administrator

Enclosure

cc: Docket
Code 400 (2 copies)
Adm. Read. File
Oper. Committee
FT, Reg. I-NW Dist.

cc: Mr. Johnson, Code 110
Mr. Chambers, Code 800
R. W. Geehan, USBM
Helena Meyer, USBM
H. W. DAVIS, USBM
Thor Kiilsgaard, USGS

SPHolt/ls
11/28/55

DEC 22 1955

Mr. and Mrs. F. W. Stevenson
332 E Street
c/o General Delivery
North Richard, Washington

Re: Docket No. DMEA 2436, Cobalt-Copper
Northfield Mines, Inc.
Stevenson Property
Lemhi County, Idaho
Contract No. Ida-2334

Dear Mr. and Mrs. Stevenson:

Transmitted herewith for your information is a copy of the certification of discovery or development issued as a result of the exploration program under the above-referenced contract. Part of the property as set forth in the contract was leased to Arnold Hoffman by F. W. Stevenson and Merle Stevenson, his wife, under a certain indenture dated May 10, 1951. The same property was also referred to in an assignment dated March 14, 1952, executed by Arnold Hoffman to Northfield Mines, Inc., and in a Landlord's Subordination Agreement, dated May 26, 1952, executed by the above-named F. W. Stevenson and Merle Stevenson.

Also enclosed is a copy of a letter to Northfield Mines, Inc.

Sincerely yours,

C. O. Mitchell

Administrator

Enclosures

cc: Docket
Adm. Read. File
Code 400 (2 copies)
Oper. Committee
FT, Reg. I, Spokane

cc: Mr. Johnson, Code 110
Mr. Chambers, Code 800
R. W. Gochan, USBM
Helena Meyer, USBM
H. W. Davis, USBM
Thor Kiilsgaard, USGS

SPSolt/ls
11/28/55

Government's Copy

RECEIVED
AUG - 1 1955

TERMINATION AGREEMENT

The United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Northfield Mines, Inc., hereinafter called the "Operator," are parties to that certain Exploration Project Contract No. Idm-E334 (Docket No. DMEA-2436), dated June 2, 1952, as amended, hereinafter called the "Contract." As a result of the work completed under the Contract, a discovery or development was made, and the Operator no longer desires to receive financial assistance from the Government in connection with said Contract. Instead, the Operator desires to divert its exploration activities to another area, and the Government is agreeable that the work under the Contract be terminated.

NOW THEREFORE, it is agreed as follows:

1. Effective October 1, 1953, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

2. (a) The Government shall contribute to allowable costs incurred prior to said effective date.

(b) The report submitted by the Operator covering the work completed through September 1, 1953, is accepted by the Government in lieu of the final report required by the Contract.

3. The Government's equity in all property purchased and installations made under the Contract is agreed upon as having a total value of $6,002.50, and the Government may deduct this amount from any money due the Operator.

4. All rights of the Government provided for in the Contract with respect to a certification of discovery or development and a percentage royalty and lien for its payment

are preserved, provided that in lieu of the period previously fixed in the Contract within which the Government may certify a discovery or development, the Government may make such a certification within six-months after the date this agreement is executed.

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

IN WITNESS WHEREOF, these parties have executed this agreement as of this 13th day of July, 1955.

THE UNITED STATES OF AMERICA

By O. Meitzendorf
Administrator, Defense Minerals Exploration Administration

NORTHFIELD MINES, INC.

By Paul W. Beckhausen

So. 157 Howard Street
Spokane 4, Washington

July 28, 1955

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

Re: Docket No. DMEA-2436 (cobalt-copper)
Northfield Mines, Inc.
Stevenson Property
Lemhi County, Idaho
Contract No. Idm-8334

Dear Mr. Selfridge:

Enclosed are the Government, Docket, and Division copies of a mutual termination agreement signed by Paul W. Zechmeister for Northfield Mines, Incorporated. Other copies are being distributed in the usual manner.

Sincerely yours,

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I, NW Dist.

cc: USBM (2)
Finance Office w/encl.
Nicholson

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

Memorandum October 20, 1954

To: Chairman, Operating Committee

From: Jay L. Chambers, Chief (Signed) J. L. Chambers
Contract Administration and Audit Division

Subject: Amendment No. 8 - Northfield Mines, Inc.
Docket DMEA-2436 (Cobalt & Copper)
Lemhi County, Idaho, Contract No. Idm-E334

Wouldn't it be a good idea to put a P.S. to letter to Mr. Weissenborn as follows:

"P.S. Please note that numbered paragraph 2 of enclosed amendment authorizes Government to apply any monies due the operator to liquidating equipment purchased for project."

JLChambers/wb
October 20, 1954

Copy to: Docket
Admr. Reading File
Mr. Chambers

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

August 3, 1953

Memorandum

To: Mr. Frank E. Johnson
Deputy Administrator

From: Jay L. Chambers, Chief
Contract Administration and Audit Division

Subject: Docket No. DMEA-2436, Contract No. Idm-E334
Northfield Mines, Inc. (Cobalt-Copper)

I would suggest that all the items under "agreed unit cost" be changed to estimated cost with a maximum per unit established, for example, 400 ft. of drifting and crosscutting at $32.50/ft.", for the reason that this is a long period contract. It would not be necessary to make estimates of the component parts of the unit, in other words, the contract would be similar to the short form contract with the exception that a drastic reduction of costs over a period would be participated in by the Government. On first reading the contract it sounds like a very low price, but all of the component parts of the contract average over $43.00/ft. for drifting and crosscutting.

JLChambers/wb
August 3, 1953

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

Government's Copy

Department of the Interior
Defense Minerals Administration
RECEIVED
OCT 19 1953

EXPLORATION PROJECT CONTRACT
NORTHFIELD MINES, INC.
DOCKET NO. DMEA-2436

AMENDMENT NO. 7

It is agreed this 6th day of August, 1953, between the United States of America acting through the Department of the Interior, Defense Minerals Exploration Administration, and Northfield Mines, Inc., each acting in consideration of the agreement of the other to the terms hereinafter set forth, that Exploration Project Contract No. Idm-E334, Docket No. DMEA-2436, dated June 2, 1952, as amended, between the parties hereto, be further modified and amended as of said date as follows:

1. In the contract form, in the first paragraph after the words "as follows," the following is inserted: "and as set forth in Annexes I, II, and III attached hereto and made a part hereof." Annexes II and III are attached hereto.

2. In Article 3, the words "ten (10) months" are deleted and in their place are substituted the words "thirty (30) months."

3. In Article 8, the figures $72,030 and $102,900 are deleted and are replaced by the figures $163,205 and $233,150, respectively.

4. In Article 13, the following is inserted:

The words "10 years," wherever they occur in the above contract form and Annex II, are hereby changed to "15 years"; to the extent that the costs of the additional work are set forth as "agreed unit costs," they are in lieu of the actual costs that would otherwise be allowable costs of the project under the provisions of Article 6(a) of the contract form.

5. All the work referred to in Exhibit "A" having been completed or being in the process of completion, and the parties desiring to explore further for cobalt and copper, additional work shall be performed as indicated in Exhibit "B" and on the map entitled "Northfield Mines, Inc.," both being attached hereto and made a part hereof.

RECEIVED
OCT 1 0 1953

EXHIBIT "B"

Description of Additional Work

MERLE NO. 5 ZONE

The work on Merle No. 5 Zone on the 7000 adit level shall consist of crosscutting from the end of 701 drift as indicated on the accompanying map, through the Merle No. 5 Zone and then drifting north along the mineralized zone from a point to be agreed upon by the Operator and the Field Team. The total of the crosscutting and drifting shall be approximately 400 feet. Short diamond drill holes shall be used to test the width of and otherwise explore the mineralized zone. Such drilling shall amount to approximately 400 feet and location of holes shall be selected by the Operator with the approval of the Field Team.

MERLE NO. 3 ZONE

This work shall consist of crosscutting westerly to the Merle No. 3 Zone from the 702 drift on the 7000 adit level at a point as indicated on the accompanying map. Said crosscut shall be a maximum of 1,200 feet in length, and work herein shall be stopped whenever it passes through the Merle No. 3 Zone. Drifts to the north and south shall be extended along the mineralized zone for a distance of approximately 550 feet, followed by approximately 300 feet of crosscutting at locations, only one of which is shown on the accompanying map, to be selected by the Operator with the approval of the Field Team. Approximately 600 feet of diamond drilling shall be done at locations to be selected by the Operator with the approval of the Field Team to test the full width of the mineralized zone and otherwise explore the area.

FURTHER WORK

In order to explore any other mineralized zones encountered that appear to justify such exploration, approximately 300 feet of drifting and crosscutting, and 200 feet of diamond drilling, are allowed at locations, inclinations, and in the direction to be determined by the Operator with the approval of the Field Team.

All work as far as possible shall be carried on concurrently. All drilling shall be of EX size and timbering (whether normal or heavy) and spiling may be done where necessary but only to the extent below indicated.

Five diamond drill stations may be drilled out in Merle No. 5 Zone, twelve in Merle No. 3 Zone, and four for any further work to be done.

If necessary not in excess of 250 hours of snow removal operations may be allowed and not in excess of 600 cobalt and copper assays may be made.

The mine shall at all times be maintained in a suitable and safe condition so that the project may be duly carried forward.

Estimated Costs of the Project

Agreed Unit Costs

MERLE NO. 5 ZONE

400 feet of drifting and crosscutting @ $32.50/ft.	$13,000.00	
350 feet of normal timbering @ $5.00/ft.	1,750.00	
150 feet of heavy timbering @ $5.00/ft. 1/	750.00	
100 feet of spiling @ $20.00/ft. 1/	2,000.00	
400 feet of diamond drilling @ $5.00/ft.	2,000.00	
5 diamond drill stations @ $25.00/ea. 2/	125.00	$19,625.00

MERLE NO. 3 ZONE

2050 feet of drifting and crosscutting @ $32.50/ft.	66,625.00	
1750 feet of normal timbering @ $5.00/ft.	8,750.00	
400 feet of heavy timbering @ $5.00/ft. 1/	2,000.00	

1/ This charge is in addition to the charge per foot for normal timbering.

2/ The unit here is the completed station.

200 feet of spiling @ $20.00/ft.3/	$4,000.00	
600 feet of diamond drilling @ $5.00/ft.	3,000.00	
12 diamond drill stations @ $25.00/ea. 4/	300.00	$84,675.00

FURTHER WORK

300 feet of drifting and crosscutting @ $32.50/ft.	9,750.00	
250 feet of normal timbering @ $5.00/ft.	1,250.00	
100 feet of heavy timbering @ $5.00/ft. 3/	500.00	
50 feet of spiling @ $20.00/ft. 3/-	1,000.00	
200 feet of diamond drilling @ $5.00/ft.	1,000.00	
4 diamond drill stations @ $25.00/ea.4/	100.00	13,600.00
Total Agreed Unit Costs		$117,900.00

The Government will contribute to the costs of the above diamond drill stations and to the costs per foot of the above drifting, crosscutting, normal timbering, heavy timbering, spiling and diamond drilling on the basis of the above unit costs as they accrue for the units of work actually performed, in lieu of the actual costs. These unit costs include all costs incidental to the completion of the work. Work to the costs of which the Government will contribute on the basis of agreed unit costs may be performed by independent contractors without reference to the provisions relating to independent contracts in Articles 4(a) and (b), and 6(a)(1) of the contract form.

Actual Costs
(*Indicates allowable maximum)

Mine Maintenance	$ 5,000.00*	
Assays - 600 @ $6.00*/ea.	3,600.00*	
Snow removal - 250 hrs. @ $15.00/hr.*	3,750.00*	$ 12,350.00*

3/ See footnote 1.
4/ See footnote 2.

RECEIVED
1953

S U M M A R Y

Actual Cost of Work in Exhibit "A"	$102,900.00*5/	
Actual Cost Additional Work in Exhibit "B"	12,350.00*	
Agreed Unit Costs Additional Work	117,900.00	
Total Estimated Cost of Project		$233,150.00*
Government Participation @ 70%		$163,205.00*

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C Mittendorf
Administrator, Defense
Minerals Exploration
Administration

NORTHFIELD MINES, INC.

By [illegible]

5/ Subject to audit.

EXPLORATION PROJECT CONTRACT
NORTHFIELD MINES, INC.
DOCKET NO. DMEA-2436

DEPARTMENT OF THE INTERIOR
Bureau of Mines
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OCT 13 1953

ANNEX II

The following provisions are in lieu of all of paragraph (a) of Article 9 which precedes the colon:

If at any time the Government considers that a discovery or development from which production may be made has resulted from the exploration work, the Government, at any time not later than six months after the Operator has rendered the final report and final account required by the exploration project contract, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development. The Operator, or his successor in interest, shall pay to the Government a royalty on all minerals mined or produced from the land which is the subject of the exploration project contract, as follows: (1) Regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification of discovery or development, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first, unless the Government waives its right to a royalty; or (2) if the Government makes a certification of discovery or development, for a period of ten years (or other period fixed by the contract) from the date of the contract, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first. Said royalty shall be a percentage of the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, as follows:

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 15 1958

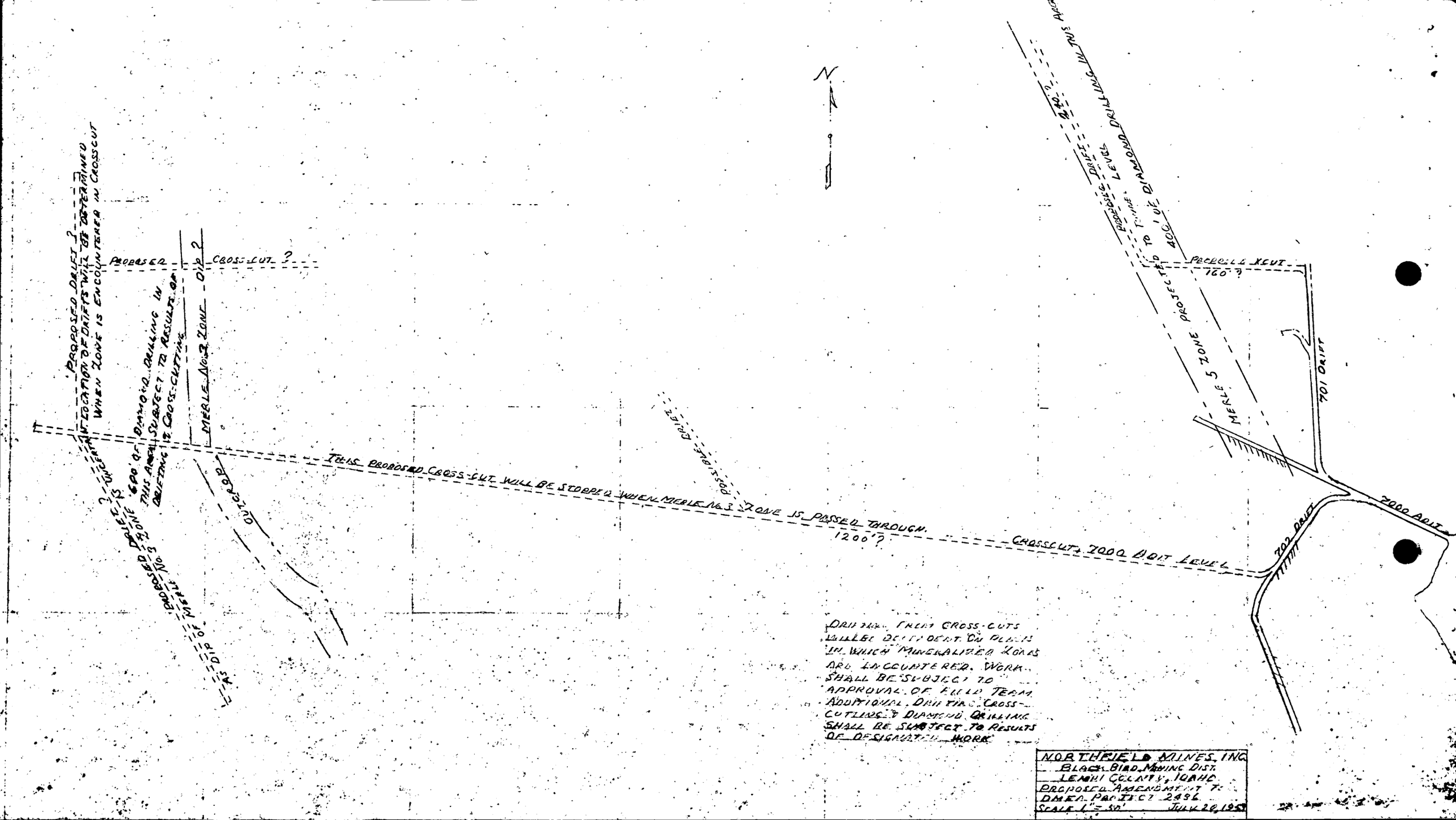
EXPLORATION PROJECT CONTRACT
NORTHFIELD MINES, INC.
DOCKET NO. DMEA-2436

ANNEX III

Materials and Supplies. For the purpose of determining the Government's interest in materials or supplies remaining upon any termination of the work, they shall be considered in groups or categories (such as pipe, or explosives, or rails, or drill steel), and if the original cost of the remaining unexpended portion of any such group or category exceeded $50, the Government shall have an interest therein as provided in Article 11 of the contract form.

Equities in Equipment. Unless expressly permitted by provisions in Exhibit "A", the operator shall not procure equipment or any other item under a rental-purchase agreement, an installment-purchase agreement, any agreement which creates or builds up an equity or interest in the thing procured which can be converted to legal title only by further payment or some other consideration, or any agreement other than for straight rental or cash purchase and delivery.

Preservation of Property. Until the final disposal of any equipment or other property in which the Government has an interest or equity, the operator shall preserve and protect same for the mutual best interests of the parties, any reasonable and necessary cost thereof to be treated as an allowable cost of the exploration work to which the Government will contribute.


N
PROPOSED DRIFT ?
LOCATION OF DRIFTS WILL BE DETERMINED WHEN ZONE IS ENCOUNTERED IN CROSSCUT
PROPOSED CROSS-CUT ?
DIAMOND DRILLING IN THIS AREA SUBJECT TO RESULTS OF DRIFTING & CROSS-CUTTING
MERLE No. 3 ZONE - DIP ?
THIS PROPOSED CROSS-CUT WILL BE STOPPED WHEN MERLE No. 3 ZONE IS PASSED THROUGH.
1200'?
POSSIBLE DRIFT
CROSSCUT, 7000 ADIT LEVEL
OLD ADIT
PROPOSED ZONE ? UNCERTAIN IF MERLE No. 5 ZONE IS DIP OF MERLE No. 3
PROPOSED DRIFT TO TUNNEL
400' OF DIAMOND DRILLING IN THIS AREA
PROPOSED LEVEL
PROPOSED XCUT
160' ?
MERLE 5 ZONE
701 DRIFT
702 DRIFT
7000 ADIT
DRIFTING, CROSS-CUTS WILLBE DEPENDENT ON PLACES IN WHICH MINERALIZED ZONES ARE ENCOUNTERED. WORK SHALL BE SUBJECT TO APPROVAL OF FIELD TEAM. ADDITIONAL DRIFTING, CROSS-CUTTING & DIAMOND DRILLING SHALL BE SUBJECT TO RESULTS OF DESIGNATED WORK
NORTHFIELD MINES, INC.
BLACK BIRD MINING DIST.
LEMHI COUNTY, IDAHO
PROPOSED AMENDMENT TO
DMEA PROJECT 2436
SCALE 1" = 50'
JULY 20, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 10 1953

Eureka, Nevada
October 3, 1953

Mr. A. E. Weissenborn
Executive Officer
DMEA Field Team
South 157 Howard Street
Spokane, Washington

Docket #DMEA 2436
Contract Idm-E334

Dear Mr. Weissenborn:-

The attached certified copy of a letter from Mr. H. H. Sharp, President of The Calera Mining Company, concerns the subject of the letter from your office signed by Mr. Howard and Mr. Kiilsgaard and dated August 27, 1953.

In the attached letter Calera Mining Company agrees to allow Northfield Mines, Inc. to cross any fractions, the title to which is in dispute, between our Merle #5 and Merle #3 claims to carry out the work outlined in the Northfield's application for a continuance of the above contract.

We believe the attached satisfies the requirements of the DMEA. We shall be pleased to receive the contract for signature in due course.

Sincerely yours,

NORTHFIELD MINES, INC.

George W. Mitchell

GWM/m
ENCL

CALERA MINING COMPANY

730 Fifth Avenue

New York 19, N. Y. September 29, 1953

Mr. Neil O'Donnell,
Northfield Mines, Inc.,
230 Park Avenue,
New York 17, N. Y.

Dear Mr. O'Donnell:

Upon returning to New York yesterday I found your letter of September 17th in regard to permission from us for you to cross with underground workings any and all claims which may be in conflict between us which lie between your Merle 5 and Merle 3 claims in the Blackbird Mining District of Idaho.

This permission is granted herewith and it is our understanding it will be accepted by you without prejudice to any rights either company may have in the property in question.

We have noted your further agreement that as a consideration for granting this request you will give our engineers access to this tunnel in its entire length in order to inspect it during ordinary working hours.

It is my understanding that there are a number of claims in the area which may be in conflict between our companies. I would suggest that it might be advantageous if you would arrange to have your Mr. Mitchell, or some duly authorized person, sit down with our Mr. Douglas at the Blackbird and endeavor to come to an agreement in regard to these conflicts. If both parties will enter into such a discussion, with an open minded determination to settle these disputes on a give and take basis, I have no doubt that these pending matters may be arranged to our mutual satisfaction.

Yours sincerely,
CALERA MINING COMPANY

/S/ H. H. Sharp

President

HHS:MP
cc: EBDouglas

Certification

The above letter is a true and exact copy of the original letter manually signed by Mr. H. H. Sharp, President of the Calera Mining Company.

A. J. O'Donnell
Notary

My commission expires
7/24/54

GOVERNMENT COPY

NORTHFIELD MINES, INC.
Exploration Project Contract Idm-E334
Docket No. DMEA 2436 (cobalt-copper)

AMENDMENT NO. 6

It is agreed this 9th day of June 1953 between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Northfield Mines, Inc., each acting in consideration of the agreement of the other to the terms hereinafter set forth, that the Exploration Project Contract Idm-E334 of June 2, 1952, between the parties hereto be modified and amended as set forth herein. The effective date of this amendment shall be June 2, 1952.

Changes and modifications

1. In Exhibit "A" of the contract, page 3, under (1) Independent Contracts remove the asterisk after $27,550.00. The total estimated cost for Independent Contracts shall not be an "allowable maximum."

2. In Exhibit "A" of the contract, page 3, under (2) Labor, Supervision and Consultants remove the asterisks after the following amounts:

Total labor	$21,685.83
Bonus for miners and muckers	1,960.00
Cook	2,722.72

These amounts shall not be "allowable maximums."

3. In Exhibit "A" of the contract, page 4, under (3) Operating Materials and Supplies remove the asterisk following the total $13,083.62. This amount shall not be an allowable maximum.

This amendment shall not be construed to increase the total amount of the contract or the amount of the Government's contribution.

Executed in sextuplicate the day and year first above written.

NORTHFIELD MINES, INC.

By [signature]

THE UNITED STATES OF AMERICA

By A. E. Weissenborn
A. E. Weissenborn, Exec. Officer
DMEA Field Team, Region II

NORTHFIELD MINES, INC.
Exploration Project Contract Idm-E334
Docket No. DMEA 2436 (cobalt-copper)

Justification of Amendment No. 6

This amendment is necessary in order that the Operator may be reimbursed for drifting done by an independent contractor which was not provided for in the original contract. The cost of the work was incurred in good faith, with the prior knowledge and consent of the Field Team. Amendment No. 3 of the contract was prepared to provide for the subcontract and was believed to be within the authority of the Executive Officer. Some time after Amendment No. 3 was executed the Field Team was informed by representatives of the Contract and Audit Division, DMEA, that a further amendment to revise certain items specified as "allowable maximums" was required before payment could be made under Amendment No. 3.

Further justification for this amendment may be found in letters from the Field Team, Region II, to the Operating Committee, dated February 2, 1953 and May 22, 1953.

The Executive Officer was authorized and requested to prepare this amendment by teletypes dated June 1, 1953, from George C. Selfridge, Chairman, Operating Committee, and June 9, 1953, from Frank E. Johnson, Deputy Administrator.

T. E. Howard

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

No. 157 Howard Street
Spokane 4, Washington

November 17, 1953

Memorandum

To: DMEA Auditors, Region II

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMEA 2436 (cobalt-copper), Northfield Mines, Inc., Lemhi County, Idaho, Contract No. Idm-K334; clarification and revision of Amendment No. 6

Upon reviewing Amendment No. 6 it has been brought out that in removing certain maxima in Exhibit "A" that were causing administrative difficulty, it was the intention of the Field Team to have removed the monthly maximum from two items under (7), Miscellaneous, as follows:

Travelling for engineer @ $150.00 per month, 7 months	$1,050.00*
Telephone and telegraph @ $50.00 per month, 7 months	350.00*

This memorandum is to advise you that only the total amount of the above two items is to be considered as a maximum allowable.

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

cc: DMEA, Wash. (2)
Contr. Admin. & Audit Div.
Certifying Officer
USGS (2)

June 1953

Defense Minerals Exploration
Administration

Martin/JCCambers/
Bates/ls 5295 5538

M - 3923.970 - Spring Road - [illegible]
June 9, 1953

. E. Weissenborn, [illegible] Executive Officer, Region 2, Spokane, Washington

Reurtel June 4. Contract [illegible]-534, Docket 5436, Northfield Mines, Inc.
No maximum on existing independent contract may be waived. However, total allowed for all independent contracts may be increased and new such contracts entered into provided total cost of project is not increased.

Copy to: Docket
Code 400
Adm. Asst. File
Confirmation to FT, Reg. 2
Audits Division, Bur. Mines
Operating Committee
T. P. Thayer, USGS
Mr. Hedges
J. C. Cambers
F. E. Johnson

(signed) FRANK E. JOHNSON
Deputy Administrator
~~F. E. Bridge~~
~~Chairman, Operating Committee~~

GOVERNMENT COPY

(Amendment to Change Starting and/or Completion Dates)

AMENDMENT NO. 5

It is agreed this 10th day of March 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration and Northfield Mines, Inc., (Docket No. DMEA-2436, cobalt-copper)

each acting in consideration of the agreement to the other to the terms hereinafter set forth, that the Exploration Project Contract Idm-E334 dated June 2, 1952 between the parties hereto be modified and amended to change the starting date from --- (No. of days) to within --- (No. of days) of the date of the contract and the completion period from 10 (No. of months) to 14 (No. of months) from the date of the contract. The effective date of this amendment shall be April 2, 1953.

This amendment is made by authority granted the Executive Officer, DMEA Field Team, Region II, in Order No. 2684 by the Acting Secretary of the Interior.

This amendment shall not be construed to increase the estimated total cost of the project, the amount of the Government's contribution, or any item of allowable cost which is expressly designated "Allowable Maximum".

Executed in sextuplicate the day and year first above written.

NORTHFIELD MINES, INC.
(Operator)

By [signature]

THE UNITED STATES OF AMERICA

By A. E. Weissenborn
A. E. Weissenborn
Executive Officer
DMEA Field Team, Region II

Northfield Mines, Inc.
Exploration Project Contract Idm-E334

Justification for Amendment No. 5

Because of difficult ground conditions, it has taken longer to complete the project than was anticipated.

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

1201 N. Division St.
Spokane 2, Washington
March 11, 1953

MEMORANDUM

To: DMEA Field Team, Region II

From: T. E. Howard, Chief, DMEA Section, Bureau of Mines, Region II

Subject: Docket No. DMEA 2436 (cobalt-copper)
Northfield Mines, Inc.
Contract Idm-8334

Reference is made to a letter from George Mitchell of Northfield Mines, Inc., to Mr. Weissenborn, dated March 4, 1953, requesting that the subject contract be amended to provide for Government participation in the cost of the drifting remaining to be done (728 feet on January 31, 1953) on the basis of an agreed unit cost of $44.86 per foot in lieu of actual costs.

Mr. Mitchell suggests that this figure be a maximum, subject to adjustment downward if actual costs proved to be lower. He states that the proposal was submitted to this office at the suggestion of Mr. Selfridge and Mr. Johnson of the Washington, D.C. office of DMEA.

Attached to Mr. Mitchell's letter was a statement of costs of the project and balances available in the contract as of Jan. 31, 1953. These figures cannot be checked as our files have been removed from the office by Mr. Hull, DMEA auditor, for his use in making an audit of the project. However, the company has kept an excellent set of records and they are probably reasonably accurate.

The proposed unit price was obtained by dividing the funds remaining on January 31 by the length of drift remaining to be driven. It is considered reasonable for drifting performed under conditions encountered to date.

Mr. Mitchell's proposal, while it is equitable and would be to the benefit of the Government, would be very difficult to incorporate in an amendment. In order to provide for a downward

adjustment in the unit price, Exhibit "A" would have to be completely restated to indicate allowable cost items that could be charged to the project and included in the unit cost. This would not eliminate any of the bookkeeping presently required. It is recommended, therefore, that if any amendment is made it provide for a straight unit price for drifting without complicating provisions for adjustment downward.

T. E. Howard

Orig. & 3 cys - Wash.
USGS (2)
DMEA
AD
VZJ

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

FEB 16 1953

Mr. [illegible] Weissenborn
Executive Officer
DMEA Field Team, Region II
South 157 Howard Street
Spokane 8, Washington

Re: Docket No. DMEA-2436 (Cobalt-Copper)
Northfield Mines, Incorporated
Contract No. [illegible]

Dear Mr. Weissenborn:

This is with reference to copy of Mr. Thor H. Kiilsgaard's letter of November 24, 1952 to the Operating Committee, enclosing copy of Amendment No. 3 to the subject contract.

This amendment has been reviewed by our Legal Division. In this connection we are enclosing a copy of the comments of our Chief Counsel for your information. You will note that he has no objection to the amendment from a legal standpoint but does, however, point out several features to the amendment which are unsatisfactory. In addition to the points stressed by the Chief Counsel, we feel that the item for "snow removal" should have been set forth as a separate element and not considered as part of the drifting to be performed under a sub-contract. We have no objection to including "snow removal" as an item under the same sub-contract for drifting; but the cost of "snow removal" should be kept separate from the cost of drifting.

The foregoing points should be kept in mind when drafting amendments to contracts in the future.

Sincerely yours,

Enclosure

George C. Selfridge

APPROVED:

Chairman, Operating Committee

J. H. Hedges

Member, Bureau of Mines

D. M. Lemmon

Member, Geological Survey

F. Johnson/bih 2/9/53
cc to: Docket
Adm. Reading File
Region II
Operating Committee
Messrs. TPThayer GSA Bldg. R-4234
JHHedges B-4404
Hafflund - FEJohnson
Chambers - Martin

Government Copy

EXPLORATION PROJECT CONTRACT
NORTHFIELD MINES, INC.
DOCKET NO. DMEA-2436

AMENDMENT NO. 4

It is agreed this 19th day of November, 1952, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Northfield Mines, Inc., each acting in consideration of the agreement of the other to the terms hereinafter set forth, that effective June 2, 1952, the Exploration Project Contract Idm-E334, dated June 2, 1952, between the parties hereto, as amended, be further modified and amended as follows:

In Exhibit "A" under (2) Labor, Supervision and Consultants delete:

1 - Engineer part time @ $186.00* per month, 7 months*	$1,295.00*

and substitute:

1 - Engineer-geologist @ $500.00* per month, 5 months* (June - October inclusive)	$2,500.00*

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be obligated to pay, or the percentage of costs which the Government may be obligated to pay under the provisions of Article 8 of the contract form, and the additional funds required for this engineer-geologist shall be taken from the amount set up for boarding house loss.

THE UNITED STATES OF AMERICA

By O. Mitchell
Administrator, Defense Minerals Exploration Administration

NORTHFIELD MINES, INC.

By Thomas Lee

AMENDMENT NO. 3

It is agreed this 7th day of November 195 2, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration, and Northfield Mines, Inc., Room 1841, 230 Park Ave., New York 17, N. Y. (Docket No. DMEA 2436, cobalt-copper) each acting in consideration of the agreement of the other to the terms hereinafter set forth, that the Exploration Project Contract Idm-E 334 of June 2 195 2 between the parties hereto be modified and amended as described in Exhibit "F" attached hereto, which, with any maps or drawings attached thereto, is made a part of this agreement. The effective date of this amendment shall be July 10 195 2.

This amendment is made by authority granted the Executive Officer, DMEA Field Team, Region II, in Order No. 2684 by the Acting Secretary of the Interior.

This amendment shall not be construed to increase the estimated total cost of the project, the amount of the Government's contribution, or any item of allowable cost which is expressly designated "Allowable Maximum."

Executed in sextuplicate the day and year first above written.

NORTHFIELD MINES, INC.
(Operator)

By [signature]

THE UNITED STATES OF AMERICA

By [signature]
A. E. Weissenborn, Exec. Officer
DMEA Field Team, Region II

NORTHFIELD MINES, INC.
Exploration Project Contract Idm-E334
Docket No. DMEA 2436 (cobalt-copper)

Amendment No. 3

EXHIBIT "F"

In Exhibit "A" of the contract under "Estimate of Costs, - (1) Independent Contracts," add the following items:

"Driving of the adits specified in Phase 8 in the above Description of the Work may be done by independent contractors with the prior approval of the Field Team."

"Snow removal is considered a necessary cost of drifting and may be included in the same subcontract."

NORTHFIELD MINES, INC.
Exploration Project Contract Idm-E334
Docket No. DMEA 2436 (cobalt-copper)

Justification of Amendment No. 3

This amendment provides for subcontracting the drifting specified in the contract and is considered to be of benefit to both the Operator and the Government as the work should be conducted more economically by a subcontractor than would be possible otherwise. Snow removal from the road leading to the mine, thereby insuring access to the mine by employees, is considered part of the cost of drifting.

Thomas E. Howard

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

[redacted]
So. 157 Howard Street
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 4 1952

Case 12-4

November 26, 1952

Mr. Frank E. Johnson, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket DMEA-2436 (Cobalt-Copper)
Northfield Mines, Inc.
Lemhi County, Idaho
Contract Idm-E334

Dear Mr. Johnson:

Enclosed are the original and two signed copies of Amendment No. 3 to the subject contract, with attached justification.

Copies of this amendment have been retained by the Operator and the Field Team, and by a carbon copy of this letter the Finance Officer's copy is being distributed.

This amendment was necessary because the Operator subcontracted the drifting to another party, and also to the fact that if operations were to continue during the winter provision had to be made in the contract for snow removal from the road leading to the mine. With the latter reason in mind, the Operator wrote this office on November 1, 1952, forwarding a copy of an agreement between the Operator and Mr. C. F. Nechanicky for rental of a dozer for snow removal. This agreement could not be justified at this office for reasons stated in an answering letter to the Operator dated November 12, 1952. Instead, we suggested that rather than rent the bulldozer for snow removal, an agreement should be made between the Operator and the drifting subcontractor whereby snow removal costs would be billed along with drifting costs. Our reasoning in this was that we believed there were sufficient funds allotted to the drifting program to cover all costs including snow removal, and that since cost items under contract terms were allowable maximums any amendment thereto would increase the amount of the contract, which we did not reason as necessary. Moreover, in the way the contract is written, we could not see any way in which an amendment could be made in the field other than to consider snow removal as a drifting charge. It could perhaps be itemized as a separate charge in monthly reports but nevertheless should be charged to drifting expenses.

Inasmuch as the Operator has signed the proposed amendment it is assumed our suggestion concerning snow removal meets with his approval. We have not, however, received an agreement from the Operator specifying terms under which snow removal costs will be incorporated into the drifting subcontract, but we are expecting receipt of this agreement at any time.

Sincerely yours,

Thor H. Kiilsgaard

Thor H. Kiilsgaard
Acting Executive Officer
DMEA Field Team, Region II

Enclosure

cc: USBM (2)
Finance Officer w/encl.
Roberts
Vhay

GOVERNMENT COPY

AMENDMENT NO. 2

It is agreed this 15th day of September 195 2, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration, and Northfield Mines, Inc. (Docket No. DMEA 2436, cobalt-copper)

each acting in consideration of the agreement of the other to the terms hereinafter set forth, that the Exploration Project Contract Idm-E 334 of June 2 195 2 between the parties hereto be modified and amended as described in Exhibit "F" attached hereto, which, with any maps or drawings attached thereto, is made a part of this agreement. The effective date of this amendment shall be September 15 195 2.

~~This amendment is made by authority granted the Executive Officer, DMEA Field Team, Region II, in Order No. 2684 by the Acting Secretary of the Interior.~~

This amendment shall not be construed to increase the estimated total cost of the project, the amount of the Government's contribution, or any item of allowable cost which is expressly designated "Allowable Maximum."

Executed in sextuplicate the day and year first above written.

Northfield Mines Inc.
(Operator)

By [illegible]

THE UNITED STATES OF AMERICA

By C. O. Mitchell

~~Executive Officer, DMEA Field Team, Region II~~
Administrator, Defense Minerals Exploration Administration

NORTHFIELD MINES, INC.
Exploration Project Contract Idm-E334
Docket No. 2436 (Cobalt-copper)

Amendment No. 2

EXHIBIT "F"

Changes and modifications

1. In Exhibit "A" of the contract, page 1, under (1) Independent Contracts, make the following changes:

(a) Change the first item to read:

"2500 feet of new road construction @ $13.00 per hour for bulldozing, 100 hours $1,300.00" *

(b) Change the second item to read:

"8000 feet of trench @ $13.00 per hour, 435 hours 5,655.00"*

(c) Change the third item to read:

"Road rehabilitation @ $13.00 per hour, 71 hours 923.00"*

2. In Exhibit "A" of the contract, page 2, under (1) Independent Contracts, change the item of diamond drilling to read:

"Approximately 2980 feet of diamond drilling at $6.49 per foot. The costs of all equipment, supplies, labor, and all other costs necessary for drilling the holes are included in the per foot cost $19,357.00"*

Justification for Amendment No. 2

Northfield Mines, Inc.

Exploration Project Contract No. Idm-E334

The bulldozing done so far has exposed much more mineralized rock on the Merle No. 3 claim than had been expected. As 1,445 feet of drilling was done on the Merle No. 5 zone, this leaves only 555 feet to use on the Merle No. 3. As this is not nearly enough footage to test the wide and complicated zone exposed on the Merle No. 3 claim, it is recommended that the allowable maximum be increased to 3,000 feet. That this can be done at no increase in the total cost of the contract is shown in Exhibit E and Mr. Mitchell's letter of September 12, 1952. The additional drilling will outline the cobalt zone on the Merle No. 3 claim so that subsequent underground exploration can be laid out to get the maximum information at the minimum cost.

Under the present contract savings made from trenching, road rehabilitation and diamond drilling cannot be applied to additional drilling as not only the footage of diamond drilling is specific as an allowable maximum but also the amounts provided for other parts of the contract are likewise allowable maximums. The result is that savings made in one part of the contract cannot be applied to other parts. The amendment provides the necessary flexibility without increasing the cost.

Government Copy

AMENDMENT NO. 1

It is agreed this 11th day of Aug. 1952, between the the United States of America, acting through the Department of the Interior, Defense Minerals Administration and Northfield Mines, Inc. a corporation, Room 1841, 230 Park Avenue, New York 17, New York (Docket No. 2436 - cobalt-copper) each acting in consideration of the agreement of the other to the terms hereinafter set forth, that the Exploration Project Contract Idm--E334 of June 2, 1952 between the parties hereto be modified and amended as described in Exhibit "F", attached hereto, which, with any maps or drawings attached thereto, is made a part of this agreement. The effective date of this amendment shall be June 2, 1952.

This amendment is made by authority granted the Executive Office, DMA Field Team, Region II in Order No. 2684 by the Acting Secretary of the Interior.

This amendment shall not be construed to increase the estimated total cost of the project, the amount of the Government's contribution, or any item of allowable cost which is expressly designated "Allowable Maximum".

Executed in sextuplicate the day and year first above written.

Northfield Mines, Inc.
(Operator)

By [signature]

The United States of America

By [signature]
~~A. E. Weissenborn, Exec. Officer~~
~~DMEA Field Team, Region II~~
For M. E. Volin, Acting Exec. Officer
DMEA Field Team, Region II

Northfield Mines, Inc.
Exploration Project Contract Idm-E334
Docket No. 2436 (cobalt-copper)

Amendment No. 1

EXHIBIT "F"

Changes and Modifications

1. In Exhibit "A" under Item (7) "Miscellaneous," add the following item:

   Rental for cabin, $50/mo. for 8 months $400.00

2. In Exhibit "A" under Item (7) "Miscellaneous," change the amount shown for boarding house loss from $4,472.50 to $4,072.50.

gd

DMEA Field Team, Region II Aug. 10, 1952

T. E. Howard, Mining Engineer, Bureau of Mines

Docket No. DMEA 2436 (cobalt-copper), Northfield Mines, Inc., Exploration Project Contract Idm-E334, Amendment No. 1

Northfield Mines, Inc. has requested that the captioned contract be amended to provide for the rental of a cabin near Cobalt, Idaho, which is used for an office and living quarters for the staff.

This expense is a direct cost of the project and the amendment is considered justifiable in that suitable office space for technical and supervisory personnel will make for more efficient conduct of the work. Additional funds will not be required as the Operator does not intend to build the boarding house specified in the contract, and funds can be diverted from the "boarding house loss" item to provide for cabin rental.

T. E. Howard

cc: DMEA, Wash. (2)
USGS
TEH

2236-2

GOVERNMENT COPY

AMENDMENT TO SUBCONTRACT
APPROVAL OF SUBCONTRACT
(Under Form MF-200, revised February 1952)

To: Northfield Mines, Inc.
(Name of Operator)

That certain contract, or proposed contract, a copy of which you have submitted with your request for approval, dated Sept. 12, 1952, between you and William E. Corrigan
(Name of Independent Contractor)

for the performance of the following work: Snow removal

which is all or a specific element of the work described in an Exploration Project Contract dated June 2, 1952, Idm -E334, Docket No. DMEA 2436 (cobalt-copper), is hereby approved by the United States of America, subject to all of the terms and conditions relating to such independent contracts set forth in said Exploration Project Contract.

Dated: November 1, 1952.

THE UNITED STATES OF AMERICA

By A. E. Weissenborn

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

Challis, Idaho

Nov. 22, 1952

Mr. G. W. Mitchell

Northfield Mines, Inc.

Eureka, Nev.

Dear Sir:

Amendment to Section 7

IT IS MUTUALLY COVENANTED AND AGREED AS FOLLOWS:

That I will bill the Northfield Mines, Inc. for snow removal $350.00 for 47½ hours per month. I will pay snow plow labor (or any labor on the cat) plus fuel and oil, making necessary repairs as per the other equipment. Hours in excess of this amount (47½) in any one calendar month charged at the rate of $7.35 per hour I will pay plus fuel, oil and operator. This agreement shall terminate in 5 months, or until the 1000 feet of drifting is completed, whichever is first.

Very truly yours,

William E. Corrigan

William E. Corrigan

Approved
Northfield Mines, Inc.

G. W. Mitchell

G. W. Mitchell

Gen. Mgr.

RECEIVED
DEC 10 1952
U. S. G. S.
SPOKANE, WASH.

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

No. 157 Howard Street
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 23 1952

October 18, 1952

Mr. Frank L. Johnson, Chairman
Operating Committee, DMA
Department of the Interior
Washington 25, D. C.

Re: Docket DMA-249 (cobalt-copper)
Northfield Mines, Inc.
Lemhi County, Idaho
Contract Ida-3334

Dear Mr. Johnson:

Attached are the original and two signed copies of an Approval of Amendment to Subcontract between Northfield Mines, Inc., and William S. Corrigan which makes provision for snow removal.

A copy of the Approval has been forwarded to the Operator, we are retaining a copy for our files, and by carbon copy of this letter we are forwarding the Finance Officer's copy.

Sincerely,

A. L. Weissenborn
Executive Officer, DMA
Field Team, Region II

Enclosure

cc: Finance Officer w/encl.
Wm.
IBM (2)

Government Copy
2236-2 DMEA-2436
Idm-E 334
Cobalt, Copper

APPROVAL OF SUBCONTRACT
(Under Form MF-200, revised February 1952)

To: Northfield Mines, Inc.
(Name of Operator)

That certain contract, or proposed contract, a copy of which you have submitted with your request for approval, dated Aug. 20, 1952, between you and Nichols and Thompson Core Drilling Co.
(Name of Independent Contractor)

for the performance of the following work: diamond drilling

which is all or a specific element of the work described in an Exploration Project Contract dated June 2, 1952, Idm 334, Docket No. DMEA 2436, is hereby approved by the United States of America, subject to all of the terms and conditions relating to such independent contracts set forth in said Exploration Project Contract.

Dated: September 1, 1952.

THE UNITED STATES OF AMERICA

By A. E. Weissenborn

A. E. Weissenborn, Exec. Officer
DMEA Field Team, Reg. II

Nichols & Thompson Core Drilling Co., Inc.
Route 9 • Boise, Idaho
Phone 0255-J1

SUPPLIMENTAL AGREEMENT

Between: NICHOLS & THOMPSON CORE DRILLING CO. INC.

and

NORTHFIELD MINES INC.

IN ADDITION to the orginial contract in the second partys agreements, Article number 5, it has been agreed upon:

1. That any EX or AX size hole drilled beyond the depth of 250' up to 350' will be paid for by the second party at the rate of $5.50 per linear ft.
2. That all casing left in hole beyond said depth will be paid for by second party or the rate of $85.00 per shift will be paid to the first party while trying to recover said casing, AT THE OPTION OF NORTHFIELD. H.W.M.

THIS AGREEMENT has been entered this 20th day of August between:

NICHOLS & THOMPSON CORE DRILLING CO. INC.
Alvin P. Nichols
President

NORTHFIELD MINES INC.
Frank Lee
General Manager

8/4/52

GOVERNMENT COPY
2236-2

APPROVAL OF SUBCONTRACT
(Under Form MF-200, revised February 1952)

To: Northfield Mines, Inc.
(Name of Operator)

That certain contract, or proposed contract, a copy of which you have submitted with your request for approval, dated Sept. 12, 1952, between you and William E. Corrigan
(Name of Independent Contractor)

for the performance of the following work: tunneling

which is all or a specific element of the work described in an Exploration Project Contract dated June 2, 1952, Idm E334, Docket No. DMEA 2436 (cobalt-copper), is hereby approved by the United States of America, subject to all of the terms and conditions relating to such independent contracts set forth in said Exploration Project Contract.

Dated: October 2, 1952.

THE UNITED STATES OF AMERICA

Defense Information
OCT 2 1952

By A E Weissenborn
A. E. Weissenborn, Exec. Officer
DMEA Field Team, Region II

A G R E E M E N T

THIS AGREEMENT, Made and entered into this 12th day of September, 1952, by and between the NORTHFIELD MINES, INC., a Corporation, by GEORGE W. MITCHELL, General Manager, of Eureka, Nevada, the party of the first part, sometimes hereinafter referred to as the CORPORATION, and WILLIAM E. CORRIGAN, of Challis, Idaho, party of the second part, hereinafter called the CONTRACTOR,

W I T N E S S E T H:

That for and in consideration of the mutual covenants and agreements herein set forth, and in further consideration of the separate covenants of each party herein, the parties hereto agree as follows:

CONTRACTOR COVENANTS BY AND WITH THE CORPORATION:

1. That he will construct, according to good mining practices, a tunnel upon the premises of the Corporation, in Lemhi County, Idaho, according to the terms and specification set forth herein and at a point to be designated by the Corporation or its agents. G.W.M. WEC

2. That said tunnel shall be 5 feet by 7 feet in the clear, timbered where necessary, and properly ditched if water is encountered. Said tunnel shall conform to good mining practices in the community, and shall at all times be subject to the approval of the Corporation Engineer. To construct the grade of the tunnel in such a manner as not to exceed one-half of one per cent and to lay all air and water lines on the floor of the tunnel.

3. To furnish all equipment as listed to be furnished by the Contractor on Exhibit "A" attached to this contract, at no cost to the Corporation. G.W.M. WEC

4. To perform and pay for all labor necessary to construct said tunnel and to furnish all blasting supplies and timber used in the building thereof.

5. To operate at least two shifts per day, six days per week, provided always that proper labor is available.

6. To perform all work in a good and minerlike manner and according to the best mining practices in the neighborhood.

7. To carry all necessary workmans compensation insurance, liability insurance, state unemployment insurance and to comply with all state and federal laws applicable to the operations contemplated by this agreement; to pay all state or federal taxes including F. O. A. B., and withholding taxes, which are required by law; to properly insure the Corporation and hold the same harmless from all claims or demands against the said Corporation resulting from any and all operations of the Contractor upon the premises.

8. To keep the premises free and clear of all liens made or suffered by the Contractor, regardless of the nature thereof, but including material men's liens and to keep posted in a conspicuous place a written or printed notice that the work upon the premises is being done by an independent Contractor; to hold the Corporation harmless from all claims or demands whatsoever resulting from the Contractor's work.

9. To operate and pay wages in accordance with the prevailing rate provided by the wage hour law.

10. To perform other work for extra remuneration as shall be designated by the agents of the Corporation including repairs on equipment, newly constructed equipment or other work not directly connected with the actual construction of the tunnel. For these services Contractor shall receive the actual cost of the work, plus any taxes due, and this amount, the Corporation covenants to pay.

11. To repair, without charge, all machinery necessary and proper to be used in the construction of the tunnel; provided always that the Corporation shall furnish, at its own expense, the necessary parts.

12. To not assign this contract, or any part thereof, or sublet any ofthe work herein referred to without the written permission of the Corporation first endorsed hereon in writing.

THE CORPORATION COVENANTS WITH THE CONTRACTOR:

1. That Contractor well and truly performing the work and covenants herein enjoined upon him, shall receive a total price of $16.00 per linear foot for every foot of tunnel constructed where timbering is unnecessary in the opinion of the Engineer of the Corporation; to pay unto the Contractor $18.00 per linear foot for every foot of tunnel constructed where timbering is used.

2. To pay the said sums above mentioned to the Contractor on the first and the 15th of each calander month commencing with the first day of October, 1952.

3. To pay to the Contractor the actual cost, plus taxes, for all work by the Contractor in the rebuilding or repairing of equipment not actually used in the construction of the tunnel, or for any new equipment constructed by the Contractor and to furnish all parts needed for the repair of machinery actually used in the construction work. B.W.M. WME

4. To ~~furnish~~ permit Contractor to cut from their own premises, the necessary timber to be used in the construction of the tunnel. B.W.M.

5. To furnish the necessary equipment, tools, as hereinafter listed WME and replacement parts for the machinery used by the Contractor in constructing the said tunnel in a miner-like fashion and ~~to execute~~ in executing B.W.M. WME the Corporation work specified by the Corporation, it being understood that the Contractor shall maintain said equipment and tools in good repair and in good condition at his own cost.

IT IS MUTUALLY COVENANTED AND AGREED AS FOLLOWS:

1. That all work performed shall be subject to the insepction of the Corporation and its agents, and all work and machinery shall comply in all respects with the quality desired by the Corporation.

2. That either party to this contract may terminate the same by giving unto the other, a 10 day written notice of termination sent by registered mail; deposited in any United States Postoffice of said registered notice with a return receipt requested, shall constitute the first day of said notice. All notices to the Corporation shall be sent to Eureka, Nevada, and all notices to the Contractor shall be sent to him at Challis, Idaho.

3. That Contractor shall have the right to the use of a Corporation building on the premises of the Corporation for use as a boarding house. This boarding house shall be operated by Contractor for his own use only and at his own cost and expense. Contractor covenants to comply with all laws relative to Boarding House operation and to hold the Corporation harmless from all liability or claims resulting therefrom and to return the premises to the Corporation in a good condition of repair at the termination of this agreement.

4. That this contract shall be subject to approval by the proper authorities of the United States Defense Mineral Exploration Administration.

5. That the lists of equipment and supplies to be furnished by the Contractor and by the Corporation, are marked Exhibit "A", and are attached hereto and made a part hereof by reference.

6. That the provisions of this contract are personal and the Contractor may not assign the same without the written permission of the Corporation endorsed hereon in writing.

7. Unless sooner terminated by notice as above specified, the provisions of this contract and all agreements herein, shall terminate when the tunnel has been completed and payment made therefor in full to the Contractor; provided however, that this agreement may be extended to cover other work by written endorsement attached hereto and signed by the parties to this agreement.

IN WITNESS WHEREOF, The parties hereto have hereunto set their hands and seals the day and year in this agreement first above written.

NORTHFIELD MINES, INC.

By [illegible],
General Manager

William E Corrigan
Contractor

STATE OF NEVADA :
: SS.
County of Eureka :

On this 18 day of September, 1952, personally appeared before me, a Notary Public in and for Eureka County, GEORGE W. MITCHELL, known to me to be the General Manager of the Corporation that executed the foregoing instrument, and upon oath, did depose that he is the officer of said Corporation as above designated; ~~that he is acquainted with the seal of said Corporation, and that the seal affixed to said instrument is the corporate seal of said Corporation~~; that the signature to said instrument was made by an officer of said Corporation as indicated after said signature; and that the said Corporation executed the said instrument freely and voluntarily and for the uses and purposes therein mentioned.

Notary Public for State of Nevada
Residing at Eureka, Nevada.
My Commission Expires 1-27-54

STATE OF IDAHO :
: SS.
County of ~~Custer~~ Lemhi :

On this 12th day of September, 1952, before me, a Notary Public in and for said State, personally appeared William E. Corrigan, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Charles Herndon
Notary Public for State of Idaho
Residing at Challis, Idaho.

EXHIBIT "A".

CONTRACTOR WILL FURNISH THE FOLLOWING:

One vent fan, with motor.
One Jumbo, complete.
Mechanic's hand tools and wrenches.
Blacksmith tools, forge and anvil
Machine shop available at Challis
Acetylene welding outfit, complete.
Portable arc welder, complete, 200 amp. D.C.
One Trailer house, 8' x 20'.
Cookstove and dishes for eight people.
One oil heater.
Blasting supplies.
Fuel, gas, oil, and grease for equipment pertinent to contract.
Labor for the contract. G.W.M. [illegible]
Timber to be cut on Company property.
All equipment must be serviceable and in good condition.

CORPORATION WILL FURNISH THE FOLLOWING:

Compressor of not less than 315 dfm. capacity.
Mucking machine
Rails ~~not less than 20#~~. G.W.M. [illegible]
Cars for hand tramming of not less than 16 cu. ft. or more than 20 cu. ft. capacity, and of roller or ball bearing type.
Air line pipe should not be less than 2".
Air hose shall be 1" in diameter.
Air hose fittings not to be of the gasket type
Air line valves for manifolds and junctions should be plug type with handles.
Track spikes shall not be less than 3/8" x 3" or more than 1/2" x 4" ~~for 20# rails~~. G.W.M. [illegible]
Track bolts must be new or reconditioned. [illegible] G.W.M.
Anti-freeze sufficient for one winterizing of all Liquid cooled engines.
~~Air~~-vent tubing shall be not less than 10" in diameter, including 50 ft. of bag tubing.
Picks, shovels, bars, rail-bender, steel, bits, axes, saws and other tools pertinent to the job. but not replacements. [illegible] G.W.M.
All equipment and supplies must be serviceable and in good condition.
Track ties to be sawed at least 4" x 5". G.W.M.
Drifter shall be furnished with 3 ft. shell and at least 3" cylinder.
Steel shall not be less than ~~1 1/8"~~ 1" diameter, round lugged.

G.W.M. - [illegible]

Government Copy

2236 r2

APPROVAL OF SUBCONTRACT
(Under Form MF-200, revised February 1952)

To: Northfield Mines, Inc.
(Name of Operator)

That certain contract, or proposed contract, a copy of which you have submitted with your request for approval, dated July 30, 1952, between you and C. F. Nechanicky
(Name of Independent Contractor)

for the performance of the following work: 5500 feet of trenching and other bulldozer work

which is all or a specific element of the work described in an Exploration Project Contract dated June 2, 1952, Idm E334, Docket No. DMEA 2436 (co-cu), is hereby approved by the United States of America, subject to all of the terms and conditions relating to such independent contracts set forth in said Exploration Project Contract.

Dated: August 28, 1952.

THE UNITED STATES OF AMERICA

By A. E. Weissenborn
A. E. Weissenborn, Exec. Officer
DMEA Field Team, Region II

Salmon, Ida.

July 30, 1952

Mr. G. W. Mitchell

Northfield Mines, Inc.

Cobalt, Ida.

Dear Sir:-

Confirming our present verbal agreement I will do trenching, road and other bulldozer work at the Stevenson Property, Blackbird Dist., Cobalt, Ida. for the Northfield Mines, Inc. under the following arrangement.

I will furnish 1 - TD 18 International tractor and dozer complete, supply fuel oil, repairs and operate it for $13.00 per hour. Industrial Accident Compensation premiums will be my expense. I will bill you for incoming transportation charges for my bulldozer but outgoing transportation will be my expense. It is expected that if my work is satisfactory, I will be permitted to completethe 5500 feet of trenching and other bulldozer work for which Northfield Mines, Inc. has a contract with the D M E A.

Very truly yours,

C F Nechanicky

C. F. Nechanicky
Owner

Approved

Northfield Mines, Inc.

G. W. Mitchell
Gen. Mgr.

Docket No. 2436

Commodity Cobalt-Copper

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~[illegible]~~

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

Please enter on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program, the following contract, or amendment to contract.

Contract No. Idm-E 334

Date of Contract ~~or amendment~~: June 2, 1952

Name and Address of Operator:

Northfield Mines, Inc.
Room 1641
230 Park Ave.
New York, N. Y.

Amount of Government participation ____ $ 163,205.00

Percent of Government participation 70 %

Region: I IW State: Idaho

Note: Please release 695,401.17

for J. L. Chambers
Chief, Contract Administration and Audit Division

(Name)

(Title)

Date Delivered to Bureau of Mines, Washington.

8/22/55

54458

Doc[illegible] No. DMEA 2436

Commodity Cobalt-Copper

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

Please enter on the records of the Defense Minerals Exploration Administration, under the Strategic and Critical Minerals Exploration Program, the following contract, or amendment to contract.

AMENDMENT

Contract No. Idm-E 334

Date of ~~Contract~~ Amendment: August 6, 1953

Name and Address of Operator:

Northfield Mines, Inc.
Room 1841
230 Park Ave.
New York, N. Y.

Amount of Government participation $ 163,205.00

Percent of Government participation 70 %

Region: II State: Idaho

NOTE: This documents establishes the obligation shown above and cancels the previous obligation of $72,030.

(Name)

J. L. Chambers,
Chief, Contract Administration and Audit Division

(Title)

Date Delivered to Bureau of Mines, Washington, August 8, 1953 13808

Docket No. 2436

Commodity Cobalt-Copper

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

Please enter on the records of the Defense Minerals Exploration Administration, under the Strategic and Critical Minerals Exploration Program, the following contract, or amendment to contract.

Contract No. Idm-E 334

Date of Contract ~~or Amendment~~: June 2, 1952

Name and Address of Operator:
Northfield Mines, Inc.
Room 1841
230 Park Ave.
New York 17, New York

Amount of Government participation $72,030.00

Percent of Government participation 70 %

Region: II State: Idaho

J.L. (Name) Chambers
Chief, Contract Administration and Audit Division

(Title)

Date Delivered to Bureau of Mines, Washington June 3, 1952

13808

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

DOCKET NO. DMEA 2436

COMMODITY Cobalt-Copper
Idm-E334

GOVERNMENT'S COPY

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

EXPLORATION PROJECT CONTRACT [1]

IT IS AGREED this 2nd day of June, 1952, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Northfield Mines, Inc., a corporation organized and existing under the laws of Delaware, Room 1841, 230 Park Avenue, New York 17, New York

hereinafter called the "Operator," as follows:

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

ARTICLE 2. *Operator's property rights.*—With respect to that certain land situated in the State of Idaho, County of Lemhi, described as follows: [3] See Annex I and Exhibits B and B1 attached hereto and made a part hereof.

the Operator represents and undertakes: [4]

(*a*) ~~That the Operator is the owner in possession and entitled to possession and that the property is subject only to the following claims, liens or encumbrances, a schedule of which, the subordination agreement of the holder is attached:~~

Landlord's Subordination Agreement

(*b*) That the Operator is a lessee, in possession and entitled to possession, and the ~~owner's consent thereto~~ is attached.

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

ARTICLE 3. *Exploration project.*—The Operator, within Thirty (30) days from the date of this contract shall commence work on a project of exploration for [5] cobalt-copper

in or upon the described land; and shall bring the project to completion within a period of Ten (10) months from the date of this contract. The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 8. *Payments by the Government.*—(*a*) The Government will pay 70 percent of the allowable costs incurred, as they accrue, in an aggregate total amount not in excess of $72,030.00, which is 70 percent of $102,900.00, the agreed, estimated total cost of the project in which the Government will participate; *Provided,* that until the Operator's final report and final accounting have been rendered to the Government, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract.

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

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

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

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

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

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

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

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

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

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

ARTICLE 12. *Termination and completion.*—The Government may, at any time, by written notice to the Operator, terminate this contract: (*a*) If the Operator fails to provide his share of the money necessary to prosecute operations pursuant to the terms of the contract; (*b*) if the Operator, in the opinion of the Government, fails to prosecute operations pursuant to the terms of the contract; or (*c*) if in the opinion of the Government, operations up to the time of the notice have not indicated the probability of making any worth while discovery and in the opinion of the Government further operations are not justified. Upon the completion of the project or any termination of the contract the Operator shall dispose of any remaining materials, supplies, facilities, buildings, fixtures, and equipment in which the Government has an interest, for the joint account of the Operator and the Government in the proportion of their respective interests; shall render to the Government a full and final accounting of his operations under the contract and his expenditures of money; and shall pay to the Government its pro rata share of any money remaining.

ARTICLE 13. *Changes and added provisions.* ----------

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. D. Mitchell
Acting Administrator
Defense Minerals Exploration
Administration

Northfield Mines, Inc.
(Operator)

By George W. Mitchell

I, Paul W. Zeckhausen, certify that I am the ---------- secretary of the corporation named as Operator herein; that George W. Mitchell, General Manager, who signed this contract on behalf of the Operator, was then of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

Paul W. Zeckhausen

[CORPORATE SEAL]

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

ANNEX I

In the Blackbird Mining District

The unpatented lode mining claims Merle, recorded in book Y, page 512; Merle Nos. 1 to 6, inclusive, recorded in book Y, pages 513 to 518, inclusive; David Nos. 16 to 23, inclusive; Woodtick, recorded in book Y, page 519; Woodtick No. 1, recorded in book Y, page 520; Euphemia No. 3, recorded in book Y, page 511; Bob No. 1 and Bob No. 2.

The patented lode mining claims Tom Jefferson No. 2, Diamond Queen, Little Queen, Queen, all described in Mineral Survey 2128.

MF-202

LANDLORD'S SUBORDINATION AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, the undersigned is the owner in fee simple of that certain parcel of ground in the county of LEMHI, State of IDAHO, described in a certain Exploration Project Contract dated June 2, 1952, between NORTHFIELD MINES, INC. Assignee of Arnold Hoffman and Robert D. Hoffman, the Lessee of said property, and the United States of America;

NOW, THEREFORE, the undersigned, as Lessor of said property under lease dated May 10, 1951, does by these presents subordinate all of his right, title, and interest under the provisions of said lease to the right, title, and interest of the United States of America under the provisions of said Exploration Project Contract, and agrees that the lien and claim of the United States of America under the provisions of said contract shall be prior to the undersigned's rights to rentals or royalties under the terms of said lease; and

The undersigned further agrees that if said leasehold interest should be surrendered or if said lease should terminate at any time prior to the expiration of the rights of the United States of America under said Exploration Project Contract, the undersigned shall assume and does hereby assume all of the obligations of the Lessee under said Exploration Project Contract to make repayment to the United States of America according to the terms of said contract; and

The undersigned agrees to commit no act, nor assert any claim under judicial process or otherwise that may contravene or conflict with the prior lien and claim of the United States of America under the provisions of said Exploration Project Contract.

This undertaking and covenant shall be binding upon the heirs, successors, and assigns of the undersigned.

Dated this 28th day of May, 1952

F. W. Stevenson

F. W. Stevenson

U. S. GOVERNMENT PRINTING OFFICE 940768

Merle Stevenson

Merle Stevenson

EXPLORATION PROJECT CONTRACT
NORTHFIELD MINES, INC.
DOCKET NO. DMEA-2436

EXHIBIT "A"

Description of the Work

Time Schedule: 0 - 7 months.

The project consists of (1) trenching in the vicinity of areas previously indicated as favorable for cobalt mineralization, and (2) if warranted, subsequent diamond drilling and underground work.

The work includes:

1. Erecting the frames, including floor and sides, for two tent houses to be used as temporary quarters and facilities for the crew until the need for permanent ones is indicated by the exploration.

2. Constructing as needed, through the life of the project, by means of contract bulldozing, 2,500 feet of new road to the various working and camp sites noted below.

3. Constructing as needed, through the life of the project, 2,000 feet of new trails to the various areas that are to be explored.

4. Cutting by contract bulldozing, 5,500 feet of trench to further explore and extend the limits of the mineralized showings previously indicated by work on the Merle No. 5, Merle No. 3 and Little Queen claims as shown on Exhibits B, C, and C1 attached hereto.

5. Preparing by contract bulldozing, a maximum of 10 diamond drill sites. The locations of the drill sites, which are to be selected by the Operator upon the basis of the results of the trenching, are subject to prior Government approval.

6. Drilling, by contract, approximately 10 AX diamond drill holes, not to exceed 2,000 feet in aggregate length, to explore, below the zone of oxidation, the best mineralized

shear zones as indicated by the trenching. The exact number, location, attitude and length of the individual holes will be determined by the Operator upon the basis of the results of the trenching and prior drilling, subject to prior approval by the Government.

7. Constructing a 12' x 20' compressor house and tool shed of rough lumber when diamond drilling indicates that underground work is warranted.

8. Driving one or more adits, not to exceed 1,000 feet in aggregate length, to explore the mineralized zone or zones as suggested by the diamond drilling. The adit or adits shall be approximately 5' x 7' in cross section. The location and length of each, if more than one, which are to be determined by the Operator upon the basis of the results of the diamond drilling, shall be subject to prior Government approval.

9. Constructing one 16' x 20' tar paper-covered frame bunkhouse and one 16' x 20' tar paper-covered cookhouse, the latter to be partitioned with a 6' x 8' room for the cook. These buildings shall be constructed when the exploration indicates the need of permanent structures as determined by the Operator, subject to Government approval.

All subcontracts are subject to prior written approval by the Government.

Estimated Costs of the Project
(* Indicates allowable maximum)

(1) Independent Contracts

2,500 feet of new road construction @ $15.00/hour* for bulldozing, 137 hours*	$ 2,055.00*
5,500 feet of trench @ $15.00/hour* for bulldozing, 500 hours*	7,500.00*
Road rehabilitation @ $15.00/hour* for bulldozing, 112 hours*	1,680.00*
Preparation of diamond drill and building sites, @ $15.00/hour* for bulldozing, 21 hours*	315.00*

NOTE: The hourly rate for the above bulldozing is for a working hour and includes the wages of an operator, fuel, lubrication, transportation, repairs, and all other costs

2,000 feet* of diamond drilling @ $8.00/foot*

The costs of all equipment, supplies, labor, and all other costs necessary for drilling the holes is included in the per foot cost $16,000.00* $27,550.00*

(2) Labor, Supervision and Consultants

The following labor will be employed on a 6-day week basis with time and one-half for the sixth day:

No.	Class	Approximate Months	Hourly Rate	Total Wages	
1	Dozer swamper	3	1.73625	1,184.12	
1	Surface laborer	7	1.50	2,352.00	
2	Carpenters	2	1.88625	1,690.08	
1	Carpenter helper	2	1.73625	777.84	
2	Timber framer & compressor man	5½	1.73625	4,278.12	
1	Truck driver	7	1.73625	2,722.44	
2	Miners	5½	1.78625	4,403.11	
2	Muckers	5½	1.73625	4,278.12	21,685.83*
	Bonus for miners and muckers				1,960.00*
1	Cook, 7-day week,	7	1.43000	2,722.72	2,722.72*

1--Engineer part time @ $186.00* per month, 7 months* 1,295.00*

1--Superintendent-geologist @ $600.00* per month, 7 months* 4,200.00* 31,863.55*

NOTE: The superintendent-geologist shall direct the exploration project and shall be responsible for securing representative samples of the deposits, where warranted, and their subsequent handling in a manner approved by the Government.

(3) Operating Materials and Supplies

Furnishings for tent houses and bunkhouse, including cots, mattresses, blankets, sheets, pillows and cases, stove, lamps and miscellaneous 884.00

Furnishings for cook tent or house, including cook stove, sink and plumbing, dishes, silverware, kitchen utensils, kitchen supplies and miscellaneous	$ 657.00	
Powder, caps, fuse, carbide lamps and carbide	1,645.00	
Steel 1" threaded round, bits	1,020.00	
Black pipe 1" and 2" and pipe fittings, and water hoses	1,140.00	
Mine rail 20#, switches, spikes, bolts and splice bars	1,140.00	
Vent tubing 8"	1,000.00	
Diesel fuel and lub. oil, compressor and rock drill oil, auto lub. oil, grease and tires	2,152.50	
Gasoline	960.00	
Tools including shovels, picks, wrenches, sledge hammers, single jacks, saws, axes, hacksaws, hammers, welding supplies, rope block, rope, set of ½" drive sockets, pliers, screwdrivers, etc.	521.12	
Muck sheets	64.00	
Engineering and geology supplies	1,050.00	
Medical supplies	350.00	
Core boxes	500.00	$13,083.62*

(4) Operating Equipment

To be rented

1--315 cfm Diesel compressor @$470.00 per month, 6 months	2,820.00	
2--Jackhammers with legs @$120.00 per month, 6 months	720.00	

2--Mine cars, 20 cu. ft. @$52.00 per month, 6 months	312.00	
1--Mucking machine 12 B @$325.00 per month, 6 months	1,950.00	
1--Water tank for drilling @$7.65 per month, 6 months	45.90	
1--Water pump, gas driven 90 gpm @$72.00 per month, 7 months	504.00	
1--Universal Jeep @$50.00 per month, 7 months	350.00	
1--Dump truck, 1½ tons @$100.00 per month, 7 months	700.00	
Freight on the above equipment	1,000.00	$ 8,401.90*
To be purchased		
1--Chain saw, 20' gas drive	400.00	
1--Gas-driven ventilating fan, 8"	375.00	
1--Light plant, 2.5 K.W.	600.00	
1--Gas welding outfit	150.00	
1--Electric bench grinder ½ H.P.	50.00	
1--Skill saw, 7.25" blade	145.00	
1--Electric hand drill	70.00	
1--Pipe die, ½" to 2"	50.00	1,840.00*

To be furnished by Operator

None

(5) Rehabilitation and Repairs

None

(6)	New Buildings, Improvements, Installations	
	Two tent houses @$375.00 each	$ 750.00*
	Materials and supplies for bunkhouse 1/	2,500.00*
	Materials and supplies for cookhouse 1/	2,750.00*
	Materials and supplies for compressor house and tool shed 1/	1,500.00* $ 7,500.00*
(7)	Miscellaneous	
	Anaylytical work	1,000.00
	Accounting fees as incurred @$150.00* per month, 7 months	1,050.00*
	Travelling for engineer @$150.00* per month, 7 months	1,050.00*
	Telephone and telegraph @$50.00* per month, 7 months	350.00*
	Automotive repair parts and replacement	500.00
	Repair parts for machine drills	150.00
	Workmens compensation, OAB, etc.	3,588.43
	Boardinghouse loss	4,472.50
	Freight on diamond drill equipment in and out	500.00 12,660.93*
	Total estimated cost	$102,900.00*
	Government participation at 70 per cent	$ 72,030.00*

1/ Labor for this item is included in the category (2) Labor, Supervision and Consultants scheduled above.