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OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

AUDIT CERTIFICATE

I have examined the records and transactions of:

Alfred G. Hayl and Associates
1727 Boulder Street
Denver 11, Colorado

pertaining to Exploration Contract Idm-31012, Docket IDMA 4280, including Amendments Nos. 1 through 4, covering a project of exploration for Thorium, Monazite, Columbium and Tantalum, located in Custer County, Idaho, and commonly known as Big Meadows Placer district near Warm Springs Creek, for the period September 20, 1956 through September 30, 1957.

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 the contractor			$14,476.01
Less: Proceeds from disposition of property			0.00
Net Claimed Costs			$14,476.01
Exceptions: (See audit report for details)			
Prior to this audit	$3,604.78		
Less: Reinstatements	1,095.41	$2,509.37	
During this audit		245.52	2,754.89
Total Accepted Costs			$11,721.12

The contract calls for a 75 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Eight thousand, seven hundred ninety and 84/100ths Dollars is valid and proper.

Amount payable to Operator	$8,790.84
Amount reimbursed	7,653.43
Balance due Operator	$1,137.41

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

Donald T. Finch
Donald T. Finch,
OME Auditor

November 12, 1958

AUDIT REPORT

I. Introduction

On November 6, 1958, a final audit (covering operations for the period of September 20, 1956 through September 30, 1957) was made of the records and transactions pertaining to Exploration Project Contract No. Ida-E1012, Docket No. DMRA 4280, including Amendments Nos. 1 through 4, with:

Alfred G. Hoyl and Associates
1727 Boulder Street
Denver 11, Colorado

covering a project for exploration of Thorium, Monazite, Columbium and Tantalum, located in Custer County, Idaho, and commonly known as Big Meadows Placer district near Warm Springs Creek.

The accounting records applicable to this contract are located in the residence of Mr. Frank R. Komatz, Supervisor of the project, 752 Elizabeth Street, Denver 18, Colorado. They were examined by the auditor at the office of Contract Engineering Company which is operated at 1727 Boulder Street, Denver 11, Colorado, by Mr. Alfred G. Hoyl.

During the course of the audit, Mr. Hoyl and Mr. Komatz were consulted when necessary. Their cooperation and assistance greatly facilitated this audit.

II. General Information On Records

The Operator's records were very informal and consisted of copies of invoices, cancelled checks, memorandum notes of cash disbursements, copies of letters, etc. with summary statements for copies of monthly MF-104 reports. Disbursements were made from the joint venture bank account and from personal bank funds of Komatz and Hoyl. In some cases disbursements were made in cash. This audit therefore involved, in general, a check of all items of claimed costs against invoices, memoranda receipts for cash disbursements and cancelled checks.

III. Scope of Audit and Findings

The audit was limited to ascertaining the accuracy, propriety and validity of the costs as shown in the "Totals to Date" column of Form MF-104, Operator's Monthly Report and Voucher, for the month of September, 1957. Prior to the on-site audit, considerable time was spent in the OME office at Denver, Colorado, on pre-audit analysis and outline of working papers. The Exploration Contract originally provided that work would be performed in two stages; however, with the approval of the Field Team no work was performed under Stage II. The extent of the audit and the findings under each of the "items of cost" applicable to Stage I follow:

(1) Independent Contracts: Actual Costs

978 Feet of churn drilling at $5.2045 per foot was performed by Russell Cowe and Company of Boise, Idaho. During the audit an invoice for

$5,090.00 was examined and the following checks drawn on an account in the American National Bank of Denver were examined for amounts, payee and endorsements: -

July 16, 1957	No. 6	$ 200.00	
Aug. 31, 1957	No. 20	1,500.00	
Aug. 17, 1957	No. 29	1,740.00	
Aug. 23, 1957	No. 41	1,650.00	
Accepted Total			$5,090.00

The interim inspection report of William M. Romischer, Mining Engineer, USBM, dated September 24, 1957, verified the existence of 19 drill hole locations.

(2) Labor and Supervision

(a) Labor

All charges for labor were examined and amounts claimed under the contract were reconciled with checks issued to the employees. Analysis of the labor account follows:

	Hours		Average Rate	
Shando Lambert	265	at	$1.744	$ 462.25
Andrew William Asp	276		2.229	615.25
William Corbett	190		1.941	368.75
Paul Goodard	90		2.000	180.00
Accepted Total				$1,626.25

The Operator's payroll did not show any hourly rates of pay and the average rate was computed during the audit. This labor was engaged in the collection of samples.

The Operator had included in the total claim for labor an amount of $324.00 for 108 man day rations, including the foregoing labor and also supervisor and two consulting engineers. The OME Field Team, Region I, disallowed this amount because subsistence of personnel was not provided for in the contract. The Auditor concurs with this disallowance.

(b) Supervision

The charge for supervision was in payment for the services of Frank R. Komatz for 1½ months at $600.00 per month. During the audit it was confirmed that payroll records showed Mr. Komatz devoted full time to the operation, and cancelled checks totaling the above amount were examined. The amount claimed for supervision of $900.00 is considered an acceptable cost to the project.

(c) Technical Services

The Operator claimed an amount of $600.00 for technical services of six engineering days at $100.00 per day for the services of Richard Moody and Alfred G. Hoyl. Support for this claim was on an invoice from the Contract

Engineering Company of Denver. Both Mr. Moody and Mr. Noyl were members of the "Joint Venture."

The OME Field Team, Region I, has disallowed this charge of $600.00 because the contract did not provide for Government participation in technical services. The Auditor concurs with this disallowance.

(3) Operating Materials and Supplies

An analysis of the acceptable charges by the Operator to Materials and Supplies consisted of the following, which were supported by documentary proof that was examined during the audit: -

6 Steel boxes for drying placer samples	$153.30
8 Eveready Batteries for scintillater	7.62
1 Hoe	2.75
1 Shovel	4.45
1 Scraper	.55
1 Brush	.60
1 Ball of twine	1.70
2 Pair welding gloves	3.40
Lumber	19.96
Nails, lumber and oilcloth	4.30
Coleman lantern, mosquito net and mantles	18.17
Starter cord for chain saw	1.75
Axe handle	1.60
1 Scale	16.85
2 Umbrella tents at 50% invoice cost plus tax	84.77
319 Sample bags including tax and parcel post	224.74
2 Pieces Wire screen	17.16
2 Tubs	7.96
1 Galvanized pail	.98
2 Chalk lines	.58
1 Twine	.49
1 Belt axe	5.79
Discount	2.28
Tincture of Benzoin	.35
1 Camp stove	13.95
1 Lock	1.00
Nails and window stop	1.07
2 Quarts chain saw oil	.80
1 Gas can	1.50
5½ Gal. gas for chain saw	2.50
Accepted Total Cost of Materials and Supplies	$598.36

The OME Field Team, Region I, has waived the Government's interest in the 6 steel boxes at original cost of $153.30 because these are a specialty item for drying placer samples and have no salvage value. The 2 umbrella tents were charged to the project by the Operator at 50 percent of the invoice cost, and the Field Team waives the Government's equity in this 50 percent charge.

Prior disallowances by the Field Team, reinstatements, and disallowances made during the audit are listed below:

Prior Disallowances

Charged to Project by Operator at 50 Percent of Invoice Cost

	INVOICE COST	CHARGED TO PROJECT
1 Air mattress	$ 26.20	
1 Air pump	5.82	
1 10' x 12' Tarp	20.10	
1 10' x 10' Umbrella Tent	82.30	
50 Sample bags	25.67	
1 Sleeping bag	49.96	
Sales Tax at 3%	6.30	
1 10' x 10' Umbrella tent	82.30	
2 Uprights	4.88	
1 10' x 10' Tarp	20.10	
1 Air Mattress	52.40	
1 Air Pump	5.82	
1 Sleeping bag	49.96	
2 Quarts Set Fast	4.72	
100 Sample Bags	30.66	
Sales Tax at 3%	7.52	
1 Bag for tent	3.60	
50 Sample bags	25.68	
Parcel Post	1.03	
52 Sample bags	67.60	
48 Sample bags	62.40	
19 Sample bags	4.56	
Parcel Post	5.45	
Totals	$645.03	$322.00

The foregoing were disallowed by the Field Team because all items, except the umbrella tents and sample bags, were not provided for by the Exploration Contract, and there was no explanation as to why the allowable items were charged at 50% of invoice cost.

Charged to Project at 100 Percent of Invoice Cost

1 300 Ft. Chicago steel tape (Provided for in rental of surveying equipment)	$ 37.97
2 Bathroom scales (Not essential to project)	13.66
Overcharge Burson's Hardware invoice (error in addition)	1.00
Film (Used as Engineering Supplies; inadequate explanation)	2.70
Labels, leads & postage (Not considered Mat'ls & Sup's.)	.94
Paper " " " " "	.48
Accounting Supplies " " " " "	1.35
10 Legal Forms " " " " "	.50
Total Prior Disallowances	$380.60

Deduct: Reinstatements During Audit

2 Umbrella tents (50% of invoice cost including tax) (Reinstated because of Contract provisions and Field Team's letter to Auditor October 22, 1958)	$ 84.77	
Operator's original charge at 50% was based on desire to retain the equipment when project completed		
319 Sample bags (100% of invoice cost including tax) (Reinstated because of terms of Contract and Field Team's letter.)	224.74	

The following disallowed items are reinstated and transferred to engineering and accounting office expense: -

Film (Used in presenting Engineering Reports)	$2.70		
Labels, pencils and leads	.94		
Paper	.48		
Payroll Sheets	1.35		
Legal forms	.50	5.97	
Total Reinstatements			$315.48
Net Prior Exceptions			$ 65.12

Add: Disallowances During Audit

1 Skillet (Cooking equipment not provided for by contract)	6.95	
Freight on Materials and Supplies to Denver and Boulder, Colorado, at completion of project (Not applicable to exploration contract)	38.57	45.52
Total Net Disallowances Materials and Supplies		$110.64

In addition to the materials reinstated and transferred to Engineering and Accounting of $5.97 above, the following items were transferred during the audit to the same account:

1 Roll section paper	$7.89	
1 Rubber stamp	2.68	
Pencil, lead and ink	.75	
Total Additional Transfers		$ 11.32

The Executive Officer, ONE Field Team, Region I, and the Auditor concur with the foregoing disallowances and reinstatements.

(4) Operating Equipment

(a) Rental

All charges to rental category were supported by documentary proof which was examined during the audit.

The allowable charges for equipment rental consisted of the following items:

Surveying equipment rented from William Corbett for 2 mos.	$100.00	
Jeep rental (Rented from Shando Lambert for 2 mos.)	50.00	
Chain saw rental (Rented from Shando Lambert for 2 mos.)	5.40	
Total Accepted Cost of Equipment Rental		$155.40

The Field Team disallowed charge of $40.04 claimed for jeep rental on a mileage basis and charge of $9.60 for chain saw rental. Both of these charges were in excess of the allowable maximum provided by the contract at page 3, Exhibit A, as amended by Amendment No. 4. The Executive Officer of the ONE Field Team and the Auditor concur with these disallowances.

(6) New Buildings, Improvements, etc.

Charges to this category were construction of roads and trails. All charges to this category were supported by documentary proof which was examined during the audit. The acceptable costs of this category consisted of the following elements of cost:

51 Hrs. Bulldozing at $12.00 per hr., supported by signed invoice from Robert G. Steffanic			$612.00	
Supervision 1/2 month full time by Frank R. Komatz			300.00	
Labor				
76 Hours by Shando Lambert		$114.00		
56 Hours by Ronald P. Komatz		84.00		
56 Hours by Karl R. Komatz		84.00	282.00	
Payroll Taxes				
F.I.C.A. at 2.25%	$13.10			
Unemployment Insurance at 2.7%	15.71	$ 28.81		
Workmen's Compensation Insurance		17.75	46.56	
Total Accepted Cost				$1240.56

Prior Disallowances by the ONE Field Team

Bulldozing by Uhrig Bros. (Work not acceptable)	$ 75.00		
51 Hours Bulldozing by Steffanic (Not authorized by contract at time of disallowance)	612.00		
Duplicate charge for Frank Komatz as supervisor (Included in Labor Total as well as under supervision.)	300.00		
50 Man Day rations (Not provided for by contract.)	150.00		
Total Prior Disallowances		$1137.00	
Less: Reinstatement			
51 Hours Bulldozing at $12.00 per hour authorized by Amendment No. 3 to the Exploration Contract		612.00	
Net Disallowances			$525.00

The Executive Officer of the OME Field Team and the Auditor concur with this disallowance and reinstatement.

(5) Miscellaneous

(a) Engineering and Accounting Office Expenses

The Operator's total claim of $300.00 for engineering and accounting office expenses was not supported by any itemized detail. Accounting consisted of informal records maintained by the Supervisor, Mr. Frank R. Komatz. The Operator has submitted no detailed statement of engineering office expenses. During the audit the following charges to Materials and Supplies were transferred to Engineering and Accounting Office Expenses:

Film (Used in presenting Engineer's Reports)	$ 2.70
Labels, pencils and leads	.94
Paper	.48
Payroll sheets	1.35
Legal forms	.50
1 Roll section paper	7.89
1 Rubber stamp	2.68
Pencil, lead and ink	.75
Total Accepted Costs of Engineering and Accounting Expenses	$17.29

Prior to the audit the Field Team had disallowed $100.00 engineering and office expenses claimed by the Operator on the September, 1957 MF-104 on the grounds the charge was excessive because the project work on Stage I was completed prior to September. During the audit the balance of $200.00 as claimed by the Operator was disallowed because of lack of itemized support to substantiate the charge. The itemized amount of $17.29 transferred during the audit to this account was the only supported costs for engineering and accounting expenses.

The Executive Officer of the OME Field Team, Region I, and the Auditor concur with this disallowance.

(b) Payroll Taxes and Workmen's Compensation Insurance

Charges to this category were made by the Operator on the basis of 8 percent of payroll and salaries. During the audit, after a review of the Operator's files of tax returns and workmen's compensation insurance correspondence, the following analysis of these charges was made:

Acceptable Labor Charge	$1,626.25
Acceptable Supervision	900.00
Total	$2,526.25
F.I.C.A. at 2.25%	$ 56.84
Unemployment Insurance 2.7%	68.20
Allocation of Workmen's Compensation 3.05%	77.06
Total Accepted Cost	$ 202.10

(c) Hauling Samples

Memorandum notes and cancelled checks in support of this charge were examined during the audit and consisted of the following reported payments for hauling samples:

	CHECK NO.	AMOUNT
Andrew William Asp	34	$ 35.00
Glen Brewer	25	60.50
	30	60.50
	31-K	60.50
	48	60.50
Cecil Broomfield	43-K	20.00
Total Claimed Cost of Hauling Samples		$297.00

The OME Field Team had previously disallowed this entire amount because of inadequate support of the charge.

During the audit it was determined that 6.313 tons of samples were hauled approximately 266 miles from the project to Boise, Idaho. After discussion of the item with the Executive Officer, OME Field Team, Region I, it was the joint opinion of the Executive Officer and the Auditor that the total charge was unreasonably excessive. It was agreed that the contract estimate of 10¢ per ton mile would be a fair and reasonable charge to the project. Based on this opinion, a reinstatement of (266 miles x 6.313 tons x 10¢) $167.93 is made as an acceptable cost of this item.

(d) Concentration of Samples

This charge consisted of the cost of concentrating of 198 samples by Baumhoff-Marshall, Inc. of Boise, Idaho. The invoice for this charge is dated August 27, 1957, and showed the following detail:

Services for tabling and sampling 198 samples
from 19 drill holes from the Big Meadows:

76 hours at $10.00/hr.	$760.00
434 sample envelopes at 1.23¢	5.34
Postage on samples	7.89
Acceptable Cost	$773.23

(e) Supervisor's Expenses

Hotel and meals of Frank R. Komatz	
June, July and August, 1957	$235.95
August Telephone	63.80
Mileage of Frank R. Komatz	
Denver-Stanley-Denver (no detail)	384.88
Total Claimed Supervisor's Expenses	$684.63

The OME Field Team, Region I, had previously disallowed this charge as not being allowable under the contract. The auditor concurs with this disallowance.

(f) Assay of Samples

The charges for this item were supported by the following invoices from Rare Metals Corporation of America at Salt Lake City. These invoices were examined during the audit.

Sept. 5, 1957	12 samples @ $50.00/eac.	$600.00
Sept. 3, 1957	7 " " " "	350.00
Accepted Cost of 19 Assays		$950.00

(g) Telephone and Telegraph

Telephone charges totaling $31.91 during August and September, 1957, were disallowed by the OME Field Team, Region I, as not being essential to the project. The Executive Officer and the Auditor concur with this disallowance.

IV. Conclusions

The audit disclosed that all costs charged to this project, with the exception of disallowances net of reinstatements aggregating $2,734.89 as itemized in the preceding section of this report, are reasonable and proper under the terms of the contract.

The adjustments between "Items of Cost" as shown on the September, 1957 Form MP-104, the disallowances, reinstatements, and the accepted costs as disclosed by this audit are summarized in Exhibit "A" attached hereto.

At the conclusion of the audit, on November 6, 1958, the findings were discussed with Mr. Frank R. Komatz, Supervisor of the project. They were also reviewed by telephone conference with Mr. A. H. Weissenborn, Executive Officer, OME Field Team, Region I, on November 7, 1958.

Donald F. Finch

Donald F. Finch,
OME Auditor

November 12, 1958

EXHIBIT A

AUDIT SUMMARY

CONTRACT NO. Idm-E1012

DOCKET NO. DMRA-4280

ALFRED G. HOYL AND ASSOCIATES

	Totals MF-104 Sept.,1957	Distribution Corrected	Prior Disallowances	Reinstatements	Disallowed by Audit	Accepted Totals
Independent Contracts						
Drilling	$ 5,090.00	$ 5,090.00				$ 5,090.00
Labor and Supervision						
Labor	1,950.25	1,950.25	$ 324.00			1,626.25
Supervision	900.00	900.00				900.00
Technical Services	600.00	600.00	600.00			-
Operating Materials and Supplies						
Screens, Pans, etc.	726.29	709.00	380.60	$ 315.48	$ 45.52	598.36
Operating Equipment						
Rental	205.04	205.04	49.64			155.40
New Buildings, Improvements, etc.	1,765.56	1,765.56	1,137.00	612.00		1,240.56
Miscellaneous						
Engineering and Accounting Office	300.00	317.29	100.00		200.00	17.29
Payroll Taxes and Workmen's Compensation Ins.	202.10	202.10				202.10
Hauling Samples	297.00	297.00	297.00	167.93		167.93
Concentration of Samples	773.23	773.23				773.23
Supervisor's Expenses	684.63	684.63	684.63			-
Assay of Samples	950.00	950.00				950.00
Telephone and Telegraph	31.91	31.91	31.91			-
TOTALS	$14,476.01	$14,476.01	$3,604.78	$1,095.41	$245.52	$11,721.12

EXTRA COPY O. M. E. RECEIVED DEC 22 1958		
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No. 157 Howard Street
Spokane 4, Washington

December 17, 1958

Alfred G. Hoyl and Associates
1727 Boulder Street
Denver 11, Colorado

Re: Docket No. [illegible]-280 (Thorium-Monazite-
Columbium-Tantalum
Big Meadows Placer
Custer County, Idaho
Contract No. Idm-[illegible]

Gentlemen:

Enclosed for your information and files is a copy of an Audit Certificate and an Audit Report dated November 12, 1958, for the period September 30, 1956 through September 30, 1957, covering a project of exploration at the above-cited property.

The audit discloses that there is a balance of $1,137.41 due you. This has been scheduled for payment and you should be receiving a check in a few days.

Sincerely yours,

Wing G. Agnew
Acting Executive Officer
OME Field Team Region I

cc: OME (3)
USBM (2)
USBM(AD)
Sample

DEC 2 1958

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

Re: Docket No. DMEA-4280
(Thorium, Monazite, Columbium & Tantalum)
Alfred G. Hoyl and Associates
Contract No. Idm-E1012

Dear Mr. Finch:

Your Audit Certificate and Report covering the referenced project are acceptable and normal distribution is authorized.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers
Contract Administration
and Audit Division

GMcCarthy/GMcC
December 2, 1958

cc: Docket
Director's Reading File
Mr. Chambers
Mr. George Mavor

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So. 157 Howard Street
Spokane 4, Washington

November 24, 1958

Air Mail

Mr. Donald T. Finch, Auditor
Office of Minerals Exploration
224 New Customhouse
Denver 2, Colorado

Re: Docket No. DMEA-4280 (Monazite-Th)
Alfred G. Hoyl and Associates
Custer Co., Idaho
Contract No. Idm-E1012

Dear Mr. Finch:

I am returning the draft copy of the Alfred G. Hoyl and Associates audit. This was received at the Bureau of Mines office on November 20.

The audit report has been reviewed both at the Survey office and at the Bureau of Mines, and we have no important comments to offer. I know that this was a difficult audit to make and I think you have handled a tough situation very well.

On page 6 under "Payroll taxes" I note you have listed FICA at "$2.25". I think you meant "2.25%" and you will probably want to correct this minor error. Noted

Thanks again for your assistance.

Sincerely yours,

A. E. Weissenborn
Executive Officer, OME
Field Team Region I

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224 New Customhouse
Denver 2, Colorado

November 17, 1958

Mr. A. E. Weissenborn, Executive Officer
United States Geological Survey
1201 North Division Street
Spokane 2, Washington

Re: Docket No. DMEA-4280 (Monazite-Thorium) Contract No. Idm-R1012
Alfred G. Hoyl and Associates
Custer County, Idaho

Dear Mr. Weissenborn:

As stated in our telephone conversation on November 7, 1958, there is enclosed an unsigned copy of final audit report for the subject project.

There is a slight change from our conversation on November 7, applicable to engineering and accounting office expenses. During the preparation of the audit report I made further reference to Exhibit A attached to the contract relative to engineering and accounting office expenses. This Exhibit A provides for an estimate of engineering and accounting expenses for two months at $50.00 per month.

Reference was also made to a letter dated December 26, 1957, addressed to the authorized Certifying Officer from Mr. J. L. Chambers, Director of Contract Administration and Audit Division. In discussing the provision for engineering and accounting office expenses, Mr. Chambers' letter stated as follows:

> "The $50.00 a month shown in Exhibit A is merely a rounded estimate and not an allowance in lieu of the actual office expenses, and must be supported by documentary evidence."

In view of this status of the item, you will note that the audit disallowance is in the amount of $200.00, thereby reducing the acceptable cost of engineering and accounting office expense to $17.29, which was the entire charge for this account that was itemized.

In discussing the account with Mr. Komatz, he still talked in generalities as to the cost to the joint venture for this element of cost. At no time has the Operator submitted any further itemization of such costs.

Apparently, any costs of such nature were borne by Mr. Hoyl and his associates through their engineering office in Denver. There is no indication of any itemized cost being paid out by the joint venture group performing the exploration work.

It was noted that your letter dated October 22, 1958, at item 4, page 2, refers to 200 sample sacks. Actual invoice charges for sample bags showed a total of 319 sample bags. I have reinstated that number at 100% of invoice cost plus sales tax and parcel post.

When you have reviewed the enclosed audit report please return it to me with your comments and I will then forward the report to Mr. Chambers for approval by his office. When such approval has been received, I will then return your copies of the completed report together with your files.

Very truly yours,

Donald T. Finch

Donald T. Finch
OME Auditor, Region III

Enc.

DTF:bh
cc: J. L. Chambers
Subject

224 New Customhouse
Denver 2, Colorado

October 27, 1958

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Mr. A. R. Weissenborn, Executive Officer
OME Field Team, Region I
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. [illegible]-4200 (Monazite-Thorium)
Alfred G. Hoyl and Associates
Contract No. Ida-[illegible]

Dear Mr. Weissenborn:

Reference is made to your letter of October 22, 1958, and Certifying Officer's letter of the same date, enclosing the audit file for the above-named project.

I have contacted Mr. Kunatz who has the records covering the work performed, at his home and I am to again contact him Tuesday or Wednesday of the next week; viz. November 4 or 5 to arrange a time convenient to him for the performance of the on-site audit. When I have completed my audit report, I will send you a tentative draft for your review and approval before transmitting it to Washington.

Very truly yours,

Donald T. Finch

Donald T. Finch, OME Auditor

DTF:bh
cc: J. L. Chambers
Dorothy F. Long, Authorized Certifying Officer
Subject File

1231 N. Division St.
Spokane 2, Washington

October 22, 1958

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CERTIFIED MAIL

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

Re: Docket No. DMEA-4280 (monazite-thorium)
Alfred G. Hoyl & Associates
Contract No. Idm-B1012

Dear Mr. Finch:

Pursuant to instructions in Mr. Chambers' letter to you of November 8, 1957, concerning an audit of the referenced contract, we are transmitting the following material which you will need for the audit work:

1. Memorandum from Field Team, Region I, requesting final audit of the account.

2. Contract and Correspondence File (Includes Annex I, Exhibit "A", and Amendments Nos. 1 through 4)

3. Voucher File (MF-104's and 104A's, with attachments)

In addition to certain disallowances, we are withholding the sum of $500.00. This amount was withheld pending the resumption of work under Stage II. Stage II was not authorized.

Sincerely yours,

Dorothy F. Long
Authorized Certifying Officer

cc: OME (3) - Mr. Chambers
USGS (2)
USBM (AD)

Mr. Chambers

[illegible] N. Division Street
Spokane 2, Washington

October 22, 1958

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

Re: Docket No. [illegible]-280 (monazite-thorium)
Alfred G. Loyl & Associates
Custer County, Idaho
Contract No. Ida-X1012

Dear Mr. Finch:

The field work under Stage I of the referenced contract was completed by August 31, 1957 and office work by September 30, 1957.

Amendment No. 2 provided for a recess of project work beginning September 1, 1957 and ending July 1, 1958. The purpose of the recess was to allow the Bureau of Mines time to test the samples taken during Stage I work in order to determine if Stage II work was warranted. Additional work was not warranted and Stage II was not authorized; consequently, all contract work is considered as having been completed by September 30, 1957. All the work performed was done to the satisfaction of the Government.

The interim inspection report of William R. Roniecher, dated September 24, 1957, serves as the final inspection report on this project. This report verifies the existence of 19 drill hole locations.

The Operator's final engineering and geological report was received on August 15, 1958. This report meets the requirements of Article 7(a) of the contract.

The project was unsuccessful in discovering significant amounts of thorium-monazite-columbium or tantalum. The Field Team final report will not recommend a Certification of Discovery or Development.

There have been some problems which have arisen in connection with the vouchers and with the disposal of some operating materials and supplies. These are as follows:

(1) Western Steel Manufacturing Co., Invoice No. 42271. The Government waives its equity in 6 steel boxes costing $153.30. These are specialty items used in drying plaster samples and have no salvage value.

(2) Colorado Tent & Awning Co., 4 invoices. The No. 600 air mattresses, NY-545 air pumps and Highlander sleeping bags should be disallowed. On such jobs as this employees usually are expected to supply their own bedding and evidently most of them did on this one. There was no provision for these items in the contract nor even any mention in the application that they would be required; we do not believe they can be justified.

(3) The umbrella tents are specifically provided for in the contract and are properly chargeable. The Operator has charged the project at only 50 percent of the value of the tents; this, in effect, is the same as offering the Government 50 percent for its equity in the remaining value of this item. Therefore, the Government waives its equity in the remaining value of the tents.

(4) The Operator charged for 200 sample sacks at 50 percent of cost. The sacks are properly chargeable at 100 percent of cost and are not salvageable.

Work units completed under the terms of the contract are as follows:

Item		Authorized	Completed
Stage I			
Churn drilling		1,000 feet	978 feet 1/
Bulldozing	(Amendment No. 3)	51 hours	51 hrs.

1/ Hole 1 - 27.5'
2 - 82.5'
3 - 50.0'
4 - 52.5'
5 - 45.0'
6 - 52.5'
7 - 45.0'
8 - 54.0'
9 - 35.0'
10 - 45.0'
11 - 54.0'
12 - 52.5'
13 - 55.0'
14 - 55.0'
15 - 55.0'
16 - 42.5'
17 - 45.0'
18 - none
19 - 45.0'
20 - 85.0'

The total amount paid the Operator is $7,653.43.

It is now in order for you to make a final audit of this account.

By Field Team, Region I

cc: Mr. Chambers
OMZ (2)
USGS (2)
AD

A. H. Weissenborn, Exec. Officer
U. S. Geological Survey

Fred G. Aldrich, Director
U. S. Bureau of Mines

So. 157 Howard Street
Spokane 4, Washington

July 29, 1958

Alfred G. Hoyl and Associates
1727 Boulder Street
Denver 11, Colorado

Re: Docket No. DMEA-4280 (Monazite-Thorium)
The Meadows, Warm Springs Creek
Custer County, Idaho
Contract No. Idm-E1012

Gentlemen:

We wrote to you June 5, 1958, calling your attention to Article 7(c) of your contract regarding submission of a final report. We will not be able to make a final audit until an acceptable final report is received.

Only an audit can determine the validity of some of the costs on which there has been a difference of opinion between yourselves and DMEA personnel. We would like to close our books on this project and therefore will appreciate receiving your final report as soon as possible.

Sincerely yours,

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

cc: DMEA (2)
USBM (2)
USBM(AD)
Prinz

800

EXTRA COPY O. M. E. RECEIVED DEC 16 1958		
DATE	INITIALS	CODE
		800

1201 N. Division St.
Spokane 2, Washington

December 10, 1958

Mrs. Dorothy Long, Certifying Officer
OME Field Team, Region I
1201 N. Division Street
Spokane 2, Washington

Re: Docket No. DMEA-4280(monazite-thorium)
Alfred G. Hoyl & Associates
Contract No. Idm-21012

Dear Mrs. Long:

The work completed under the contract was done to the satisfaction of the Government. The field work under Stage I of the contract was completed by August 31, 1957, and office work by September 30, 1957. Additional work was not warranted and Stage II was not authorized. A final report evaluating the results of the exploration program has been presented by the Operator and accepted by the Executive Officer.

The Government waived its interest in supplies purchased for use on the project.

Certification of Discovery or Development will not be recommended by the Field Team.

A final Audit Report dated November 12, 1958 by OME Auditor Donald T. Finch has been received.

As all contract requirements have been met, it is requested that final settlement of our account with the Operator be made.

Sincerely yours,

A. E. Weissenborn, Exec. Officer
OME Field Team, Region I

cc: OME (2)
USGS (2)
Contract Admin. & Audit Div. (2)
Docket

28

1201 N. Division St.
Spokane 2, Washington

April 24, 1958

MEMORANDUM

To: DMEA Files

From: S. W. Zeldak, Mining Engineer, U. S. Bureau of Mines

Subject: Conference re Docket No. DMEA-4280 (monazite-thorium) Alfred G. Moyl & Associates, The Meadows, Custer County, Idaho, Contract No. Ida-[illegible]

This memorandum formalizes my understanding of the results of a meeting between Alfred G. Moyl and Frank R. Kennts, representing the Operator, and A. E. Weissenborn, W. G. Agnew, G. A. Turner (DMEA Auditor), and S. W. Zeldak, representing the Government. The meeting was held on April 22, 1958 at the Bureau of Mines office in Spokane, and lasted from 9:30 A.M. to 1:20 P.M. The following matters were discussed:

(1) The possibility of going into Stage II of the contract.

Mr. Moyl was a little vague about his desire to go into Stage II but if he did, he would want to do further testing by trenching with a tractor equipped with a back hoe. His contention was that his experience indicated that churn drilling gave results about 100% lower than test pits or shafts. We stated that our preliminary conclusions on the results of Stage I work would not warrant going into Stage II but our final decision would await the results of testing Stage I samples.

Mr. Moyl asked if the Government would certify. We stated that if Stage II was not authorized we would not recommend a certification; however, the final decision was up to Washington.

Mr. Moyl asked if we could give him a letter stating that even though the "radioactive blocks" in the placer were not present in commercial amounts, they at least are present. We said we could not give him such a letter.

Mr. Moyl wanted the results of the Bureau of Mines tests of Stage I samples. He was told that he would have to obtain authorization from the Administrator before we could do so.

(2) Deletions from the Operator's voucher.

The matter of deletions occupied much of the time taken for the meeting.

We arrived at an impasse on this matter. The Operator agreed it was a good idea that his contract be audited in the Denver office as his records were available there and to avoid any suspicion of prejudice on the part of Government representatives in the Spokane office.

Mr. Boyl was asked if he intended to sign Amendments No. 3 and 4. He said that he would discuss these with his associates. It appeared that he would sign the amendments though he did not say so. He was informed that an audit could not be made until the amendments were signed and returned to us.

The meeting ended amicably.

S. W. Zoldok

Distribution:
DMEA (3)
USGS (2)
USBM (AB)
Turner
Docket
Remisscher

Frank R. Komatz
OIL PROPERTIES

DENVER, COLORADO
Telephone Cherry 6476

PARSONS, KANSAS
Telephone 807

RECEIVED
BUREAU OF MINES
MAR 31 1958
SPOKANE, WASH

800

March 28, 1958
229 Midland Savings Building
Denver 2, Colorado

Mr. A. E. Weissenborn
Mr. Wing G. Agnew
U. S. Department of the Interior
Defense Minerals Exploration Administration
1201 North Division St.
Spokane 2, Washington

RE: Docket No. DMEA-4280
Alfred G. Hyl & Associates
The Meadows
Custer County, Idaho
Contract No. IDm-21012

Gentlemen:

We wish to acknowledge your letter of March 25, 1958.

We have not returned amendments to your office in accordance with our correspondence to you in which we stated that we would be visiting your office in Spokane to go over fully the required amendments for Stage I operations. We expect to call on you on or about April 23rd. At this time, we would appreciate having an opportunity to discuss your and independent findings of our testing of the [illegible] recommendations for Stage II operations.

We will be in a position to have you audit our Stage I operations and discuss the justification of our expenditures to date.

Yours very truly,

ALFRED G. HYL & ASSOCIATES

By Frank R. Ko

February 24, 1958

MEMORANDUM FOR THE FILES

Subject: DSRA-4200 (Hemenito-Thorium)
Alfred E. Hayl & Associates
IAm-21012

At Mr. Weisenborn's request I met with him and Mr. Hayl to discuss the exceptions taken in the payment of the Operator's vouchers. These exceptions are stated in the Certifying Officer's memoranda of September 12 and November 20, 1957.

Although Article 6 of the contract limits the allowable costs, Mr. Hayl believes that it was and should be amended to allow all costs claimed. He said he read the contract before signing but, thinking it to be so much Government "gobbledy-gook", believed that 75 percent of any necessary costs would be paid. This was in spite of the request in the last paragraph of Mr. Weisenborn's letter of September 26, 1956, that the contract be returned with proposed changes if any part was not acceptable.

I pointed out to Mr. Hayl the situation he would be in if he had signed a contract based on his application. His estimates totalled $13,970 for 3,000 feet of drilling and related road work, whereas the contract allows $26,996 for 1,900 feet of drilling and related work. In other words, he was allowed twice his estimates for two-thirds of the work proposed by him. The increase in costs was based on Field Team findings that his estimates were far too low and necessary items had been omitted.

Mr. Hayl insisted that the costs, which were suspended or disallowed, are properly allowable and stated that he would pursue the matter to that conclusion as neither what was necessary. The major items involved are:

(a)	Consulting engineers	$600.00
(b)	Supervision	300.00
(c)	Subsistence of labor	324.00
(d)	Subsistence of supervisor	150.00
(e)	Camp equipment	200.00 (est.)
(f)	Rental of D-7 tractor	75.00
(g)	Supervisor's expenses	484.43
(h)	Hauling samples	297.00
(i)	Engineering and office expenses	300.00

My explanations to Mr. Hoyl on the above were as follows:

(a) The contract specifies that technical services are not allowable and are for the account of the Operator if omitted from Exhibit "A". They were omitted.

(b) The contract provides a supervision maximum of $1200 for Stage I ($900 for the drilling and $300 for road work). The exception of $300 for road work supervision is either an error (and allowable on audit) or the claim has been duplicated on the road work labor payroll.

(c), (d), & (e) Neither the application nor Field Team recommendation included estimates for board and lodging. Lacking a showing of such intent no justification exists for amending the contract to allow such costs. The tents listed in Category (3) of Exhibit "A" were estimated needs for core storage and field office.

(f) The claim of $75 for D-7 tractor is not included in the proposed Amendment No. 3. This disallowance by the Field Team (prior to recommendation for the amendment) was made because the work was not acceptable. The examining engineer's memorandum of July 12, 1957, states that, due to the inexperience of the operator and the condition of the machine, the D-7 was unable to build the road. The claim was for six hours time, five walking in and one of road work.

(g) Part of the supervisor's expenses, other than travel from Denver to the project, may be allowable if supported by adequate proof and found to be reasonable, necessary, and direct costs of the project.

(h) The cost of hauling samples is allowable without question upon submission of documentary evidence.

(i) A total of $300 (3 mos. @ $100) plus various items of supplies (approximately $25) was claimed for engineering and office expenses in Stage I. The contract estimate was $100 (2 mos. @ $50). The Field Team disallowed $100.00 as being in excess of reasonable and necessary costs. Adequate justification by the Operator is required for reinstatement. (I also expressed my doubts as to the validity of the flat $100 a month charged for 2 months, but Mr. Hoyl did not offer an explanation.)

Mr. Hoyl is withholding execution of Amendments 3 and 4 by his associates, who are scattered in various parts of the country, because he believes that Amendment No. 3 should include the D-7 rental and Amendment No. 4 should provide for the actual rental costs ($105.04) for the jeep and chainsaw rather than the maximum allowable under the contract ($55.40).

I told him that an audit to determine the actual amount validly payable under the contract is being delayed until the amendments are executed. Audit without inclusions of the amendments would result in additional disallowances.

(Signed) E. D. Talbert

E. D. Talbert

EDTalbert/wb
February 25, 1958

Copy to: Docket
Admr. Reading File
Field Team, Region I (2)
Dorothy F. Long
Jay L. Chambers
Donald T. Finch

800

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

February 24, 1958

MEMORANDUM FOR THE FILES

Subject: DMEA-4280 (Monazite-Thorium)
Alfred G. Hoyl & Associates
Idm-E1012

At Mr. Weissenborn's request I met with him and Mr. Hoyl to discuss the exceptions taken in the payment of the Operator's vouchers. These exceptions are stated in the Certifying Officer's memoranda of September 12 and November 20, 1957.

Although Article 6 of the contract limits the allowable costs, Mr. Hoyl believes that it can and should be amended to allow all costs claimed. He said he read the contract before signing but, thinking it to be so much Government "gobbledy-gook", believed that 75 percent of any necessary costs would be paid. This was in spite of the request in the last paragraph of Mr. Weissenborn's letter of September 26, 1956, that the contract be returned with proposed changes if any part was not acceptable.

I pointed out to Mr. Hoyl the situation he would be in if he had signed a contract based on his application. His estimates totalled $13,970 for 3,000 feet of drilling and related road work, whereas the contract allows $26,986 for 1,900 feet of drilling and related work. In other words, he was allowed twice his estimates for two-thirds of the work proposed by him. The increase in costs was based on Field Team findings that his estimates were far too low and necessary items had been omitted.

Mr. Hoyl insisted that the costs, which were suspended or disallowed, are properly allowable and stated that he would pursue the matter to that conclusion no matter what was necessary. The major items involved are:

(a)	Consulting engineers	$600.00
(b)	Supervision	300.00
(c)	Subsistence of labor	324.00
(d)	Subsistence of supervisor	150.00
(e)	Camp equipment	200.00 (est.)
(f)	Rental of D-7 tractor	75.00
(g)	Supervisor's expenses	684.63
(h)	Hauling samples	297.00
(i)	Engineering and office expenses	100.00

My explanations to Mr. Hoyl on the above were as follows:

(a) The contract specifies that technical services are not allowable and are for the account of the Operator if omitted from Exhibit "A". They were omitted.

(b) The contract provides a supervision maximum of $1200 for Stage I ($900 for the drilling and $300 for road work). The exception of $300 for road work supervision is either an error (and allowable on audit) or the claim has been duplicated on the road work labor payroll.

(c), (d), & (e) Neither the application nor Field Team recommendation included estimates for board and lodging. Lacking a showing of such intent no justification exists for amending the contract to allow such costs. The tents listed in Category (3) of Exhibit "A" were estimated needs for core storage and field office.

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(g) Part of the supervisor's expenses, other than travel from Denver to the project, may be allowable if supported by adequate proof and found to be reasonable, necessary, and direct costs of the project.

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(i) A total of $300 (3 mos. @ $100) plus various items of supplies (approximately $25) was claimed for engineering and office expenses in Stage I. The contract estimate was $100 (2 mos. @ $50). The Field Team disallowed $100.00 as being in excess of reasonable and necessary costs. Adequate justification by the Operator is required for reinstatement. (I also expressed my doubts as to the validity of the flat $100 a month charged for 2 months, but Mr. Hoyl did not offer an explanation.)

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I told him that an audit to determine the actual amount validly payable under the contract is being delayed until the amendments are executed. Audit without inclusions of the amendments would result in additional disallowances.

(Signed) E. D. Talbert

E. D. Talbert

EDTalbert/wb
February 25, 1958

Copy to: Docket
Admr. Reading File
Field Team, Region I (2)
Dorothy F. Long
Jay L. Chambers
Donald T. Finch

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

So. 157 Howard Street
Spokane 4, Washington

November 21, 1957

OFFICIAL FILE COPY
DMEA
RECEIVED NOV 25 1957
DATE | INITIALS | CODE
800

VIA AIR MAIL

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

Re: Docket No. DMEA-4280 (monazite-thorium)
Alfred G. Hoyl and Associates
The Meadows, Warm Springs Creek
Custer County, Idaho
Contract No. Idm-E1012

Dear Mr. Finch:

Reference is made to your letter of November 14 and to Mr. Chambers' letter of November 8 to you concerning an audit of the referenced contract.

The Operator has not yet returned signed Amendments No. 3 and 4 to the contract, and it will probably be better to wait with the audit until this is done. It is likely that there will be some delay in getting the amendments signed and returned to us because of the many signatures required on the Operator's part.

Under the circumstances it appears that the audit of this account should be postponed until you return from your annual leave. The files will then be sent to you.

Sincerely yours,

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

cc: Mr. J. L. Chambers
Mr. C. A. Turner

Standard Form No. 1034 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. 2263

RECEIVED DEC 22 1958 S.W.E.

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

Voucher prepared at Spokane, Washington 12/17/58
(Give place and date)

THE UNITED STATES, Dr. Payee's Account No. Idm-E1012

To Alfred G. Hoyl and Associates
(Payee)

1727 Boulder St. Denver 11, Colorado
(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, July & August 1957	Funds withheld under Voucher No. 2043, dated September 13, 1957, adjusted to final audit.				1,137	41
PAYMENT: Complete ☐ Partial ☐ Final ☐		FINAL PAYMENT					
		Use continuation sheet(s) if necessary					

Shipped from to Weight Government B/L No. Total 1,137 41

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

(Sign original only)

Date ..... *Payee .....
(This certificate not required when a like certificate is made by payee on attached bill or bills)

Per ..... Title .....

(Payee must NOT use this space)

Differences .....

Account verified; correct for 1,137 41

(Signature or initials) A.L.

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

Pursuant to authority vested in me, I certify that this account is correct and proper for payment.

† Approved for $ .....

By .....

Title .....

SIGN ORIGINAL ONLY

† .....
(Authorized Certifying Officer)

Title .....

Date .....

THE REVERSE OF THIS FORM MUST BE EXECUTED WHEN PURCHASES ARE MADE OR SERVICES SECURED WITHOUT WRITTEN AGREEMENT IN ANY FORM

ACCOUNTING CLASSIFICATION (For completion by Administrative Office)

Appropriation, limitation, or project symbol	Appropriation title	Limit'n. or Proj't. Amount	Appropriation Amount

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..... Payee .....
(Sign original only)

* 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.
† If the ability to certify and authority to approve are combined in one person, one signature only is necessary; otherwise the approving officer will sign on the line below "Approved for $.....", and over his official title.

Per .....

Title .....

16—22900-3

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.)

16—22900-2 ☆ U. S. GOVERNMENT PRINTING OFFICE : 1950—O-75806

OFFICIAL FILE COPY
O. M. E.
RECEIVED DEC 22 1958

DATE	INITIALS	CODE

1801 N. Division St.
Spokane 2, Washington

December 10, 1958

Mrs. Dorothy Long, Certifying Officer
OME Field Team, Region I
1801 N. Division Street
Spokane 2, Washington

Re: Docket No. [illegible]-4680(monazite-thorium)
Alfred G. Moyl & Associates
Contract No. [illegible]-[illegible]

Dear Mrs. Long:

The work completed under the contract was done to the satisfaction of the Government. The field work under Stage I of the contract was completed by August 31, 1957, and office work by September 30, 1957. Additional work was not warranted and Stage II was not authorized. A final report evaluating the results of the exploration program has been presented by the Operator and accepted by the Executive Officer.

The Government waived its interest in supplies purchased for use on the project.

Certification of Discovery or Development will not be recommended by the Field Team.

A Final Audit Report dated November 12, 1958 by OME Auditor Donald T. Finch has been received.

As all contract requirements have been met, it is requested that final settlement of our account with the Operator be made.

Sincerely yours,

A. E. Weinzweborn, Exec. Officer
OME Field Team, Region I

cc: OME (2)
OMAS (2)
Contract Admin. & Audit Div. (2)
Docket

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

Budget Bureau No. 42-R1036.5

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

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

Month of September, 1957 Docket No. DMEA Contract No. [illegible] 012
Operator's Name Alfred G. Boyl and Associates Minerals Thorium-monazite
Address 1727 Boulder St., Denver 11, Colorado Columbium-Tantalum
Contract Amount, $26,986.00 Government Participation: 75% Amount, $20,240.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Contracts: Short Form						
Drilling		5,090.00	5,090.00		5090.00	5090.00
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor		1,959.25	1,959.25		1626.25	1626.25
Supervision		900.00	900.00		900.00	900.00
Technical Services		600.00	600.00		—	
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
Gasoline, Lube, etc.	30.07	697.72	726.29	38.57	307.12	345.69
(4) Operating Equipment:						
Rental					155.40	155.40
Purchase						
Depreciation		206.54	206.54			
(5) ~~Initial Rehabilitation and Repairs~~					582.00	582.00
(6) New Bldgs., Improvements, etc.		1760.66	1,760.66			
(7) Miscellaneous:						
Repairs to Equipment						
~~Sampling and Analysis~~ Determination of Weight					773.23	773.23
Payroll Taxes					248.66	248.66
Liability Insurance						
~~See Schedule~~ Analysis	950.00		950.00	950.00	—	950.00
~~See Schedule~~ Engineering Expense	101.01	2,106.86	2,208.87			
(8) Contingencies (Specify):					200.00	200.00
TOTALS	1,080.08	13,286.53	14,366.61	988.57	9882.66	10871.23

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

Date 11-10-57 *Payee Alfred G. Boyl and Associates

By Frank R. Kometz Title Project Supervisor

*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:

$ 741.43

Signature Dorothy F. Long
(Authorized Certifying Officer)

Date 11/20/57 Vou. No. 2075
(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 1012 in accordance with the terms of the contract.

Signature /s/ Stephen W. Golsoh Title Mining Engr. Date 11-13-57

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /s/ A. E. Weissenborn Title Exec. Officer Date Nov 14, 1957

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED NOV 25 DMEA

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of September 195 7 Docket No. DMEA 4200 Contract No.

Operator's Name Alfred O. Hoyl and Associates Minerals Mon. 020

Address 1727 Boulder St., Denver 11, Colorado Thorium-Monazite Columbium-Tantalum

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				5,893.00				
Auger Supervision				300.00				
Stripping Sample Labor				2,889.25				
Trenching Category 4				296.04				
Test Pits Category 7		1,001.01		8,233.97				
Roads and Trails								
Total Distributed Costs								Total Costs Authorized by Contract
Operating Equipment Purchased		33.57		995.80				
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.				1,760.96				
Total Costs		1,033.40		19,479.02				

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 9/30/57 Operator Alfred O. Hoyl & Associates

Per [signature] Title Project-Superviser

Remarks: Represents first stage. Parties of Contract only with the exception of $100.00 was made in second stage for sample area transferred to first stage since no allowances were shown under first stage for sample area moved and purchased for this purpose.

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)

11-13-57

/s/ Stephen W. Zoldok
Mining Engr.

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 87.2894

BIG MEADOWS PROJECT
ALFRED G. HOYL AND ASSOCIATES
CUSTER COUNTY, IDA.

NARRATIVE

Field Work

Drilling of test hole work, field engineering work, field supervision completed per previous report submitted for month of September, 1957.

Engineering Work

Coordinating work of completing concentration of samples with Baumhoff-Marshall Laboratories of Boise, Idaho and transferring one-half of concentrates to U. S. Government and the shippent of one-half of concentrates to Rare Metals Corporation of America at Murray, Utah, for chemical analysis and the determination of weights.

OFFICE WORK

Preparation of initial report for the month of August, 1957 to the U. S. Government and for Alfred G. Hoyl and Associates. Payment of bills outstanding for the Meadows project. Correspondence with DMEA office at Spokane, Washington regarding questions of expenses and requests for the amendment of the contract to take care of items inadvertently omitted from the original contract that were necessary in the accomplishment of the testing program.

1201 N. Division St.
Spokane 2, Washington

November 20, 1957

EXTRA COPY
DMEA
RECEIVED
DATE
800

Alfred G. Hoyl and Associates
1727 Boulder Street
Denver 11, Colorado

Re: Docket No. DMEA-4280 (monazite-thorium)
Contract No. Idm-E1012
Monthly operating report for
September 1957

Gentlemen:

This is to inform you the subject voucher could not be paid in the full amount claimed.

The deletions are explained in the attached copy of a memorandum to the Field Team from the Certifying Officer, Region I.

By Field Team, Region I

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

Wing G. Agnew, Member
U. S. Bureau of Mines

cc: DMEA (2)
USGS (2)

DMEA Field Team, Region I

November 20, 1957

DMEA Certifying Officer, Region I

Monthly operating report for September 1957
Contract No. Idm-21012

The subject operating report has been processed and forwarded to the Disbursing Officer for payment.

Deletions in the amount of $131.91 have been made as follows:

Mountain States Telephone and Telegraph (It is the opinion of the Field Team this charge was not necessary during the month of September inasmuch as Stage I work was completed and all personnel had left the project by the end of August. In addition, the claim was not supported).	$ 31.91
Engineering and Accounting Office Expenses (It is believed this amount is excessive in that Stage I work was completed by the end of August; also, the claim was not supported in any manner.	100.00

Dorothy F. Long

cc: DMEA (2)
USGS (2)

RECEIVED	
DATE	

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

224 New Customhouse
Denver 2, Colorado

OFFICIAL FILE COPY
DMEA
RECEIVED NOV 18 1957

DATE	INITIALS	CODE
11/18	C	220
		800

November 14, 1957

VIA AIR MAIL

Mr. A. E. Weissenborn, Executive Officer
DMEA Field Team, Region I
South 157 Howard Street
Spokane 4, Washington

Re: Docket DMEA-4280 (Monazite-Thorium)
Contract No. Idm-E1012
Alfred G. Hoyl and Associates
The Meadows, Warm Springs Creek
Custer County, Idaho

Dear Mr. Weissenborn:

I have just received Mr. Chambers' letter concerning an audit of the subject contract. I shall be very happy to make this audit for your office.

Mr. Chambers states that he has suggested you send the Spokane office files together with a letter outlining the questions which have arisen relative to the costs claimed by the Operator. These, of course, will include copies of the monthly MF-104's and the exploration contract with amendments, if any.

It will be appreciated if you are able to expedite transmission of these files since, subject to Mr. Chambers' approval, I expect to be on annual leave during the entire month of December. I have to take this leave then or lose it. On the other hand, if it is inconvenient to immediately forward the files, it is possible that Mr. Brading could take care of this matter for you upon his return from annual leave the first week in December, should the matter require expeditious handling.

Sincerely yours,

Donald T. Finch

Donald T. Finch, Auditor

cc-Mr. J. L. Chambers
For your information

NOV 8 1957

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

Re: Docket No. DMEA-4280 (Monazite-Thorium)
Contract No. Idm-E1012
Alfred G. Boyl and Associates
The Meadows, Warm Springs Creek
Custer County, Idaho

Dear Mr. Finch:

During a visit to this office today Mr. Weissenborn expressed a desire to have an interim audit made of the referenced Region I project, the records for which are maintained in the Operator's office at 1727 Boulder Street, Denver 11, Colorado.

It was suggested that he send the Spokane office files to you together with a letter outlining the questions which have arisen relative to the costs claimed by the Operator. Then, after you have performed the audit work, you would either telephone him (or the examining engineer, if he so requests) or send the rough draft of your audit to him for concurrence before typing.

This is a simple contract involving a total cost of only $26,986.00 ($10,000.00 of which is independent contract drilling). An authorized recess started September 1, 1957, after an initial three month's (June, July and August) work, for which the Operator claimed $13,355.53 (including $5,090.00 for independent contract drilling). The Field Team, however, accepted a total of only $9,862.66 with disallowances being made in all categories except (1) Independent Contracts.

Please arrange to fit this relatively small audit job into your current schedule.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Director
Contract Administration
and Audit Division

EDTalbert/wb 11/8/57

Copy to: Docket
Admr. Reading File
Mr. Weissenborn, Reg. I
Mr. Turner
Mr. Chambers

October 31, 1957

Memorandum

To: Administrator

From: George C. Selfridge, Special Assistant

Subject: Docket No. DMEA-4280 (Monazite-Thorium)
Contract No. Idm-K1012
Alfred G. Hoyl and Associates
The Meadows, Warm Springs Creek
Custer County, Idaho

Mr. Weissenborn telephoned on October 29, 1957, to inform the writer that the operator was protesting certain voucher deletions and that these could probably be settled by an audit, which would entail a conference between the DMEA project engineer and the auditor.

The operator's office and books are in Denver. Mr. Weissenborn was wondering whether the engineer should go to Denver or whether the Denver auditor should first visit the engineer at Spokane. The writer informed Mr. Weissenborn that possibly in connection with another matter the Denver auditor might visit Spokane in the near future and, if he should, could consult with the project engineer while there. The writer informed Mr. Weissenborn he would discuss the matter with Mr. Chambers. Mr. Weissenborn informed the writer that he would be in Washington some time next week.

George C. Selfridge

George C. Selfridge

GCSelfridge/hb (10/31/57)
Copy to: Admr. R. File
Mr. Chambers (Code 800)
GCSelfridge
Chron.

EXTRA COPY
DMEA
RECEIVED OCT 25 1957
DATE | A | B | CODE

So. 157 Howard Street
Spokane 4, Washington

Air Mail

October 23, 1957

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

Re: Docket No. DMEA-420 (Monazite-Thorium)
Alfred G. Boyl and Associates
The Meadows
Custer County, Idaho
Contract No. Idm-21012

Dear Mr. Selfridge:

Enclosed are three copies of a letter dated September 23, 1957 from the subject operator and our reply.

It was our understanding that the operator would supply the Jeep pickup and the chainsaw, and therefore it was recommended that an allowance be made to depreciate these items. It now appears that the operator did not provide these two items, as he has charged them as rentals. We cannot determine the actual rental paid for the Jeep as the operator's invoice shows "Jeep pickup truck - fuel, and mileage, July and August, $90.00." Rental for the chainsaw has been vouchered at $7.50 per month.

We have advised the operator that we doubt that the amount allowed can be increased. Please advise us if this can be done and we will ask the operator for an invoice showing actual rental cost of the Jeep.

If the amount cannot be increased, please prepare an amendment authorizing rental payment for the Jeep pickup and the chainsaw at the respective rates now authorized for depreciation.

By Field Team, Region 1

Wing G. Agnew, Acting Exec. Officer
U. S. Bureau of Mines

Donald H. Maclaren, Acting Member
U. S. Geological Survey

Enclosures

cc: USBM (2)
USGS (2)
Alvord
Turner

No. 157 Howard Street
Spokane 4, Washington

October 22, 1957

Air Mail

Mr. Alfred G. Boyl and Associates
c/o Contract Engineering Company
1727 Boulder Street
Denver 11, Colorado

Re: Docket DMEA-4280 (Monazite-Thorium)
The Meadows property
Custer County, Idaho
Contract No. Idm-E1012

Gentlemen:

This is in reply to your letter of September 23, 1957, regarding certain deletions from your Operator's Monthly Report and Voucher for the period June-July-August 1957.

It is unfortunate that your objections to the various items of cost were not presented before you signed the contract, as we requested in the final paragraph of our letter of September 26, 1956, transmitting the proposed contract to you. After a contract has been signed, the various items of cost become established and seldom can they be changed. In other similar cases we have been advised that "an estimate of any category, subcategory or item that has been indicated as a maximum, cannot be justifiably exceeded." This applies to those items deleted by the Certifying Officer under Category (2) Personal Services and Category (4) Operating Equipment.

Regarding your claim under Category (2) for subsistence, there was neither any provision for subsistence in the contract nor is your claim for subsistence supported by invoices.

Under Category (3) Operating Materials and Supplies.

<u>Tents, etc.</u> Charges for tents, etc., are valid charges under the contract; however, there is a difference in some of your invoices between the total amount including sales tax and the amount on which you claimed 50 percent as chargeable to the project. Since no salvage value was agreed on in the contract, you should voucher the full cost of the tents, etc., and if at the termination

of the contract the equipment has salvageable value, you should dispose of it as provided for in Article 9 (c) Disposal of Property.

Steel tape. William Corbett's invoice shows that this item was rented and payment is already included in the amount paid for rental of surveying equipment.

Film. Film is not an operating material. Your plan to use photographs to illustrate your final report is perfectly reasonable and the film could be charged as an engineering and office expense under Category (7) if the pictures taken are used in the report.

Scales. While we agree it would have been impractical to keep the drill waiting at each site until all samples had been dried, weighed, and sacked, and to carry one scale back and forth between sites, it has been our experience in many drilling projects that one scale is sufficient for weighing samples from one drill. The number of samples to be weighed after the drill has moved on is usually small, and by the time weighing is completed and the scales moved to the new site not many samples have accumulated. Our field engineers state that this apparently was the case at The Meadows and they therefore see no necessity for scales at two different locations for weighing samples.

Under Category (4) Operating Equipment.

Jeep Pickup and Chainsaw. We agree that the Jeep Pickup and the Chainsaw could not be rented at the rates stipulated in the contract; however, it was the understanding of our field engineers that these items would be furnished by the operator and therefore in the contract the sums stipulated are for depreciation and not for rental. As a matter of fact, it will require an amendment to the contract to place the Jeep and Chainsaw on a rental basis and we shall request DMEA to make it. We will explain the circumstances, but we doubt that the amount allowed can be increased. Claims for gas, oil, and incidental maintenance are appropriate under Category (3), Operating Materials and Supplies and have been allowed.

Under Category (6) New Buildings, Fixtures and Installations.

In your narrative report you gave several reasons why the D-7 tractor with a D-8 blade was not satisfactory and stated: "Operator Bill Uhrig was given reasonable time to replace this large equipment with a D-6 and was unable to do so. He did bring a D-2, which was too small, resulting in the necessity to hire another contractor." Our field engineer was at the property at the time the first tractor was in operation and reports that although 7 hours' time was charged against the project, 5 hours of this consisted of walking in the dozer and no useful work was accomplished. On the basis of your

narrative and our fieldman's report, we cannot consider the work done by the first tractor as acceptable by the Government.

We have requested an amendment to authorize the D-6 Caterpillar and as soon as we receive it, we will forward it to you for your consideration and signature if it is satisfactory. As soon as a signed amendment is received, we will reinstate your claim for the D-6 work.

Under Category (7) Miscellaneous.

Hauling samples. The attachment to your letter headed "DOCUMENT" has been filed with your other supporting invoices for use by the auditor when he makes an audit of your contract; however, in our opinion, this item is chargeable only if the hauling were done by equipment not provided for elsewhere in the contract. The Government would not pay the haulage charges if the hauling were done by equipment to the cost of which it is already contributing as this would constitute a double charge. If the samples were hauled by a haulage contractor you should present an invoice showing the date of the service, the amount of the charge, and the tonnage hauled.

We will refer your letter of September 23, 1957, to our Washington office for consideration and will have an audit made as soon as possible.

We regret the delay in replying to your letter, but in order to give full and fair consideration to your claims, we found it necessary to devote considerable time to reviewing data in our files.

As soon as we hear from Washington and as soon as we know when an audit can be made, we will advise you.

By Field Team, Region I

cc: DMEA (3) w/3 cys incom.
USBM (2)
USBM(AD)
Turner
Alvord

A. E. Weissenborn, Exec. Officer
U. S. Geological Survey

King G. Agnew, Member
U. S. Bureau of Mines

PHONE GRAND 7-5294

CONTRACT ENGINEERING COMPANY

Engineering, Development, Research, in the Mineral and Construction Industries

1727 BOULDER STREET

DENVER 11, COLORADO

RECEIVED
BUREAU OF MINES
SEP 26 1957
SPOKANE, WASH.

September 23, 1957

U. S. Department of the Interior
Defense Minerals Exploration Administration
1201 N. Division St.
Spokane 2, Washington

Re: Docket No. DMEA-4280 (monazite-thorium)
Contract No. Idm-E1012
Monthly operating report for
June, July and August 1957

Gentlemen,

With regard to your letter of September 12, 1957, concerning deletions from our voucher submitted for the months of June, July and August we wish to make the following comments: These comments are listed below in the same order as the memorandum from the certifying officer.

Category (2) Personal Services

Supervision

This work was absolutely essential to the success of the project as it was necessary to co-ordinate the field work with the concentration of the heavy mineral content and with the assay laboratory. We originally included this in our estimate but realize now that it was deleted in our final contract. We request that the contract be amended to include this item.

Labor

The Meadows project was carried on 26 miles from the nearest possible source of housing and board. The access to the area was crude and movement in and out was difficult and slow. It was, therefore, absolutely essential to set up a camp at the project and feed the men ourselves. It would not have been feasible for each man to have maintained his own living and eating accomodations. It was, therefore, necessary for our supervisor to provide for this. It is desired to point out that through this arrangement wages were saved and our overall labor cost was considerably less than the estimate. A savings of approximately $1000.00 was made on labor and the efficiency of the workers was greatly improved. We request that this item be re-instated by an amendment to the contract if necessary.

Category (3) Operating Material & Supplies

Tents, etc.

This equipment was charged to the job at 50% of cost. It is impossible to rent this type of equipment so therefore it had to be purchased. We feel this is an equitable proportion, however, we would be willing to charge the full cost and return the depreciated and used equipment to the Government should they so desire. The final effect of this charge is that we have absorbed 62½% of the original cost of the equipment which we feel is a just proportion.

Steel Tape

It was necessary for the success of the operation to maintain a surveyors chain on the project at all times. Again, the purchase of this equipment was less expensive than rental. A tape, due to the breaks it receives in use, is an expendable item and we feel should be accepted as an operating material or supply. It is requested that this item be re-instated.

Film

We feel that to prepare an adequate final report, pictures are essential. One picture can convey much more than many pages of writing. This is a minor item but should be recognized as a legitimate operating expense.

2 Scales

Inasmuch as drying and weighing were carried on at two different points during the testing operations, it was necessary to provide a scale for each point. It would have been impractical to have kept the drill waiting at each site until all samples had been dried, weighed and sacked. The drill holes were spaced sufficiently far apart to also have made it impractical to carry one scale back and forth between sites. These scales were inexpensive and minor items and certainly justified.

Paper, leads, legal forms

This item will be included under Miscellaneous in our final voucher.

Category (4) Operating Equipment
Subcategory (c) Depreciation

Jeep Pickup

It is obviously impossible to rent, lease or otherwise obtain a pickup truck for $25.00 a month. Our charge includes operating expense and rental of the vehicle. This is of course a legitimate charge and we request advice as to what heading we should charge this to in our final invoice and if necessary the contract should be amended to include this expense.

Chainsaw

The chainsaw is in the same position as the jeep. Ordinarily chainsaws rent for as much as $25.00 per week. We feel that we were able to obtain a chainsaw for a very modest rental as reflected by our charge of $15.00. We request the contract be amended if necessary to allow for this item or we be authorized to charge it under a different category.

Category (6) New Buildings, Fixtures & Installations
Rental of D-7 Tractor

Both the D-7 and D-6 tractors did an adequate job in the road building and drill site preparation, though it was finally decided the D-6 would be more effective, therefore the D-7 was replaced by the D-6. Please refer to our narrative report for the reason for this change. Both tractors did their respective share of the road work in proportion to the amounts paid each unit. It is to be noted that our actual payment for dozer work was approximately $260.00 less than the maximum estimate allowed by the contract. These charges were certainly legitimate and we request they be re-instated.

Labor

The contract allowed one-half month for road building and a month and one-half for drilling, for the general supervisor and two months at $600.00 per month maximum total. The project actually required over two months in the field including preparatory time. We have charged only the amount authorized and request the full amount be re-instated. Obviously we cannot expect the supervisor to operate in the field, completely removed from facilities for room and board, without furnishing transportation which would be far more expensive than the modest subsistence charged. We request that the subsistence be re-instated and if necessary the contract amended to provide for this.

Category (7) Miscellaneous

Supervisor's Expenses

The supervisor of the project simply could not operate without entailing considerable expense. We were fortunate in having a supervisor who kept these expenses to a minimum. This expense item is justified as it includes all the efforts made to supply, supervise, co-ordinate, acquire personnel, negotiate for equipment, obtain the necessary permission from the Forestry Service for roads, make reports to the DMEA, keep the payroll, etc. All of this work entails a continuing expense. This item should be re-instated and, if necessary, the contract amended to provide for this expense.

Hauling Samples

Attached is an itemized document showing the information requested for re-instatement. Please note that we have effected a considerable savings over the amount allowed by the contract.

We do not understand where any good is accomplished by arbitrarily withholding $500.00 pending resumption of work under Stage II. We have expended our funds to carry out the project and request that this amount be forthcoming. We feel that no purpose is served by this penalty.

In conclusion, we wish to point out that the project was carried on in the allotted time with every effort on our part made to co-operate fully with representatives of the Bureau of Mines and the U.S.G.S. Our expenses in the first stage are going to fall within the estimated total cost with the re-instatement of the items deleted. Our overall cost per foot of drilling is very good. We feel this project was managed and executed at a minimum of expense both to ourselves and the Government. Please give all consideration to our above explanations and we shall be glad to meet with you in person, if necessary, to further explain our position.

Yours very truly,

CONTRACT ENGINEERING CO.

Alfred G. Hoyl

Alfred G. Hoyl

AGH/bp

c.c. Frank R. Komatz

"DOCUMENT"

Hauling Samples

I hereby certify 12,625 pounds of samples were hauled from our warehouse in Stanley, Idaho to Baumhoff-Marshall Laboratories in Boise, Idaho at a cost of $297.00. The mileage was 260 miles one way, or 520 miles round trip.

signed Frank R. Komatz
Frank R. Komatz

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
1201 N. Division St.
Spokane 2, Washington

OFFICIAL FILE COPY
DMEA
RECEIVED OCT 7 1957

DATE	INITIAL	CODE
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		800

AIR MAIL

October 4, 1957

Mr. Jay L. Chambers, Director
Contract Administration and Audit Division
Defense Minerals Exploration Administration
Washington 25, D.C.

Re: Docket No. DMEA-4280 (Monazite-Thorium)
Alfred G. Hoyl & Associates
The Meadows
Custer County, Idaho
Contract No. Idm-E1012

Dear Mr. Chambers:

With reference to your letter of September 26, 1957, I will try to give you the information you desire. I will list them in the same order as your letter, which may make it easier to follow.

As the fourth item under Category (3), the Operator claimed 3 scales; 1 scale at $16.85, 1 at $9.21 and 1 at $4.45. However, the Operator, on his schedule, listed only 2 scales separately and included the one scale at $4.45 in the group headed "Busson's Hardware - Tubs, buckets, ax, twine". We paid for one scale at $16.85 and deleted the scale for $9.21 and $4.45, making a total deletion of $13.66. The Field Team was of the opinion one scale was sufficient for this operation.

As the fifth item under Category (7), Engineering and Accounting Office Expenses. It was felt the section paper and rubber stamp were Operating Supplies; whereas leads, payroll records, legal forms and paper were definitely Accounting Office Expenses.

In connection with Category (7) Engineering and Accounting Office Expenses, although the Operator's schedule claims 2 months at $100.00 per month, the Operator submitted an invoice claiming 3 months, June, July and August Engineering and Accounting Office Expenses totaling $200.00. The Field Team felt this was not excessive for 3 months.

Under Category (7) the Operator's claim of $297.00 for hauling samples had no acceptable supporting documentation.

The total of all deletions listed in my memorandum of $3,471.87 is correct. The $1.00 discrepancy occurred in the Operator's schedule under "Busson's Hardware - tubs, bucket, ax, twine". The invoice totaled $24.92, not $25.92, and apparently the error was made in typing up the schedule..

Sincerely yours,

Dorothy F. Long

Dorothy F. Long
Authorized Certifying Officer

800

Mrs. Dorothy F. Long
Authorized Certifying Officer
1201 North Division Street
Spokane 2, Washington

Re: Docket No. DMEA-4280 (Monazite-Thorium)
Alfred G. Meyl & Associates
The Meadows
Custer County, Idaho
Contract No. Idm-E1012

Dear Mrs. Long:

Your memorandum dated September 12, 1957, to the DMEA Field Team, Region I, explaining the disallowances and suspensions made in the approval for payment of the referenced Operator's June-July-August 1957 MF-104, has been noted. Further information on some of these items would be appreciated.

As the fourth item under Category (3) a deletion of $13.66 is indicated with the explanation that one scale is approved for payment and a justification is necessary if additional scales are needed. The amount of this deletion does not agree with either of the amounts of $16.85 and $9.21 for purchases of scales on July 10, 1957, and July 15, 1957, respectively, as listed in the Operator's schedule attached to the MF-104. (Possibly the first amount is $18.85, as our copy of the schedule is indistinct; however, if this is so, the total for the category is incorrect.)

As the fifth item under Category (3) a deletion of $3.27 is indicated as a duplication of charges under Category (7), Engineering and Accounting Office Expenses. This amount apparently consists of listings in the Operator's schedule of labels and leads $0.94, paper $0.48, payroll records $1.35, and legal forms and paper $0.50. The question arises as to why charges, as listed by the Operator, of $7.89 for section paper and $2.68 for a rubber stamp were not also deleted for the same reason.

In connection with this Category (7) item of Engineering and Accounting Office Expenses, it is noted that you have allowed the full amount claimed by the Operator, i. e., 2 months @ $100.00, a total of $200.00, which is double the estimate stated in Exhibit "A" of the contract. While the contract estimate is not a "maximum", the question arises as to whether an amount twice such estimate may be

considered reasonable and necessary. The Field Team should specifically approve as reasonable and necessary any costs which are so greatly in excess of estimates.

In connection with this same item it is noted that actual costs for office expenses were an even $100.00 a month, although the costs presumably included such odd amounts as stated in the third paragraph above. The $90.00 a month shown in Exhibit "A" is merely a rounded estimate and not an allowance in lieu of the actual office expenses, and must be supported by documentary evidence.

Under Category (7) the Operator's claim of $297.00 for hauling samples has been suspended for documentation showing "number of tons and number of miles hauled." This information is not necessarily required if the costs are otherwise properly supported by the haulage contractor's invoice or a certified copy thereof. In "Exhibit A" the figures of "10 tons 485 miles @ $0.10/ton/mi.", as well as the total of $485.00 are only estimates and not "maximums". Possibly the haulage was contracted on a job basis, or otherwise, rather than per ton mile.

The total of all the deletions listed in your memorandum is $3,471.87, whereas the difference between the claimed ($13,355.53) and approved ($9,882.66) totals shown on the MF-104 is $3,472.87. This discrepancy of $1.00 is in Category (3), for which your memorandum indicates deletions aggregating $379.60, whereas the difference between the claimed ($687.72) and approved ($307.12) totals for this category amounts to $380.60.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Director
Contract Administration
and Audit Division

LDTalbert/wb
September 25, 1957

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

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

Budget Bureau No. 42-R1036.5

RECEIVED SEP 20

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

JUNE, JULY AND

Month of AUGUST, 1957 Docket No. DMEA 4280 Contract No. IDM-1012
Operator's Name Alfred G. Hoyl & Associates Minerals Thorium-Monazite-Columbium-Tantalum
Address 1727 Boulder Street - Denver 11, Colorado
Contract Amount, $ 26,988.00 Government Participation: 75 % Amount, $ 20,240.00

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	5090.00		5090.00	5090.00	—	5090.00
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor	1950.25		1950.25	1626.25	—	1626.25
Supervision	900.00		900.00	900.00	—	900.00
Technical Services	600.00		600.00	—	—	—
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
Screens-Pans-etc	687.72		687.72	307.12	—	307.12
(4) Operating Equipment:						
Rental	205.04		205.04	155.40	—	155.40
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs	1765.56		1765.56	582.00		582.00
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous: See Schedule	2156.96		2156.96			
Repairs to Equipment						
Determining Digest ~~Sampling and Analysis~~				773.23	—	773.23
Payroll Taxes				248.66		248.66
Liability Insurance						
Accounting Expense				200.00	—	200.00
(8) Contingencies (specify):						
TOTALS	13355.53		13355.53	9882.66	—	9882.66

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

Date 8/31/57 *Payee Alfred G. Hoyl & Associates

Per Frank R. Konitz Title Supervisor-Associate

*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:

$6912.00

Signature Dorothy F. Long
(Authorized Certifying Officer)

Date 9/13/57 Vou. No. 2043
(See other side)

$500.00 withheld

(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 1012 in accordance with the terms of the contract.

Signature /s/ William M. Kommerer Title Mining Engr. Date 9/6/57

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /s/ Donald R. MacPaul Title Alternate Acting Exec. Officer Date 9/13/57

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1962)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

JUNE, JULY AND

Month of AUGUST 1957 Docket No. DMEA 4280 Contract No. Idm/012

Operator's Name Alfred G. Hoyl & Associates Minerals Thorium-Monazite-

Address 1727 Boulder Street - Denver 11, Colorado Columbium-Tantalum

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		5090.00	978	5090.00	978	5.2045	1000	5,250.00
Auger								
Supervision		900.00		900.00				900.00
Stripping								
Sample Labor		2550.25		2550.25				2,924.10
Trenching Category 4		205.04		205.04				155.40
Test Pits Category 7		2155.96		2155.93				2,390.92
Roads and Trails								
Total Distributed Costs								Total Costs Authorized by Contract
Operating Equipment Purchased		687.72		687.72				735.12
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.		1765.56		1765.56				2,373.39
Total Costs		13355.53		13355.53				15,423.93

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 8/31/57 Operator Alfred G. Hoyl & Associated

Per Frank R. Komotz Title Supervisor & Associate

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

(Instructions on reverse)

Remarks:

* Represents first Stage Portion of Contract only with exception of $150.00 allowance in Second Stage for Sample Sacks transferred to first stage since no allowances were shown under first stage for sample sacks needed, and purchased for this contract.

(For Government use only)

/s/ William M. Romicker

INSTRUCTIONS

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

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

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

GPO 872894

BIG MEADOWS PROJECT
ALFRED G. BOYL AND ASSOCIATES
CUSTER COUNTY, IDA.

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DATE	INITIALS	CODE

NARRATIVE REPORT

Pursuant to DMEA Contract Docket 4280 Frank R. Komats, Associate proceeded to Custer County, Idaho to negotiate drilling contract, procure the necessary road building equipment and labor force needed to complete road, sample, set up camp in the Big Meadow. Beginning date was June 28, 1957.

The only difficulty encountered was necessity to change the first bull dozer, Caterpillar tractor owned by Bill Uhrig. This equipment was too big and to have continued this equipment on the road would have resulted in much greater cost in this contract for the following reasons:

1. The springs were running freely and the large cat was tearing up more of the spring bottoms than it was repairing.
2. The D-8 blade was making too large a roadway. To minimize the necessity of moving dead timber with a smaller blade saved us money. Dead trees falling sometime make an endless job in removing them from the roadway.
3. Operator, Bill Uhrig was given reasonable time to replace this large equipment with a D-6 and was unable to do so. He did bring a D-2, which was too small, resulting in the necessity to hire another contractor.

Signed proper authority with Forest Service to build necessary roads in Pigtail Creek and route in Meadows. Written authority in our Denver Office.

Several drilling contractors were contacted before final decision to hire a contractor experienced in Bureau of Mines churn drilling--Russell Cowe, Boise. Due to inability to move in some several days elapsed after road was completed gave us an opportunity to remove large boulders from roadway and further improve and dry up the prevalent springs that made travel rather hazardous during our early entrance and travel on the roadway. Drilling began on July 22, 1957.

Visitors to our area were:

Dean Holt -	USBM	7-9-57
James McKee	USBM	7-9-57
Bill Romisher	USBM	7-10-57
Storch & Fisous		7-27-57
Alvard	USGS	7-29-57

Labor problem seemed to work itself out slowly when labor force was advised food would be furnished, but an allowance would be made against their pay to handle food costs. This allowance was determined to be at $3.00 per day to insure adequate and suitable food would be available at all times.

Arrangements were made with Baumhoff-Marshall for concentration and weights of our dried samples. Instructions were sent from Denver. Rare Metals of Murrary Utah were engaged to do the analysis of concentrations as sent from Baumhoff-Marshall.

Extreme care was necessary to move drill rig from one location to another and across Pigtail Creek and Warm Srpring. We were fortunate in not having any unusual problems after making all crossings safe with cribbing and logging all crossings. Good weather minimized our requirements to do any additional road work with the exception we did drag the 4 miles of road with an crudely constructed drag to fill in some of the rougher bad holes.

Our weekly reports and transmittal of logs complete this narrative report.

Frank R. Komats

Form MP-104

OPERATORS MONTHLY REPORT

Alfred G. Hoyl & Associates
1727 Boulder Street
Denver, Colorado

Docket No. DMEA 4260

Contract No Idm 012
Minerals -Thorium-Monazite
Columbium-Tantalum

Contract Amount $26,986.00 Government Participation 75% $ 20,240.00

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DATE	INITIALS	CODE

STAGE I

Category (1) Independent Contracts

Russel Cowe Drilling Company
Boise, Idaho

978 Feet Churn Drilling @ $5.2045/Ft $ 5,090.00

Category (2) Personal Services

Supervision

1 General Supervisor - Frank Komatz
1½ Months @ $600.00 per Month $ 900.00

2 Consulting Engineers
6 Days @ $100.00 per day 600.00
Meadows-Consultation
Baumhoff-Marshall Consultation
Rare Metals Lab Consultation
Alfred G. Hoyl & Richard Moody

Labor

3 Samplers during drilling & Testing
Direct Labor Paid $1,626.25
108 Man Days @ $3.00
per day subsistence 324.00 1,950.25 3,450.25

Category (3) Operating Materials and Supplies

Western Steele Manufacturing Co
Invoice # 42271 dtd 7/26/57

6 Steel boxes 16 Guage formed & Welded 153.30

Boise Blue Print Co
Invoice # D25666 dtd 8/9/57
x Section Paper 7.88

United Electronics Wholesale
Invoice # E 14953
Batteries for Scintillator 7.62

Springer Hardware
dtd 7/10/57
Hoe-Shovel-Scraper-Brush-Twine 10.05

OPERATORS MONTHLY REPORT

Docket No DMEA 4280
(Continued)
Page #2

Category (3) Operating Materials & Supplies

Norco Welding Equipment - Boise Invoice No 19873 dtd 7/19/57 2 Pair Welding Gloves		3.40
Smith Lumber Company - dtd 7/19/57 Lumber for camp		19.96
Allied Builders Supply dtd 7/17/57 Nails & Lumber		4.30
Jonson Oil Co dtd 8/7/57 Starter for chain saw		1.75
Allied Builders Supply dtd 8/7/57 Axe Handle		1.60
The Outlet Stores dtd 7/8/57 Mosquito Nets-Lantern-Mantles		18.17
Cronkhite Bosanko dtd 7/10/57 Scale		16.86 16.86 ✓
Colorado Tent & Awning Co Dtd 6/27/57 Tent-Sample Sacks-Mattress-Pump Tarp-Sleep Bag	$210.05	
50% Charged to Meadows Project		108.18 ✓
Colorado Tent & Awning Co dtd 8/29/57 Tent-Tap-Mattress-Pump-Sleep bag 100 Sample Bags	$250.84	
50% charged to Meadows Proj		125.42 ✓
Colorado Tent & Awning Co dtd 6/29/57 Bag for tent-50Sample Sacks	$ 31.34	
50% charged to Meadows Project		15.67 ✓
Sachs-Lawlor dtd 6/29/57 Rubber Stamp		2.68 ✓

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Category (3) Operating Materials & Supplies

Skyline Engineering Supply Co dtd 7/3/57			
Steel Tape		37.97	
Cronkhite-Posanko Supply Co dtd 7/15/57			
Bathroom Scale		9.21	
Colorado Tent & Awning dtd 7/29/57			
Sample Bags	$145.46	~~145.46~~	
50% Charged to Meadows Project		72.73	
Hendrie & Lolthoff Co dtd 8/1/57			
Screen		17.16	
Busson's Hardware dtd 7/10/57			
Tubs-bucket-Ax-Twine-		26.92	
Stanley Mercantile			
film-Color	1.05		
Gregory Story			
film-Black-white	.85		
grease pencils	.75		
Labels-leads	.94		
First Aid	.55		
Golden Rule Store			
Paper	.48	5.22	
Francis Jones, Inc. Hailey, Ida. 7/6/57			
Stove-Nails-Lock		14.95	
Francis Jones, Inc 8/5/57			
Nails-Molding for screen		1.07	
D. Damer			
Payroll records		1.85	
Standard Printing Co 7/19/57			
Legal forms-paper		.50	
Utoco			
Chain Saw Oil	.80		
Gas Can	1.50		
General Petroleum			
Chain Saw Gas	2.50	4.80	637.72

Category (4) Operating Material Equipment

(a) Rental		
William Corbett		
Surveying Equipment, 2 Months @ $50.00	100.00	
Shaddo Lambert		
Jeep Pick-Up Truck-Fuel & Mileage Months of July-August	90.04	

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Category (4) Operating Equipment

(a) Rental

1 26" Chainsaw 2 Months @ $7.50 per Mo	15.00	205.04

Category (6) New Buildings, Fixtures & Installations

General Supervisor ½ Month @ $600.00 Mo		300.00
Mine Labor Payroll See Certified Copy Attached	778.56	
Uhrig Bros Construction Co D-7 Caterpillar Tractor with D-8 angle Blade. Tractor was too big with dead timber, making expense apparent to exceed amount a D-6 tractor. After making 1/2 mile road from Astoc Mine, Tractor was released for smaller tractor.	75.00	
Robert C. Stefanich Building road from point of D-8 tractor ending to Meadow. Building trails, culverts, widing roadway and extending trails. Building crossings over Pigtail Creek and Warm Springs Creeks	612.00	1465.56

Category (7) Miscellaneous

Engineering and Accounting office 2 Months @ 100.00	200.00	
Payroll Taxes and Insurance $2,526.25 @ 8% See Certified Copy of Payroll	202.10	
Glenn Brewer Hauling Samples from Stanley-Boise	242.00 ✓	
Andrew William Asp Hauling Samples from Stanley-Boise	35.00 ✓	
Cecil Broomfield Hauling Samples from Stanley-Boise	20.00	
Baumhoff-Marshall Concentration of Samples & Determination of Weights	775.23	
Frank H. Homatz-Supervisor Expenses		
Mountain States Tel & Tel 65.80		
Hotel & Meals 235.95	299.75 ✓	
Mileage-Denver-Stanley-Denver	304.88 ✓	2156.96
Total Cost Stage I to August 31, 1957		$13355.53
Government Participation (75%)		$10016.65

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OMA Field Team, Region I

September 12, 1957

OMA Certifying Officer, Region I

Monthly operating report for June, July and August 1957
Contract No. Idm-s1012

The subject operating report has been processed and forwarded to the Disbursing Officer for payment.

Deletions made and reasons for same are listed below:

Category (2) Personal Services

Supervision

2 Consulting Engineers - 6 days @ $100.00/day — $ 600.00
(no Consultants are authorized in the contract)

Labor

Subsistence, 108 man days @ $3.00/day — 324.00
(There is no provision for subsistence under the contract)

Category (3) Operating Material & Supplies

Tents, sample bags, mattresses, sleeping bags, etc. — 322.00
(a written statement giving reason and basis for prorating amounts).

Steel Tape — 37.97
(included in Category (4) Operating Equipment - Surveying Equipment)

Film — 2.70
(not considered necessary to operation)

2 Scales — 13.66
(1 scale approved for payment - justification necessary if additional scales are needed)

Paper, leads, legal forms — 3.27
(included in Category 7, Miscellaneous - Accounting Expenses)

Category (4) Operating Equipment
Subcategory (c) Depreciation

Jeep Pickup (this exceeded the maximum of 2 mos. @ $25.00/mo. $50.00 maximum has been approved)	$ 40.04
Chainsaw (this exceeded the maximum of 2 mos. @ $2.70/mo. $5.40 maximum has been approved).	9.60

Category (6) New Buildings, Fixtures & Installations

Rental of D-7 Tractor (the work performed is not considered acceptable by the Government)	75.00
Road Building with D-6 Cat (will be reinstated when Amendment is written)	612.00
Labor (included $300.00 previously claimed as General Supervisor; $150.00 subsistence not authorized under contract)	450.00

Category (7) Miscellaneous

Supervisor's Expenses (not allowable under the contract)	684.63
Hauling Samples (this item must be supported by document showing number of tons and number of miles hauled. Upon receipt of such information this item may be reinstated).	297.00
	$3,471.87

We are withholding an amount of $500.00 pending resumption of work under Stage II.

Dorothy F. Long

cc: DMEA (2)
USGS (2)
Contract Admin. & Audit Div.

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

JUN 5 1959

Mr. Alfred G. Hoyl
Alfred G. Hoyl and Associates,
a Joint Venture
1727 Boulder Street
Denver 11, Colorado

Re: Docket No. DMEA-4280 (Monazite-Thorium-Columbium-Tantalum)
Alfred G. Hoyl and Associates
The Meadows, Warm Springs Creek
Custer County, Idaho
Contract No. Idm-R1012

Dear Mr. Hoyl:

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

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

Sincerely yours,

(signed) FRANK E. JOHNSON

Acting Director

cc: Richard D. Moody
T. F. Adams
A. B. Manning
Douglas V. Hatrous
Frank R. Komats
Stanford L. Jackson
Charles J. Cerf
Arthur G. Wood

FMMurphy/ama
June 2, 1959

Copy to: Docket
Director's Reading File
Contract Admin. & Audit Division
OME Field Team, Reg. I (2)
T. H. Kiilsgaard
F. M. Murphy

EXTRA COPY
DMEA
RECEIVED SEP 11 1958

DATE	INITIALS	CODE
		800

So. 157 Howard Street
Spokane 8, Washington

September 5, 1958

SEP 9 1958

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

Re: Docket No. DMEA-4280 (Monazite-Thorium)
Alfred G. Hoyl and Associates
The Meadows, Warm Springs Creek
Custer County, Idaho
Contract No. Idm-81012

Dear Mr. Selfridge:

This is in reply to your teletype of September 4, concerning faulty spacing of holes under the cited docket.

Although the tentative hole locations were visited and approved by the field examiners without an accurate map of the area, there was no way of knowing whether the spacing was strictly in accordance with contract provisions. Since the intent was to adequately explore the placer area, which was done, we recommend that all 19 holes be approved for reimbursement.

Even though the contract map shows three proposed holes outside the claim area, all holes were drilled well within the claim boundaries. The claims do not lie N-S as shown on the contract map but lie about N. 12° W. We are preparing a map showing the hole locations with respect to the claim boundaries as surveyed by our field man and will send you copies as soon as they are completed.

If you concur in our recommendations, will you please inform us as soon as possible so that this contract can be settled.

By Field Team, Region I

A. S. Weissenborn, Exec. Officer
U. S. Geological Survey

Wing G. Agnew, Member
U. S. Bureau of Mines

cc: USBM (2)
AD
Turner

ENTER COPY
RECEIVED
DATE
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800

So. 157 Howard Street
Spokane 4, Washington

June 5, 1958

Alfred G. Hoyl and Associates
1727 Boulder Street
Denver 11, Colorado

Re: Docket No. DMEA-4280 (Monazite-Thorium)
The Meadows, Warm Springs Creek
Custer County, Idaho
Contract No. Idm-E1012

Gentlemen:

The results of the drilling done under Stage I of the contract indicate that the probability of making a significant discovery by doing additional work is poor. Under these circumstances Government participation in further work at the Meadows placer is not warranted and we cannot authorize Stage II work.

Your attention is called to Article 7(c) of your contract concerning the submission of a final report. Five copies of such a report, including maps showing the location of completed holes, should be furnished the Government. We will not be able to make an audit of your account until an acceptable final report is received.

The audit will determine the validity of some of the costs on which there has been a difference of opinion between yourself and DMEA personnel. Should the audit disclose any items of salvageable property that must be disposed of in accordance with Article 9 of the contract, we shall notify you in reference to disposal.

By Field Team, Region I

A. E. Weissenborn, Exec. Officer
U. S. Geological Survey

Wing G. Agnew, Member
U. S. Bureau of Mines

cc: DMEA (3)
USBM (2)
USBM (AD)
Alvord

Audit copy

EXPLORATION PROJECT CONTRACT
ALFRED G. HOYL AND ASSOCIATES
DOCKET NO. DMEA-4280

AMENDMENT NO. 4

It is agreed this 1st day of November, 1957, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Alfred G. Hoyl and Associates, that Exploration Project Contract No. Idm-E1012 (Docket No. DMEA-4280), dated September 20, 1956, as amended, is further amended effective July 1, 1957, as follows:

In Exhibit "A" under Estimated Costs of Project, Actual Costs, Category (4) Operating Equipment, Stages I and II, the subcategory (c) Depreciation is deleted and the items and costs shown under this subcategory are transferred to subcategory (a) Rental.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be required to contribute, nor the amount of any item designated as maximum.

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

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

ALFRED G. HOYL AND ASSOCIATES

By Alfred G. Hoyl
Alfred G. Hoyl

By Richard D. Moody
Richard D. Moody

By T. F. Adams
T. F. Adams

By A. B. Manning
A. B. Manning

By Frank R. Komatz
Frank R. Komatz

By Douglas V. Watrous
Douglas V. Watrous

By Stanford L. Jackson
Stanford L. Jackson

By Arthur G. Wood
Arthur G. Wood

By Charles J. Cerf
Charles J. Cerf

MME Form 14
Sept. 1958

Contract No. Idm-E) 1012
~~Idm-28~~)

Docket No. DMEA) 4280
~~MMEA~~)

Date of Action 12/22/58

DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Terminated contract

OBLIGATION DOCUMENT

To: Chief, Accounts Section, Finance Branch, Bureau of Mines

From: Director, Division of Operations Control and Statistics

Please enter the amounts shown below on the accounts of the Office of Minerals Exploration.

Name and Address of Contractor: Alfred G. Hoyl & Associates
1727 Boulder Street
Denver 11, Colorado

Date of Contract	Region	State	Commodity
September 20, 1956	I	Idaho	Thorium-Monazite-Col- Tantalum

	Reserve	Obligation
Prior Amount	0	19,989.00
Increase	0	0
Decrease	0	11,198.16
Revised Amount	0	8,790.84

Remarks:

cc: 800
210

43244

DMEA Form 14

Contract No. Idm-E 1012

Docket No. 4280

Amended Contract

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

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

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

Date of Contract	Region	State	Commodity
September 20, 1956	I	Idaho	Thorium-Monazite-Col-Tantalum

Name and Address of Operator: Alred G. Hoyl & Associates
1727 Boulder Street
Denver 11, Colorado

	Reserve	Obligation
Prior Amount	0	20,240.00
Increase	0	0
Decrease	0	251.00
		00
Revised Amount		$19,989.00

Remarks:

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

(Title)

Date delivered to Bureau of Mines, Washington 6/9/58

22845

Audit copy

ORIGINAL FILE COPY
DMEA
RECEIVED JUN 9 1958
DATE | INITIALS | CODE

EXPLORATION PROJECT CONTRACT
ALFRED G. HOYL AND ASSOCIATES
DOCKET NO. DMEA-4280

AMENDMENT NO. 3

It is agreed this 14th day of October, 1957, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Alfred G. Hoyl and Associates, that Exploration Project Contract No. Idm-E1012 (Docket No. DMEA-4280), dated September 20, 1956, as amended, is further amended effective July 1, 1957, as follows:

1. In Article 5 of the Contract, figures "$26,652.00" and "$19,989.00" are substituted for the figures "$26,986.00," and "$20,240.00," respectively.

2. In Exhibit "A" under "Estimated Costs of Project, Actual Costs (*Indicates maximums), Stage I," Category (6) is revised as follows:

"Category (6) New Buildings, Fixtures, and Installations

1 General Supervisor, ½ month @ $600.00/mo.	$300.00*	
1 Miner, 10 days	270.75	
1 Helper, 10 days	216.60	
Explosives, caps, fuse, drill bits	406.40	
Rental of following equipment:		
105 cubic feet compressor, 2 weeks @ $58.95/wk.	117.90*	
1 jackhammer and drill steel, 2 weeks @ $26.19/wk.	52.38*	
1 D-6 Caterpillar tractor, 51 hours @ $12.00/hr.	612.00	
Payroll taxes and insurance @ 8%	63.00*	$2,039.03"

3. The Estimated Total Cost - Stage I is revised from "$15,048.93" to $14,714.57."

4. The Summary at the end of the estimate is revised as follows:

"S U M M A R Y

Estimated Total Cost - Stage I $14,714.57
Estimated Total Cost - Stage II 11,937.07

Estimated Total Cost of Project (rounded)	$26,652.00
Government Participation @ 75%	$19,989.00

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. D. Mitterdorf
Administrator, Defense Minerals
Exploration Administration

ALFRED G. HOYL AND ASSOCIATES

By Alfred G. Hoyl
Alfred G. Hoyl

By Richard D. Moody
Richard D. Moody

By T. F. Adams
T. F. Adams

By A. B. Manning
A. B. Manning

By Douglas V. Watrous
Douglas V. Watrous

By Arthur G. Wood
Arthur G. Wood

By Frank R. Komatz
Frank R. Komatz

By Stanford L. Jackson
Stanford L. Jackson

By Charles J. Perf
Charles J. Perf

1301 N. Division St.
Spokane 2, Washington

March 25, 1958

Alfred G. Nayl and Associates
229 Midland Savings Building
Denver 2, Colorado

Re: Project No. DMRA-1260 (monazite-thorium)
Alfred G. Nayl & Associates
The Meadows
Custer County, Idaho
Contract No. IDm-[illegible]

Gentlemen:

On October 29, 1957 we sent to you for approval and signature the original and four copies of Amendment No. 3. This amendment permits the substitution of a D-6 cat in lieu of a D-8.

On November 12, 1957 we sent to you for approval and signature the original and four copies of Amendment No. 4. This amendment transfers some equipment items from depreciation to rental.

On January 7, 1958 we wrote you that if the amendments were unacceptable you should return the originals and all copies to this office with your comments. This has not been done.

The time is approaching when a decision must be made whether to undertake Stage II or close out the contract and make a final audit. Failure to sign the amendments will result in further disallowances when a final audit is made.

By Field Team, Region I

E. E. Weissenborn, Exec. Officer
U. S. Geological Survey

Wing G. Agnew, Member
U. S. Bureau of Mines

cc: DMRA (3)
USGS (2)
USBM (AD)
Turner

EXTRA COPY
D M E A
RECEIVED JAN 10 1958
DATE
800

No. 157 Howard Street
Spokane 8, Washington

January 7, 1958

Alfred G. Hoyl and Associates
229 Midland Savings Building
Denver 2, Colorado

Re: Docket No. DMEA-4250 (Monazite-Thorium)
Alfred G. Hoyl & Associates
The Meadows
Custer County, Idaho
Contract No. Ida-10012

Gentlemen:

This will acknowledge receipt of Mr. Frank Komatz's letter of December 27, 1957, concerning certain deletions in your first form 9F-104 report. Undoubtedly this is in reply to our letter to you dated October 22, 1957.

Until we receive the signed copies of Amendments No. 3 and No. 4, we cannot continue to further process your vouchers. These amendments were mailed to you for signature on October 29, 1957 and November 12, 1957, respectively.

We would appreciate receiving these amendments as soon as possible. If the proposed amendments are not acceptable, would you please return the originals and all copies of both amendments to this office with your comments.

By Field Team, Region 1

A. A. Weissenborn, Exec. Officer
U. S. Geological Survey

Wing G. Agnew, Member
U. S. Bureau of Mines

cc: DMEA (3) w/3 copies of incoming
USBM (2)
USBM (AD)
Turner
Alvord

Frank R. Komatz

OIL PROPERTIES

DENVER, COLORADO
Telephone Cherry 6476

PARSONS, KANSAS
Telephone 807

OFFICIAL FILE COPY
DMEA
RECEIVED JAN 10 1967
DATE

[illegible] 27, 1967
[illegible] Savings Building
[illegible], Colorado

Mr. Wm. G. Agnew, [illegible]
[illegible] H. E. [illegible]
[illegible] S. Department [illegible]
[illegible] Area Office
[illegible] 17 Wardell Street
[illegible] 4, [illegible]

Re: DMEA Project
Number 4230

Gentlemen:

Relative to relocation of [illegible]

1. [illegible] furnished [illegible] part of the [illegible] by your [illegible] under [illegible] the [illegible] the [illegible] not been [illegible] financial support [illegible] performed [illegible]

2. [illegible] for General Supervision for one half [illegible] $[illegible].00 per month. [illegible] we [illegible] more [illegible] to carry [illegible] work, securing [illegible] and leying [illegible] is required before [illegible]

As [illegible] above [illegible] amount.

Yours very truly,

[illegible]

Audit Copy

800

EXPLORATION PROJECT CONTRACT
ALFRED G. HOYL AND ASSOCIATES
DOCKET NO. DMEA-4280

AMENDMENT NO. 2

It is agreed this 18th day of September, 1957 between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Alfred G. Hoyle and Associates, hereinafter called the "Operator," that Exploration Project Contract No. Idm-E 1012 (Docket No. DMEA-4280), dated September 20, 1956, as amended, hereinafter called the "Contract," is further amended as follows:

1. (a) Work under the Contract shall be suspended during the period beginning September 1, 1957 and ending not later than July 1, 1958.

(b) No costs incurred by the Operator during the period of suspension shall be allowable for contribution by the Government, except those relating to concentrating, testing, and analyzing the samples recovered during the Stage I drilling; and the Government shall not contribute to any cost of rehabilitation or repair which, in its opinion, would not have occurred if there had been no suspension of the work.

(c) The Operator at his own cost and expense, without contribution by the Government, during the period of suspension shall preserve and protect the project work and any property in which the Government has an interest.

2. The time fixed for the completion of the work in Amendment No. 1 is extended from October 20, 1957, to October 20, 1958.

3. The maximum period for royalty payments and lien to secure the payment thereof, provided for in Article 8(b)(2) of the Contract is extended from ten (10) years to eleven (11) years.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be required to contribute, nor the amount of any item designated as maximum.

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

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

ALFRED G. HOYL AND ASSOCIATES

By Alfred G. Hoyl
Alfred G. Hoyl

By Richard D. Moody
Richard D. Moody

By T. F. Adams
T. F. Adams

By A. B. Manning
A. B. Manning

By Douglas V. Watrous
Douglas V. Watrous

By Arthur G. Wood
Arthur G. Wood

By Frank R. Komatz
Frank R. Komatz

By Stanhurd L. Jackson
Stanhurd L. Jackson

By Charles J. Cerf
Charles J. Cerf

1201 N. Division St.
Spokane 2, Washington

August 23, 1957

Mr. Alfred G. Hoyl
Contract Engineering Co.
1727 Boulder Street
Denver 11, Colorado

Re: Docket No. DMEA-4280 (monazite-thorium)
Alfred G. Hoyl & Asso.
The Meadows
Custer County, Idaho
Contract No. Idm-E1012

Dear Mr. Hoyl:

This letter will confirm your telephone conversation of August 21, 1957 with Mr. S. W. Zoldok, DMEA representative.

You stated that a preliminary appraisal of Stage I work, which you had just completed, did not appear too encouraging and that you wished a recess until the spring of next year by which time the samples obtained in Stage I will have been analyzed and we will know whether Stage II work is warranted. The Field Team concurs with you in this matter, and we will request Washington to authorize a recess.

In submitting your voucher for the work completed, we suggest that you include on the one voucher all work done under Stage I. The narrative report to accompany your voucher should be as complete as possible so that if Stage II work is not warranted, then this narrative report can also serve as your final report. Such a final report is required under Article 7(c) of the contract.

Will you please furnish us with the serial number identification of the D-6 bulldozer used on the project, as an amendment to the contract will be necessary to allow use of this dozer in lieu of a D-8.

By Field Team, Region I

A. E. Weissenborn, Exec. Officer
U. S. Geological Survey

Wing G. Agnew, Member
U. S. Bureau of Mines

cc: DMEA (3)
USGS (2)
USBM (AD)

Official

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800

1201 N. Division St.
Spokane 2, Washington

July 26, 1957

Mr. Alfred G. Hagl
Contract Engineering Company
1727 Boulder Street
Denver 11, Colorado

Re: WORK AUTHORIZATION
Docket No. DMEA-4,280 (monazite-thorium)
Alfred G. Hagl and Associates
The Meadows, Warm Springs Creek
Custer County, Idaho
Contract No. Ida-X1012

Dear Mr. Hagl:

The Government approves moving the location of one churn drill hole from coordinate 3N., 3.5 E. to 7N, 0.5W (see contract map) subject to paragraph 8 under Exhibit "A" of the contract which states:

> "No hole shall be drilled closer than 200 feet to any area known by the Operator to be in conflict with the claims included in this contract, nor closer than 200 feet to any area not owned by the Operator."

By Field Team, Region I

A. E. Weissenborn, Exec. Officer
U. S. Geological Survey

Wing G. Agnew, Member
U. S. Bureau of Mines

cc: Mr. Frank H. Kamatz
Stanley, Idaho

DMEA (2)
USGS (2)
USBM (AD)

Government's copy

OFFICIAL FILE COPY
DMEA
RECEIVED MAR 11 1957

DATE	INITIALS	CODE
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EXPLORATION PROJECT CONTRACT
ALFRED G. HOYL and ASSOCIATES
DOCKET NO. DMEA-4280

AMENDMENT NO. 1

It is agreed this 25th day of January, 1957, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Alfred G. Hoyl and Associates, that Exploration Project Contract No. Idm-E1012 (Docket No. DMEA-4280), dated September 20, 1956, is amended as follows:

1. The date fixed in Article 3 for completion of the work is extended from August 1, 1957, to October 20, 1957.

2. In Exhibit "A," under the heading Description of the Work, the second paragraph of Stage I is revised to read:

> "The exploration work under Stage I shall consist of churn drilling not in excess of 20 holes to an average depth of 50 feet at the approximate locations shown on the map referred to in Annex I. However, the location of the holes shown at coordinates 8 North-0.5 East and 3 North-3.5 East may, upon written approval by the Government, be changed to any other locations which are not closer than 500 feet to any other hole drilled under the contract. The holes shall be spaced on approximately 1000-foot centers. It is estimated that 1000 feet of drilling will be sufficient to complete the 20 holes to bed rock, or to an established cut-off horizon. However, if more than 1000 feet of drilling are necessary to accomplish the Stage I work, such additional footage and funds shall be transferred to Stage I from the churn drilling footage allowed under Stage II, and an equivalent deduction made in Stage II."

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be required to contribute, or the amount of any item designated as maximum.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By _____
Administrator, Defense Minerals
Exploration Administration

ALFRED G. HOYL AND ASSOCIATES

By _____
Alfred G. Hoyl

By _____
Richard D. Moody

By _____
T. F. Adams

By _____
A. B. Manning

By _____
Douglas V. Watrous

By _____
Arthur G. Wood

By _____
Frank R. Komatz

By _____
Stanford L. Jackson

By _____
Charles J. Cerf

Contract No. Idm-E 1012

Docket No. 4280

DEPARTMENT OF THE INTERIOR

Executed contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

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

Date of Contract	Region	State	Commodity
September 20, 1956	I NW	Idaho	Thorium-Monazite-Col.-Tantalum

Name and Address of Operator: Alfred G. Hoyl & Associates
1727 Boulder Street
Denver 11, Colorado

	Reserve	Obligation
Prior Amount	$20,240.00	0
Increase	0	$20,240.00
Decrease	20,240.00	0
Revised Amount	0	$20,240.00

Remarks:

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

Date Delivered to Bureau of Mines, Washington 11/9/56

98963

Government's Copy

RECEIVED NOV 9 1956

MF-200
(Revised June 1954)

Docket No. DMEA 4280
Thorium-Monazite-
Commodity Columbium-Tantalum

Contract No. Idm-E 1012

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this SEP 20 1956 day of ....., 195...., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Alfred G. Hoyl and Associates, a Joint Venture (See Annex I for list of members of the Joint Venture.), whose mailing address is 1727 Boulder Street Denver 11, Colorado, hereinafter called the "Operator," as follows:

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

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

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

(b) The Operator represents and undertakes that:

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

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: None

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

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

of the land (lessor, seller, optionor, etc.), are attached, as follows: .....

.....

.....

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

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of Thorium, monazite, columbium, tantalum. The work to be performed is described in Exhibit "A." The Operator on or before July 1, 1957 shall commence the work, and on or before August 1, 1957 (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall either have completed the work or shall have incurred allowable costs (see Article 6) in a sum not less than the estimated total allowable cost set forth in Exhibit "A."

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

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

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

ARTICLE 5. *Contribution by the Government.*—The estimated total allowable cost of the project, set forth in Exhibit "A," is the sum of $26,986.00. The Government shall contribute 75 percent of the allowable costs as they are incurred in a total sum not in excess of $20,240.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last

voucher or vouchers such sums as it sees fit not in excess of 10 percent of the estimated total cost of the work or not in excess of the amount of the Government's contribution to the cost of property which is or may become subject to disposal as provided in Article 9(c), whichever is greater. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 7(b), but all payments by the Government are provisional only, subject to audit, until the account between the Operator and the Government is finally audited and settled. "Costs incurred" mean costs that have been paid or have become due and payable, or that in the opinion of the Government have become an obligation. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

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

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

CATEGORY (1)—INDEPENDENT CONTRACTS.—Work to be performed under independent contracts (see Article 4(b)). The estimated total amount of this category and the estimated cost of each unit of work for performance under an independent contract are maximums. See Article 13.

CATEGORY (2)—PERSONAL SERVICES.

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

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

Subcategory (c)—Labor.

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

CATEGORY (4)—OPERATING EQUIPMENT.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) *Reductions in costs.*—The Operator shall account for and give the Government credit for any incidental benefits, credits, or money received in the ordinary course of business in prosecuting the work (as by salvage or sale of materials or equipment, furnishing of room or board, furnishing of power or services to third persons, rebates or discounts on purchases, etc.), in the same ratio in which the Government contributes to costs; and such amounts shall be treated as a reduction in costs incurred so that they are available for use within the limit of the original estimated total cost. This provision does not apply to receipts from production which are subject to the Government's percentage royalty under the provisions of Article 9. See Article 13.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 13. *Changes and added provisions.*—

(a) In Category (1) of Article 6(a), the phrase "the estimated cost of each unit of work" shall be construed to mean, for the purposes of this Contract: "the average cost per foot of drilling."

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

Executed in sextuplicate the day and year first above written.

ALFRED G. HOYL & ASSOCIATES

Alfred G. Hoyl

Alfred G. Hoyl

Richard D. Moody

Richard D. Moody

T. F. Adams

T. F. Adams

By A. B. Manning

A. B. Manning

Douglas V. Watrous

Douglas V. Watrous

Arthur G. Wood

Arthur G. Wood

THE UNITED STATES OF AMERICA

By C. O. Mitchenderg

Administrator, Defense Minerals
Exploration Administration

Frank R. Komatz

Frank R. Komatz

Stanfurd I. Jackson

Stanfurd I. Jackson

Charles J. Cerf

Charles J. Cerf

I, ..., certify that I am the ..... secretary of the corporation named as Operator herein; that ..... 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.

.....

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—70617-1

RECEIVED
NOV 9 1956
DMEA

EXPLORATION PROJECT CONTRACT
ALFRED G. HOYL AND ASSOCIATES
DOCKET NO. DMEA-4280

ANNEX I

The land referred to in Article 2 of the Contract consists of ten groups of unpatented placer mining claims. The notices of location of the claims are recorded in the Office of the County Recorder, Custer County, Idaho, and the area covered by the claim groups, are as follows:

Name of Claim Groups	Book	Pages	Land Covered
In T. 10 N., R. 15 E., B. M., Custer County, Idaho:			
Azul Group	5 5	624 643	SE$\frac{1}{4}$, sec. 32
In T. 9 N., R. 15 E., B. M., Custer County, Idaho:			
Pinto Group	5 6	630 6	NE$\frac{1}{4}$, sec. 5
Rojo Group	5 6	629 5	SW$\frac{1}{4}$, sec. 5
Verde Group	5	623 642	SE$\frac{1}{4}$, sec. 5
Esperdo Group	5	622 641	NW$\frac{1}{4}$, sec. 8
La Veta Group	5 6	627 3	NE$\frac{1}{4}$, sec. 8
Alvarado Group	5	621 640	SE$\frac{1}{4}$, sec. 8
Cortez Group	5 6	626 2	NE$\frac{1}{4}$, sec. 17
Luz Group	5 6	625 1	SW$\frac{1}{4}$, NW$\frac{1}{4}$, sec. 16
Coronado Group	5 6	628 4	SW$\frac{1}{4}$, sec. 16

The claim groups are owned by Alfred G. Hoyl and Associates, a Joint Venture consisting of Alfred G. Hoyl, Richard D. Moody, T. F. Adams, A. B. Manning, Douglas V. Watrous, Frank R. Komatz, Stanfurd L. Jackson, Charles J. Cerf, and Arthur G. Wood. The locations of the groups are shown on the map entitled "Big Meadows Placer Area, Custer County, Idaho," attached hereto and made part hereof.

EXPLORATION PROJECT CONTRACT
ALFRED G. HOYL AND ASSOCIATES
DOCKET NO. DMEA-4280

RECEIVED
NOV 9 1956
L.M.E.A.

EXHIBIT "A"

Description of the Work

General Provisions

The object of this project is to explore the Meadows Placer deposit, near Warm Springs Creek, by means of churn drilling, for thorium, uranium, rare earths, columbium, and tantalum. To facilitate the exploration work an access road to the property and trails to the drill sites shall be constructed.

A competent supervisor shall be employed full time to assist in the performance of the work. His duties shall also include the surveying, mapping, and preparation of reports required under this contract.

During the churn drilling, the material penetrated shall be recovered after each $2\frac{1}{2}$ feet of drive. However, until the final drive in each hole, enough material shall remain above the drive shoe to insure that there will be no run in from the sides of the hole. On the final drive all material down to the cutting edge of the drive shoe shall be recovered. The material recovered from two (2) drives (each $2\frac{1}{2}$ feet in depth) shall be combined to form one sample.

The samples, properly identified as to drill hole number and depth represented, shall be transported to a suitable laboratory where the samples shall be concentrated. After each sample has been concentrated, a determination of the weight of the concentrate in relation to the placer gravel shall be made, and then one-half of the concentrate from all the samples shall be combined to form a composite sample representing the hole. The other half of the concentrate from each sample shall be retained separately for Government use. The composite samples shall be chemically analyzed for thorium, uranium, rare earths, columbium, and tantalum content. However, if the Government first approves in writing, the percentages of rare earths, columbium, and tantalum in the samples may be determined by a standard X-ray-fluorescent method.

The work is divided into two stages. The Operator shall perform all the Stage I work and as much of the Stage II work as is approved in advance in writing by the Government.

A representative sample of the concentrate shall be analyzed to determine the classification of the minerals it contains. This analysis may be performed at any time during Stage I or Stage II, as approved in writing by the Government.

The churn drilling shall be performed using not less than 6-inch casing.

No hole shall be drilled closer than 200 feet to any area known by the Operator to be in conflict with the claims included in this Contract, nor closer than 200 feet to any area not owned by the Operator.

The direction and extent of the work under this Contract shall be subject to Government approval.

Stage I

Stage I shall consist of constructing an access road approximately 3 miles in length. The road shall start at the end of the present Stanley-Pig Tail Creek road and end near the center of the Esperdo Group on Warm Springs Creek. Also, access roads or trails to the various drill sites on the property shall be constructed.

The exploration work under Stage I shall consist of churn drilling not in excess of 20 holes to an average depth of 50 feet at the approximate locations shown on the map referred to in Annex I. The holes shall be spaced on approximately 1000-foot centers. It is estimated that 1000 feet of drilling will be sufficient to complete the 20 holes to bed rock, or to an established cut-off horizon. However, if more than 1000 feet of drilling are necessary to accomplish the Stage I work, such additional footage and funds shall be transferred to Stage I from the churn drilling footage allowed under Stage II, and an equivalent deduction made in Stage II.

Stage II

The work shall consist of churn drilling an additional 18 holes in the area drilled during Stage I. The approximate locations of the Stage II holes are shown on the map referred to under Stage I. No hole drilled under this Stage II shall be closer than 500 feet to any other hole drilled under the Contract.

Estimated Costs of Project

Actual Costs
(* Indicates maximums)

Stage I

Category (1) Independent Contracts

1000 feet churn drilling @ $5.25/ft. (Average cost per foot)	$5,250.00

Category (2) Personal Services

Subcategories (a) and (b) Supervision and Technical Services, respectively

1 General supervisor $1\frac{1}{2}$ months @ $600.00/mo.	$ 900.00	

Subcategory (c) Labor

3 samplers, 45 days	2,924.10	$3,824.10

Category (3) Operating Materials and Supplies

Screens, pans, scales, tents, sample sacks, small tools, etc.		555.12

Category (4) Operating Equipment

Subcategory (a) Rental

Surveying equipment, 2 months @ $50.00/mo.	$ 100.00	

Subcategory (b) Purchases

None

Subcategory (c) Depreciation

1 1-ton pickup truck, 2 months @ $25.00/mo.	50.00	
1 16" chainsaw, 2 months @ $2.70/mo.	5.40	155.40

Category (5) Initial Rehabilitation and Repairs

None

Category (6) New Buildings, Fixtures, and Installations

Access Roads & Trails

1 General supervisor $\frac{1}{2}$ month @ $600.00/mo.	$ 300.00*
1 Miner, 10 days	270.75
1 Helper, 10 days	216.60
Explosives, caps, fuse, drill bits	406.40

Rental of following equipment:

105-cubic foot compressor, 2 weeks @ $58.95/wk.	$ 117,90*	
1 Jackhammer and drill steel, 2 weeks @ $26.19/wk.	52.38*	
1 D-8 Caterpillar tractor (or equivalent) 2 weeks @ $384.30/wk.	768.60*	
1 Angle dozer, 2 weeks @ $88.88/wk.	177.76*	
Payroll taxes and insurance @ 8%	63.00*	$ 2,373.39

Category (7) Miscellaneous

Engineering and accounting office expenses, 2 months @ $50.00/mo.	$ 100.00	
Payroll taxes and insurance @ 8%	305.92	
Hauling samples, 10 tons 485 miles @ $0.10/ton/mi.	485.00	
Concentration and determination of weight, 200 samples @ $5.00/sample	1,000.00	
Chemical or X-ray fluorescent analyses for thorium, uranium, rare earths, columbium, and tantalum content of 20 samples (each sample representing one hole) @ $50.00/sample	1,000.00	2,890.92
Estimated Total Cost - Stage I		$15,048.93

Stage II

Category (1) Independent Contracts

900 feet churn drilling @ $5.25/ft. (Average cost per foot)		$ 4,725.00

Category (2) Personal Services

Subcategories (a) and (b) Supervision and Technical Services, respectively

1 General supervisor, 2 months @ $600.00/mo.	$1,200.00	

Subcategory (c) Labor

3 samplers, 45 days	2,924.10	4,124.10

Category (3) Operating Materials and Supplies

For churn drilling

180 large sample bags @ $1.00/each	$ 180.00	
Hand tools (replacements)	100.00	$ 280.00

Category (4) Operating Equipment

Subcategory (a) Rental

Surveying equipment, 1½ months @ $50.00/mo.	$ 75.00	

Subcategory (b) Purchases

None

Subcategory (c) Depreciation

1 1-ton pickup truck, 1½ months @ $25.00/mo.	37.50	
1 16" Chain saw, 1½ months @ $2.70/mo.	4.05	116.55

Category (5) Initial Rehabilitation and Repairs — None

Category (6) New Buildings, Fixtures, and Installations — None

Category (7) Miscellaneous

Engineering and accounting office expenses, 2 months @ $50.00/mo.	$ 100.00
Payroll taxes and insurance @ 8%	329.92
Hauling samples (9 tons), 485 miles @ $0.10/ton/mi.	436.50
Concentration and determination of weight, 180 samples @ $5.00/sample	900.00
Chemical or X-ray fluorescent analyses for thorium, uranium, rare earths, columbium, and tantalum content of 18 samples (each sample representing one hole) @ $50.00/sample	900.00

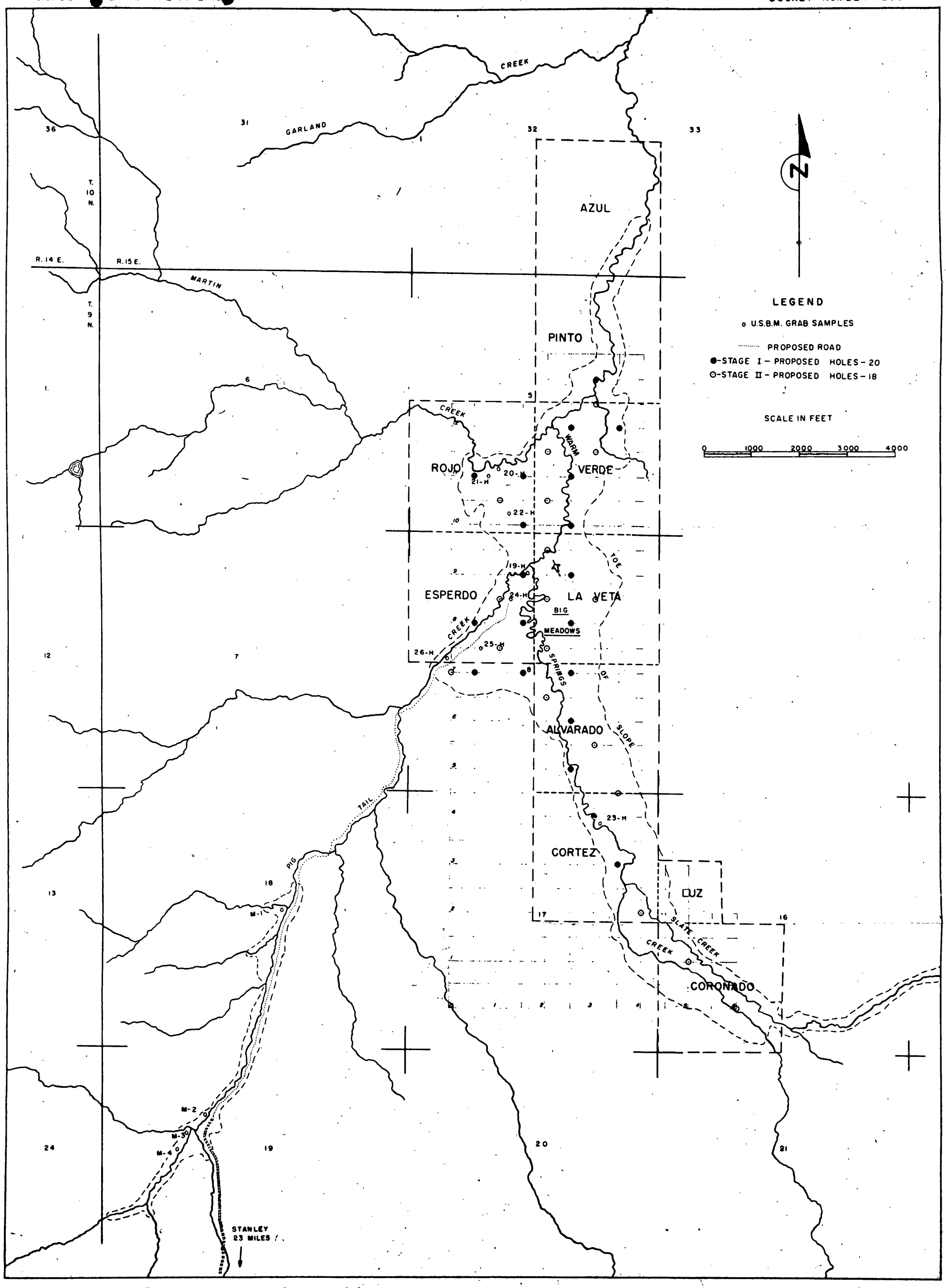
Mineralogical analyses of one representative sample @ $25.00/sample	$ 25.00	$ 2,691.42
Estimated Total Cost - Stage II		$11,937.07

SUMMARY

Estimated Total Cost - Stage I	$15,048.93
Estimated Total Cost - Stage II	11,937.07
Estimated Total Cost of Project	$26,986.00
Government Participation @ 75% (rounded)	$20,240.00

U.S. DEPARTMENT OF THE INTERIOR

DOCKET NUMBER 4280



Big Meadows Placer Area, Custer County, Idaho

[illegible]
No. 857 Pearl Street
Boise 6, Idaho

[illegible] 6, 1957

Mr. George S. Salisbury, Chairman
Operating Committee, OTA
Department of the Interior
Washington 25, D. C.

Re: Docket No. [illegible] (Omnibus-Inverted)
Alfred L. Boyd and Associates
The Machine, Shop and Shop Crew
Boise Depot, Idaho
Contract No. [illegible]

Dear Mr. Salisbury:

Enclosed are the Government, Docket, and division copies of this contract. Other copies of the contract have already been distributed.

The Contractor states in his letter of October 24, 1956, copies of which are enclosed, that he will not be able to begin work until spring and will not be able to complete the job by August 2, 1957, the termination date fixed in the contract. We will therefore prepare an amendment extending the completion date to December 1, 1957.

Sincerely yours,

A. J. Nelsenbom
Executive Officer, OTA
Field Team, Region 1
Northwest District

Enclosures
cc: [illegible] w/incoming
Finance Office w/incoming
Nielsen

PHONE GRAND 7-5264

CONTRACT ENGINEERING COMPANY

Engineering, Development, Research, in the Mineral and Construction Industries

1727 BOULDER STREET

DENVER 11, COLORADO

October 24, 1956

Mr. A. E. Weissenborn
Defense Minerals Exploration Administration
So. 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMEA-4280 (Monazite Thorium)
Alfred G. Hoyl and Associates
The Meadows, Warm Springs Creek
Custer County, Idaho

Dear Mr. Weissenborn:

I am enclosing herewith five copies of the long form contract No. 1012, Docket No. DMEA-4280. We have retained the Operator's Copy. All of the copies have been signed.

We have inserted the date of July first as the commencement date as it would be November first before we would be able to get equipment into the field, and we feel that this might be too late to start due to weather conditions. We would appreciate your opinion as to what weather we could expect during November in the portion of Idaho we are concerned with.

The first work to be done is to improve the trail with a dozer so the drilling equipment can be moved in. We do not feel it wise to do the road work unless we can complete a substantial portion of the testing as well.

If the road work is done in the fall and weather prevents us from doing the test work, the spring run-off might destroy much of our efforts on the road. Probably it would be better to do the road work as soon as practicable in the spring, and complete the testing thereafter in one continuous operation; in which case it probably would be necessary to advance the completion date to October 1, 1957.

Please advise us what your opinion is regarding these considerations.

Yours very truly,

ALFRED G. HOYL AND ASSOCIATES

Alfred G. Hoyl

AGH:dsh
Enclosures

Contract No. Idm-E 1012

Docket No. 4280

DEPARTMENT OF THE INTERIOR

Approved contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

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

Date of Contract	Region	State	Commodity
September 20, 1956	I NW	Idaho	Thorium-Monazite Col-Tanta.

Name and Address of Operator: Alfred G. Hoyl and Associates
1727 Boulder Street
Denver 11, Colorado

	Reserve	Obligation
Prior Amount	0	0
Increase	$20,240.00	0
Decrease	0	0
Revised Amount	$20,240.00	0

Remarks:

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

Date Delivered to Bureau of Mines, Washington 9/20/56

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