JUN 11 1959
O.M.E.

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Executive Officer, OME Field Team, Region III, Denver, Colorado pertaining to Contract Dm-228, Docket No. DMA 103, dated June 27, 1951, with

Continental Sulphur and Phosphate Corporation
2010 Tower Building
Dallas, Texas

for the purpose of determining the amount of royalties due the U. S. Government on the sales of Sulphur, from property referred to as Continental Sulphur and Phosphate Mine, located in Park County, Wyoming, during the period June 27, 1951 thru June 9, 1959.

A Certification of Discovery or Development was issued on May 1, 1952, accordingly royalty is payable on the net smelter returns or other net proceeds produced from the land described in Article 2 of the contract for a maximum period of 10 years from the date of the contract. A final cost audit dated May 20, 1953, indicated accepted costs under the Exploration Contract amounting to $47,412.79, with the Government's contribution on a 50 percent basis being $23,706.40.

No royalty has been paid to the Government to date in connection with this contract.

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

(a) According to the Field Team's Semi-Annual Report of certified project for the period January 1, 1953 to June 30, 1953, operation ceased about September 15, 1951; no ore has been shipped since June 27, 1951, (the date of the Exploration Contract). Subsequent semi-annual reports of the Field Team during the period July 1, 1953 thru December 31, 1958, indicate the property is inactive and no operations or ore shipments are anticipated in 1959.

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

June 9, 1959

Donald T. Finch
Donald T. Finch
OME Auditor

JUN 18 1959

Memorandum

To: Mr. Donald T. Finch, OME Auditor

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

Subject: Docket No. DMEA-103 (Sulphur)
Continental Sulphur and Phosphate Corporation
Contract No. Idm-K28

Your Report of Royalty Review on the subject contract is acceptable and distribution of the regional copies is authorized.

EDTalbert/ama
June 12, 1959

Copy to: Docket
Director's Reading File
CA & A Division

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

AUDIT CERTIFICATE

I have examined the records and transactions of:

Continental Sulphur and Phosphate Corporation
2010 Tower Petroleum Building
Dallas, Texas

pertaining to Exploration Contract IDMA-528, Docket No. DMA 103 including Amendment No. 1, covering a project of exploration for Sulphur, for the period June 27, 1951 to September 15, 1951.

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

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

Total Cost per MF-104		$58,989.08
Less: Proceeds from Property Disposition		4,990.25
Adjusted Cost		$53,998.83
Exceptions: (see audit report for details)		
During this Audit	$6586.04	
Prior to this Audit	-0-	6,586.04
Total Accepted Cost		$47,412.79

The contract calls for a 50 per cent participation of exploration expenses by the United States Government. Therefore, payment to the Contractor by the Government in the amount of Twenty-three thousand seven hundred six and 40/100 Dollars

-$23,706.40-

is valid and proper.

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

Dated: May 20, 1953

T. H. Brading, Auditor

I. INTRODUCTION

A final audit was made from April 7 to 9, 1953 (covering the period from June 27, 1951 to September 15, 1951), of the records and accounts of operations pertaining to Contract IDMA-E28, Docket No. IMA 103 and one amendment with the:

Continental Sulphur and Phosphate Corporation
2010 Tower Petroleum Building
Dallas, Texas

covering a project of exploration for sulphur.

The mine is located in Township 54 and 55 North, Ranges 106 and 107 West, Park County, Wyoming. The accounting records under this contract are located in the company's office, 2010 Tower Petroleum Building, Dallas, Texas.

During the course of the audit, the following officers and employees of the company were consulted as required:

Mr. C. Andrade III - President
Mr. W. M. Knight - Superintendent

Their cooperation greatly facilitated the audit.

II. GENERAL INFORMATION ON RECORDS

The accounting records for the exploration project are complete and maintained in a satisfactory manner. The company had absorbed all costs prior to the commencement of exploratory operations under subject contract; also excess costs of bridge and road construction and some other excess costs since that date.

The original invoices covering the costs of this project were recorded on an "Analyses Sheet" for the entire period of the operation. Payroll costs which are supported by detailed records were also entered on this "Analyses Sheet." Therefore, this audit involved in general,

a check of original invoices against the Analyses Sheet and reconciliation of the figures shown on the Analyses Sheet with the appropriate general ledger account. All costs, except for some incidental local purchases, were recorded on an accrual basis.

III. SCOPE OF AUDIT AND FINDINGS

The audit was limited to ascertaining the accuracy, propriety, and validity of the costs as shown in "Totals to Date" column of Form MF-104, Operator's Monthly Report and Voucher (as amended) for the period ending September 15, 1951. The extent of the audit and the findings under each of the "Items of Cost" follow:

(1) Independent Contracts

Core Drilling

Invoice from Jones Core-Drilling Company totaled $4831.30 of which $4750.00 was for 38 days of core drilling at $125.00 per day. This invoice was adjusted and settled for $4500.00 as evidenced by cancelled check. The cost as shown is considered to be allowable and proper under the terms of the contract.

Roads, Etc.

According to the records of the company, the following expenditures were made to independent contractors for road and bridge construction. Attention is directed to the fact that expenditures after the date of the contract, which is June 27, 1952, totaled $30,854.02.

Date	Davis Construction Co. Road	Date	McClothin & Kaimon Bridges	Date	Miscellaneous	
5/5	1476.45	7/13	2062.40	8/20	Guards	299.37
6/9	539.13	8/2	1196.58		Wings	73.63
6/21	3591.92	9/2	1397.39		Trucking	43.26
6/21	4472.71				Pipe	31.00
6/30	5482.42				McK Labor	291.40
7/19	4400.56				Cement	26.50
7/27	1059.73					
7/30	2913.35					
8/13	2514.03					
8/23	3855.00					
8/29	5112.35					
9/8	3099.05					
9/11	2478.42					
Totals	40995.12		4656.37			765.16

Summary - Road--$40995.12
Bridges 4656.37
Miscell. 765.16
$46416.65

Although the expenditures shown are $46,416.65, the $25,000.00 claimed cost is considered a proper and allowable charge under the terms of the contract. It is approved by the Executive Officer, Region IV

(2) Labor and Supervision

Labor - $6715.83

Payroll records including the original time slips were examined and proper adjustment made to bring the amount allowed into line with the rates shown in the contract. In view of the fact that the bulk of the timber cut by the loggers and dressed in the sawmill was used on the bridges or is still on hand, the wages of loggers and sawyers of $1539.62 is disallowed. The balance of $5176.21 is considered as a proper and allowable charge for labor under the terms of the contract.

Supervision

A total of $7,200.00 is claimed for Supervision. Under the terms of the contract, one geologist and supervisor is allowed for the six months with a total salary of $6,000.00. Inasmuch as the project was terminated in eighty-one days, 81/180 of $6,000.00, or $2700.00, is the maximum amount deemed allowable under the terms of the contract. Accordingly, it is recommended that the difference between $7200.00 amount claimed, and $2700.00 amount considered as allowable, or $4500.00 be disallowed.

(3) Operating Materials and Supplies

Invoices totaling $1217.27 for material and supplies were examined. This broken down, is as follows:

Oil, Gas and Diesel fuel	$840.29
Auger Supplies	237.42
Ore Sacks	36.57
Kitchen Supplies	71.72
Miscellaneous Supplies	31.27
	$1217.27

The supplies as listed above are considered a necessary and allowable cost to the project.

(4) Operating Equipment-Rental

Willys Station Wagon - Transportation Personnel - 80 days at $10.00	$800.00
Dodge Power Wagon - Towing Auger (see letter)-61 days at $12.50	762.50
*D-8 Caterpillar-Trail & Deposit work-61 days at $50.00	3050.00
Dodge Power Wagon-Supplies & personnel-69 days at $12.50	862.50
Total	$5475.00

* The Operator states that the D-8 Caterpillar was used exclusively "to make a road or roads on the deposits in order to drag the Auger Drill to locations on these extreme slopes." While the contract provides that $3,000.00 of the $6,000.00 estimated amount for the use of the D-8 Cater-

pillar was supposed to have been used in the $25,000.00 allowance for the roads, in view of the Operator's statement regarding usage of this particular piece of equipment, this item of cost is allowed.

These charges are considered allowable and necessary under the terms of the contract.

Operating Equipment-Purchases

Vendors' invoices together with related cancelled checks covering the purchase of the following items were examined:

Auger Drill	$3616.36
Light Plant	75.00
Laboratory Equipment	793.25
Gas Engine	53.20
Total	$4537.81
Liquidation Settlement	3630.25
Balance	$ 907.56

The item of $907.56 is considered as the net allowable cost to the project.

(5) Initial Rehabilitation and Repairs

On the MF-104 filed by the Operator on April 10, 1952, the following items appeared:

New Supervisor's Cabin	$1700.00
Plumbing Materials, furniture, etc.	446.35

As brought out in a subsequent paragraph, the item of $446.35, which is considered as a part of the cost of the Supervisor's cabin, is again claimed as an item of cost. The composition of this amount is shown below:

Date	Vendor	Amount
8/10	Joe McMulty	$274.15
9/3	Joe McMulty	16.88
9/6	Reynolds Plumbing Co.	6.12
9/11	Cody Welding Co.	149.20
		$446.35

These same items are claimed on the MF-104 filed April 15, 1953, under Initial Rehabilitation and Repairs as shown herewith:

Repairs to Cook Shack & Bunk House	$1023.56
Laboratory Shop	222.25
Plumbing Materials, etc.	446.35
	$1692.16
Disallow-Items claimed twice	446.35
Balance	$1245.81

The balance of $1245.81 is considered a proper and allowable charge under the terms of the contract.

(6) New Buildings, Improvements, etc.

Total expenditures as shown by the records of the company under this classification were $1857.39. The contract provided an allowance of $1700.00 for the Supervisor's cabin which amount was allowed on the MF-104 filed and paid April 21, 1952. An analysis of the $1857.39 shows a composition of the claim as follows:

Carpenter Labor		$902.00
Plumbing Labor		86.00
Lumber		333.28
Gas Engine		53.20
Plumbing Fixtures		36.56
Welding, Plumbing & Other Supplies:		
Joe McNulty	$274.15	
Joe McNulty	16.88	
Reynolds Plumbing Co.	6.12	
Cody Welding Co.	149.20	446.35
		$1857.39
Deduct Gas Engine-claimed under Equipment-Purchases		53.20
		$1804.19
Estimated amount for construction of Supervisor's cabin and amount claimed on final MF-104		1700.00
Excess cost not claimed by Operator		$ 104.19
Total amount claimed		$1700.00
80% Liquidation Settlement		1360.00
Balance		$ 340.00

The amount of $340.00 is considered as the net allowable cost to the project.

(7) Miscellaneous

Repairs to Equipment - $196.64

Invoices covering items of repair as follows were examined:

Cat	$23.87
Power Saw	43.01
Power Wagon	80.91
Jeep	10.78
Auger Drill	38.07
Total	$196.64

These charges are considered proper and allowable under the terms of the contract.

Payroll Taxes and Compensation Insurance

Payroll Taxes - $130.16

In view of the recommended disallowance of $1539.62 from wages of loggers and sawyers, 1.5% of this amount or $23.09 should be disallowed from Payroll Taxes, leaving an amount of $107.07, as an allowable and proper charge to the project.

A reduction of 5% of $1539.62 or $76.98 is also disallowed on the claim for compensatinn insurance, leaving the total allowable cost to the project for compensation insurance in the amount of $356.89. Rates on payroll taxes and compensation insurance are verified by referring to the company's files.

Freight on Auger Drill

Invoices from carrier in the amount of $190.34, covering freight on Auger Drill was examined. This item is considered an allowable cost.

IV. CONCLUSIONS AND RECOMMENDATIONS

This audit has disclosed that all costs as charged to this project, with the exception of disallowances itemized under Items (2) Labor and Supervision, Item (5) Initial Rehabilitation and Repairs, and Item (7) Miscellaneous, and giving effect to Liquidation Settlements of the preceding section of this report, are reasonable and proper under the terms of the contract and amendment.

The adjustments between Items of Cost, as shown on the September MF-104, the recommended disallowances, liquidation settlements, and approved amounts are summarized as follows:

	Totals MF-104 Sept.,1951	Distribution Corrected	Disallowed by Audit	Liquidation	Allowed by Audit
(1) Independent Contract					
Core Drill	4500.00	4500.00			4500.00
(1A) Roads etc.	25000.00	25000.00			25000.00
(2) Labor & Supervision					
Labor	6715.83	6715.83	1539.62		5176.21
Knight	3000.00	3000.00	3000.00		-
Frommell	4200.00	4200.00	1500.00		2700.00
(3) Operating Mat. & Supplies		1217.27			1217.27
(4) Operating Equip.					
Rental	5475.00	5475.00			5475.00
Purchase	4728.15	4537.81		3630.25	907.56
(5) Initial Rehab. & Repairs	1692.16	1692.16	446.35		1245.81
(6) New Buildings & Improvements	1700.00	1700.00		1360.00	340.00
(7) Miscellaneous					
Repairs to Equip.	196.64	196.64			196.64
Payroll Taxes	130.16	130.16	23.09		107.07
Compensation Ins.	433.87	433.87	76.98		356.89
Other Supplies	1217.27				
(8) Freight on Auger Drill		190.34			190.34
	58989.08	58989.08	6586.04	4990.25	47412.79

At the conclusion of the audit, the findings were discussed with Mr. W. M. Knight, Superintendent. There were no unused materials, supplies, or other property to be disposed of for the joint account of the Operator and the Government, other than those covered by liquidation.

Dated: May 20, 1953

T. H. Brading, Auditor

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Department of the Interior
Defense Minerals Administration
Budget Bureau No. 42-R1036.3.
Approval Expires 6-30-53.

RECEIVED
JUL 27 1953

COPY

OPERATOR'S MONTHLY REPORT AND VOUCHER

thru Sept. 15, 1951

Month of June 27, 1951, 195.... Docket No. DMEA ..... Contract No. I-DMA-E28

Operator's Name Continental Sulphur & Phosphate Corp. Minerals Sulfur

Address 2010 Tower Petro. Bldg, Dallas, Texas

Contract Amount, $..... Government Participation: 50 % Amount, $ 29,494.04

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling Core Drill		4,500.00	4,500.00			
Bulldozing						
Crosscutting						
Drifting						
Roads, etc.		25,000.00	25,000.00			
(2) Labor and Supervision:						
Labor Schedule "A"att.	4,042.88	2,672.95	6,715.83			
Supervision Knight	3,000.00		3,000.00			
Technical Services Prommell		4,200.00	4,200.00			
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental Schedule "B"	5,475.00		5,475.00			
Purchase		4,728.15	4,728.15			
Depreciation						
(5) Initial Rehabilitation and Repairs		1,692.16	1,692.16			
(6) New Bldgs., Improvements, etc.		1,700.00	1,700.00			
(7) Miscellaneous:						
Repairs to Equipment "C"	196.64		196.64			
Sampling and Analysis						
Payroll Taxes OAB	130.16		130.16			
Liability Insurance Comp.	433.87		433.87			
Other Supplies "C"	1,217.27		1,217.27			
(8) Contingencies (specify):						
TOTALS	14,495.82	44,493.26	58,989.08			

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

Date 4-15-53 *Payee Continental Sulphur & Phosphate Corporation

Per C. Andrade, III Title President

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

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

(Instructions on reverse)

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

$ 3,954.90

Signature .....
(Authorized Certifying Officer)

Date 6/29/53 Vou. No. DMA-53-148

(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. I-DMA-E28 in accordance with the terms of the contract.

Signature John F. Shaw Title Mining Engineer Date 6-4-53

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. H. King Title Executive Officer Date June 4, 1953

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

COPY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
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JUL 27 1953

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of June 27 thru Sept. 15 195 Docket No. DMEA 103 Contract No. I-DMA-E28

Operator's Name Continental Sulphur & Phosphate Corp. Minerals Sulphur

Address 2010 Tower Petro Bldg., Dallas, Texas

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core				4,500.00		4,500.00		
Churn								
Auger See Schedule "A"				13,915.83		13,915.83		
Stripping								
Trenching								
Test Pits								
Roads and Trails				25,000.00		25,000.00		
TOTAL DISTRIBUTED COSTS				43,415.83				TOTAL COSTS AUTHORIZED BY CONTRACT
Rental-Schedule "B"				5,475.00				
Operating Equipment Purchased				4,728.15				
Initial Rehabilitation and Repairs				1,692.16				
New Buildings, Improvements, etc.				1,700.00				
Misc: Repairs; Taxes; Supplies				1,977.94	Schedule "C"			
TOTAL COSTS				58,989.08				

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 April 15, 1953 Operator Continental Sulphur & Phosphate Corporation

Per /s/ C. Andrade III Title President

REMARKS: Supplementary Report to original MF-104 submitted 1952. This is part of MF-104 filed your office 4-15-53 after final audit in April 1953.

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 83-38475

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 27 1953

C O P Y

CONTINENTAL SULPHUR & PHOSPHATE CORPORATION
2010 Tower Petroleum Building
Dallas 1, Texas

April 17, 1953

Bureau of Mines
Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colorado

Gentlemen:

Enclosed and attached please find original and four copies of supplemental or amended report and request on Form MF-104 covering expenditures in Sunlight Basin, Wyoming by Continental Sulphur & Phosphate Corporation - Project Contract I-DMA-E28 and covering the entire period of operations from June 27, 1951 through September 15, 1951.

Final audit of this account was recently completed by Mr. T. H. Brading, Auditor for your Department, and since we have been awaiting the outcome of this audit before rendering our amended report, we now submit our figures based upon our contract and certain items which we claim after having discussed them with Mr. Brading.

Since much has been written concerning this account as viewed from our standpoint and since most of us concerned with the account are more or less familiar with the area in which the work was performed and the results obtained, as previously reported on due forms and in accordance with established procedure, I am submitting these explanations. In order to more closely define and simplify our figures, Schedules "A", "B", and "C" are attached and made a part of this report.

We are not attempting to justify our total expenditures made in this area as being covered by the Contract. Our first report submitted in 1951 is a matter of record in your office and contains all amounts spent on this exploration project during the above period. Therefore, I am attempting to justify the figures as set forth in this, the enclosed, report.

1. Schedule "A" - $4,042.88

This covers additional labor as prescribed in Contract but was not allowed in partial settlement made in April 1952. The items are self-explanatory as set out on the detailed Schedule "A" and have been carefully selected to conform to the Contract.

2. Items: Supervision - Knight - $3,000.00

This item was not previously claimed nor was it allowed on partial settlement made on date noted above paragraph. However, we feel that this General Manager's salary could well come under the Contract as Supervisor -- $1,000.00 per month, provided the salary of Mr. Prommell ($4,200.00) could be placed as being technical services on the auger drill and evaluation work -- Original paragraph "Core Drill" Exhibit "C". Mr. Prommell's work pertained solely to sampling and evaluation and reports. Other managerial and overall coverage was performed by Knight. We make no attempt to include the actual supervision as performed by Robbins, geologist, covering the auger drill. Therefore, we think this a necessary item of expense which deserves your consideration. Please bear in mind that the switch from the item "Core Drill" to "Auger Drill" was made and the final status of evaluation work was derived from this method of exploration.

3. Schedule "B" - Rental Equipment - $5,475.00

Submitted and not included in partial settlement but fully set out in Contract.

The Willys Station Wagon was used as a general purpose vehicle and was absolutely necessary.

The #1 Dodge Power Wagon was essential to tow the auger drill and transport samples to the laboratory.

The #2 Dodge Power Wagon we ask be substituted for the F.W.D. which was never used. This #2 Power Wagon was used in lieu of the F.W.D. and was essential as a general purpose car and did the work that would have been performed with the F.W.D. I realize this is a technical deviation under the Contract.

The D-8 cat was used to make a road or roads on the deposits in order to drag the auger drill to locations on these extreme slopes. To cover the grid pattern as set out for drilling, it was necessary to doze roads on the sides of the mountains.

4. Schedule "C" - Itemized - Oil & Gas - Supplies

The repairs, supplies, and oil and gas are self-explanatory as they pertain to the auger drill operation and the gas and oil used for the equipment without which we would have been inoperable. All items listed pertain to functional work and no personnel involved. This went for the operation of sawmill engine, D-8 Cat, general purpose vehicles and the auger drill.

5. Items of Insurance

These costs have all been checked and sustaining vouchers exhibited. They are a normal expense item.

I trust that the inadequacy of short explanations does not detract from your consideration of these items as set out and which we feel cover the bare necessities of such an operation. The remoteness of our source of supply and the general topography of the explored area itself made for a difficult exploration project.

All items have been checked and discussed between ourselves and Mr. Brading. Two items of inclusion on the last report were pointed out and rectified and were inadvertent errors. We think Mr. Brading was satisfied as to our book status and he was most helpful and cooperative.

We feel that the enclosed report covering the additional amount requested is fair and just and respectfully ask that it be granted.

Very truly yours,

/s/ C. Andrade

C. Andrade, III, President
CONTINENTAL SULPHUR & PHOSPHATE
CORPORATION

CA/cm
Encs.

C O P Y

CONTINENTAL SULPHUR & PHOSPHATE CORP.
LABOR ADJUSTMENT FORM MF-104
CONTRACT I-DMA-E28

DEPARTMENT OF THE INTERIOR
Bureau of Mines Communication
RECEIVED
JUL 2 7 1953

	AS PAID	ALLOWABLE PER CONTRACT	AMOUNT REPORTED ON 104	AMOUNT REPORTED ON W-2	AMOUNT OF CLAIM
Carpenters					
Jackson	$ 555.25	$ 463.13	$	$ 555.25	$
Darrah	1,147.50	1,147.50		1,407.50	
C. Hardie	171.00			171.00	
E. C. Hardie	607.50	506.25		607.50	
Brockhaus	60.00	60.00		-0-	
	2,541.25	2.176.88	-0-		$2,176.88
Loggers					
760 hrs. @ 1.25		950.00	-0-	183.50	950.00
Cooks					
55 days @ 8.00 (Brockhaus)		440.00			
18 days @ 8.00 (Howard)		144.00			
31 days @ 2.00 (Ullrich)		62.00	-0-	-0-	
		646.00	-0-	-0-	646.00
Auger Drill					
White 352 hrs. @ 2.55		897.75		897.75	
Ullrich 266 hrs. @ 1.50		398.75		398.75	
		1,296.50	1,209.00		87.50
Assayer					
Wagner @ 200.00 mo.		426.90		576.90	
Moore @ 275.00 mo.		36.36		36.36	
White, Jr. @ 1.00 hr. 63 hrs.		63.00		63.00	
Carson @ 1.50 hr. 136 hrs.		189.00		-0-	
Hardie @ 1.00 hr. 99 hrs.		99.00		99.00	
Barnes @ 300.00 mo. ½ mo.		150.00		150.00	
Ullrich @ 1.50 hr.		109.50		109.75	
		1,073.76	1,014.26		59.50
Bookkeeper					
Roberson 200.00 mo.		405.00	449.69	449.69	(44.69)
Sawyers					
Head		928.00			
Helpers		1,201.25			
		2,129.25	-0-	-0-	2,129.25
Supervisor's Cabin					
Carpenters			902.00		(902.00)
Bunkhouse					
Carpenters			882.00		(882.00)
Work Shop			222.25		(222.25)
Totals		$8.677.39	$4,679.20	$5,705.95	$3,998.19

SCHEDULE "A"

C O P Y

CONTINENTAL SULPHUR & PHOSPHATE CORP.
EQUIPMENT RENTAL FORM MF-104
CONTRACT I-DMA-E28

RENTAL EQUIPMENT

Willys Station Wagon - Transportation Personnel	- 80 days @ $10.00	$ 800.00
Dodge Power Wagon (See letter)	- Towing Auger 61 days @ $12.50	762.50
D-8 Caterpillar Work	- Trail & deposit 61 days @ $50.00	3,050.00
Dodge Power Wagon	- Supplies & personnel 69 days @ $12.50	862.50
		$5,475.00

SCHEDULE "B"

C O P Y

CONTINENTAL SULPHUR & PHOSPHATE CORP.
REPAIRS & OTHER SUPPLIES FORM MF-104
CONTRACT I-DMA-E28

	TOTAL	OIL & GAS	EQUIP. MAINT. REP'RS.	SUPPLIES
Continental Oil Co.	$ 108.02	$108.02	$	$
Cody Weld. & Mach. Co. (Bolts, etc.)	25.55			25.55
Wortham Mach. Co. (Reprs. for Cat)	5.45		5.45	
Stanley J. Mitchell (Reprs. for Cat)	18.42		18.42	
Barnuth Weld. Co. (Power Saw)	6.86		6.86	
Barnuth Weld. Co. (Power Wagon)	39.00		39.00	
Marshall Wells Supply Co. (Kitchen)	71.72			71.72
Wortham Mach. Co. (Bits)	29.17			29.17
Continental Oil Co.	121.67	121.67		
Century White Truck Co. (Power Saw)	7.50		7.50	
Continental Oil Co.	297.60	297.60		
Delbert Robinson (Saw Teeth)	28.65		28.65	
Hines Mach. Co. (Saw)	41.91		41.91	
Central Garage (Tire for Auger)	38.07		38.07	
Ludke Motor Co. (Jeep)	10.78		10.78	
Continental Oil Co.	46.30	46.30		
Marshall Wells Supply (Belt Saw)	13.92			13.92
Marshall Wells Supply (Kitchen)	5.72			5.72
Continental Oil Co.	236.34	236.34		
Continental Supply Co. (Ore Sacks)	8.52			8.52
Continental Oil Co.	30.36	30.36		
Continental Supply Co. (Sample Bags)	28.05			28.05
Continental Supply Co. (Wiping Rags)	24.35			24.35
Express on drilling bits	4.06			4.06
Paris Mfg. Co. (Drill heads & Wedges)	32.67			32.67
Paris Mfg. Co. (Bits)	35.88			35.88
Paris Mfg. Co. (Augers)	97.37			97.37
	$1,413.91	$840.29	$196.64	$376.98

840.29
376.98

$1,217.27

SCHEDULE "C"

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

224 New Customhouse
Denver 2, Colorado

August 4, 1953

Memorandum

To: Jay L. Chambers, Chief, Contract Administration and Audit Division

From: Executive Officer, DMEA Field Team, Region IV

Subject: Contract Idm-E28, Docket DMA-103, Continental Sulphur and Phosphate Corporation

Reference is made to your letter dated July 31, 1953, regarding the final MF-104 forms for the above contract.

The amount certified for payment is $3,954.90, the date paid is June 29, 1953, and the voucher number is DMA 53-148.

for John F. Shaw
W. H. King

JUL 3 1 1953

Mr. W. H. King
Executive Officer
DMEA Field Team, Region IV
224 New Customhouse
Denver 2, Colorado

Re: Idm-E28, DMA-103
Continental Sulphur and
Phosphate Corporation

Dear Mr. King:

Receipt is acknowledged of your memorandum dated July 21, 1953, transmitting two copies of the final MF-104 forms for the above referenced project. It is noted, however, that the payment information is not furnished in the space provided on the form.

In order that our records will be complete, please advise this office as to the amount certified for payment, date paid, and voucher number.

Sincerely yours,

SIGNED

Jay L. Chambers, Chief
Contract Administration
and Audit Division

AMAlley/ama
July 30, 1953

Copy to: Docket
Admr. Reading File
Mr. Chambers

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

Department of the Interior
Defense Minerals Exploration Adm
JUL 27 1953

224 New Customhouse
Denver 2, Colorado

July 21, 1953

Memorandum

To: Jay L. Chambers, Chief, Contract Administration and Audit Division

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket No. DMA-103, Contract Idm-E28, Continental Sulphur and Phosphate Corporation

In accordance with the request in your letter dated July 8, 1953, we are enclosing two copies of the final MF-104 forms for Contract Idm-E28.

W. H. King

W. H. King

Enclosures

JUL 8 1953

Mr. W. H. King
Executive Officer
DMEA Field Team, Region IV
224 New Customhouse Building
Denver 2, Colorado

Re: Idm-128, DMA-103
Continental Sulphur and
Phosphate Corporation

Dear Mr. King:

Reference is made to your memorandum dated July 1, 1953, to the Secretary to the Operating Committee in regard to the final NP-104 forms for the above referenced project.

You state that "None of the processed reports will be transmitted to you because two copies were retained by the Washington office." However, our letter of June 15, 1953, transmitted the original and two copies which were all that were submitted with your letter of June 4, 1953. If the copies have been misplaced it is suggested that you have two copies prepared for transmission to Washington.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

AMAlley/ama
July 8, 1953

Copy to: Docket
Admr. Reading File
Mr. Chambers

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

RECEIVED
JUL 3 1953

224 New Customhouse
Denver 2, Colorado

July 1, 1953.

Memorandum

To: Secretary to the Operating Committee

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMA Docket 103, Contract Idm-E28 (Sulphur), Continental Sulphur and Phosphate Corporation, Park County, Wyoming.

The original and two copies of final MF-104 forms with supporting data which were transmitted to this office by letter from Jay L. Chambers, dated June 15, 1953, have been processed for payment.

None of the processed reports will be transmitted to you because two copies were retained by the Washington office.

Payment was made in conformance with the Final Audit Report by the Contract Administration and Audit Division dated May 20, 1953.

The following notes refer to this final report:

Previous payments to Operator	$19,751.50
Payment on this final report	3,954.90
Total payment under the contract	23,706.40
Date of Report	April 15, 1953.
Date Received in Field Office	-
Date Received in Region Office	June 18, 1953.
Date Processed for Payment	June 22, 1953.
Date Vouchered for Payment	June 29, 1953.

W. H. King

W. H. King

Enclosures

U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION IV

DEPARTMENT OF THE INTERIOR
Bureau Mines Administration
RECEIVED
JUL - 6 1953

Administrative Audit Difference Statement

Date: June 25, 1953
Payee's
Reference: Progress Report - June 27 - Sept. 15, 1951 Final payment

Continental Sulphur & Phosphate Corp.
2010 Tower Petroleum Bldg.
Dallas, Texas
I-[illegible]-2

Upon examination of the above Payee's Reference a difference was found which made it necessary to suspend your account accordingly:

Amount Claimed $14,495.02

Difference $ 6,586.03

Amount Approved $ 7,909.79

The reason for the difference was due to:

Wages disallowed - In view of the fact that the bulk of the timber cut by loggers and sawyers and dressed at sawmill was used for bridges or is still on hand.	$1,539.62
Payroll taxes on above wages disallowed 1.5%	23.09
Compensation Insurance on above wages disallowed 5%	76.93
Supervisor and geologist claim $7200.00 - Contract calls for $6000.00 in six months. Project terminated in 61 days equals 61/180 of $6000.00 or $2700.00 difference	4,500.00
Plumbing items and fixtures for supervisor's cabin claimed twice.	446.35
Mill Adjustment	.01
	$6,586.03

Any reclaim for deductions made above must be supported by the ORIGINAL of this form.

Very sincerely yours,

N. E. Stokes
Audit Section

R-IV-B & F Form No. 4
4-15-52 D

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

JUN 15 1953

Mr. W. H. King
Executive Officer
DMEA Field Team, Region IV
224 New Customhouse Building
Denver 2, Colorado

Re: DMA-103, Idm-E28 (Sulphur)
Continental Sulphur and
Phosphate Corporation

Dear Mr. King:

Reference is made to your memorandum of June 4, 1953 to Mr. C. O. Mittendorf, in regard to final payment on the above-cited project.

Since the Washington office is not prepared to issue vouchers for project costs, the original and two copies of the monthly progress report submitted by Continental Sulphur and Phosphate Corporation are returned for payment by Region IV.

Mr. Brading's Audit Certificate allowed a total of $23,706.40 as the cost of the project, of which $19,751.50 has been paid. The balance in the amount of $3,954.90 has been reinstated and the obligation document sent to your office.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

Enclosure

JLChambers/wb
June 15, 1953

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

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

224 New Customhouse
Denver 2, Colorado

June 4, 1953

Memorandum

To: C. O. Mittendorf, Administrator
Defense Minerals Exploration Administration

From: Executive Officer, DMEA Field Team, Region IV

Subject: Continental Sulphur & Phosphate Corporation, Docket DMA 103, Contract I-DMA-E28, (Sulphur) Park County, Wyoming

Enclosed are the original and ~~three~~ two copies of a revised monthly progress report submitted by the Continental Sulphur & Phosphate Corporation.

This revised report is submitted as a result of a discussion between T. H. Brading, Auditor, Contract Administration and Audit Division, and the operator, when the final audit was made on April 7 - 9, 1953. A copy of the audit certificate is also enclosed.

The audit certificate authorizes reimbursement to the Operator in the amount of $23,706.40. The operator had previously been reimbursed in the amount of $19,751.50, leaving a balance of $3,954.90 due the operator.

The Washington office has withdrawn all funds allocated to Contract I-DMA-E28 from the Region IV Finance Office. Therefore, we are submitting this monthly report and voucher to your office for payment.

W. H. King

W. H. King

Enclosures

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

MAY 14 1953

Mr. Thomas H. Brading
DMEA Auditor
224 New Customhouse Building
Denver 2, Colorado

Re: Docket No. DMA-103
Contract No. Ida-E28
Continental Sulphur and
Phosphate Corporation

Dear Mr. Brading:

Receipt is acknowledged of your letter of May 7, 1953, in regard to the referenced contract. In reply to your letter I shall make reference to the items set forth in your preliminary audit report by items.

(1) Independent Contracts

The question arises as to whether $48.00 for labor on bridge is allowable because of the agreement that the road and bridge should not cost in excess of $25,000.00. It may be that a disallowance in this amount should be made.

(2) Labor and Supervision

I agree that $5,176.21 for labor is allowable under the contract. Under supervision I assume that 81 days was the total time of operating the project; therefore, 81/180 of the $6,000.00 allowable, or $2,700.00 is a fair price for supervision.

(3) Operating Materials and Supplies

There are no objections to this item as stated.

(4) Operating Equipment-Rental

The use of the D-8 Catepillar for trail and deposit is a questionable charge to the project. You will recall that $3,000.00 of the $6,000.00 estimated amount for the use of the D-8 Catepillar was supposed to have been covered in the $25,000.00 allowance for the road. Therefore, if the use of the D-8 Catepillar was solely on the road and bridge, it should not be an allowable cost to the project.

(5) Initial Rehabilitation and Repairs

It is noted that you have disallowed plumbing materials. On the other hand, you did allow $1,245.81 for repairs. A certain amount of plumbing material is necessary for a cook shack. The contract provided for $500.00 for this item, but under the old contract this was not an "allowable maximum". I would agree that the amount charged for plumbing may be too much under the circumstances, but it seems reasonable to allow something for essential plumbing even for the short time the contract would be in force.

(6) New Buildings, Improvements, etc.

Again it is noted that all plumbing supplies were disallowed. Again I would say that it is necessary to have a wash basin or some other type of plumbing even in a temporary shack.

(7) Miscellaneous

No objections are offered to this item.

Restatement of Account

In the restatement of the account you show that the Government's equity in property was settled in April, 1952, in the amount of $4,990.25. In April, 1953, you propose to settle the Government's equity for $4,618.47. The difference in these settlements should be adequately explained.

The chief item which is not clear to me is the case of the D-8 Catepillar charge of $3,050.00. If the Catepillar was used for other than road purposes, I assume that the amount is allowable; but if it was used for road purposes there seems to be some question as to its allowability.

I also suggest that the audit report when finally written should explain more fully the conclusions. For example, why was 81/180 used as a formula of arriving at supervisory allowance?

You will note of course that I have made suggestions, but have avoided determinations. I know your knowledge of the transactions far exceed mine, and I have confidence that your audit will be factual so far as possible.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

Enclosure
JLChambers/wb 5-13-53
Copy to: Docket, Admr. Reading File, Mr. Chambers

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

224 New Customhouse
Denver 2, Colorado

May 7, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 11 1953

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

Re: Continental Sulphur & Phosphate Corp.
Docket No. DMA 103
Contract No. Idm-E28

Dear Mr. Chambers:

Enclosed you will find a copy of Final MF-104, together with an explanatory letter from Mr. Andrade, and the following schedules:

(a) Labor
(b) Equipment Rental
(c) Other Supplies and Repairs

Also enclosed is a rough copy of that portion of my report dealing with the findings made on the audit, and summary showing disallowances and amount allowed by audit.

There are several questions in my mind regarding the contract on which I would like the benefit of your counsel and advice.

Item (1) Core Drill is self-explanatory.

Item (1A) Road, etc.--$25,000.00--The contract provides for a rough bulldozing trail with two temporary bridges---estimated cost $25,000.00. Mr. Shaw handled the discussion of this project with Mr. Knight and it was agreed that the maximum allowance for road and bridges would be $25,000.00. This decision is approved by the Executive Officer.

In connection with this item, will you please refer to Exhibit B of the contract in which you will note the following provisions:

> "$3,000.00 of the total shown above for 1-D8 Catepillar (see Exhibit C) will be used--road project $3,000.00. Miscellaneous use of equipment shown on Exhibit C and Supervisory personnel included on Exhibit D--$2,950.00. $4,000.00 of the labor charges shown on Exhibit D covering Head Sawyer, Assistant Sawyers, Loggers, Head Bridge Carpenter, and Assistant Bridge Carpenter--$4,000.00."

Further reference to the contract Exhibits on Page 5 is a cost summary on which this notation appears:

> "Duplications explained in the breakdown of road costs; Operator-furnished items will total $11,175.00."

I am at a loss to reconcile the difference between the $9950.00 mentioned in the prior paragraph, and this $11,175.00. Also, in your opinion, does this mean that the correct total, either $9950.00 or $11,175.00 should be deducted from the road costs? In this same cost summary, is this statement:

> "Exhibit D -- Duplications approximately $6,000.00."

The total of these two items--that is $17,175.00 is deducted from the cost summary to arrive at the total amount of the contract of $79,410.00.

I appreciate that you are familiar with this contract, and as brought out in the rough draft of my report, the total expenditures to independent contractors, were considerably in excess of $25,000.00 for road and bridges.

The thing that puzzles me, is should a further disallowance be made from "Other Items," giving consideration to the fact that the arbitrary allowance of $25,000.00 for the road and bridges is made?

Item II-Labor

The breakdown of labor is shown in Exhibit A. Prior to my contact, Mr. Kenfield Bailey had made a preliminary audit in Dallas, and had made a very complete abstract of all payroll records. He advised me that he had verified all calculations and checked the time from the individual time reports to the payroll records.

There is no doubt that some of the charges for Sawyers and Loggers should be absorbed against the bridge. Giving consideration to this plus the fact that Mr. Wideman, the examining engineer brings out the fact that there was considerable rough lumber on hand at the close of the project, it is felt that $1539.62 or one-half of the amount claimed for Sawyers and Loggers should be allowed.

Supervision

Knight--$3,000.00
Prommell-Technical Services -- $4,200.00

Exhibit D of the contract shows the following:

"Supervisors - 1 Geologist and Supervisor at $1,000.00 per mo. for six months -- $6,000.00."

Mr. Andrade's letter explains the basis for their claim for Mr. Knight's salary. I do not agree with Mr. Andrade, but believe the amount should be disallowed.

In Exhibit A on Page 2, the following provision is made:

"It is understood that an engineer will be employed to supervise this work who has had experience with sampling methods that have been used at other properties with similar mineral deposits, and who has the approval of the Executive Director of Region IV of the U. S. Bureau of Mines."

It is the contention of both Messrs. Knight and Andrade that Mr. Prommell was employed after approval was given by the Executive Officer of Region IV, and that the full amount of $4,200.00 charged for Mr. Prommell's services should be allowed. On the MF-104, which was filed in April of 1952, this amount was allowed by officials in Region IV. In discussing this item with Messrs. King and Shaw, they are in agreement with my interpretation of the contract that the total amount of Supervision allowable is 81/180 of $6,000.00 or $2,700.00. My reason for this decision is based on Article 8 of the contract which has the following provision:

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

Operating Equipment-Rental

With the exception of the charge for the D8-Caterpillar, it is felt that the rentals as shown in Schedule B should be allowed. Allowance for the caterpillar is subject to interpretation of that part of the contract under Exhibit C which has been quoted hereinbefore.

Operating Equipment-Purchased

Approved.

Initial Rehabilitation and Repairs

I believe that my rough draft report is self-explanatory regarding this item. This same comment applies to New Buildings, Improvements, etc.

It is felt the Other items claimed, while not definitely allowed by the contract, are subject to what might be determined "a common-sense" interpretation of the contract and amendment, because all the items listed are ordinary and necessary expenses.

When I checked with the Fiscal Officer today, he advised me that after the first payment of $19,751.50 was made, the balance of $19,953.50 remaining as a credit to this contract was transferred to Washington. Therefore, there are no funds available in the Regional Office to pay any claim allowed to the Operator. Mr. King has requested me to ask you if you would prefer to pay the amount allowed from Washington, or make arrangements to transfer the funds to this office so that the Operator may be paid from here.

This letter, as well as the rough draft of my report, have been reviewed with Messrs. King and Shaw and have their approval.

After I have received your reply to this letter, I will complete the report and certificate. If you have any other suggestions to make, they will most certainly be appreciated, as I am sure you will agree with me, the contract is capable of more than one interpretation, It is my feeling that you would prefer that I submit all the facts to you before undertaking to complete the final report.

Assuring you of my appreciation for your counsel and advice, I am

Sincerely yours,

T H Brading

T. H. Brading
Auditor, Region IV

Enclosures

MF-104
(August 1951)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Contract No. Idm-E 28

Name of Operator Continental Sulphur & Phosphate Corporation
Docket No. DMA I-DMA-E28
Total Contract Amount $ 50
Government Participation: % Amount $ 19,031.65
Distribution of Expenditures for Month of June 27, 1951 thru September 15, 1951

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 12 1952

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

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

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

Maps.—Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

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

CERTIFICATION

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

Continental Sulphur & Phosphate Corporation
(Name of Company)

By [signature]
(Signature of Authorized Official)

April 10, 1952
(Date)

President
(Title)

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

16—64068-3

MONTHLY SUMMARY COST STATEMENT

List as Shown on Exhibits Attached to Contract

Item	Monthly Total	Totals Previously Reported	Totals to Date	For Government Use Only: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
1. Fixtures and Improvements:						
(a) Facilities						
Roads, Bridges Access Roads - All Contract work - Davis Const. Co.			25,000.00	✓		25,000.00
(b) Buildings						
•New Supervisor's Cabin			1,700.00	✓		1,700.00
(c) Fixtures						
Plbg. Materials, Furniture, etc.			446.35	✓		446.35
2. Operating Equipment:						
(a) Purchased[1]						
•Auger Drill -New			3,806.70	✓		3,806.70
(b) Rented[2]						
Jones Core Drill Rental			4,500.00	✓		4,500.00
(c) Furnished by operator						
3. Rehabilitation and Repairs:						
(a) Facilities						
(b) Buildings						
Repairs-Cook Shack; Bunkhouses;			1,023.56	✓		1,023.56
Lab - Shop			222.25	✓		222.25
•Light Plant			75.00	✓		75.00
(d) Installations						
•Lab. Equipment			793.25	✓		793.25
•Gas Engine			53.20	✓		53.20

• Items which are Jointly Owned.

16—64068-3

U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION IV
224 New Custom House
Denver 2, Colorado

Administrative Audit Difference Statement

Date: April 21, 1952
Payee's Reference: Progress Report - June 30 - September 15, 1951

Continental Sulphur & Phosphate Corp.
2010 Tower Petroleum Bldg.
Dallas, Texas

Upon examination of the above Payee's Reference a difference was found which made it necessary to suspend your account accordingly:

Amount claimed $ 44,493.26

Difference $ 4,990.25

Amount Approved $ 39,503.01

The reason for the difference was due to:
Deductions - Settlement of Government equity:

Supervisor Cabin	1,700.00
Auger drill	3,616.36 (net after freight deducted)
Laboratory equipment	793.25
Light Plant	75.00
Gas Engine	53.20
	6,237.81

Salvage value 80% of cost $4,990.25

Any reclaim for deductions made above must be supported by the ORIGINAL of this form.

Very sincerely yours,

D. E. Stokes
Audit Section

R-IV - B&F Form No. 4
4-15-52 D

MONTHLY SUMMARY COST STATEMENT—Continued

Item	Monthly Total	Totals Previously Reported	Totals to Date	For Government Use Only: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(d) Fixtures						
			2,672.95			2,672.95
4. Labor[3] Foreman			4,200.00			4,200.00
5. Supervision						
6. Supplies						
(a) Timber						
(b) Explosives						
(c) Repair Parts						
(d) Other						
7. Power						
8. Transportation						
9. Insurance						
(a) Fire						
(b) Public Liability						
(c) Workmen's Compensation						
10. Contract Work						
11. Other (specify)						
Total		*	44,493.26			44,493.26
Deletions						
Adjusted totals						
Totals previously reported						
Totals to date						

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

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

FOR GOVERNMENT USE ONLY

Checked by
Entered by
Approved by F. L. Widenman
Amount approved for payment
Remarks

SRW

16—64068-3

*Less salvage value of jointly-owned equipment, $4,990.25 (80% of cost)

EXPLORATION UNIT COST AND PROGRESS REPORT FOR MONTH OF Total period June 27, 1951 thru Sept. 13, 1951

(Supply Data Below Applicable Only to Your Operations)

Item	Costs					Progress [4]				
	Wages [1] and salaries	Equipment [2]	Supplies	Other [3]	Total	Unit	Units this month	Units previously reported	Units to date	Units authorized by contract (Exhibit A)
Drifting										
Crosscutting										
Raising										
Shafts										
Winzes										
Drill holes	1,[illegible]	[illegible]			[illegible]					
Overburden				(Capital)						
Rehabilitation and preparation	1,[illegible]	[illegible]	440.[illegible]	1,[illegible]	[illegible]					
Geology and geophysics	[illegible]				[illegible]					
Trenching										
Sampling and assaying	1,[illegible]	793.[illegible]			[illegible]					
Roads and trails		[illegible]	(Capital)		[illegible]					
Test pits										
Other (specify)										
Totals	[illegible]	[illegible]	440.[illegible]	1,[illegible]	[illegible]					

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

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Mining Division
Region IV

April 4, 1952

Memorandum

To: J. H. East, Jr., Executive Officer, Field Team, Region IV

From: J. F. Shaw

(Through Acting Chief, Mining Division, Region IV)

Subject: Continental Sulphur & Phosphate Corporation, Docket DMA 103, Contract I-DMA-E28

The Continental Sulphur & Phosphate Corporation has submitted a set of MF-104, Monthly Progress Report Forms, dated March 17, 1952. This set of 104's covers the entire life of the project - 81 days, and shows an expenditure of $61,027.69 and claims reimbursement for 50 percent of that amount. A copy of this form is attached.

This form is not properly made out. Under Item No. 1, Fixtures and Improvements (a) are listed Roads, Exhibit B. Exhibit B evidently refers to Exhibit B attached to the contract form which consists of road repairs and improvements. The estimated cost of this item is $25,000. The total amount expended for roads is listed as $31,150.87.

Under the same heading, subheading (b) Buildings, is listed Campsite, Exhibit B. The total is $1,657.39.

According to this statement the total spent under Exhibit B is $32,808.26. The letter dated February 18, 1952, signed by George F. Smith, Jr., of the law firm of Murphy, Duiker, Smith and Burwell, states that under Exhibit B $22,858.26 was spent. The breakdown of expenses sub-

mitted with the MF-104's lists $32,808.26. However, Labor as given on page 3, Exhibit D of the breakdown, lists labor for head sawyer, assistant sawyer, loggers, head carpenter and assistant carpenter. Evidently some of this labor was involved in building the bridges so that the cost listed under Exhibit D of the Form MF-104 is not the true cost of road repairs and improvements. It is impossible to estimate the actual cost of the road from the data submitted.

Mr. George F. Smith, in his letter dated March 6, 1952, addressed to Mr. Mittendorf, states with reference to the expenditures on the road: "By way of further clarifying the situation it was acknowledged from the outset of negotiatinns on the contract that the full cost of a road was not a proper charge against the contract. This was so because of the fact that the exploration program, while requiring a road of some sort, would not require a road of the calibre which was built. It was also conceded on the other hand, that it would be uneconomical to build a temporary road first with improvements later."

Exhibit B of the contract states: "8 miles from ranger stations to deposits. Road will consist of rough bulldozer trail with two temporary bridges. This road is absolutely necessary to permit access to the properties for equipment, supplies and personnel. Also, includes cost of access roads to each major deposit from campsite." Regardless of what Mr. Smith states in his letter dated March 6, 1952, Mr. Andrade agreed to constructing a rough bulldozer trail when he signed this contract. It is impossible to determine how much a road such as authorized by the contract would cost. The contractor's estimate was $15,000 for the road and $10,000 for access roads.

On Form MF-104, under Item 2, Operating Equipment (a) Purchased, is listed auger drill, operator, and supplies. The wages of the operator should be included under "Labor". Supplies should be placed under "Supplies."

Under the same heading (c) Furnished by Operator, is listed a station wagon, power wagon, D-8 Cat and a power wagon. It appears as if the power wagons and the Cat were used to construct roads to the drill sites. These costs should also be included in the estimated expenditures of $25,000 allowable under Exhibit B, attached to the contract.

The amount charged to labor on Form MF-104 is $10,172.20. This includes labor which should be charged to construction of a road and temporary bridges.

MF-104 gives the salary of the project manager as $3,000, which evidently is Mr. Knight's salary, and expenses of $1,113.96. We believe that Mr. Prommel's salary is the only supervisory salary which should be allowed, and that Mr. Knight's expenses of $1,113.96 should be disallowed.

Form MF-104 contains an item "Miscellaneous", $6,157.38. It will be necessary to break down this item before any payment can be made. Before Form MF-104 can be approved for payment the total amount of labor should be listed under "Labor", supervision listed under "Supervision", and contract work listed under "Contract Work".

Items of general overhead or items which are not direct costs of performing the exploration work are not allowed. The opinion of Mr. Andrade and Mr. George F. Smith,Jr., is that inasmuch as they did not spend in excess of the amount authorized by the contract they should be reimbursed in full for the pro rata share of any monies spent regardless of what it was spent for. They lose sight of the fact that the project only lasted 81 days and the labor schedule was set up for 180 days. It

is impossible to determine from the latest information submitted how much should be passed for payment. A number of accounts are shown on the work sheets submitted but there is no way of telling what was purchased. The work sheets submitted with the MF-104 forms dated March 17, 1952, do not correspond with the work sheets previously submitted. There is a different breakdown on the items and we are unable to reconcile the two sets of work sheets. The only way to arrive at a fair payment for this project would be to have theContinental Sulphur & Phosphate Corporation submit a new set of MF-104 forms along with a Narrative Report explaining the different charges. We are not willing to pay more than $25,000 for the improvement of the road from the ranger station to the deposits along with the bridges and access roads to each major deposit from the campsite.

J. F. Shaw

Attachment

JFS:ld

cc: Sub, chron.

CERTIFICATION BY THE UNITED STATES OF AMERICA
OF A DISCOVERY OR DEVELOPMENT UNDER
AN EXPLORATION PROJECT CONTRACT

Continental Sulphur and Phosphate Corp.
2010 Tower Petroleum Building
Dallas 1, Texas

Pursuant to the provisions of Exploration Project Contract No. Idm-E28, dated June 27, 1951 (Docket No. 103X), hereinafter called the "Contract," between you and the United States of America, hereinafter called the "Government"; to establish and fix the claim and lien of the Government under the terms of the Contract, the Government hereby certifies that a discovery or development has resulted from the work under the Contract from which commercial production of ore may be made, in or upon that certain property situated in the State of Wyoming, County of Park, described as follows: Secs. 5, 6, 7, 8, 9, 15 and 16, T. 54 N., R. 106 W., and Secs. 1 and 12, T. 54 N., R. 107 W.

The Government's estimate of said discovery or development is particularly described and delimited as follows:

Sulphur occurs in the interstices of shattered and jointed andesitic breccia of the Yellowstone volcanic plateau as irregular lenses of fumarolic origin. Core drilling has largely outlined the sulphur bearing lenses and has furnished sufficient data to calculate indicated ore reserves.

THE UNITED STATES OF AMERICA

By C D Mitchenor
Acting Administrator
Defense Minerals Exploration
Administration

Dated: MAY 1 1952

LGHouk:gad 4/14/52

Copy to: Mr. Jess Larson, Adm., DMPA
Admin. Reading File
Field Team, Region IV
Mr. Hedges, Rm. 4604
Mr. Thayer, Room 5216, GSA Bldg.
Operating Committee (2)
Mr. Houk
J. L. Chambers
Mr. Murkland
Finance Office

Mr Chambers

600 MAY 1 1952

Continental Sulphur and Phosphate Corp.
2010 Tower Petroleum Building
Dallas 1, Texas

Subject: Docket No. DMA-103 - Sulphur
Continental Sulphur and
Phosphate Corp.
Sunlight Basin Deposits
Park County, Wyoming
Contract Idm-E28

Gentlemen:

Transmitted herewith is a Certificate of Discovery under Contract No. Idm-E28 on the Sunlight Basin Sulphur Deposits.

By the terms of the Exploration Project Contract and of the Certification, all sulphur produced from the aforesaid claims listed in the Certificate of Discovery from the date of the Exploration Project Contract is subject to Government's percentage royalty as set forth in the contract is made, as weather conditions permit, of equipment, materials, and supplies purchased under the contract and final audit) of $39,705.00 is paid or until June 27, 1961.

Payments should be made to Mr. J. H. East, Jr., Executive Officer, DMEA Field Team, Region IV, 224 New Customhouse Building, Denver 2, Colorado. Checks should be payable to the Treasurer of the United States. The purchaser should be advised to deduct the royalties from the amount due on each shipment and forward check direct to the Executive Officer.

Royalty payments to the Government should be accompanied by suitable evidence, such as copies of settlement sheets, showing quantity and grade of the sulphur product sold, the name of the purchaser, and the price and charges, certified to be correct by the purchaser.

You are requested to notify Mr. East of any changes in

ownership or production rights that might have any effect on the Government's right to its percentage royalty. Also, if production ceases at any time for any extended period, please notify Mr. East at six-month intervals that no production has been made, when that is the case.

Sincerely yours,

C. O. Mittendorf

Acting Administrator
Defense Minerals Exploration
Administration

Enclosure

LCHouk:gad
4/11/52

Copy to: Admin. Reading File
Docket File
Field Team, Region IV
Mr. Hedges, Room 4604
Mr. Thayer, Room 5216 GSA Bldg.
Operating Committee (2)
Mr. Houk
J. L. Chambers
Mr. Murkland

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

600

Mr. Edmund F. Mansure, Administrator
Defense Materials Procurement Agency
General Services Administration Building
Washington 25, D. C.

Re: Docket No. DMEA-103 - Sulphur
Continental Sulphur and Phosphate Corporation
Sunlight Basin Deposits
Park County, Wyoming
Contract No. Idm-528

Dear Mr. Mansure:

Reference is made to our letter of May 26, 1952, advising you of the total cost of this project.

A final audit of this project has been completed and according to the final audit certificate the total accepted cost is $47,412.79. The Government participated in the project at the rate of 50%, and the total Government expenditure was $23,706.40. Please substitute these figures for the preliminary figures given in our letter of May 26, 1952.

Sincerely yours,

FRANK E. JOHNSON

ACTING Administrator

LOHouk:gad 7/14/53

Copy to: Admr. R. File
Operating Committee
Mr. Hedges, 4604
Mr. Thayer, 5216 GSA Bldg.
Field Team, Region IV
Mr. Johnson
Mr. Chambers
Docket File
Mr. Houk

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

600

JUL 17 1953

Continental Sulphur and Phosphate
Corporation
2010 Tower Petroleum Building
Dallas 1, Texas

Re: Docket No. DMEA-103 - Sulphur
Sunlight Basin Deposits
Park County, Wyoming
Contract No. Idm-828

Gentlemen:

Reference is made to our letter of May 1, 1952, transmitting a Certification of Discovery or Development on Contract No. Idm-828 on the Sunlight Basin Sulphur Deposits.

Please change the figure $39,705 in the last sentence of the second paragraph to $23,706.40, which is 50% of the total allowed expenditure under the subject contract certified, approved, and paid, and which amount is due the Government in the form of royalties on any production.

Sincerely yours,

FRANK E. JOHNSON

ACTING Administrator

LGHouk:gad 7/14/53

Copy to: Admr. R. File
Field Team, Region IV
Operating Committee
Docket File
Mr. Hedges, 4604
Mr. Chambers
Mr. Thayer, 5216 GSA Bldg.
Mr. Johnson

No. 1

AMENDMENT OF CONTRACT: No. I-DMA-E28

Contract Docket No. DMA-103, dated June 27, 1951, between the United States of America and Continental Sulphur and Phosphate Corporation, is hereby amended as follows, effective as of the date of said contract:

1. Referring to Exhibit "C" attached to Exploration Project Contract Form MF-200 under title, "List of Operating Equipment", subtitle, "Items to be purchased:" add the following:

   "1 Auger drill, estimated cost $3,806.70."

2. Referring to Exhibit "D" attached to Exploration Project Contract Form MF-200, under title, "Labor and Supervision Schedule:" subtitle "Labor" add the following:

   "1 Auger drill operator @ $2.55 per hour.
   1 Auger drill helper @ $1.50 per hour."

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may pay or the percentage of the costs which the Government may pay under the provisions of Article 11 of the contract form.

Dated April 14, 1952.

CONTINENTAL SULPHUR & PHOSPHATE CORPORATION

By _____
C. Andrade, III
President

UNITED STATES OF AMERICA

By _____
Executive Officer - DMA

To substitute auger drill work for one drill - less expensive and more available for the job.

Docket No. [illegible] 193

Commodity [illegible]

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

Please enter on the records of the Defense Minerals Exploration Administration, under the Strategic and Critical Minerals Exploration Program, the following contract, or amendment to contract.

Contract No. Idm-E 22

Date of Contract ~~or Amendment~~: June 27, 1951

Name and Address of Operator:
Continental Sulphur and Phosphate Corporation
2010 Tower Petroleum Bldg.,
Dallas, Texas

Amount of Government
participation ____ $ 3,954.90

Percent of Government
participation 50 %

Region: IV State: Wyoming

Note: This is cancellation of previous release of 5/15/50

(Name)
J. L. Chambers,
Chief, Contract Administration and
Audit Division

(Title)
June 4, 1953

Date Delivered to Bureau of Mines, Washington.

13908

Docket No. 103

Commodity Sulphur

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

Please enter on the records of the Defense Minerals Exploration Administration, under the Strategic and Critical Minerals Exploration Program, the following contract, or amendment to contract.

Contract No. Idm-E 28

Date of Contract ~~or Amendment~~ June 27, 1951

Name and Address of Operator:

Continental Sulphur and Phosphate Corporation
2010 Tower Petroleum Building
Dallas, Texas

Amount of Government participation $39,705.00

Percent of Government participation 50 %

Region: IV State: Wyoming

NOTE: Please release $19,953.~~49~~ 50.

(Name)

E.D. Zolbert
(acting) Chief, Contract Administration and Audit Division

(Title)

Date Delivered to Bureau of Mines, Washington. May 15, 1952 13808

MF-200
(April 1951)

Index
No. Card
Card
Reviewed 8/8/57

Docket No. F A 103
Commodity Sulphur
~~I-DMA-E28~~
I-DMA E2

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

RECEIVED
JUL 12 1951
G. A. O.

EXPLORATION PROJECT CONTRACT [1]

It is agreed this 27th day of June, 1951, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration, hereinafter called the "Government," and [2]
Continental Sulphur & Phosphate Corporation
~~2010 Tower Petroleum Building~~
Dallas, Texas
A Delaware Corporation
hereinafter called the "Operator," as follows:

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

2. *Operator's property rights.* The exploration project shall be conducted on that certain property situated in the State of Wyoming, County of Park described as follows: [3]
(See Attached)
with respect to which the Operator represents and undertakes: [4]

JUL 19 1951
RECEIVED

(*a*) That he is the sole owner, in possession and entitled to possession, and that the property is subject only to the following claims, liens, or encumbrances as to each of which the subordination agreement of the holder is attached:
None

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

3. *Exploration project.* The Operator, within Thirty (30) days from the date of this contract shall commence work on a project of exploration for [5] Sulphur; shall prosecute the work efficiently, expertly, in a workmanlike manner, in accordance with good mining standards, with suitable and adequate equipment, materials, and labor, all properly designed to bring the project to completion within a period of [6] Six (6) Months from the date of this contract. The exploration project and the work to be performed are more fully described on Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, is made a part of this contract.

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

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

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

JUL 19 1951
RECEIVED

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

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

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

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

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

11. *Participation by the Government.* At the end of the first full calendar month after the Operator has commenced work under the project, and at the end of each succeeding calendar month, the Operator shall submit to the Government a voucher for payment with a detailed statement of work done and allowable costs (as defined in Article 10 of this agreement) incurred, in a form and with supporting data acceptable to the Government. After approving the voucher, the Government shall pay to the Operator ---50--- percent of the sum of such costs incurred; *Provided,* That the aggregate total of all sums paid by the Government under this agreement shall not exceed $---39705.00---, which is ---50--- percent of the agreed estimated total cost of this project, $---79410.00---.

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

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

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

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

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

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

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

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

Executed in triplicate the day and year first above written.

THE UNITED STATES OF AMERICA

Continental Sulphur & Phosphate Corporation
(Operator)

By ---

By ---C. Andrade, III President

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

By ---

H. M. Oster, Secretary

Administrator
Defense Minerals Administration

CONTINENTAL SULPHUR & PHOSPHATE CORPORATION
2010 TOWER PETROLEUM BUILDING
DALLAS 1, TEXAS

Attachment Referred to in Paragraph 2 of

Exploration Project Contract - Form MF 200

Description of Properties - All of the operator's properties located in Townships 54 and 55 North, Ranges 106 and 107 West, Park County, Wyoming, and more particularly described in those certain claims recorded in the office of the County Clerk of Park County, Wyoming to which reference is hereby made for all purposes as if fully incorporated herein, as follows:

Name of Claim	Recorded On	In Book	At Page
Moose Lode	Feb. 6, 1943	86	365
Moose Lode #1	Feb. 5, 1943	86	366
Moose Lode #2	Feb. 5, 1943	86	367
Moose Lode #3	Feb. 5, 1943	86	367
Moose Lode #4	Feb. 5, 1943	86	368
Moose Lode #5	Feb. 5, 1943	86	369
Moose Lode #6	Feb. 5, 1943	86	370
Moose Lode #7	-	-	-
Bea Lode	-	-	-
Glendale Lode	Mar. 23, 1943	86	380
Bea Lode #1	June 21, 1943	86	387
Sulphur Lake Lode	Feb. 5, 1943	86	370
Sulphur Lake Lode #1	Feb. 5, 1943	86	371
Sulphur Lake Lode #2	Feb. 5, 1943	86	372
Sulphur Lake Lode #3	Feb. 5, 1943	86	373
Sulphur Lake Lode #4	Feb. 5, 1943	86	374
Sulphur Lake Lode #5	Feb. 5, 1943	86	374
Sulphur Lake Lode #6	Feb. 5, 1943	86	375
Sulphur Lake Lode #7	Feb. 5, 1943	86	376
Sulphur Lake Lode #8	Feb. 5, 1943	86	377
Sulphur Lake Lode #9	Feb. 5, 1943	86	377
Yellow Rose Placer	Feb 6, 1942	86	283
Oregon Placer	Feb. 6, 1942	86	284
Sulphur Mt. Placer	Feb. 6, 1942	86	285
Elk Wallow Placer	Feb. 6, 1942	86	285
Pioneer Placer	Feb. 6, 1942	86	286
Wyoming Placer	Feb. 6, 1942	86	287
Big Blowout Placer	Feb. 6, 1942	86	282
Light Sunlight Sulphur Placer"	6, 1942	86	283
Wilmar Placer Mining Claim	Jul. 29, 1947	86	540
Wilmar Placer #1	July 29, 1947	86	539
Wilmar Placer #2	July 29, 1947	86	539
Sunlight Sulphur Mill Site	Mar. 23, 1943	86	380
Sunlight Lode Claim	Mar. 23, 1943	86	381

CONTINENTAL SULPHUR & PHOSPHATE CORPORATION
2010 Tower Petroleum Building
Dallas, Texas

Exhibit "A" - to

Exploration Project Contract - Form MF 200

The Exploration Project is to be conducted for sulphur. There are large outcrops of sulphur on properties held by the operator in Sunlight Basin, Park County, Wyoming, and the present known reserves are summarized in report prepared by Ralph E. Davis in July 1950. (Copies of this report were submitted with the operator's Application for Aid, Form MF 103 dated May 3, 1951, and are incorporated herein by reference for all purposes.)

It is necessary at this time to determine the ultimate extent of mineable sulphur ore beyond that which is known to be recoverable at this time. Also, it is necessary that each deposit of sulphur ore be defined accurately for depth, quality, and size. Operator will drill approximately 100 core holes in this program. Map attached as part of this Exhibit "A" designates the recommended locations for the first 36 core holes. Additional core hole locations will be made on 100 foot square intervals, based upon the findings in the presently designated core holes.

Core holes will be drilled to a minimum depth of 50 feet and continued in depth as long as sulphur is recovered down to a maximum depth of 250 feet. Continuous coring from the surface is required and analyses of free sulphur content of all cores must be made. In addition, complete chemical analyses of certain representative samples are required to ascertain the exact quantity and type of associated materials.

The drilling contract which is attached to Exhibit "C" is based upon estimates by the Chief Geologist of the company and representatives of Jones Core Drilling Company, as follows:

Total number of holes	100
Estimated total footage	10,000 feet
Estimated drilling capacity of rigs, 50 feet per rig per day, i.e., 100 per day X 100 days	10,000 feet.

Although the Jones Core Drilling Company has guaranteed a recovery of at least 90 per cent (see copy of contract attached to Exhibit "C") based upon improvements in drilling techniques recently developed, the percentage of recovery could actually be somewhat less than that figure and would still provide sufficient data to enable

a reasonably accurate approximation of the total reserves.

It is understood that an engineer will be employed to supervise this work who has had experience with sampling methods that have been used at other properties with similar mineral deposits and who has the approval of the Executive Director of Region IV of the U. S. Bureau of Mines.

Exhibit "B" - to

Exploration Project Contract - Form MF 200

List of additional Facilities, Buildings, and Fixtures.

Road repairs and improvements -
Eight miles from Ranger Station to Deposits. Road will consist of rough bulldozed trail with two temporary bridges. This road is absolutely necessary to permit access to the properties for equipment, supplies, and personnel. Also, includes cost of access roads to each major deposit from campsite - $25,000.00

Breakdown:
The Haberthier Construction Company, Cody, Wyoming, has furnished the following estimate of equipment and personnel which will be required in the construction of the road:

Item	Days	Hrs. per Day	Rate per Hr.*	Total
2 TD-18 Dozers	30	10	$12.50	$ 7,500.00
1 TD-14 Dozer	30	10	10.00	3,000.00
1 TD-9 Dozer	15	10	9.00	1,350.00
1 Grader	15	10	8.50	1,275.00
1 Air Compressor	7½	10	8.50	637.50
1 TD-18 Scraper	15	10	2.00	300.00
Powder				800.00
1 Powder Man	7½	10	2.50	187.50
				$15,050.00

$3,000 of the total shown for the 1 D-8 Caterpillar (see Exhibit "C") will be used in the road project $ 3,000.00

Miscellaneous use of equipment shown on Exhibit "C" and supervisory personnel included on Exhibit "D" $ 2,950.00

$4,000 of the labor charges shown on Exhibit "D" covering head sawyer, assistant sawyers, loggers, head bridge carpenter, and assistant carpenters	$ 4,000.00
Total -	$25,000.00

*Rates include operators.

Brought forward	$25,000.00

Note: To the extent that items are duplicated in road construction costs, these have been excluded in the cost summary which follows Exhibit "E".

Campsite

1 - Supervisor's log cabin	1,700.00
1 - Furnishings for bunkhouse	1,000.00
Total -	$27,700.00

Exhibit "C" - to

Exploration Project Contract - Form MF 200

List of Operating Equipment

Items to be furnished by operator:

Item	Daily Rental Value	Days	Total
1 Willis 4 Wh Drive Station Wagon	$ 10.00	180	$ 1,800.00
1 Dodge Power Wagon	12.50	180	2,250.00
1 D-8 Caterpillar	50.00	120	6,000.00 - 3000 for road
1 FWD - 2 Ton Truck	12.50	90	1,125.00

Items to be purchased:

1 Snow plow	200.00 ✓
1 Complete field laboratory - includes balances, ovens, chemicals and supplies for determining free sulphur content of cores	2,000.00 ✓ X

Items and services to be rented:

2 Core drilling rigs complete with core barrels and crews @ $125/day each - $125 X 2 X 100 (See copy of contract with Jones Drilling Company attached.)	$25,000.00
1 Jeep with 4 Wheel Drive for transporting personnel to deposits from campsite @ $10/day	$1,800.00
Total -	$40,175.00

Exhibit "D" - to

Exploration Project Contract - Form MF-200

Labor and Supervision Schedule:

Labor

Type	No.	No. Days	Rate/D	Maximum
Cook	1	180	$12.50	$2,250.00
Cook's helper	1	180	10.00	1,800.00
Head Sawyer	1	60	15.00	900.00
Ass't. Sawyers	2	60	12.50	1,500.00
Loggers	2	60	10.00	1,200.00
Head Bridge Carpenter	1	120	18.00	2,160.00
Ass't Carpenters	2	180	15.00	5,400.00
Bookkeeper	1	180	5.00	900.00
Mechanic	1	180	10.00	1,800.00
Assayer	1	120	15.00	1,800.00

Supervisors

Position	No.	Salary/Mo.	No. Months	Maximum
Geologist and Supervisor	1	$1000.00	6	$6000.00

Exhibit "E" - to

Exploration Project Contract - Form MF-200

Rehabilitation and Repairs

Items	Cost of Repairs
Bunkhouses	$1,000.00
Cook Shack	500.00
Work Shop	500.00
FWD Truck	700.00
Machine Shop	300.00
Saw Mill	- 0 -
	$3,000.00

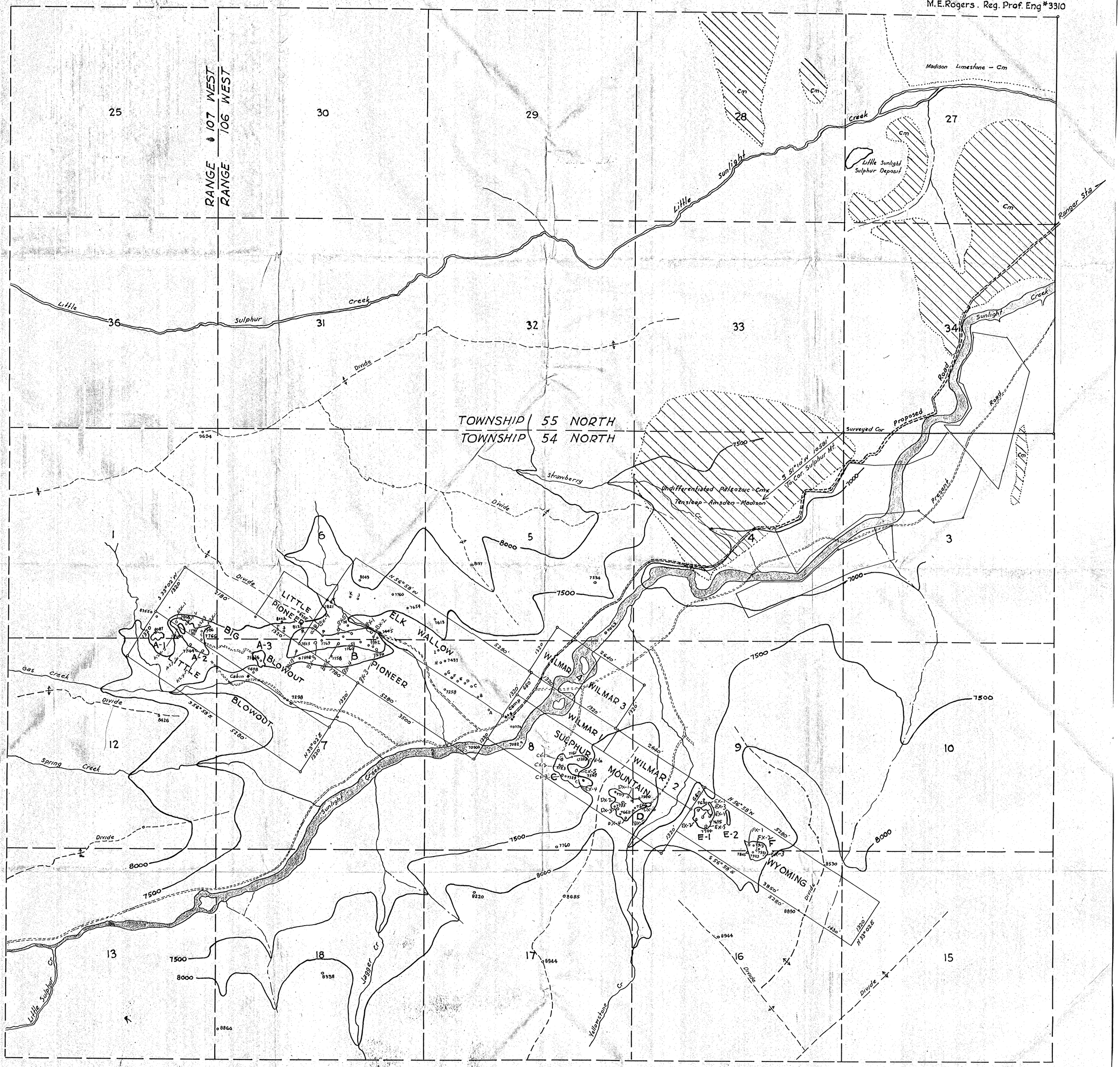
- - - - - - - - - - -

COST SUMMARY

From Exhibit "B"	$27,700.00	
From Exhibit "C"	40,175.00	
From Exhibit "D"	25,710.00	
From Exhibit "E"	3,000.00	
		$ 96,585.00
Duplications explained in breakdown of road costs: Operator-furnished items which will total	$11,175.00	
Exhibit "D" duplications - approximately	6,000.00	
		$ 17,175.00
Total -		$ 79,410.00

SUNLIGHT BASIN SULPHUR CLAIMS

PARK COUNTY, WYOMING.

From Office of Winfrey - Paine & Phillips. Dallas, Texas.
Control tied to Claim Boundry Surveys by Howard Bell. Cody, Wyoming.
Relief from Aerial Photos.

Scale - 1 inch = 1000 feet
Revised Date July 21, 1950.
M.E.Rogers. Reg. Prof. Eng #3310