

**OFFICE OF MINERALS RECLAMATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION**

OFFICIAL FILE COPY
O. M. E.
RECEIVED OCT 16 1958

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Chief Consolidated Mining Company
608 Hooley Bldg., Salt Lake City, Utah

DATE	INITIALS	CODE
10/16	C	220
		800

pertaining to Exploration Project Contract No. 100-24, Docket Nos. 100-1 & 14, dated June 13, 1951, amendments Nos. 1 through 3, first amended contract dated June 16, 1953, as of June 13, 1951, second amended contract dated June 16, 1953, as of July 11, 1952, amendments Nos. 1 through 4 to this contract, Termination Agreement dated January 30, 1956, Disposal of Government's Interest in Property dated September 23, 1958, covering a project for exploration of lead, zinc ores on property generally referred to as the Chief Consolidated Mine in Juab County, Utah for the period June 13, 1951 through May 31, 1955.

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

This review was made in lieu of a final audit of the operator's accounts and records for the reasons given on the attachment to this report.

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

Total costs as billed by the Contractor	\$389,360.25
Less: Proceeds from Property Disposition (See Schedule No. 1 attached)	20,274.26
Net Cost as Claimed by Operator	\$369,085.99
Exceptions: (See audit report Jan. 23, 1957)	
Prior to this review	\$2,659.86
Less: Reinstatement by Review	0.00
Herewith	0.00
Total Accepted Cost	<u>\$366,626.13</u>

The contract for participation of exploration expenses by the United States Government is as follows:

30% of \$332,154.57	or	\$166,077.29
25% of 34,471.96	or	8,617.89
Totals		<u>\$174,695.18</u>

Therefore, payment to the contractor by the Government in the amount of One hundred seventy-four thousand, six hundred ninety-five and 18/100ths Dollars is valid and proper, provided that the Regional Executive Officer, the Administrator, or other competent official has accepted or will accept the project as having otherwise met the terms of the contract.

Amount payable to Contractor	\$174,695.18
Amount reimbursed	174,695.18
Balance	<u>\$ 0.00</u>

October 10, 1958

Donald T. Finch
Donald T. Finch, OMS Auditor

REASONS FOR REPORT OF REVIEW IN LIEU OF FINAL AUDIT

CHIEF CONSOLIDATED MINING COMPANY

CONTRACT ICA-14

DOCKET EMA 1 & 1A

- (a) All cost of operations prior to liquidation of jointly owned property covering the period June 13, 1951 to May 31, 1955, had been audited. See Audit Report, January 23, 1957.
- (b) All sales of jointly owned property and pertinent amounts were approved by the Administrator.
- (c) Claimed costs of liquidation consisting of labor and applicable payroll taxes were supported by an itemized schedule which the examining engineer checked in detail to the operator's payroll records.

CHINT CONSOLIDATED MINING COMPANY

SCHEDULE OF PROPERTY LIQUIDATION

CONTRACT Idm-14

DOCKET IMA 1 & 1A

<u>Date Sale Authorized by MSHA</u>	<u>Equipment</u>	<u>Gross Sale</u>	<u>Cost of Liquid'n.</u>	<u>Net Sale Value</u>	<u>% Due Gov't</u>	<u>Amount Due Government</u>
<u>1957</u>						
3/29	Hydromucker	\$ 1,554.00		\$ 1,554.00	25%	\$ 388.50
2/8)	Larkin Transformer					
2/14)	and Accessories	9,005.48			50%	
2/8	37 Strand No. 2 Cable	67.08			"	
7/10	2 Pump Cases (Junk)	38.70			"	
<u>1958</u>						
3/4	37 Strand Cable	1,277.76			"	
3/4	37 Strand Cable	30.00			"	
3/4	37 Strand Cable	30.00			"	
3/4	37 Strand Cable	413.04			"	
3/4	Westinghouse Starter with Motors	955.00			"	
3/4	37 Strand Cable	40.00			"	
9/23	Balance of Equipment	13,000.00 *			"	
		<u>\$4,548.28</u>	<u>\$4,117.80</u>	<u>18,720.26</u>	50%	<u>9,360.13</u>
	Totals	<u>\$25,392.06</u>	<u>\$6,117.80</u>	<u>\$20,274.26</u>		<u>\$9,748.63</u>

* M. H. Noves' letter of July 7, 1958. Reports check of labor and payroll taxes in detail to Operator's payroll records.

OCT 21 1958

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

Re: Docket Nos. DMA-1 and 1A (Lead-Zinc)
Chief Consolidated Mining Company
Contract No. Idm-E4

Dear Mr. Finch:

Your Report of Review covering the referenced project
is acceptable and normal distribution is authorized.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers
Contract Administration
and Audit Division

GMcCarthy/GMcC
October 21, 1958

cc: Docket
Director's Reading File
Mr. Chambers

CERTIFICATE OF DEPOSIT

Standard Form 219

Identification of Accountable Officer Affected

(1) Office Deposit Symbol:

9013

(2) For Consolidated Abstract of Treasury Regional
Office at (city and state):

Denver, Colo.

10/2/58

55

(Date sent)

(Deposit No.)

(3) The Sum of

Deposited with **Federal Reserve Bank of Kansas City, Mo., Denver, Colo.**

\$ 9,241.88

(Name and location of depository)

(4) Classification of Deposit

Account Symbol	Amount	Account Symbol	Amount
14X4401	\$ 9,241.88		\$

(6) Department or Agency and address whose
accounts are credited, IF OTHER THAN de-
positing agency.

(5)

14-23-040

Defense Minerals Exploration Administration

224 New Custodianhouse
Denver 2, Colo.

(7) SPACE BELOW TO BE USED BY DEPOSITARY ONLY. I certify
that the above amount has been received for credit in the account of
the Treasurer of the United States on the date shown, subject to ad-
justment for uncollectible items included therein.

(Authorized signature)

OCT 2 - 1958

(Date of credit in Treasurer's account)

Depository will date, sign and forward to depositor.

E-981 Mercury Uranium &
Oil Company

62.16

E-908 Price Exploration 2,942.80

E-4 Chief Consolidated
Mining

6,236.92

The above E-4 is not a
royalty payment; to be
credited to voucher
payments.

9,241.88

OFFICIAL COPY	
RECEIVED OCT 10 1958	
DATE	10/6
225-800	

284 New Customhouse
Denver 2, Colorado
October 23, 1958

EXTRA COPY		
RECEIVED OCT 23 1958		
DATE	INITIALS	CODE
		800

Memorandum

To: T. A. Christensen

From: Acting Executive Officer, GNS Field Team, Region III

Subject: Docket No. NEBA 1 and 1A (Lead-Zinc) Second Amended Contract for ~~the~~ Chief Consolidated Mining Company, (Chief No. 1 mine) Park and Utah Counties, Utah - FINAL SETTLEMENT

Reference is made to our memorandum of October 1, 1958, whereby we forwarded check No. 1735 from the subject Operator, in the amount of \$6236.92, as settlement of the balance due for the Government's interest in property acquired under the contract.

In accepting the Operator's check, in effect, final payment was made to the Operator, which is in conformance with the Report of Review of the reported project costs by the Contract Administration and Audit Division, GNS, dated October 10, 1958.

The account is considered to be closed, therefore, we are closing our records pertaining to the contract.

Original signed by
E. N. HARSHMAN
E. N. Harshman

JBC:amb

cc: Chmn. Sp. Comm. (2)
Harshman (2)
Harris, GNS/SIC
MF-104 file, Reg. III
Corpus. file, Reg. III
Cooper (2)
Chmn

224 New Customhouse
Denver 2, Colorado
October 2, 1958

800

Memorandum

To: GNE Auditor, Region III - w/enclosures

From: Acting Executive Officer, GNE Field Team, Region III

Subject: Contract No. 222A 1 and 1A (Lead-Zinc), Second Amended Contract No. 222-22, Chief Consolidated Mining Company (Chief No. 1 mine), Job and Utah Counties, Utah

Enclosed are copies of the following correspondence pertaining to settlement of the Government's interest in property acquired under the subject contract:

1. Copy of our memorandum of October 1, 1958 to T. A. Christensen, whereby the Operator's check in the amount of \$6,235.92, to the net balance due as the Government's share of property disposal, was forwarded for credit to voucher payments.
2. Copy of an instrument entitled "RESPONSE OF GOVERNMENT'S INTEREST IN PROPERTY," dated September 23, 1958, signed by the Acting Director, Office of Minerals Exploration.

Copies of all previous correspondence relative to the matter of property liquidation have been forwarded to your office.

In arriving at the balance due the Government, and in accepting the Operator's check in payment thereof, in effect, final payment has been made to the Operator. Therefore, we will appreciate your furnishing to this office a final Certificate and Report of Audit, or Report of Review of the reported project costs, whichever the case may indicate.

Original signed by
E. N. HARSHMAN

E. N. Harshman

JNC:prl

cc: Chem. Op. Comm. (2)
Harshman (2)
Hesse, GNE/SIC
Corpus. File
Cooper (2)
Gurn.

<u>Chief Con. Equipment</u>		<u>Govt. Participation</u>	
	<u>Cost</u>	<u>@ 25%</u>	<u>@ 50%</u>
Total per Operator's Cost	\$ 118,741.82	\$ 647.50	\$ 58,075.91
Unrecoverable, per Operator	2,979.44	-	1,489.72
Salvaged Equip., per Opr.	115,762.38	647.50	56,586.19
Addtl. for Grading	19,644.14	-	9,822.07
Total Salvaged Equipment	\$ 135,406.52	\$ 647.50	\$ 66,408.26
* Items sold to 7/31/58	23,183.60	647.50	10,296.80
Unsold Salvaged Equip.	112,222.92	0	56,111.46

//

* Cost of items sold	\$ 23,183.60	\$ 647.50	\$ 10,296.80
Sales Proceeds (av. 57.7%)	\$ 13,392.05	\$ 388.50	\$ 5,919.03
Salvage Costs, Paid ^A	3,117.80	0	1,558.90
" " Payable ^{AB}	3,000.00	0	1,500.00
Net Proceeds to 7/31/58	\$ 7,274.25	\$ 388.50	\$ 2,860.13

^A Applicable to the salvage and planning on the surface at Curoba, Utah, of all salvageable property. (\$135,406.52).

^B Partially offset by overpayment (\$2,000.00) and partial payment (\$2,000.00) received during audit.

Property Salvage Recap

<u>Items Sold</u>	<u>Proceeds % of Cost</u>	<u>Cost</u>	<u>Proceeds</u>	<u>Net. Part.</u>	<u>C.D.</u>
1 Hydramucker	60%	\$2,590.00	\$1,554.00	\$388.50	4/5/57
2 Centr. Pump Casing	?	?	38.70	19.35	8/28/57
1 Transformer	59.2%	11,694.00	7,000.00	3,500.00	4/26/57
200' Neoprene Cable	65%	103.20	67.08	33.54	5/24/57
6 Arrestors	60.4%	489.60	293.76	146.88	4/26/57
2 Recirculation Switches	74.4%	712.00	530.00	265.00	4/26/57
3 " "	65.3%	264.00	172.50	86.25	4/26/57
3 Arrestors	60.4%	1,513.68	908.22	454.11	4/26/57
6 Transformers	63.6%	160.50	102.00	51.00	4/26/57
6703' Neoprene Cable	36.9%	3,458.75	1,340.60	670.30	} 4/14/58
Recycling Expense			-62.85	-31.42	
Salvage Cost Jan '56 - Feb '58		—	-6,117.80	-3,058.90*	—
150' Neoprene Cable	38.8%	77.40	30.00	15.00	5/6/58
150' " "	38.8%	77.40	30.00	15.00	5/13/58
2.130' " "	37.6%	1,099.08	426.00	213.00	} 6/9/58
Recycling Expense			-12.96	-6.48	
1 Starter w/brakes	111.2%	840.79	935.00	467.50	6/18/58
200' Neoprene Cable	38.8%	103.20	40.00	20.00	8/4/58

* \$1558.90 partial payment made 7/18/58

244 New Castlehouse
Denver 2, Colorado
October 1, 1958

EXTRA COPY		
O. M. E.		
RECEIVED OCT 3 1958		
DATE	INITIALS	CCL
		200

Memorandum

To: Chairman, Operating Committee, ORE ✓
From: Acting Executive Officer, ORE Field Team, Region III
Subject: Pocket No. 1001 1 and 1A (last-21st), Second Awarded
Contract No. 1001, Chief Generalized Mining Company
(Chief No. 1 mine), Jackson and Utah Counties, Utah

The subject Operator has rendered proper payment of the net amount due the Government on liquidation of property acquired under the contract. Therefore, in accordance with your letter of September 23, 1958, we are enclosing the Government's and Audit copies of the instrument entitled, "DEPARTMENT OF COMMERCE'S INTEREST IN PROPERTY", dated September 23, 1958, and signed by the Acting Director, Office of Minerals Regulation.

Copies of the instrument have been distributed to the Operator, the Finance Office, and others concerned in Region III.

R. E. Ruchman

Enclosures

ENC:pr1

cc: Finance Office, } w/copy of
Region III } instrument.
Ruchman-2
Bates ORE/SIC
ORE Auditor,
Region III
Curran. file
Cooper-2
Chen.

Audit's copy

DISPOSAL OF GOVERNMENT'S INTEREST IN PROPERTY

To: Chief Consolidated Mining Company
608 Dooly Building
Salt Lake City, Utah

The United States of America, acting through the Department of the Interior, Office of Minerals Exploration, for a valuable consideration hereby sells, assigns, transfers and sets over to you all of its right, title and interest in all property acquired under Exploration Project Contract No. Ldm-14, Docket Nos. DMEA-1 and 1A, dated June 16, 1953, as amended.

Dated _____, 1958. SEP 23

THE UNITED STATES OF AMERICA

BY William H. Murray
Mining Director, Office of Minerals Exploration

224 New Customhouse
Denver 2, Colorado
October 1, 1958

EXTRA COPY	
O. N. E.	
RECEIVED OCT 5 1958	10/6
DATE	100
	800

Memorandum

To: Chairman, Operating Committee, ONE ✓
From: Acting Executive Officer, ONE Field Team, Region III
Subject: Docket No. DSSM 1 and 1A (Lead-Zinc), Second Awarded
Contract No. 100-21, Chief Consolidated Mining Company
(Chief No. 1 mine), Utah and Juab Counties, Utah

Enclosed are two copies of a memorandum, dated October 1, 1958, from this office to T. A. Christensen, with enclosures, relative to the rendering by the subject Operator of Check No. 1785 in the amount of \$6,236.92, as the net balance due on settlement of the Government's interest in property acquired under the contract.

Original signed by
E. N. HARSHMAN
E. N. Harshman

Enclosures

JEC:prl

cc: Corres. File
Cooper
Chron.

222 New Hampshire
Denver 2, Colorado

OCT 1 1958

Memorandum

To: T. A. Christensen
From: Acting Executive Officer, GSW Field Unit, Region III
Subject: Check No. 1785 1 and 2 (Ind-110), Second Amended Contract
No. 110-10, Chief Consolidated Mining Company (Chief No. 1 Mine),
East and Park Counties, Utah

Enclosed is check No. 1785 from the subject Company in the amount of \$6,236.92, as settlement of the net balance due for the Government's interest in the property acquired under the contract. Also enclosed are the following:

1. Copy of relative letter to this office, dated September 23, 1958, from the Chairman, Operating Committee, GSW.
2. Copy of a letter from this office, dated September 23, 1958, to W. V. Watson, Vice President, Chief Consolidated Mining Company, whereby the Company was informed of the amount due the Government.

The amount of payment to the Government by check No. 1785 is recast as follows:

Agreed value of the Government's interest in the remaining items of property	\$ 6,500.00
Amount previously withheld from reimbursement to Chief Consolidated Mining Company	\$ 1,500.00
Compensation to Chief Consolidated Mining Company per Second Interim Audit, dated 6/19/58	<u>1,236.92</u>
Balance of withheld amount due Chief Consolidated Mining Company	<u>263.08</u>
Amount due the Government	\$ 6,236.92

The amount of \$6,236.92 is to be credited to voucher payments.

JEC:pyl

cc: Gen. Op. Comp.-2
Reno, GSW/SIC
ME-114 file, Reg. III
Bureau-2
GSW Auditor, Reg. III
Correc. file
Cooper-2
Chen.

} w/copy of enclosures
} items 1 and 2.

Original signed by

R. E. Buckman



UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
WASHINGTON 25, D. C. 500

OME
DEPARTMENT OF THE INTERIOR
SEP 25 1958
REGION III
DENVER, COLORADO

SEP 23 1958

Mr. J. W. Townsend
Alternate Acting Executive Officer
OME Field Team, Region III
224 New Customhouse Bldg.
Denver 2, Colorado

Re: Docket No. DMEA-1 & 1A (Lead-Zinc)
Chief Consolidated Mining Company
Chief No. 1 Mine
Juab and Utah Counties, Utah
Second Amended Contract No. Idm-El

Dear Mr. Townsend:

With reference to your memorandum of September 10, 1958, we are enclosing the original and four copies of a Disposal of Government's Interest In Property, which have been signed by the Acting Director for the Government.

Upon receipt of the proper payment, the document may be forwarded to the Operator; copies then will be distributed as indicated.

Two extra copies are enclosed for the use of the Field Team.

Sincerely yours,

George C. Selridge
Chairman, Operating Committee

Enclosures

APPROVED:

F. J. Benveniste
Member, Bureau of Mines

A. E. Nelson
Member, Geological Survey

224 New Castlehouse
Denver 2, Colorado
September 25, 1958

Mr. W. W. Watson, Vice President
Chief Consolidated Mining Company
603 Dealy Building
Salt Lake City, Utah

Re: Deedlet No. DUMA 1 and 1A (Lead-Zinc)
Contract No. 124-24
Chief Consolidated Mining Company
(Chief No. 1 mine)
Utah and Juab Counties, Utah

Dear Mr. Watson:

Reference is made to your letter of September 9, 1958 and prior correspondence, relative to the settlement of the Government's interest in the remaining items of jointly owned property acquired under the Contract.

We have at hand an instrument, signed by the Acting Director, Office of Minerals Exploration, Washington, D. C., transferring to your Company all right, title, and interest in the property acquired under Contract No. 124-24, which we are authorized to forward to you upon receipt of payment by your Company of the amount due the Government. The amount due the Government in the transaction is as follows:

Agreed value of the Government's interest in the remaining items of property	\$ 6,500.00
Amount previously withheld from reimbursement to Chief Consolidated Mining Company	\$ 1,500.00
Overpayment to Chief Consolidated Mining Company as per Second Interim Audit, dated 8/19/58	<u>1,235.92</u>
Balance of withheld amount due Chief Consolidated Mining Company	<u>263.08</u>
Amount due the Government	\$ 6,235.92

We trust that the foregoing meets with your approval and that we will hear from you at an early date.

JWT:prl

cc: Chem. Op. Comm. -2

Harshman-2

Bowes, OME/SIC

OME Auditors, Reg. III

MF-104 file, Reg. III-5

Corres. file

Cooper (2)

Chron.

Very truly yours,

w/copy of
Chairman's
letter

of

Sept. 23. Acting Executive Officer

Original signed by

E. N. HARSHMAN

E. N. Harshman

224 New Courtland House
Denver 2, Colorado
October 1, 1958

800

Mr. W. W. Watson, Vice President
Chief Consolidated Mining Co.
608 Peely Building
Salt Lake City, Utah

Re: Receipt No. 228A 1 and 1A (Lead-Zinc)
Special Amended Contract No. 228-24
Chief Consolidated Mining Co.
(Chief No. 1 mine)
Utah and Jack Counties, Utah

Dear Mr. Watson:

Receipt is acknowledged of your letter dated September 26, 1958, whereby you forwarded check No. 1785, in the amount of \$5,236.92, as the net amount due the Government as liquidation of the Government's interest in property acquired under the contract.

Enclosed is the "Operator's Copy" of an instrument, entitled "DISPOSAL OF GOVERNMENT'S INTEREST IN PROPERTY", dated September 23, 1958, signed by the Acting Director, Office of Minerals Exploration, whereby the Government sells, assigns, transfers, and sets over to Chief Consolidated Mining Company all property acquired under the Special Amended Contract No. 228-24.

In reference to the request contained in your letter, records in this office, which are tentative and subject to audit, indicate the amount due the Government, contingent on production from the property, to be \$47,639.28.

Very truly yours,

Original signed by

E. M. HARSHMAN

E. M. Harshman
Acting Executive Officer

JDC:prl

cc: Finance Office, } w/copy of
Region III } Operator's letter
Gen. Sp. Comm.-2 } dated September 26,
Harshman-2 } 1958.
Hess, GME/SLC
Cooper-2
Corres. file
Chen.

Chief Consolidated Mining Co.

608 DOOLY BUILDING
SALT LAKE CITY, UTAH

September 26, 1958

Mr. E. N. Harshman
Acting Executive Officer
Office of Minerals Exploration
224 New Customhouse
Denver 2, Colorado

Re: Docket No. DMEA 1 and 1A (Lead-Zinc)
Contract No. Idm-E4
Chief Consolidated Mining Co.
(Chief No. 1 Mine)
Utah and Juab Counties, Utah

Dear Mr. Harshman:

I enclose our Company's check No. 1785 in the amount of \$6,236.92 in full payment for the Government's interest in the property acquired under the above captioned contract as outlined in your letter of September 25. We shall appreciate receiving the instrument transferring the Government's right, title, and interest in this property.

According to the terms of the contract, there remains an amount due the Government which is contingent upon ores produced from the property for a period of fifteen years from the date of execution of the Contract. So that our records will be in agreement, we will appreciate receiving from you a statement of the amount of this contingent liability as it appears on the Government's books.

Very truly yours,



W. W. Watson
Vice President

WWW:ALC

Enc. - Check

OME
DEPARTMENT OF THE INTERIOR

OCT 1 - 1958

REGION III
DENVER, COLORADO

224 New Castle Avenue
Denver 2, Colorado
September 23, 1958

FILED	SEP 29 1958
DATE	FILED
	800

Mr. W. H. Harshman, Vice President
Chief Consolidated Mining Company
600 Brady Building
Salt Lake City, Utah

Re: Contract No. 10001 I and 1A (Lead-Zinc)
Contract No. 10002
Chief Consolidated Mining Company
(Chief No. 1 mine)

Dear Mr. Harshman:

Utah and Salt Counties, Utah

Reference is made to your letter of September 9, 1958 and prior correspondence, relative to the settlement of the Government's interest in the remaining items of jointly owned property acquired under the Contract.

We have at hand an instrument, signed by the Acting Director, Office of Mineral Reclamation, Washington, D. C., transmitting to your Company all right, title, and interest in the property acquired under Contract No. 10002, which we are authorized to forward to you upon receipt of payment by your Company of the amount due the Government. The amount due the Government in the transaction is as follows:

Agreed value of the Government's interest in the remaining items of property	\$ 6,900.00
Amount previously withheld from reimbursement to Chief Consolidated Mining Company	\$ 1,500.00
Compensation to Chief Consolidated Mining Company on your Second Interim Audit, dated 8/19/58	1,836.92
Balance of withheld amount due Chief Consolidated Mining Company	862.00
Amount due the Government	\$ 6,236.92

We trust that the foregoing meets with your approval and that we will hear from you at an early date.

Very truly yours,

cc: Cont. Op. Comm. -2 ✓

Enclosure-2
Reams, WHE/SLS
Gill Auditors, Reg. XII
SP-104 file, Reg. XII-3
Growth, file
Cooper (2)
Gunn.

v/copy of
Chairman's
letter
of
Sept. 25.

Original signed by
E. N. HARSHMAN
E. N. Harshman
Acting Executive Officer

SEP 23 1958

500

Mr. J. W. Townsend
Alternate Acting Executive Officer
OME Field Team, Region III
214 New Courthouse Bldg.
Denver 2, Colorado

Re: Docket No. DMR-1 & 1A (Lead-Zinc)
Chief Consolidated Mining Company
Chief No. 1 Mine
Juni and Utah Counties, Utah
Second Amended Contract No. 14-24

Dear Mr. Townsend:

With reference to your memorandum of September 18, 1958,
we are enclosing the original and four copies of a Disposal of
Government's Interest in Property, which have been signed by the
Acting Director for the Government.

Upon receipt of the proper payment, the document may be
forwarded to the Operator; copies then will be distributed as
indicated.

Two extra copies are enclosed for the use of the Field
Team.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

WHR:swld/or 9/23/58

Copy to: Docket

Adm R File

Op. Committee

Mr. Bishop, USRM

Mr. Kilsgaard, USGS

Mr. Chambers, /

Chren.

Enclosure

APPROVED:

Frank J. Cservenyak

Manager, Bureau of Mines

N. E. Nelson

Manager, Geological Survey

SEP 17 1958

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

Re: Docket No. DMEA 1 & 1A
(Lead-Zinc)
Chief Consolidated Mining Company
Contract No. Idm-E4

Dear Mr. Brading:

The suggestion in your September 12 letter that, upon the completion of the winding-up and settlement actions, Mr. Finch prepare a Report of Review in lieu of a final audit of the referenced project has the concurrence of this Division.

Sincerely yours,

(Signed) E. D. Talbert

E. D. Talbert
Assistant Director
Contract Administration
and Audit Division

EDTalbert/GMcG
September 15, 1958

cc: Mails and File
cc: Docket
Admr. Reading File
Mr. Chambers_____



UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

224 New Customhouse
Denver 2, Colorado
September 12, 1958

DMEA		
RECEIVED SEP 15 1958		
DATE	INITIALS	CODE
9/15	C	220
		800

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

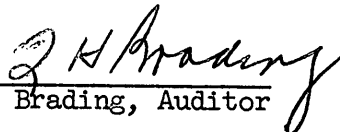
Re: Docket No. DMEA 1 & 1A (Lead-Zinc)
Contract No. Idm-4
Chief Consolidated Mining Company
(Chief No. 1 mine) Juab County, Utah

Dear Mr. Chambers:

In connection with the final MF-104 report on the subject company, which is dated March, 1958, and covers years 1956, 1957 and 1958 for salvage labor, operations and supplies, Mike Howes, the engineer from the Salt Lake City office, checked all payrolls.

It is my suggestion, now that the final termination of this contract is in the mill, that Don submit a report of review instead of making a trip to Salt Lake to recheck labor, which the engineer was very capable of checking and did a very good job on it.

Sincerely yours,


T. H. Brading, Auditor

800
304 New Castlehouse
Denver 2, Colorado
September 10, 1958

Memorandum

To: Chairman, Operating Committee, NMA ✓
From: Acting Executive Officer, NMA Field Work, Region III
Subject: Report No. NMA 1 and LA (1958-59), Contract No. No-
12, Chief Consolidated Mining Company (Chief No. 1 mine),
High and Jack Counties, Utah

Enclosed are the original and two copies of a letter from the Operator, dated September 9, 1958, advising this office that it will pay the Government an amount of \$6,900.00 for the Government's interest in the balance of jointly-owned property acquired under the contract. This is the amount which you indicated would be acceptable to the Government in your letter to this office, dated August 22, 1958.

Will you please prepare the necessary instrument to transfer ownership of the jointly-owned property from the Government to Chief Consolidated Mining Company and forward the instrument to this office for signature by the Operator. Upon execution of the instrument, the Operator will forward a check for the full amount to the Government.

As indicated in your letter of August 22, 1958, the Operator's net indebtedness will be \$6,836.22.

Original signed by
E. N. HARSHMAN
E. N. Harshman

Enclosures

ENC: yml
cc: Harshman (2) } w/copy of Operator's
Hanna, ENH/HLC } letter of 9/9/58.
Buckley, NMA
Adler
Carruth, File
Casper (2)
Clem.

Chief Consolidated Mining Co.

608 DOOLY BUILDING
SALT LAKE CITY, UTAH

September 9, 1958

DMEA
DEPARTMENT OF THE INTERIOR

SEP 10 1958

REGION III
DENVER, COLORADO

Mr. J. W. Townsend
Alternate Acting Executive Officer
DMEA Field Team, Region III
224 New Customhouse
Denver 2, Colorado

Re: Docket No. DMEA 1 & 1A (Lead-Zinc)
Contract No. Idm-E4

Dear Mr. Townsend:

We have considered your letter of September 2, in which you advise that the Government would accept \$6500.00 for their interest in the remaining items of equipment jointly owned under the above cited contract, and have decided to accept the Government's offer.

Kindly prepare the necessary documents to transfer ownership to this Company, and upon execution, we will forward our check for the full amount.

Yours very truly,


W. W. Watson
Vice President

WWW:ALC

200 New Castlehouse
Denver 2, Colorado
September 2, 1958

EXTRA		
RECEIVED		
DATE	TIME	BY
		800

Mr. W. W. Watson, Vice President
Chief Consolidated Mining Company
408 Dooly Building
Salt Lake City, Utah

Re: Report No. BMA 1 & 1A (Lead-Zinc)
Contract No. 110-54
Chief Consolidated Mining Company
(Chief No. 1 mine)
Utah and Sub Committee, Utah

Dear Mr. Watson:

Reference is made to your letter of August 6, 1958, wherein you bid \$5,000.00 for the Government's interests in the remaining portion of the jointly owned equipment acquired under the contract.

The letter was forwarded to the Washington Office, BMA for their consideration on which we have been advised that the \$5,000.00 bid is not considered adequate, but that they would accept an offer of \$4,500.00 for the Government's interests in the remaining items of equipment, material and supplies acquired under the contract.

The sum of \$1,500.00 presently withheld from reimbursement by the Government is in part offset by the overpayment to Chief Consolidated of the sum amounting to \$1,250.00 as detailed in the Second Interior Audit Certificate and Report forwarded by T. H. Brading, BMA Auditor, by letter of August 24, 1958. Therefore, there would remain only the sum of \$250.00 with which to credit against your payment instead of the \$1,500.00 as mentioned in your letter of August 6, 1958.

We will be pleased to receive your reply to the above at an early date.

Very truly yours,

Original signed by

J. W. Townsend

J. W. Townsend
Alternate Acting Executive Officer
BMA Field Team, Region III

JWT:ds

cc: Chief, Op. Comm. &
Harrison &
Hovey, BMA/ELC
T. H. Brading
Corres. File
Cooper 2
Chron.

w/ cc of
Chairman's
letter
of
August
22, 1958

CERTIFICATE OF DEPOSIT

Standard Form 219

Identification of Accountable Officer Affected

(1) Office Deposit Symbol:

9013

(2) For Consolidated Abstract of Treasury Regional
Office at (city and state):

Denver, Colo.

8/4/58

14-23-040-28

(Date sent)

(Deposit No.)

(3) The Sum of

Deposited with **Federal Reserve Bank of Kansas City, Mo., Denver, Colo.**

\$ 56.32

(Name and location of depository)

(4) Classification of Deposit

Account Symbol	Amount	Account Symbol	Amount
14X1401	\$ 56.32		\$

(6) Department or Agency and address whose
accounts are credited, IF OTHER THAN de-
positing agency.

(5)

14-23-040

Defense Minerals Exploration Administration

224 New Customhouse

Denver 2, Colo.

(7) SPACE BELOW TO BE USED BY DEPOSITARY ONLY. I certify
that the above amount has been received for credit in the account of
the Treasurer of the United States on the date shown, subject to ad-
justment for uncollectible items included therein.

(Authorized signature)

AUG 4 1958

(Date of credit in Treasurer's account)

Depositor's title, Department or Agency and address. If deposit
is made for another accounting entity, identify in (6).

Depository will date, sign and forward to depositor for his retained copy.

ORIGINAL FILE COPY
D M E A
RECEIVED AUG 2 1958
DATE INITIALS CODE

8/8	M. S.	988
		3210

E-440 Pat Ambrose 25.06
E-1030 Grapevine Mines 11.26

E-4 Chief Consolidated Mining.
This is not a royalty payment. It is to be credited to voucher payments.

20.00
\$56.32

AM 11 57

224 New Castlehouse
Denver 2, Colorado
August 1, 1958

RECEIVED		CODE
DATE		800

Memorandum

To: T. A. Christensen

From: Alternate Acting Executive Officer, DENA Field Team,
Region III

Subject: Rocket No. DENA 1 and 1A (Lead-Zinc) Contract LAM-1A,
Chief Consolidated Mining Co., (Chief No. 1 mine)
Utah and Jack Counties, Utah - FURNACE LIGNIFICATION

Enclosed is Check No. 1778 from the subject Operator, in the amount of \$20.00, payable to Defense Minerals Exploration Administration, as the Government's share of the proceeds from the sale of 200 feet No. 2/0, 38 (371) strand, Babcock copper cable at \$0.20 per foot.

Also enclosed is the Operator's transmittal letter of July 30, 1958, and a photo copy of a telegram dated March 4, 1958, from the Administrator, DENA, to Mr. W. W. Watson, Vice President, Chief Consolidated Mining Company, authorizing the sale of No. 2/0, 37 strand copper cable at \$0.20 per foot, FCB Bureau.

The amount of \$20.00 is to be credited to voucher payments.

Original signed by
J. W. TOWNSEND
J. W. Townsend

Enclosures

cc:

Gen. Coun. Op. Comm. (2)
Bureau (2)
DENA Auditor (Routing)
DENA/ELS
Cooper (2)
Courtes. file, Reg. III
Cham

} w/ copy of
Operator's letter
of 7/30/58

Chief Consolidated Mining Co.

608 DOOLY BUILDING
SALT LAKE CITY, UTAH

July 30, 1958

DMEA
DEPARTMENT OF THE INTERIOR

AUG 1 - 1958
REGION III
DENVER, COLORADO

Mr. E. N. Harshman
Acting Executive Officer
DMEA Field Team, Region III
Defense Minerals Exploration Adm.
224 New Customhouse
Denver 2, Colorado

Re: Docket No. DMEA 1 and 1A (Lead-Zinc)
Second Amended Contract Idm-E4
Termination Agreement date 1/30/56

Dear Mr. Harshman:

On June 16 we sold to Centennial Development Co. of Eureka, Utah, the following described jointly owned equipment under the terms of the above cited contract:

200 ft., 2/0, 37 strand, single conductor
5KV, 10/64 Eskerona copper cable
@ 20¢ per ft. or \$40.00.

Under the terms of the contract the Government is entitled to 50% of \$40.00 or \$20.00, for which please find our check enclosed.

Yours very truly,



W. W. Watson
Vice President

WW:ALC
Enc.

214 New Courthouse
Denver 2, Colorado
July 17, 1956

Mr. W. W. Watson, Vice President
Chief Consolidated Mining Company
605 Dealy Building
Salt Lake City, Utah

Re: Bucket No. 1 and 1A (Lead-Zinc)
Contract 144-24
Chief Consolidated Mining Company
(Chief No. 1 Mine)
Utah and San Juan Counties, Utah

Dear Mr. Watson:

Form SF-104, Operator's Monthly Report and Voucher, dated March 1956, covering salvage costs incurred during the period January 1956, through February 1956, has been received in this office and is being processed for payment. The following deductions have been made:

Disallowances, Salvage Costs for January, 1956

Review of your records indicates that the salvage costs for January 1956, were incurred prior to January 30, 1956, and are therefore not allowable under item 3 of the Termination Agreement, dated January 30, 1956. The reported labor costs and applicable Workmen's Compensation Insurance for January 1956, are disallowed.

Amount Withheld

In accordance with Article 4 of the contract form, an amount of \$1500.00 is withheld pending liquidation of additional jointly-owned equipment.

You will be further advised of the details of the above deductions by means of an Administrative Audit Difference Statement, which will be forwarded to you by the Finance Office, Region III. If you have any questions regarding the matter, please feel free to contact this office.

Very truly yours,

JDC:ash

cc: Gen. Op. Comm. (2)
Bureau (2)
BSEA/ELC
Corres. file, Reg. III
Cooper (2)
Crown

Original signed by
J. W. TOWNSEND

J. W. Townsend
Alternate Acting Executive Officer
BSEA Field Team, Region III

CERTIFICATE OF DEPOSIT

Standard Form 219

6/18/58

(Date sent)

144

(Deposit No.)

(1) Office Deposit Symbol:

9013

(2) For Consolidated Abstract of Treasury Regional
Office at (city and state): **Denver, Colo.**

(3) The Sum of

Deposited with **Federal Reserve Bank of Kansas City, Mo., Denver, Colo.** **\$ 467.50**

(Name and location of depository)

(4) Classification of Deposit

(6) Department or Agency and address whose
accounts are credited, IF OTHER THAN de-
positing agency.

Account Symbol	Amount	Account Symbol	Amount
14X4401	\$ 467.50		

(5)

14-23-040
Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colorado

Depositor's title, Department or Agency and address. If deposit
is made for another accounting entity, identify in (6).

(7) SPACE BELOW TO BE USED BY DEPOSITORY ONLY. I certify
that the above amount has been received for credit in the account of
the Treasurer of the United States on the date shown, subject to ad-
justment for uncollectible items included therein.

Barnett
(Authorized signature)

JUN 18 1958

(Date of credit in Treasurer's account)

Depository will date, sign and forward to depositor for his retained copy.

OFFICIAL FILE COPY
DMBA

RECEIVED JUN 23 1958

DATE	INITIALS	CODE
6-23	H. J.	225-800

This is not a royalty payment;
to be credited to voucher payments.

Idm E-4 Chief Consolidated
Mining Co. \$467.50

1958 JUN 18 PM 12 25
MAIL DEPT

224 New Customhouse
Denver 2, Colorado
June 18, 1958

EXTRA COPY D M E A		
RECEIVED JUN 20 1958		
DATE	INITIALS	CODE
		800

Memorandum

To: T. A. Christensen

From: Alternate Acting Executive Officer, DMEA Field Team,
Region III

Subject: Docket No. DMEA 1 and 1A (Lead-Zinc) Contract Idm-54,
Chief Consolidated Mining Co., (Chief No. 1 mine)
Utah and Juab Counties, Utah - PROPERTY LIQUIDATION

Enclosed is Check No. 1773 from the subject Operator
in the amount of \$467.50, payable to Defense Minerals Exploration
Administration, as the Government's share of the proceeds of the
sale of

- 1 - Westinghouse Class 11202 Starter with Heaters,
2300 volt, 3 phase, 60 cycle, 430 H.P. for
\$935.00

Also enclosed is the Operator's transmittal letter of
June 16, 1958. The original purchase price for the Starter was
\$460.79.

The amount of \$467.50 is to be credited to voucher
payments.

Original signed by
J. W. TOWNSEND
J. W. Townsend

Enclosures

JWC:hsh

cc: Chmn. Cp. Comm. (2))
Harshman (2)) w/copy of
CAAD (Brading)) Operator's
DMEA/SLC) letter of
Cooper (2)) 6/16/58
Corres. file, Reg. III)
Chron

Chief Consolidated Mining Co.

608 DOOLY BUILDING
SALT LAKE CITY, UTAH

June 16, 1958

Mr. F. N. Harshman
Acting Executive Officer
DMFA Field Team, Region III
Defense Minerals Exploration Adm.
224 New Customhouse
Denver 2, Colorado

Re: Docket No. DMFA 1 and 1A (Lead-Zinc)
Second Amended Contract Tdm-FM
Termination Agreement dated 1/30/56

Dear Mr. Harshman:

On May 24 we sold to Nickerson Pump and Machinery Company of Salt Lake City, Utah the following described jointly owned equipment under the terms of the above cited contract:

- 1 - Westinghouse Class 11202 Starter with
Heaters, 2300 volt, 3 phase, 60 cycle
450 H.P. for \$935.00.

Under the terms of the contract the Government is entitled to 50% of \$935.00 or \$467.50, for which please find our check enclosed.

Very truly yours



W. W. Watson
Vice President

WWW:ALC
Enc.

DMEA
DEPARTMENT OF THE INTERIOR
JUN 17 1958
REGION III
DENVER, COLORADO

CERTIFICATE OF DEPOSIT

Standard Form 219

6/9/58

139

(Date sent)

(Deposit No.)

(1) Office Deposit Symbol:

9013

(2) For Consolidated Abstract of Treasury Regional Office at (city and state):

Denver, Colo.

(3) The Sum of

Deposited with **Federal Reserve Bank of Kansas City, Mo., Denver, Colo.**

(Name and location of depository)

\$ 497.56

(4) Classification of Deposit

Account Symbol	Amount	Account Symbol	Amount
14X4401	\$ 497.56		\$

(6) Department or Agency and address whose accounts are credited, IF OTHER THAN de-positing agency:

E-16

(5)

14-23-040
Defense Minerals Exploration Administration
 224 New Customhouse
 Denver 2, Colorado

Depositor's title, Department or Agency and address. If deposit is made for another accounting entity, identify in (6).

(7) SPACE BELOW TO BE USED BY DEPOSITARY ONLY. I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

Barney L. [Signature]
 (Authorized signature)

JUN 11 1958

(Date of credit to Treasurer's account)

Depository will date, sign and forward to depositor for his retained copy.

JUN 9

6/16	H.g.	225	800

E-1124 Leadville Lead &
 Uran. Corp.

\$123.43

E-875 McFarland &
 Hullinger

167.61

E-4 Chief Consolidated
 Mining Co.

This is not a
 royalty payment;
 To be credited to
 voucher payments,

206.52

\$497.56

51

224 New Customhouse
Denver 2, Colorado
June 6, 1958

Memorandum

To: T. A. Christensen

From: Alternate Acting Executive Officer, DMEA Field Team,
Region III

Subject: Bucket No. DMEA 1 and 1A (Lead-Zinc) Contract Ida-Eh,
Chief Consolidated Mining Co., (Chief No. 1 mine)
Utah and Juab Counties, Utah - PROPERTY LIQUIDATION

Enclosed is Check No. 1772 from the subject Operator,
in the amount of \$206.52, payable to Defense Minerals Exploration
Administration, as the Government's share of the net proceeds from
the sale of 2,130 feet No. 2/0 Copper Cable, at \$0.20 per foot.
Also enclosed is the Operator's transmittal letter of June 4, 1958,
and a photo copy of a telegram dated March 4, 1958, from the Admin-
istrator, DMEA, to Mr. W. W. Watson, Vice President, Chief Consoli-
dated Mining Co., authorizing the sale of No. 2/0 37 strand cable,
at \$0.20 per foot, FOB Buryak.

The amount of \$206.52 is to be credited to voucher
payments.

Original filed by
J. W. Townsend

J. W. Townsend

Enclosures

JWC:huh

cc: Chron. Op. Comm. (2) }
Harshman }
CAAD (Brading) } w/ copy of
DMEA/SIC } Operator's
Townsend } of 6/4/58
Corres. file, Reg. III }
Chron

Chief Consolidated Mining Co.

608 DOOLY BUILDING
SALT LAKE CITY, UTAH

June 4, 1958

DMEA
DEPARTMENT OF THE INTERIOR

JUN 6 - 1958
REGION III
DENVER, COLORADO

Mr. E. N. Harshman
Acting Executive Officer
DMEA Field Team, Region III
Defense Minerals Exploration Adm.
224 New Customhouse
Denver 2, Colorado

Re: Docket No. DMEA 1 and 1A (Lead-Zinc)
Second Amended Contract Idm-E4
Termination Agreement dated 1/30/56

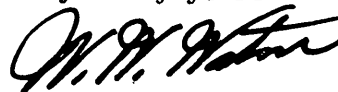
Dear Mr. Harshman:

On May 14 we sold to Centennial Development Company, Eureka, Utah, the following described jointly owned equipment under the terms of the above cited contract:

2130 feet - 2/0, 37 strand, single conductor, 5 KV, 10/64 Eskerona, 5/64 Neoprene Cable @ 20¢ per ft.		\$426.00
Less: Rereeling and Measuring Labor	\$11.99	
Payroll Taxes and Insurance	.97	12.96
Balance		\$413.04*

Under the terms of the contract, the Government is entitled to 50% of \$413.04 or \$206.52 for which please find our check enclosed.

Very truly yours



W. W. Watson
Vice President

WWW:ALC
Enc.

CERTIFICATE OF DEPOSIT

Standard Form 219

5/13/58

(Date sent)

133

(Deposit No.)

(1) Office Deposit Symbol:

9013

Identification of Accountable Officer Affected

(2) For Consolidated Abstract of Treasury Regional
Office at (city and state): **Denver, Colo.**

(3) The Sum of

4,182.69

\$

Deposited with

Federal Reserve Bank of Kansas City, Mo., Denver, Colo.

(Name and location of depository)

(4) Classification of Deposit

Account Symbol	Amount	Account Symbol	Amount
14X4401	\$ 4,182.69		\$

(6) Department or Agency and address whose
accounts are credited, IF OTHER THAN de-
positing agency.

(5)

14-23-040

Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colorado

Depositor's title, Department or Agency and address. If deposit
is made for another accounting entity, identify in (6).

(7) SPACE BELOW TO BE USED BY DEPOSITARY ONLY. I certify
that the above amount has been received for credit in the account of
the Treasurer of the United States on the date shown, subject to ad-
justment for uncollectible items included therein.

Maryorie Chambers
(Authorized signature)

MAY 13 1958

(Date of credit in Treasurer's account)

Depository will date, sign and forward to depositor for his retained copy.

1958 MAY 13

AM \$ 93.67

E-1030	Grapevines, Inc.	829.55
E-939	San Jacinta Petroleum	96.68
E-445	Boomerang	168.53
E-381	Sunnyside	6.75
E-422	Black Bear	20.04
E-969	American Leduc	267.42
E-968	Wilkerson (Norbuta)	123.18
E-4	Pat Ambrose	1,149.87
E-823	Climax	1,314.27
E-649	Camoose	97.69
E-597	Camoose	
E-4	Chief Consolidated	

Mining Co. -- This is 15.00

not a royalty payment.
To be credited to
voucher payments.

\$ 182.67

OFFICIAL FILE COPY

D M E A

RECEIVED

16

5/16 e 226
800

Chief Consolidated Mining Co.

608 DOOLY BUILDING

SALT LAKE CITY, UTAH

May 7, 1958

Mr. E. N. Harshman
Acting Executive Officer
DMEA Field Team, Region III
Defense Minerals Exploration Adm.
224 New Customhouse
Denver 2, Colorado

Re: Docket No. DMEA 1 and 1A (Lead-Zinc)
Second Amended Contract Idm-E4,
Termination agreement dated Jan. 30, 1956

Dear Mr. Harshman:

On April 22 we sold to the Centennial Development Company, Eureka, Utah, an additional 150 feet of the following described jointly owned equipment under the terms of the above cited contract:

150 feet - 2/0, 37 strand single conductor 5KV, 10/64 Eskerona,
5/64 Neoprene Cable.

The selling price was 20¢ per foot or \$30.00, of which, under the terms of the contract, the Government is entitled to 50% or \$15.00.

Please find our check in the amount of \$15.00 in payment thereof.

Yours very truly



W. W. Watson
Vice President

WWW:ALC
Enc.

DMEA
DEPARTMENT OF THE INTERIOR

MAY 9 1958
REGION III
DENVER, COLORADO

CERTIFICATE OF DEPOSIT

Standard Form 219

5/6/58

130

(1) Office Deposit Symbol:

9013

(2) For Consolidated Abstract of Treasury Regional Office at (city and state):

Denver, Colo.

(Date sent)

(Deposit No.)

Deposited with

Federal Reserve Bank of Kansas City, Mo., Denver, Colo.

(Name and location of depository)

(3) The Sum of

594.05

\$

(4) Classification of Deposit

Account Symbol	Amount	Account Symbol	Amount
14X4401	\$ 594.05		\$

(6) Department or Agency and address whose accounts are credited, IF OTHER THAN de-positing agency.

(5)

14-23-040
Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colorado

Depositor's title, Department or Agency and address. If deposit is made for another accounting entity, identify in (6).

(7) SPACE BELOW TO BE USED BY DEPOSITARY ONLY. I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

(Authorized signature)

MAY 6

1958

(Date of credit in Treasurer's account)

Depository will date, sign and forward to depositor for his retained copy.

RECEIVED

5/9	N.A.	225
		800

E-1095 Modern Mines \$ 62.47

E-875 McFarland & Hullinger 288.75

E-875 McFarland & Hullinger 227.83

Idm E-4, Chief
Consolidated Mining Co.
This is not a royalty
payment; this is to
be credited to voucher
payments.

15.00
\$594.05

NOV 11 1950
6
16700 5-10-50

224 New Castle House
Denver 2, Colorado
May 5, 1958

RECEIVED

DATE

800

Memorandum

To: T.A. Christensen

From: Acting Executive Officer, DEMA Field Team, Region III

Subject: Docket No. DEMA 1 and 1A (Lead-Zinc) Contract Ida-M, Chief Consolidated Mining Co., (Chief No. 1 mine) Utah and Juab Counties, Utah - PROPERTY LIQUIDATION

Enclosed is check No. 1768 from the subject Operator in the amount of \$15.00, payable to Defense Minerals Exploration Administration, as the Government's share of the proceeds from the sale of 150 feet of No. 2/3 copper cable at \$0.20 per foot. Also enclosed is the Operator's transmittal letter of May 2, 1958, and a photo copy of a telegram dated March 4, 1958, from the Administrator, DEMA, to Mr. W. W. Watson, Vice President, Chief Consolidated Mining Company, authorizing sale of No. 2/3 thirty-seven strand cable at \$0.20 per foot, PMS Bureau.

The amount of \$15.00 is to be credited to voucher payments.

Original signed by
E. N. HARSHMAN
E. N. Harshman

Enclosures

JDC:lmh

cc: Chmn. Op. Comm. (2) }
Harshman (2) } w/copy of
CAAD, (Brading) } Operator's
DEMA/SIC } letter of
Tinsford (2) } 5/2/58
Corres. file, Reg. III }

Chmn

Chief Consolidated Mining Co.

608 DOOLY BUILDING
SALT LAKE CITY, UTAH

May 2, 1958

DMEA
DEPARTMENT OF THE INTERIOR

MAY 5 1958
REGION III
DENVER, COLORADO

Mr. E. N. Harshman
Acting Executive Officer
DMEA Field Team, Region III
Defense Minerals Exploration Adm.
224 New Customhouse
Denver 2, Colorado

Re: Docket No. DMEA 1 and 1A (Lead-
Zinc) Second Amended Contract
Idm-E4, Termination Agreement
dated January 30, 1956

Dear Mr. Harshman:

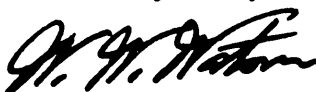
As of April 18 we sold Centennial Development Company,
Eureka, Utah, the following described jointly owned equipment under
the terms of the above cited contract:

150 feet - 2/0 37 strand single conductor 5KV, 10/64
Eslerona, 5/64 Neoprene Cable.

The selling price was 20¢ per foot or \$30.00, of
which, under the terms of the contract, the Government is entitled to
50% or \$15.00.

Please find our check in the amount of \$15.00 in pay-
ment thereof.

Yours very truly



W. W. Watson
Vice President

WW:ALC
Enc:

Mr. S. H. Harshman
Acting Executive Officer
DMSA Field Team, Region III
224 New Customhouse Bldg.
Denver 2, Colorado

Re: Locket No. DMSA-1 & 1a (Lead-Zinc)
Chief Consolidated Mining Company
Chief No. 1 Mine
Jamb and Utah Counties, Utah
Second Amended Contract No. 1dm-El

Dear Mr. Harshman:

We have your memorandum of May 9, 1958, regarding the Government participation in salvage costs pertaining to the cited project. We fully agree that this should be 50 per cent, as you suggest.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

WRGriswold/er 5/15/58

Copy to: Docket

Adm R File

Op. Committee

Mr. Bishop, USBM

Mr. Kiilsgaard, USGS

Mr. Chambers, BMEA

Chron.

APPROVED:

Frank D. Lamb

Member, Bureau of Mines

Thor H. Kiilsgaard

Member, Geological Survey

224 New Castlehouse
Denver 2, Colorado
May 9, 1958

AIRMAIL

Memorandum

To: Chairman, Operating Committee, BREA ✓

From: Acting Executive Officer, BREA Field Team, Region III

Subject: Reelot No. BREA 1 & 1A (Lead-Zinc) Contract Ida-24,
Chief Consolidated Mining Company, (Chief No. 1 mine)
Junk and Utah Counties, Utah

EXTRA COPY D M E A		
RECEIVED MAY 12 1958		
DATE	TIME	CODE
		860

try to 500

Reference is made to Form NF-104, Operator's Monthly Report and Voucher, covering salvage costs incurred by the subject Operator from January 30, 1956, through February 1958, copies of which were forwarded to you with our memorandum of April 23, 1958. Your advice is requested in the following matter.

The first 77 feet of winze sinking under the contract was performed on a cost incurred basis at 25 percent Government contribution, therefore the Government's interest in property acquired in connection with the winze sinking is 25 percent of the proceeds from liquidation. The only applicable item sold to date is the Hydromucker which was salvaged prior to January 30, 1956, and which was purchased by the Operator. The Government was reimbursed for 25 percent of the resale price.

We presume that the Government would normally participate to the extent of only 25 percent in the salvage costs for property acquired in connection with the winze sinking where Government participation was only 25 percent; however, a review of the Operator's accounting reports and vouchers indicates that, with the exception of the Hydromucker, all property purchased in connection with the winze sinking consisted of minor items, which for the most part, were expendable. The value of any remaining items which may have been salvaged from the winze sinking operation would be insignificant in relation to the total value of all salvaged property.

It will be very difficult if not impossible to determine what portion, if any, of the reported salvage costs are applicable to

property purchased for the wine sinking operation, therefore we recommend that the Government participate on a straight 50 percent basis in all of the acceptable salvage costs incurred on and subsequent to January 30, 1956, the date of the Termination Agreement. We will appreciate prompt advice in the matter.

Original signed by

E. N. HARSHMAN

E. N. Harshman

JEC:hnh

cc:

Harshman (2)

IMEA/SLC

Townsend

Corres.file, Reg. III

Chron

500
MAY 2 1958

Mr. E. S. Harshman
Acting Executive Officer
DMA Field Team, Region III
224 New Customhouse Bldg.
Denver 2, Colorado

Re: Docket No. DMA-1 & 1A (Lead-Zinc)
Chief Consolidated Mining Company
Chief No. 1 Mine
Juab and Utah Counties, Utah
Second Amended Contract No. 1dm-24

Dear Mr. Harshman:

We have your memorandum of April 25, 1958, with enclosure, relative to salvage costs submitted by the cited Operator. Beyond doubt it was advisable that the jointly owned equipment be brought to the surface, rather than having been left underground to suffer rapid deterioration.

We suggest that you reimburse this Operator for about half of the Government's share of the salvage expense, and make settlement of the balance as equipment is liquidated.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

APPROVED:

Frank D. Lamb

Member, Bureau of Mines

W. P. Williams

Member, Geological Survey

WRGriswold/er 5/2/58

Copy to: Docket

Adm R File

Op. Committee

Mr. Bishop, USBM

Mr. Killsgaard, USGS

Mr. Chambers, DMA

Chron.

200 New Castlehouse
Denver 2, Colorado
April 25, 1958

Memorandum

To: Chairman, Operating Committee, BREA

From: Acting Executive Officer, BREA Field Team, Region III

Subject: Bechtel Co., BREA 1 and 1A, (Lead-Lias) Contract Lias-1A,
Chief Consolidated Mining Company, (Chief No. 1 mine)
Utah and Utah Counties, Utah

2 sets to 566

Enclosed for your information and consideration are three photo copies of the following:

1. Voucher and accounting Forms SF-104 and SF-104A, covering costs incurred by the Operator during the period from January 30, 1956, through February 28, 1958, in connection with the salvage of jointly-owned property acquired under the terms of the contract.
2. Three supplemental sheets showing distribution of the reported costs.
3. Letter from the Operator dated April 23, 1958, requesting reimbursement for the Government's share of the salvage costs, presuming that the costs are properly reported.

Item 3 of the Termination Agreement provides for Government contribution in the costs of property disposal incurred on and subsequent to January 30, 1956; however, we believe that it may be desirable to withhold reimbursement pending completion of closing procedures, as provided under Article 4 of the contract form.

The property liquidation is being handled direct by the Washington Office, therefore processing of the current voucher is deferred pending receipt of advice as to whether or not reimbursement to the Operator should be withheld, and if so to what extent. Your early attention and reply to this office will be appreciated.

Enclosures

JHC:hsh

cc: Harshman (2)
BREA/KLC
Townsend
Corres. file, Reg. III
SF-104 file, Reg. III
Chron

Original: [unclear]
E. N. HARSHMAN
E. N. Harshman

UNITED STATES

Budget Bureau No. 42-R1036.5

DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

TERMINATION AGREEMENT, DATED JANUARY 30, 1956

Month of March, 195 8 Docket No. DMEA 1 and 1A Contract No. Idm-B4
Operator's Name Chief Consolidated Mining Company Minerals Lead-Zinc
Address 608 Dooly Building, Salt Lake City, Utah
Contract Amount, \$ _____ Government Participation: 50 % Amount, \$ _____

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) <u>Independent</u> } Contracts: Short Form						
Drilling.....						
Bulldozing.....						
Crosscutting.....						
Drifting.....						
(2) Labor and Supervision:						
Labor.....						
Supervision.....						
Technical Services.....						
(3) Operating Mat'ls. and Supplies:						
Timber.....						
Explosives.....						
Pipe.....						
Track.....						
(4) Operating Equipment:						
Rental.....						
Purchase.....						
Depreciation.....						
(5) Initial Rehabilitation and Repairs.....						
(6) New Bldgs., Improvements, etc.....						
(7) Miscellaneous:						
Repairs to Equipment.....						
Sampling and Analysis.....						
Payroll Taxes.....						
Liability Insurance.....						
(8) Contingencies (specify):						
<u>Salvage of Pumping Equipment</u>	<u>6173.56</u>	<u>none</u>	<u>6173.56</u>			
TOTALS.....	<u>6173.56</u>		<u>6173.56</u>			

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

Date April 23, 1958 Payee Chief Consolidated Mining Co.Per [Signature] Title Vice 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:

\$ _____

Signature _____
(Authorized Certifying Officer)Date _____ Vou. No. _____
(See other side)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATIONOPERATOR'S UNIT COST AND PROGRESS REPORT
TERMINATION AGREEMENT, DATED JANUARY 30, 1956Month of March 1958 Docket No. DMEA 1 and 1A
Operator's Name Chief Consolidated Mining Company
Address 608 Dooley Building, Salt Lake City, UtahContract No. Idm-B4
Minerals Lead-Zinc

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting.....								
Crosscutting.....								
Raising.....								
Shafts.....								
Winzes.....								
Drilling: Core.....								
Churn.....								
Auger.....								
Stripping.....								
Trenching.....								
Test Pits.....								
Roads and Trails.....								
TOTAL DISTRIBUTED COSTS.....							TOTAL COSTS AUTHORIZED BY CONTRACT	
Operating Equipment Purchased.....								
Initial Rehabilitation and Repairs.....								
New Buildings, Improvements, etc.....								
Salvage of Pumping Equipment.....		6,173.56	--	6,173.56				
TOTAL COSTS.....								

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

REMARKS:.....
.....
.....
.....
.....
.....
.....
.....
.....
.....Date April 23, 1958 Operator Chief Consolidated Mng. Co.Per [Signature] Title Vice President

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)

DMEA
DEPARTMENT OF THE INTERIOR
APR 24 1958
REGION III
DENVER, COLORADO

CHIEF CONSOLIDATED MINING COMPANY
608 Dooley Building
Salt Lake City, Utah

Summarized Statement of Cost of Salvaging Jointly
owned Equipment incurred subsequent to and under
terms of Termination Agreement,
dated January 30, 1956, Docket DMEA 1 and 1A,
Second Amended Contract Idm-E4

<u>Item</u>	<u>Amount</u>	<u>Total</u>
Direct Labor Year 1956 per detail attached	\$ 745.00	
" " " 1957 " " "	64.39	
" " " 1958 " " "	<u>4,720.98</u>	
<u>Total Direct Labor</u>		\$5,530.37
 Sundry Supplies 1958		 34.76
Proportion of Hoisting Electric Power 1958		160.30
 Social Security Taxes Paid, 1956 (\$745.00 x .02)	14.90	
" " " 1957 (\$64.39 x .0225)	1.45	
" " " 1958 (\$4,720.98 x .0225)	<u>106.22</u>	
<u>Total Social Security Taxes</u>		122.57
 Unemployment Compensation Taxes 1956 (\$745.00 x 1.0%)	7.45	
" " " 1957 (\$64.39 x 1.8%)	1.16	
" " " 1958 (\$4,720.98 x 2.1%)	<u>99.14</u>	
<u>Total Federal and State</u>		107.75
 Workmen's Compensation Insurance 1956 (\$745.00 x .0496)	36.95	
" " " 1957 (\$64.39 x .05933)	3.82	
" " " 1958 (\$4,720.98 x .0375)	<u>177.04</u>	
<u>Total Workmen's Compensation Insurance</u>		217.81
<u>Total</u>		<u>\$6,173.56</u>

CHIEF CONSOLIDATED MINING COMPANY
608 Dooly Building
Salt Lake City, Utah

Detail of Labor expended in salvaging jointly owned
Equipment incurred subsequent to and under terms of
Termination Agreement, dated January 30, 1956 Docket
DMEA 1 and 1A, Second Amended Contract Idm-E4

<u>Occupation</u>	<u>Shifts</u>	<u>Rate</u>	<u>Amount</u>	<u>Over- time</u>	<u>Diff. Pay</u>	<u>Total</u>
<u>JANUARY, 1956</u>						
Underground Mechanic	1	\$13.20	\$ 13.20			\$ 13.20
" "	2 3/4	14.52	39.93			39.93
<u>Total</u>			\$ 53.13			<u>\$ 53.13</u>
<u>SEPTEMBER, 1956</u>						
Underground Mechanic	5 7/8	\$16.00	\$ 94.00			\$ 94.00
" "	2	16.02	32.04			32.04
" Laborer	1 7/8	14.34	26.89			26.89
<u>Total</u>			\$152.93			<u>\$152.93</u>
<u>OCTOBER, 1956</u>						
Underground Mechanic	1	\$16.00	\$ 16.00			\$ 16.00
" Laborer	1	15.54	15.54			15.54
" Mechanic	1	16.00	16.00			16.00
<u>Total</u>			\$ 47.54			<u>\$ 47.54</u>
<u>NOVEMBER, 1956</u>						
Underground Mechanic	12	\$16.00	\$192.00			\$192.00
" Laborer	10	15.54	155.40			155.40
" Mechanic	9	16.00	144.00			144.00
<u>Total</u>			491.40			<u>\$491.40</u>
<u>FEBRUARY, 1957</u>						
Underground Mechanic	3/8	\$16.02	\$ 6.01			\$ 6.01
						5.29

<u>Occupation</u>	<u>Shifts</u>	<u>Rate</u>	<u>Amount</u>	<u>Over- time</u>	<u>Diff. Pay</u>	<u>Total</u>
<u>JANUARY, 1958 (Cont.)</u>						
Mechanic Helper	5	\$14.10	\$ 70.50		\$2.00	\$ 72.50
" "	5	14.10	70.50		2.00	72.50
" "	5	14.10	70.50		2.00	72.50
" "	2	14.10	28.20			28.20
" "	5	14.10	70.50		2.00	72.50
Hoistman	10 3/16	16.02	163.20			163.20
Shaftman	13/16	16.02	13.02			13.02
"	13/16	16.02	13.02			13.02
Mechanic Helper	7/16	14.10	6.17			6.17
" "	7/16	14.10	6.17			6.17
" "	7/16	14.10	6.17			6.17
" "	7/16	14.10	6.17			6.17
Hoistman	5 3/4	16.02	92.12		2.30	94.42
Truck Driver	6 9/16	15.54	101.98	3.40		105.38
Mechanic Helper	6. 7/8	14.10	96.94			96.94
Shift Bosses			328.13			328.13

Total

\$2,951.59 \$3.40 \$15.10 \$2,970.09

FEBRUARY, 1958

Shaftman	7 1/16	16.02	\$113.14	\$.50		\$113.64
"	7 1/16	16.02	113.14	.50		113.64
Mechanic Helper	7 1/16	14.10	99.58	.44		100.02
" "	7 1/16	14.10	99.58	.44		100.02
" "	7 1/16	14.10	99.58	.44		100.02
" "	7 1/16	14.10	99.58	.44		100.02
" "	7 1/16	14.10	99.58	.44		100.02
" "	7 1/16	14.10	99.58	.44		100.02
" "	7 1/16	14.10	99.58	.44		100.02
" "	6 1/16	14.10	85.48	.44		85.92
Hoistman	9 1/16	16.02	145.18	.50		145.68
Truck Driver	5 13/16	15.54	90.33	6.31		96.64
Mechanic Helper	4 1/16	14.10	57.28	.44		57.72
Hoistman	4.1/16	16.02	65.08	.50		65.58
Mechanic Helper	2 5/8	14.10	37.01			37.01
Hoistman	2 5/8	16.02	42.05			42.05
"	1 5/16	16.02	21.03			21.03
Truck Driver	1 3/4	15.54	27.20	2.91		30.11
Shift Boss			341.75			341.75

\$1,736.15 \$14.74 \$1,750.89

GRAND TOTAL

\$5,530.37

DWA
TH
CJD

Chief Consolidated Mining Co.

608 DOOLY BUILDING
SALT LAKE CITY, UTAH

April 23, 1958

DMEA
DEPARTMENT OF THE INTERIOR
APR 24 1958
REGION III
DENVER, COLORADO

Mr. E. N. Harshman
Acting Executive Officer
DMEA Field Team, Region III
Defense Minerals Exploration Adm.
224 New Customhouse
Denver 2, Colorado

Re: Docket No. DMEA 1 and 1A (Lead-Zinc)
Second Amended Contract Idm-E4
Termination Agreement Dated
January 30, 1956

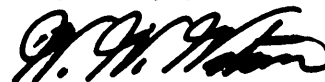
Dear Mr. Harshman:

This will advise you that the salvage operation in connection with the above cited contract was completed during Feb., 1958, and all of the jointly owned equipment, which has not already been sold, is now on the surface at our property in Eureka, Utah.

In accordance with Mr. W. M. Traver's letter of June 22, 1956, we enclose the original and four copies of Form MF 104 and MF 104-A and substantiating data.

If these meet with your approval, will you kindly have the same processed so that we may be reimbursed for the Government's share in this additional cost.

Very truly yours



W. W. Watson
Vice President

WWW:ALC
Encs.

CERTIFICATE OF DEPOSIT

Standard Form 219

4/14/58

(Date sent)

118

(Deposit No.)

(1) Office Deposit Symbol:

9013

Identification of Accountable Officer Affected

(2) For Consolidated Abstract of Treasury Regional Office at (city and state):

Denver, Colo.

(3) The Sum of

\$ 3,146.78

Deposited with **Federal Reserve Bank of Kansas City, Mo., Denver, Colo.**

(Name and location of depository)

(4) Classification of Deposit

Account Symbol	Amount	Account Symbol	Amount
14X4401	\$ 3,146.78		\$

(6) Department or Agency and address whose accounts are credited, IF OTHER THAN de-positing agency.

E-4

(5)

14-23-040

**Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colorado**

Depositor's title, Department or Agency and address. If deposit is made for another accounting entity, identify in (6).

(7) SPACE BELOW TO BE USED BY DEPOSITARY ONLY. I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

(Authorized signature)

APR 14 1958

(Date of credit in Treasurer's account)

Depository will date, sign and forward to depositor for his retained copy.

ORIGINAL FILE COPY
D M E A

RECEIVED APR 16 1958

DATE	INITIALS	CODE
4/16/58	J.S.	225 800

E-1030	Washburne Price	\$19.83
E-597	Washburne Price	19.25
E-649	Washburne Price	1,467.43
E-4	Washburne Price	638.88
E-823	Climax Uran.	383.38
E-440	Pat Ambrose	291.06
E-928	Washburne	326.95
		<u>3,146.78</u>

PM 12 21

1958 APR 16

224 New Customhouse
Denver 2, Colorado
April 11, 1958

EXTRA COPY	
DMEA	
RECEIVED	16 1958
CODE	800

Memorandum

To: T. A. Christensen

From: Acting Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA 1 and 1A (Lead-Zinc) Second Amended
Contract Idm-E4, Chief Consolidated Mining Co.,
(Chief No. 1 mine) Juab and Utah Counties, Utah

Enclosed is check No. 1765, from the subject Operator in the amount of \$638.88, payable to Defense Minerals Exploration Agency (Administration), as the Government's share of proceeds from the sale of 6703 feet of No. 2/0 copper cable, at 0.20¢ per foot. Also enclosed is the Operator's transmittal letter dated April 9, 1958.

The amount of \$638.88 is to be credited to voucher payments.

Original signed by
E. N. HARSHMAN
E. N. Harshman

Enclosures

JDC:hsh

cc: Chmn. Op. Comm. (2))
Harshman (2)) w/copy of
DMEA/SLC) Operator's letter
Townsend (2)) of 4/9/58
Corres.file, Reg.III)
Chron

Chief Consolidated Mining Co.

608 DOOLY BUILDING
SALT LAKE CITY, UTAH

April 9, 1958

DMEA
DEPARTMENT OF THE INTERIOR
APR 11 1958
REGION III
DENVER, COLORADO

Mr. E. N. Harshman
Acting Executive Officer
DMEA Field Team, Region III
Defense Minerals Exploration Adm.
224 New Customhouse
Denver 2, Colorado

Re: Docket DMEA-1 & 1A (Lead-Zinc)
Second Amended Contract Idm-E4

Dear Mr. Harshman:

We recently sold to the Imperial Wire and Cable Company of Los Angeles, California, the following jointly owned equipment under the terms of the above captioned contract:

6703 ft. 2/0, 37 strand, single conductor
10/64 Eskerona, 5/64 Neoprene
Insulated copper cable at 20¢ per ft. \$1,340.60

Less: Selling expenses as detailed on the
enclosed voucher 62.85

Balance \$1,277.75.

The Government's interest in this transaction amounts to 50%,
or \$638.88 for which please find our check enclosed.

Yours very truly



W. W. Watson
Vice President

WWW:ALC
Enc.

100-100000
Mr. W. H. King, Executive Officer
D&A Field Team, Region II.
224 New Customhouse Building
Denver 2, Colorado

Re: Docket No. D&A-1 & 1A (Lead-Zinc)
Chief Consolidated Mining Company
Chief No. 1 Mine
Junab and Utah Counties, Utah
Second Amended Contract No. 1dm-Ek

Dear Mr. King:

We have your memorandum of December 26, with enclosures, relative to the cited account. It is out of the question for us to waive settlement of the Government's equity in this jointly-owned equipment; we would have no proper justification for such action.

We therefore must continue to carry this as an open account, and we trust that, little by little, liquidation will be effected.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

APPROVED:

P. F. Yopes

Member, Bureau of Mines

Thor H. Kiilsgaard

Member, Geological Survey

WRGriswold/bjm (1/2/58)

Copy to: Docket
Adm. R. File
Op. Committee
~~Mr. Chambers~~
Mr. Bishop
Mr. Kiilsgaard
Chron.



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

1600 EAST FIRST SOUTH STREET
SALT LAKE CITY 12, UTAH

OR DMEA
DEPARTMENT OF THE INTERIOR

DEC 26 1957
REGION III
DENVER, COLORADO

December 23, 1957

Memorandum

To: W. H. King, Executive Officer, DMRA Field Team, Region III

From: M. H. Howes

Subject: Bucket No. DMRA 1 and 1A (Lead-zinc), Second Amended Contract No. 14m-M4, Chief Consolidated Mining Co. (Chief No. 1 mine), Juab and Utah Counties, Utah

Referring to your memorandum of December 14, 1937, the operations at the Chief No. 1 mine have been completely shut down since June 1937. Mr. Watson, vice president of the company, reports that considerable effort has been made to dispose of jointly owned property acquired under the contract, at a fair price. He claims that lists of the equipment have been sent to all of the used-equipment dealers in Salt Lake City, and to several dealers on the Pacific Coast and in Arizona. He also stated that lists of equipment have been sent to over 50 operating mines in the Western United States. All equipment on the list is available at the mine for inspection. Response to this advertising has been very disappointing. However, a few inquiries have been made and a small amount of the jointly owned equipment has been sold.

Much of the mining industry is in a very unhealthy state at present, and the outlook for improvement is not good. Because of the present uranium activity in the Ambrosia Lake area in New Mexico, some of the jointly owned pumping and electrical equipment may be sold.

If rapid liquidation of the Government's claim is deemed desirable, I suggest that the company's equipment debt to the Government be cancelled, and in lieu thereof to extend the contract repayment period from 15 years to 30 years.

M. H. Howe
M. H. Howe

cc: J. E. Cleaver

[illegible]

Mr. E. H. Harshman
Acting Executive Officer
BMA Field Team, Region III
22d New Customhouse Bldg.
Denver 2, Colorado

Re: Docket No. BMA-1 & 1A (Lead-Zinc)
Chief Consolidated Mining Company
Chief No. 1 Mine
Jamb and Utah Counties, Utah
Second Amended Contract No. 14-24

Dear Mr. Harshman:

We have heard nothing regarding the cited account since receiving our copy of your August 27 letter to the Operator. Since this is a large account and has been pending for a considerable period, we are naturally desirous of obtaining a progressive realization of the Government's equity.

We are fully cognizant of the fact that certain segments of the mining industry are in a depressed condition, and it may be difficult to make sales of second-hand equipment at this time. Nevertheless, we would appreciate a word from you as to the present status of the operations of this company, and your suggestions toward effecting a more rapid liquidation of the Government's claim.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

APPROVED:

Frank D. Lamb

Member, Bureau of Mines

N. E. Nelson

Member, Geological Survey

WBG:swold/er 12/9/57

Copy to: Docket

Adm R File

Op. Committee

Mr. Bishop, USM

Mr. Kilsgaard, USGS

Chron.

Mr. Jay Chambers

TRIPPLICATE

STANDARD FORM 201 (Formerly Cert. of Deposit, Form 1)
Promulgated Oct. 1949 by Treasury Dept., Fiscal Service

THIS DEPOSIT IS NOT SUBJECT TO CHECK

Denver, Colo.

DEPOSIT NO.

14-23-040-25

For credit
of

9013 Treasury Regional Office, Denver, Colo. 8/28/57
(Name, title, and disbursing officer identification symbol of accountable officer) (Date sent)

deposited with

Federal Reserve Bank of Kansas City, Mo. Denver, Colo.

(Name and location of depository)

19.35

for accounts listed below.

SCHEDULE NOS.

ACCOUNT SYMBOL	TITLE OF ACCOUNT TO BE CREDITED	AMOUNT
14X4401		19.35

(Depositor will insert below his name, title, Department or Agency concerned, and his address)

Defense Minerals Exploration Administration
224 New Custom House
Denver 2, Colorado

SPACE BELOW TO BE USED BY DEPOSITARY ONLY

I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

Bennett

(Authorized signature)

8/28/57

(Date of credit in Treasurer's account)

DEPOSITARY WILL DATE, SIGN, AND RETURN THIS TO DEPOSITOR FOR HIS RETAINED COPY

OFFICIAL FILE COPY

D M E A

RECEIVED SEP 3 1957

CODE

DATE

INITIALS

220

800

9/3

e

Not a royalty payment. Government's share of proceeds of sale of equipment.

Chief, Cons. Min. Co. 19.35

1957 AUG

54

224 New Customhouse
Denver 2, Colorado

August 27, 1957

DATE	INITIALS	CODE
		800

Memorandum

To: T. A. Christensen
From: Acting Executive Officer, DREA Field Team, Region III
Subject: Recheck DREA-1 & 1A (Lead-Zinc) Second Amended Contract
Ida-B-4, Chief Consolidated Mining Company (Chief No. 1
mine) Utah and Juab Counties, Utah

Enclosed is Check No. 1743, from the subject Operator, in the amount of \$19.35, payable to Defense Minerals Exploration Administration, as the Government's share of the proceeds from the sale of two pump casings for 8x10x14 Byron-Jackson Centrifugal Pump, which were disposed of as scrap metal. Also enclosed is the Operator's transmittal letter, dated August 21, 1957.

The amount of \$19.35 is to be credited to voucher payments.

Original signed by
E. N. HARSHMAN
E. N. Harshman

Enclosures

JBC:hnh

cc: Chem. Op. Comm. (2) }
Harshman (2) } w/copy of
DREA/SLC } Operator's letter
Townsend (2) } of 8/21/57
Corres. file, Reg. III)
Chron

Chief Consolidated Mining Co.

608 DOOLY BUILDING
SALT LAKE CITY, UTAH

August 21, 1957

Mr. E. N. Harshman
Acting Executive Officer,
DMEA Field Team, Region III
224 New Customhouse
Denver 2, Colorado

Re: Docket DMEA-1 & 1A (Leau-Zinc)
Second Amended Contract Idm-E4

Dear Mr. Harshman:

We recently sold as junk to Frank O'Brien's Metal Salvage in Provo, Utah, 2 Pump Casings which were worn out during our operations under the above captioned contract; the sale of which was authorized by Mr. C. O. Mittendorf in his letter addressed to me of July 10, 1957.

We received \$38.70 for the two cases; the Government's interest amounts to 50%, or \$19.35 for which we enclose our check.

The two pump casings referred to were used in connection with the 8x10x14 Byron-Jackson Centrifugal Pump. Will you kindly correct your inventory of equipment jointly owned to give effect to this sale.

Yours very truly



W. W. Watson
Vice President

WWW:ALC
Encs

DMEA
DEPARTMENT OF THE INTERIOR
AUG 26 1957
REGION III
DENVER 10, COLO

JUL 10 1957

Mr. W. W. Watson, Vice President
Chief Consolidated Mining Company
600 Deaky Building
Salt Lake City, Utah

Re: Docket No. DME-1 & 1A (lead-zinc)
Chief Consolidated Mining Company
Chief No. 1 Mine
Juab and Utah Counties, Utah
Second amended Contract No. Ida-Ph

Dear Mr. Watson:

We have your letter of June 25 regarding two pump
cases which you state are completely worn out and valueless
except for junk. If such is the case, you have our permission
to make disposal on a scrap iron base.

Sincerely yours,

C. O. Mittendorf

Administrator

WRGriswold/er 7/9/57

Copy to: Docket
Adm. & File
Op. Committee
Mr. Bishop, USBM
Mr. Kilgus, USGS
Region III (2)
Mr. Jay Chambers, DMEAC
Chron.

WVA:ALC

W. W. Watson
Vice President

Sincerely yours

6028-

With kindest regards,

For your further information, the Chief Consolidated Mining Co. closed its operations on June 15 for an indefinite period or until such time as the local market situation improves to a point where our operations might be conducted on a profitable basis. In the meantime, we are keeping key personnel at the mine, and are bending every effort towards disposing of the jointly owned equipment.

We consider these pumps to be junk. At the present time we are collecting all the scrap iron on our property and are selling the same to a junk dealer for \$30.00 per ton. These two items will approximate a ton, and we would appreciate the Government's permission to dispose of them in this manner.

These two pumps were completely worn out and replaced with new pumps purchased from our own funds without Government participation while the contract was in operation.

Reference is made to two Byron-Jackson 6x10 1/2 DWS Split Case Centrifugal Pump Cases which are part of the jointly owned equipment under the terms of the above captioned contract.

Dear Mr. Mittendorf:

Re: Docket MEA-1 & 1A (Lead-Zinc)
Second Amended Contract Idm-Ek

Mr. C. O. Mittendorf, Administrator
Defense Minerals Exploration Adm.
New Interior Building
Washington 25, D. C.

June 25, 1957

6/25/57

Johnston
Chambers

TRIPPLICATE

STANDARD FORM 201 (Formerly Cert. of Deposit, Form 1)
Promulgated Oct. 1949 by Treasury Dept., Fiscal Service

THIS DEPOSIT IS NOT SUBJECT TO CHECK

Denver, Colorado
DEPOSIT NO.

For credit
of **9013 Treasury Regional Office, Denver, Colo.**
(Name, title, and disbursing or identification symbol of accountable officer) **4/57**
(Date sent)

14-23-040-160

deposited with **Federal Reserve Bank of Kansas City, Mo. Denver, Colo.**
(Name and location of depository)

\$ 129.33

for accounts listed below.

SCHEDULE NOS.

ACCOUNT SYMBOL	TITLE OF ACCOUNT TO BE CREDITED	AMOUNT
14X4401		129.33

(Depositor will insert below his name, title, Department or Agency concerned, and his address)

Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colorado

SPACE BELOW TO BE USED BY DEPOSITARY ONLY

I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

Donnell
(Authorized signature)

MAY 27 1957
(Date of credit in Treasurer's account)

DEPOSITARY WILL DATE, SIGN, AND RETURN THIS TO DEPOSITOR FOR HIS RETAINED COPY

* E-4 Chief Con.
E-440 L. B. Wright

33.54
95.79
129.33

* E-4 Chief Con. is not a royalty
payment. To be credited to vouchers
paid.

1957 MAY 24 PM-1 36

224 New Castle Road
Denver 2, Colorado

May 22, 1957

EXTRA COPY D M E A		
RECEIVED MAY 27 1957		
DATE	INITIALS	CODE
		800

Memorandum

To: T. A. Christensen
From: Acting Executive Officer, DEMA Field Team, Region III
Subject: Deets' DEM-1 & 1A (Lead-Light) Second Amended Contract
Edm. H. Chief Consolidated Mining Company,
(Chief No. 1 mine) Utah and Jack Overton, Utah

Enclosed is check No. 1734 from the subject Operator in the amount of \$13.54, payable to Defense Minerals Exploration Administration, as liquidation of the Government's interest in 200 feet of No. 2/G, 37 strand 1 Conductor JST, 14/G, Siderite, 5/G, Neoprene Cable, consisting of small pieces left over from the original installation. The Operator's transmittal letter of May 20, 1957, is also enclosed.

The amount of \$13.54 is to be credited to voucher payments.

Original signed by
E. N. MARSHMAN
E. N. Marshman

Enclosure

JDC:sh

cc: Chem. Op. Comm. (2) ✓
Marshman (2)
Wilson
Townsend (2)
DEMA Auditor, Reg. III
Genesee File, Reg. III
MF-104 File, Reg. III
Chas.

w/copy Oper. Let.
of May 20, 1957

608 DOOLY BUILDING
SALT LAKE CITY, UTAH

May 20, 1957

Mr. E. N. Harshman
Acting Executive Officer
DMEA Field Team, Region III
224 New Customhouse
Denver 2, Colorado

Dear Mr. Harshman:

Under date of April 30 we sold to the Westvaco Products Division of the Food Machinery and Chemical Corporation, the following jointly owned property under the terms of the above captioned contract:

200 feet No. 2/0, 37 strand 1 Conductor 5KV,
10/64 Eskerona, 5/64 Neoprene Cable

This cable was sold for \$.3354 per foot and cost \$.516 per ft. The Government's interest in this sale is 50% of \$67.08 or \$33.54. Our check in payment is enclosed.

For your information this wire, consisting of small pieces, was left over in the original installation.

Yours very truly

W. W. Watson
Vice President

WWW:ALC
Enc.

[illegible]

THIS DEPOSIT IS NOT SUBJECT TO CHECK

Denver, Colo.

DEPOSIT NO.

14-23-040-148

For credit
of

9013 Treasury Regional Office, Denver, Colo.

(Name, title, and disbursing or other identification symbol of accountable officer)

4/20/57

(sent)

deposited with Federal Reserve Bank of Kansas City, Mo., Denver, Colo.

(Name and location of depository)

\$ 4,503.23

for accounts listed below.

SCHEDULE NOS.

ACCOUNT SYMBOL

TITLE OF ACCOUNT TO BE CREDITED

AMOUNT

14X4401

4,503.23

(Depositor will insert below his name, title, Department or Agency concerned,
and his address)

Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colorado

SPACE BELOW TO BE USED BY DEPOSITARY ONLY

I certify that the above amount has been received for credit in the
account of the Treasurer of the United States on the date shown,
subject to adjustment for uncollectible items included therein.

(Authorized signature)

APR 26 1957

(Date of credit in Treasurer's account)

DEPOSITARY WILL DATE, SIGN, AND RETURN THIS TO DEPOSITOR FOR HIS RETAINED COPY

TRIPLICATE

STANDARD FORM 201 (Formerly Cert. of Deposit, Form 1)
Promulgated Oct. 1949 by Treasury Dept., Fiscal Service

E-4 Chief Consolidated Mining Co.

\$4,503.28

This is a property liquidation
payment.

APR 26 AM 11 49

221 New Castle Avenue
Denver 2, Colorado

April 25, 1957

EXTRA COPY D M E A		
RECEIVED APR 29 1957		
DATE	INITIALS	CODE

Memorandum

To: T. A. Christensen

From: Acting Executive Offices, DME Field Team,
Region III

Subject: Exhibit DME-1 & 14 (Lead-Sing)
Second Amended Contract, ID-54
Utah Consolidated Mining Company
(Order No. 1 mine) Utah and San Juan Counties, Utah

Released in Check No. 1750 from the subject Quartermaster in the amount of \$4500.00, payable to Eugene Minerals Explorations, Inc., as liquidation of the Government's interest in certain property acquired under Contract ID-54. The property is listed in the Quartermaster's transmittal letter of April 25, 1957, which is attached.

The amount of \$4500.00 is to be credited to voucher prepared.

Original signed by
E. N. HARSHMAN
E. N. Harshman

Enclosures

221-14

cc: Exec. Op. Cont. (2)
Harshman (2)
Vilken
Hickman (2)
Corcoran, Phil, Sup. III
Mc-141 File, Reg. III
DME Field, Reg. III
Chen.

W/ copy of Oper.
transmittal letter

Chief Consolidated Mining Co.

608 DOOLY BUILDING
SALT LAKE CITY, UTAH

April 23, 1957

EXTRA COPY		
D M E A		
DEPARTMENT OF THE INTERIOR		
RECEIVED APR 29 1957		
DATE	INITIALS	CODE

DMEA

APR 25 1957

REGION III

DENVER, COLORADO

Mr. E. N. Harshman
Acting Executive Officer
DMEA Field Team, Region III
224 New Customhouse Building
Denver 2, Colorado

Re: Docket DMEA 1 & 1A (Lead-Zinc)
Second Amended Contract Idm-E4

Dear Mr. Harshman:

Under date of March 14, we advised Mr. C. O. Mittendorf of the sale of the following jointly owned equipment in compliance with the terms of the above captioned contract:

<u>Quantity</u>	<u>Item</u>	<u>Invoice Cost</u>	<u>Sales Price</u>
1	3000 KVA OLGS Larkin Transformer	\$11,694.00	\$7,000.00
2	DL--6155743-G-4, FK 142-4, 16-25, 4160V 600 A Disconnect Switches with Lever & Trip Coils	712.00 ✓	530.00
3	Cat. #6129026-G-5, 46 KV, Type EF-2 Drop Out Fuse Disconnecting Switches	264.00 ✓	172.50
6	G.E. Cat. 416X9 Type JKR2 100/5 Current Transformers	160.50 ✓	102.00
3	9LALG33 Thyrite LTG Arresters	1,513.68 ✓	908.22
6	1533190 (W) SV Arresters	489.60	293.76
	<u>Total</u>		<u>\$9,006.48</u>

Under the terms of the Contract, the Government's interest in the above equipment is 50%, and we are accordingly enclosing our check in the amount of \$4,503.24 in full payment thereof.

Yours very truly

W. W. Watson

W. W. Watson
Vice President

WWW:ALC
Enc.

TRIPPLICATE

STANDARD FORM 201 (Formerly Cert. of Deposit, Form 1)
Promulgated Oct. 1949 by Treasury Dept., Fiscal Service

THIS DEPOSIT IS NOT SUBJECT TO CHECK

Denver, Colo.

DEPOSIT NO.

14-23-040-138

For credit
of

9013 Treasury Regional Office, Denver, Colo. 5/57
(Name, title, and disbursing officer or identification symbol of accountable officer) (Date sent)

deposited with Federal Reserve Bank of Kansas City, Mo. Denver, Colo.
(Name and location of depository)

\$ 388.50

for accounts listed below.

SCHEDULE NOS.

ACCOUNT SYMBOL	TITLE OF ACCOUNT TO BE CREDITED	AMOUNT
14X4401		388.50

(Depositor will insert below his name, title, Department or Agency concerned, and his address)

Defense Minerals Exploration Administration
224 New Custom House
Denver 2, Colorado

SPACE BELOW TO BE USED BY DEPOSITARY ONLY

I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

Bonnett
(Authorized signature)

4/5/57
(Date of credit in Treasurer's account)

DEPOSITARY WILL DATE, SIGN, AND RETURN THIS TO DEPOSITOR FOR HIS RETAINED COPY

E-4 Chief Consolidated Property
Settlement

(Not a royalty payment)

388.50

(Hydromedon 22340)

MAIL DEPT.

1957 APR 5 PM 12 41

RECEIVED
APR 5 1957
MAIL DEPT.

224 New Customhouse
Denver 2, Colorado

April 4, 1957

EXTRA COPY D M E A		
RECEIVED APR 8 1957		
DATE	INITIALS	CASE
		860

Memorandum

To: T. A. Christensen

From: Acting Executive Officer, DMEA Field Team, Region III

Subject: Decket MEA-1 and 1A (Lead-Zinc) Contract Edm-E4,
Chief Consolidated Mining Company (Chief No. 1 mine),
Utah and Juab Counties, Utah

Enclosed is a check from the subject Operator in the amount of \$388.50, payable to Defense Minerals Exploration Administration, as liquidation of the Government's interest in a jointly-owned Beryum Erie Hydromucker which was acquired under the contract.

Also enclosed is a letter of transmittal dated April 2, 1957, from the Operator to the Acting Executive Officer, DMEA Field Team, Region III, and a copy of a letter dated March 29, 1957, from the Administrator, DMEA, to the Operator, whereby the Government accepted the Operator's offer to purchase the Hydromucker for \$1554.00. The Government's interest in this item is 25 percent, or \$388.50, the amount remitted.

The amount of \$388.50 is to be credited to voucher payments.

Original signed by
E. N. HARSHMAN
E. N. Harshman

Enclosures

JX:hh

cc: Chm. Op. Comm. (2) }
Harshman (2) }
Wilson } w/copy of Oper. Letter
Townsend } of 4/2/57 and Admin.
MF-104 File E4 } letter of 3/29/57
Corres. File E4 }
DMEA Auditor, Reg III)
Chron.



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

DMEA
DEPARTMENT OF THE INTERIOR

MAK 29 1957

APR 1 - 1957

REGION III
DENVER, COLORADO

**Mr. W. W. Watson, Vice President
Chief Consolidated Mining Company
608 Deely Building
Salt Lake City, Utah**

Re: Docket No. DEEA-1 & 1A (Lead-Zinc)
Chief Solicited Mining Company
Chief No. 1 Mine
Juab and Utah Counties, Utah
Second Amended Contract No. 100-54

DEAR MR. WATSON:

I have your two letters of March 14, 1957, regarding disposal of jointly owned equipment. Funds due the Government should be handled by checks payable to the Defense Minerals Exploration Administration and forwarded to:

Mr. E. N. Harshman
Acting Executive Officer
INRA Field Team, Region III
824 New Customhouse Bldg.
Denver 2, Colorado

The Government accepts your offer to purchase the Hydromasher at a valuation of \$1,554.00.

I feel that the sales which you have made to date are highly satisfactory to both the Government and to your company.

Sincerely yours,

C. O. Mittendorf

WGR:sweid/or 3/27/57

Copy to: Docket
Adm R File
Op. Committee
Mr. Bishop, USM
Mr. Killgaard, USGS
Mr. Jay Chambers, DMEA
Chron.
Region IXX (X) ✓

Administration

11/3/51
 35
 Copies distributed to
 Harshman (2)
 Wilson
 Corcoran B & Co, Reg. III ✓
 MF 104 file (5)
 Townsend

608 DOOLY BUILDING
SALT LAKE CITY, UTAH

DMEA
DEPARTMENT OF THE INTERIOR

APR 4 - 1957

REGION III
DENVER, COLORADO

April 2, 1957

Mr. E. N. Harshman
Acting Executive Officer
DMEA Field Team, Region III
224 New Customhouse Bldg.
Denver 2, Colorado

Re: Docket No. DMEA-1 & 1A (Lead-Zinc)
Second Amended Contract No. Idm-E4

Dear Sir:

In a letter received from Mr. C. O. Mittendorf, dated March 29, 1957, he accepted, on behalf of the Government, our offer to purchase one Bucyrus Erie Hydromucker which is part of the equipment, in which the Government has an interest under the terms of the above captioned contract, for the sum of \$1554.00. The original cost of this equipment was \$2,590.00, and the Government's advance was 25% of the original cost.

The Government's interest, therefore, being limited to 25% of the selling price, we enclose herewith our check in the amount of \$388.50 in full payment thereof.

Yours very truly

J. G. Watson

W. W. Watson
Vice President

WWW:ALC
Encl.

[illegible]

MAY 28 1957

Mr. Thomas H. Broding
FICA Auditor
224 New Customhouse Building
Denver 2, Colorado

Re: Chief Consolidated Mining Co.
Contract No. 14-14
Docket No. 14-1 and 1A

Dear Mr. Broding:

I believe we came to the following agreement in regard to your letter of April 23, 1957, concerning the above-cited contract.

You had a different serial number on your list for a transformer than the company reported when it sold it. It is my understanding you were to correct the list according to the company's number but make a footnote thereof on your inventory list.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Director
Contract Administration
and Audit Division

JLChambers/vb
May 28, 1957

Copy to: Docket
Admr. Reading File
Mr. Chambers



UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
224 New Customhouse
Denver 2, Colorado

April 23, 1957

OFFICIAL FILE COPY D M E A		
RECEIVED APR 25 1957		
DATE	INITIALS	CODE
4/25	C	220
		800

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

Re: Disposal of Equipment, Chief Consolidated Mining Co.
Contract No. Idm-E⁴, Docket No. DMA 1 and 1A

Dear Mr. Chambers:

Please refer to Mr. W. W. Watson's letter of March 14, 1957, to the Administrator regarding disposal of certain equipment listed in that letter. The fourth item listed is described as follows:

6 G.E. Cat. 416X9 Type JKR2 100/5 Current Transformers \$160.50

In making a routine check of the materials listed I was unable to find this item. I do note on page 4 of the supplemental list prepared by me the following listed item:

Westinghouse Electric Co. 6 Type C.T. 2.5 - 150/5 ratio \$160.50

The price and the number of items check but the description does not.

I again checked the files and find that the item I have listed was shipped to the Eureka Machinery and Supply Company, and the full description as listed on a typed copy of the invoice in file is one of three items on that page, the first of which was shipped by Westinghouse. I assumed, perhaps in error, that all items were from that company. Description follows:

1435-491-7201 Type C.T. 2.5 150/5 ratio 6 \$160.50

This may not be important but in view of all the circumstances, I thought that you should be aware of this situation. For your information I checked the Westinghouse item on my list.

Sincerely yours,

T. H. Brading
T. H. Brading, DMEA Auditor

MAR 29 1957

Mr. W. W. Watson, Vice President
Chief Consolidated Mining Company
608 Dealy Building
Salt Lake City, Utah

Re: Docket No. DMA-1 & 1A (Lead-Zinc)
Chief Consolidated Mining Company
Chief No. 1 Mine
Juab and Utah Counties, Utah
Second Amended Contract No. 1dm-54

Dear Mr. Watson:

I have your two letters of March 14, 1957, regarding disposal of jointly owned equipment. Funds due the Government should be handled by checks payable to the Defense Minerals Exploration Administration and forwarded to:

Mr. K. H. Harschman
Acting Executive Officer
DMA Field Team, Region III
224 New Customhouse Bldg.
Denver 2, Colorado

The Government accepts your offer to purchase the Hydramaker at a valuation of \$1,550.00.

I feel that the sales which you have made to date are highly satisfactory to both the Government and to your company.

Sincerely yours,

C. O. Hiltendorf

WRGriswold/er 3/27/57

Copy to: Docket

Adm R File

Op. Committee

Mr. Bishop, USM

Mr. Killegard, USOS

Mr. Jay Chambers, DMA

Chron.

Region III (2)

Administrator

COPY

CHIEF CONSOLIDATED MINING CO.
608 Deely Building
Salt Lake City, Utah

COPY

March 14, 1957

Mr. C. D. Mittendorf, Administrator
Defense Minerals Exploration Administration
New Interior Building
Washington 25, D. C.

Re: Docket No. DMA 1 & 1A
Lead-Zinc Second Amended Contract
Idm-14

Dear Mr. Mittendorf:

We wish to advise you of the sale of the following described equipment which is jointly owned by this Company and your Administration under the terms of the above captioned contract:

<u>Quantity</u>	<u>Item</u>	<u>Invoice Cost</u>	<u>Sales Price</u>
1	3000 KVA Olds Larkin Transformer	\$11,694.00	\$7,000.00
2	DL-5125743-0-4, FK 142-4, 16-25, 4250V 500A Disconnect Switches with Lever & Trip Coils	712.00	530.00
3	Cut #6127026-3-5, 45 KV, Type IF-2 Drop Out Fuse Disconnecting Switches	264.00	172.50
6	T.E. Cat. 416X9 Type JER2 100/5 Current Transformers	160.50	102.00
3	91A1Q33 Thyrite LTG Arresters	1,513.68	908.22
6	153X190 (W) 8V Arresters	489.60	293.76
			<u>\$9,006.48</u>

The above equipment was sold to the Independent Coal & Coke Company of Salt Lake City, Utah on thirty days net terms. Upon receipt of payment, we are prepared to remit to the Government its proportionate amount (\$4,503.24).

Will you kindly advise us to whom this check should be made, and to whom it should be forwarded.

Yours very truly

Signed/

W. W. Watson

WWW:AIC

W. W. WATSON
Vice President

COPY

CHIEF CONSOLIDATED MINING CO.
608 Deely Building
Salt Lake City, Utah

COPY

March 14, 1957

Mr. C. O. Mittendorf
Administrator
Defense Minerals Exploration Adm.
New Interior Building
Washington 25, D. C.

Re: Docket No. IMA 1 & 1A
Lead-Zinc Second Amended Contract
Idm-24

Dear Mr. Mittendorf:

Reference is made to one Bucyrus Erie Hydromucker which is jointly owned by this Company and your Administration, and which was purchased at a cost of \$2590.00, and used in connection with shaft sinking operation, and for which the Government advanced twenty-five percent of the cost.

This Company wishes to purchase this Hydromucker on its own account, and offers therefor sixty percent of the original costs, or \$1554.00. Upon receipt of your authorization, we will remit twenty-five percent of \$1554.00, or \$388.50.

Yours very truly

Signed/

W. W. Watson

W. W. Watson
Vice President

WWW:ALC



UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

224 New Customhouse
Denver 2, Colorado

March 22, 1957

OFFICIAL FILE COPY		
DMEA		
RECEIVED MAR 25 1957		
DATE	INITIALS	CODE
3/26	C	220
		800

Mr. E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Defense Minerals Exploration Administration
Washington 25, D. C.

Re: Chief Consolidated Mining Co.
Docket No. DMA-1 & 1A
Contract No. Idm-E4

Dear Mr. Talbert:

After receipt of your telegram and talking to you, I called Bill Young in Salt Lake.

He checked the files and called me back just a moment ago and advises that in the months of November and December, 1951, and January and February, 1952, much of the labor and a major portion of the parts charge were for repairs to pump, hoist, and the manufacturing of the hydro mucker. In other words, the cost is not shown as a single item, but Bill states that in his opinion the total of the \$2,590.00 charged is included in parts and repair labor for the four months, and the Government's contribution is on a 25% basis.

Sincerely yours,

T. H. Brading
T. H. Brading, DMEA Auditor

Copy to 500
EO
3/26/57

Contract Admin. and Audit Div.

MAR 22 1957

Defense Minerals Exploration Admin.

14X4401(01) Revolving Fund, Defense
Production Act, Interior, (Transfer
to Office of Secretary)

TELETYPE

Mr. Thomas H. Brading
DHA Auditor
221 New Customhouse Building
Denver 2, Colorado

Re DHA-1 & 1A, Ida-1A, Chief Consolidated Mining Company, re tel
verification from your audit work papers that Government contributed
50%, repeat 50%, of \$2,590.00 cost of Bucyrus Erie Hydromucker.

(Signed) E. D. Talbert

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

EDTalbert/wb
March 22, 1957

Copy to: Docket
Admr. Reading File
Mr. Chambers

Mr. W. F. Traver
Executive Officer
DMMA Field Team, Region III
224 New Customhouse Bldg.
Denver 2, Colorado

Re: Docket No. DMMA-1 & 1A (lead-zinc)
Chief Consolidated Mining Company
Chief No. 1 Mine
Juab and Utah Counties, Utah
Second Amended Contract No. 100-04

Dear Mr. Traver:

This is with reference to your January 24 memorandum, with enclosures, concerning the property account under the cited contract.

We did not forward your January 24 letter to the Operator since it appeared that some action of a more positive nature was required. On February 8, the Administrator had a phone conversation with Mr. Watson, who stated that a firm bid had been received on one transformer. Tentative bids had also been received on certain smaller items. On the same date, a telegram was sent to the Operator (with copies to you) authorizing the transformer sale, etc.

Mr. Watson stated that he may possibly have lost several potential sales of equipment by his insistence upon receiving sixty per cent of new cost price. However, it is our opinion that much of the equipment will have to be sold at a substantially lesser percentage if it is to be moved. Obviously, we desire to obtain a maximum return on Government equities but, at the same time, we do not believe that any reasonable offer should be disregarded.

Sincerely yours,

George C. Selfridge

APPROVED:

Frank D. Lamb
Member, Bureau of Mines

N. E. Nelson
Member, Geological Survey

Chairman, Operating Committee
RG:Griswold/er 2/11/57

Copy to: Docket

Adm & File

Op. Committee

Base Metals

Mr. Bishop, U.S.M.

Mr. Aillsgaard, U.S.M.

Mr. Chambers, U.S.M.

Chron.

Q4125730

Mr. W. A. Watson, Vice President
Chief Consolidated Mining Company
608 Reedy Building
Salt Lake City, Utah

Re: Docket No. RMMA-1 & 1A (Lead-Zinc)
Chief Consolidated Mining Company
Chief No. 1 Mine
Juni and Utah Counties, Utah
Second Amended Contract No. 100-44

Dear Mr. Watson:

Your letter of October 16, addressed to Mr. Traver, covering equipment matters pertaining to the cited contract, has been referred to me.

You are authorized to proceed with the sale of transformers to the City of Murray, as outlined in your letter.

Your offer to purchase all equipment, with a net return to the Government of \$5,000.00, is not considered as being satisfactory.

Sincerely yours,

C. D. Mittenberger

Administrator

WAG:rmcald/or 10/24/56

Copy to: Docket

Adm. & File

Op. Committee

Base Metals

Mr. Bishop, USGM

Mr. Killgaard, USGS

Region III, (2)

Mr. Chambers, BMA

Chron.

Chief Consolidated Mining Co.

608 DOOLY BUILDING

SALT LAKE CITY, UTAH

October 16, 1956

RECEIVED

OCT 22 1956

DMEA

DEPARTMENT OF THE INTERIOR

OCT 18 1956

REGION III
DENVER, COLORADO

Mr. W. M. Traver
Executive Officer, DMEA
Field Team, Region III
224 New Customhouse
Denver 2, Colorado

Re: Contract No. Idm-E4

Dear Mr. Traver:

We wish to report on the progress we are making towards disposing of certain equipment items in which the Government and ourself have a joint interest under the terms of the above captioned contract.

We have approached 5 of the leading Salt Lake concerns who handle used equipment of this nature by mailing to them a list of the equipment and its cost; first, contacting them by telephone and later following up on these telephone calls. Initially all expressed an interest in bidding on the equipment. To date, however, the representative of only one firm has inspected the property, and the principal of this concern advises that they will make a bid in about two weeks, a delay being occasioned by the principal attending other matters in the North West. One concern has advised us by letter that they would not care to bid on this type of equipment. The other three indicated that they will inspect the equipment and give us a decision. However, it is quite evident they will do so at their convenience and not at ours.

The starting equipment, which you will recall, we got authority to sell at a stated price from Washington, is still a possibility. The delay in this instance being occasioned by engineering problems which have not yet been decided.

We have been approached by the City of Murray who may possibly buy the 3,000 K.V.A. Larkin Transformer which cost us \$11,694.00, and the 6 - 500 K.V.A. Larkin Auto Transformers which costs us \$11,899.20. We have offered these to Murray City, subject to D.M.E.A. approval, for \$12,000.00 f.o.b. Eureka, Utah. The 6 - 500 K.V.A. Transformers are still underground and a sum of money will have to be spent in removing them to the surface. Will you kindly authorize us to proceed with this sale at this price as soon as possible. We certainly hope that you will not require additional bids on this equipment, as this would only delay the contemplated sale. We, personally, feel quite fortunate if this sale can be consummated.

We realize that the Government for some reason or other, is quite anxious to dispose of all this equipment and conclude this phase of

Mr. W. M. Traver

-2-

October 16, 1956

the contract at as early a date as possible, and we wish to cooperate to the best of our ability, consequently our Company will make a firm bid of \$10,000.00 for all of the equipment involved. This would net the Government \$5,000.00 and relieve the Government of any obligation in connection with the \$4,000.00 plus already spent for the salvaging of the equipment and an additional \$4,000. or \$5,000. which must be spent in the future to remove the equipment to the surface.

Your views on all of these matters will be appreciated.

Very truly yours

CHIEF CONSOLIDATED MINING CO.



W. W. Watson
Vice President

WWW:ALC

cc: Mr. Cecil Fitch, Jr.

RECEIVED

OCT 22 1956

DMEA

DEPARTMENT OF THE INTERIOR

OCT 18 1956

REGION III
DENVER, COLORADO

October 11, 1956

Chief Consolidated Mining Co.
608 Dooly Building
Salt Lake City, Utah

Attention: Mr. W. W. Watson
Vice-President

Gentlemen:-

In reply to your letter of October 10th with inventory of D.M.E.A. equipment attached, because of the nature of this material, we are not interested in submitting a bid.

Very truly yours,

CATE EQUIPMENT COMPANY

H. A. Christensen, Manager
Used Equipment Division

HAC:mo

Charge to the account of Iron Mines, DMA, 224 New Customers

\$

CLASS OF SERVICE DESIRED	
DOMESTIC	CABLE
TELEGRAM <input checked="" type="checkbox"/>	ORDINARY
DAY LETTER	URGENT RATE
SERIAL	DEFERRED
NIGHT LETTER	NIGHT LETTER

Patrons should check class of service desired; otherwise the message will be transmitted as a telegram or ordinary cablegram.

WESTERN UNION

1206

CHECK

ACCOUNTING INFORMATION

TIME FILED

A. N. WILLIAMS
PRESIDENT

NEWCOMB CARLTON
CHAIRMAN OF THE BOARD

J. C. WILLEVER
FIRST VICE-PRESIDENT

Send the following message, subject to the terms on back hereof, which are hereby agreed to

Denver, Colorado
August 31, 1956

Mr. E. W. Watson
Chief Consolidated Mining Company
608 Ooley Building
Salt Lake City, Utah

Please advise outcome of sale of two Westinghouse starters authorized
by the Administrator, DMA, in his telegram to you of August 3, 1956.

W. M. TRAVER

JIT:prl

cc: Chambers

Finance Office, Reg. III

Traver

Townsend

Brading

Corres. file B4

Chron.

Chairman, Oper. Comm. (2)

W. M. Traver

Executive Officer, DMA
Field Team, Region III

ALL MESSAGES TAKEN BY THIS COMPANY ARE SUBJECT TO THE FOLLOWING TERMS:

To guard against mistakes or delays, the sender of a message should order it repeated, that is, telegraphed back to the originating office for comparison. For this, one-half the unrepeat message rate is charged in addition. Unless otherwise indicated on its face, this is an unrepeat message and paid for as such, in consideration whereof it is agreed between the sender of the message and this Company as follows:

1. The Company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the unrepeat-message rate beyond the sum of five hundred dollars; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the repeated-message rate beyond the sum of five thousand dollars, unless specially valued; nor in any case for delays arising from unavoidable interruption in the working of its lines.
2. In any event the Company shall not be liable for damages for mistakes or delays in the transmission or delivery, or for the non-delivery, of any message, whether caused by the negligence of its servants or otherwise, beyond the actual loss, not exceeding in any event the sum of five thousand dollars, at which amount the sender of each message represents that the message is valued, unless a greater value is stated in writing by the sender thereof at the time the message is tendered for transmission, and unless the repeated-message rate is paid or agreed to be paid, and an additional charge equal to one-tenth of one per cent of the amount by which such valuation shall exceed five thousand dollars.
3. The Company is hereby made the agent of the sender, without liability, to forward this message over the lines of any other company when necessary to reach its destination.
4. Except as otherwise indicated in connection with the listing of individual places in the filed tariffs of the Company, the amount paid for the transmission of a domestic telegram or an incoming cable or radio message covers its delivery within the following limits: In cities or towns of 5,000 or more inhabitants where the Company has an office which, as shown by the filed tariffs of the Company, is not operated through the agency of a railroad company, within two miles of any open main or branch office of the Company; in cities or towns of 5,000 or more inhabitants where, as shown by the filed tariffs of the Company, the telegraph service is performed through the agency of a railroad company, within one mile of the telegraph office; in cities or towns of less than 5,000 inhabitants in which an office of the Company is located, within one-half mile of the telegraph office. Beyond the limits above specified the Company does not undertake to make delivery, but will endeavor to arrange for delivery as the agent of the sender, with the understanding that the sender authorizes the collection of any additional charge from the addressee and agrees to pay such additional charge if it is not collected from the addressee. There will be no additional charge for deliveries made by telephone within the corporate limits of any city or town in which an office of the Company is located.
5. No responsibility attaches to this Company concerning messages until the same are accepted at one of its transmitting offices; and if a message is sent to such office by one of the Company's messengers, he acts for that purpose as the agent of the sender.
6. The Company will not be liable for damages or statutory penalties in the case of any message except an intrastate message in Texas where the claim is not presented in writing to the Company within sixty days after the message is filed with the Company for transmission, and in the case of an intrastate message in Texas the Company will not be liable for damages or statutory penalties where the claim is not presented in writing to the Company within ninety-five days after the cause of action, if any, shall have accrued; provided, however, that neither of these conditions shall apply to claims for damages or overcharges within the purview of Section 415 of the Communications Act of 1934.
7. It is agreed that in any action by the Company to recover the tolls for any message or messages the prompt and correct transmission and delivery thereof shall be presumed, subject to rebuttal by competent evidence.
8. Special terms governing the transmission of messages according to their classes, as enumerated below, shall apply to messages in each of such respective classes in addition to all the foregoing terms.
9. No employee of the Company is authorized to vary the foregoing.

10-42

CLASSES OF SERVICE

DOMESTIC SERVICES

TELEGRAMS

A full-rate expedited service.

DAY LETTERS

A deferred service at lower than the standard telegram rates.

SERIALS

Messages sent in sections during the same day.

NIGHT LETTERS

Accepted up to 2 A.M. for delivery not earlier than the following morning at rates substantially lower than the standard telegram or day letter rates.

CABLE SERVICES

ORDINARIES

The standard service, at full rates. Code messages, consisting of 5-letter groups only, at a lower rate.

DEFERREDS

Plain-language messages, subject to being deferred in favor of full-rate messages.

NIGHT LETTERS

Overnight plain-language messages.

URGENTS

Messages taking precedence over all other messages except government messages.



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

JUN 24 1956

Mr. W. M. Trevor
Executive Officer
DEEA Field Team, Region III
224 New Customhouse Building
Denver 2, Colorado

Re: Request No. DEEA-1 & 1A (Lead-Zinc)
Chief Consolidated Mining Company
Chief No. 1 Mine
Jack and Utah Counties, Utah
Second Amended Contract No. 14a-24

Dear Mr. Trevor:

We have your memorandum of August 2, with enclosures, relative to Government property equities under the cited contract.

We are much concerned over your statement:

"We have advised the Operator of its responsibility in disposing of the property and have outlined the procedure to be followed. Nevertheless, the Operator has not cooperated or complied with the requirements. The property has not been assembled to facilitate proper identification or disposal.

"From the Operator's attitude, it seems that for economic reasons they are attempting to force the Government to waive its interest in the property or accept a settlement decidedly in favor of the company."

We are fully determined that this property question be settled without any further undue delay. We definitely cannot be placed in a position of having been negligent in matters of Government equities. It is suggested that you write a letter to the Operator somewhat as follows:

"On February 13, 1956, I advised that under the contract your company is responsible for disposing of all equipment and salvagable material in which the Government has an equity. The letter further stated that the contract in effect makes the Operator an agent for the disposition of all equipment and salvagable material. The letter also gave you some suggestions as to the steps which you might take in making immediate disposition.

"In a telegram to C. O. Kitterdorf, Administrator of DEEA, under date of August 2, you informed the Government of the possibility of disposing of two Westinghouse Starters at a possible

offering of \$3295 each. This is a very good start toward disposal and the Government appreciates it very much. However, the time between the closing of the project and the disposition of equipment and material is lengthening very rapidly. Therefore, this letter is to give you further instructions that all of the unsold equipment and material should be classified and placed in a display which will enable persons interested to make a fair evaluation without too much trouble. This should be done immediately. Any proper methods of publicizing the sale, such as notices in trade journals which have a local circulation or in local newspapers may be used. If for any reason your company does not feel that it is in a position to dispose of the equipment and material in the above suggested manner, the Government should be notified so it can make other arrangements.

"You will note that the first amended contract provides in Article 11 that the Government may take possession of the property in 90 days after it requests the Operator to make proper disposition. The Government desires to cooperate in any manner with you and if such cooperation will be of help please advise us."

You appear to be somewhat disturbed over your authority to make disposition of the property under this contract. The only reservation made in your delegated authority which might limit your activity is that you are not permitted to waive substantial Government equities without the approval of the Washington office and that you must obtain final approval in certain cases as set forth in Sec. 2 (e) and (f), Secretary Order No. 2808, January 4, 1936. This can be done by either telephone or teletype request from you.

Your suggestion that we close the project and charge all equipment and material to the project repayable under the royalty provisions of the contract would merit consideration if this was a producing contract. It is true that some production may be made on the land leased by the Kennecott Copper Corporation, but this appears to be too indefinite to act upon at this time.

In regard to the supplemental inventory prepared by T. H. Brading and W. E. Young, we have no objection to your furnishing the Operator with copies.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee

APPROVED:

FRANK D. LAMB
Member, Bureau of Mines

N. E. Nelson
Member, Geological Survey

WPGriswold/JLChambers/vb
August 15, 1936

Mr. Killgusd, USGS
Mr. Griswold
Mr. Chambers

Copy to: Doebert
Adm. Reading File
Operating Committee
Mr. Bishop, USIN



Department of the Interior

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

14X4401(01) Revolving Fund,
Defense Production Act, Interior (Allocated
Working Fund to the Office of the Secretary

AUG - 3 1956

CHIEF CONSOLIDATED MINING COMPANY
608 DOOLY BUILDING
SALT LAKE CITY, UTAH

ATTENTION: W. W. WATSON

YOU ARE AUTHORIZED TO SELL TWO PIECES OF EQUIPMENT DESIGNATED
IN YOUR WIRE 8-2-56 FOR \$3,195.00 EACH. SELLING COMMISSION APPROVED.

G. O. Mittendorf

C. O. MITTENDORF, ADMINISTRATOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

JLChambers/wb
August 3, 1956

Copy to: Docket (DMA-1)
Admr. Reading File
Administrator
PT REG. III (2)
Mr. Griswold
Mr. Chambers

COPY

TELEGRAM

WTO34 DL PD AR SALT LAKE CITY UTAH 2 1045 AMM

C. O. MITTENDORF ADMINISTRATOR

DEFENSE MINERALS EXPLORATION ADM. NEW INTERIOR BLDG.

WAE HDC

WE HAVE GOOD POSSIBILITY TO SELL TWO 600 H P WESTINGHOUSE
STARTERS LISTED ON OUR LIST OF SALVAGED EQUIPMENT TO BE
SOLD ON DMEA CONTRACT OFFERED \$3,195.00 EACH ORIGINAL
COST \$3,552.00 EACH SALES PRICE LESS 10 PER CENT
SELLING COMMISSION PLEASE WIRE GOVERNMENTS ACCEPTANCE
OF THIS OFFER IMPOSSIBLE TO OBTAIN ADDITIONAL BIDS
IMMEDIATE ACTION NECESSARY

CHIEF CONSOLIDATED MINING CO 608 DOOLY
BLDG BY W W WATSON



UNITED STATES
DEPARTMENT OF THE INTERIOR

BUREAU OF MINES
1600 EAST FIRST SOUTH STREET
SALT LAKE CITY 12, UTAH
July 31, 1956

DMEA
Date Rec'd

AUG 2 1956

BUREAU OF MINES
Denver, Colorado

RECEIVED

AUG - 6 1956

Memorandum

To: W. M. Traver, Executive Officer, DMEA Field Team,
Region III

From: Stephen R. Wilson

Subject: Docket No. DMEA 1 and 1A (Lead-zinc), Contract Ida-1A,
Chief Consolidated Mining Co., Juab County, Utah.

Reference is made to a letter dated July 2, 1956 addressed to you from Chairman, Operating Committee, DMEA, and your responding memorandum dated July 9, 1956, both concerning liquidation of equipment and supplies jointly owned by the Government and Chief Consolidated Mining Co.

Discussions relative to the inventory were held in offices of the contractor July 10, 1956. Company officials present were Cecil Fitch, Jr. and W. W. Watson. Government representatives included T. E. Brading, D. W. Finch, S. R. Wilson, and W. E. Young.

Chief Consolidated Mining Co. is not interested in bidding on the jointly owned equipment and supplies. Company representatives apparently have no plan for reopening the lower workings of the mine and thus have no need for the equipment. During the discussions July 10, 1956, Mr. Watson stated that in his opinion the equipment is of special design and thus could be used only on a mining property with conditions parallel to those on the Chief Consolidated property. This may be true for part of the equipment, but the majority of the items could be utilized on many properties. Mr. Watson contends that because of the special type equipment, representatives of mining companies and used mining equipment dealers will not be interested in bidding on the equipment, thus he believes it to be futile to request bids.

W. E. Young inspected the inventory on the property January 18 and 19, 1956. A memorandum dated January 26, 1956, insulating the identifiable jointly owned equipment was prepared by Young and copies were mailed to your office. Part of the

equipment is stored in a building on the surface with company-owned equipment of the same type. Considerable equipment also has been stacked on the 1800-foot level. Many of the smaller items have lost their identities because of confusion with company-owned items. It does not appear feasible to have an engineer and auditor conduct further checking of the inventory on the property.

Chief Consolidated Mining Co. submitted a "List of Equipment Items in which the D.M.E.A. Claims an Interest and which the Unit Cost was in Excess of \$50.00." However, T. H. Brading, DMEIA auditor, has added a number of items to the contractor's list. Brading's tabulation was prepared after the above-mentioned discussions with company officials.

W. E. Young has not included wire reels in his inventory of equipment and supplies made January 18 and 19, 1956. None were noted on the property. However it appears probable that the company may have returned some of the reels for credit. Others say have been unfit for further use and destroyed.

Stephen R. Wilson
Stephen R. Wilson

Contract 100-24

Packet No. EMA 1 and 1A

CHIEF CONSOLIDATED MINING CO.

RECEIVED
AUG - 6 1956

Statement of claimed cost of items with unit or category cost in excess of \$50.00 in which Government and Operator have a joint interest and which are subject to liquidation consideration

Total per Operator's list (photocopy attached)

\$118,741.82

Add:

Applicable Items on Operator's List

<u>No.</u>	<u>Reels</u>	<u>Sales Tax</u>	<u>Freight and Handling</u>
1 thru 5		\$181.54	\$432.25
7		13.26	
8		30.27	
9		13.44	
10		38.40	
11		5.28	
14		5.17	
15		9.91	
16	\$ 15.00		
17		2.90	
19		16.82	
20		5.53	
38 thru 40		38.22	
41		1.40	
42		9.79	
43	460.00	218.16	
44	335.00	16.01	
45	135.00	69.06	
46	45.00	23.67	
47	15.00	4.52	
49		4.92	
50		7.88	
53 thru 54		4.64	
55		9.04	
60			179.41
62 thru 66		210.71	
34			12.40
48		2.76	
52		3.23	
	<u>\$1,005.00</u>	<u>\$946.53</u>	<u>\$624.06</u>
			\$ 2,575.59

Component

Total per Ope. list

Unavailable per Ope.

So charged per Ope.

Admitt. per Reading

Total

\$ 118,741.82

2,979.41

115,762.38

19,644.14

\$ 135,406.52

CHRYSLER CONSOLIDATED MINING CO.

Statement of claimed cost of items with unit or category cost in
excess of \$50.00 in which Government and Operator have a joint
interest and which are subject to liquidation consideration

Additional Items Not on Operator's List

<u>Invoice Date</u>	<u>Vendor</u>	<u>Description</u>	
2/10/51	G.E.	(3) 10-5 cur. transformers	\$ 67.32 ✓
3/19/51	G.E.	(12) Cur. transformers 99 X 985	306.00 ✓
1/10/51	G.E.	(3) Cur. transformers 99 X 985	75.31 ✓
1/10/51	G.E.	(4) 400 A, 5 kv. dis. switch	
		(2) 200 amp, 5 kv. dis. switch	
		(2) Switch hooks and tax	321.50
6/4/51	Larkin Electro Product Corp.	Secondary voltage change on 3,000 kva. transformer	450.00
6/13/51	Utah Charge & Rinning Co.	Drayage on transformer	385.00
4/27/51	G.E.	(3) Tripping reactors	74.05 ✓
6/11/51	The Galigher Co.	(10) 18" vit. elbows, 22-1/2"	
		(10) 18" vit. elbows, 11-1/4"	
		(4) 18" O.D. adaptor nipples and sales tax	1,142.40
6/14/51	D. & E. W. R. E.	Freight on pipe	664.90
6/30/51	Eureka Machinery Co.	6" H beam \$266.73	
		4" H beam 81.20	
		4" H beam 81.20	
		Sales tax 8.58	
		Handling 21.45	459.16
6/30/51	Eureka Machinery Co.	Steel plate 88" X 72" X 3/4" with handling and sales tax	93.04
6/30/51	Eureka Machinery Co.	6" H beams \$ 68.99	
		6" H beam 315.78	
		Sales tax and handling 26.93	
4/11/51	Graybar Elec. Co.	1,208 lbs. iron B.B. tel. wire	411.70
3/22/51	Westinghouse Elec. Supply Co.	(45) Uscolite splice	144.92
5/18/51	Graybar Elec. Co.	325 ft. #4A Copperweld spin. wire	275.40
6/11/51	The Galigher Co.	(30) Extra ends for vict. pipe	233.48
			131.89

CHIEF ENGINEER'S REPORT

Statement of closed cost of items with unit or category cost in excess of \$25.00 in which the cost of the item is a material part of the cost of the project and which are subject to the provisions of the Act.

Additional Items Not on Operator's List (Continued)

<u>Invoice Date</u>	<u>Vendor</u>	<u>Description</u>		
6/30/51	Eureka Machinery Co.	6" angle iron	\$115.29	
		1-1/4" rd. mild steel	345.38	
		1/4" x 1-1/2" x		
		2-1/2" angle iron	78.92	
		6" channel iron	92.23	
		Sales tax and handling	44.23	\$676.05
7/31/51	Eureka Machinery Co.	1-1/4" rd. mild steel	\$ 76.20	
		4" H beam	91.93	
		6" H beam	79.61	
		Sales tax and handling	17.34	265.08
7/31/51	Eureka Machinery Co.	2 sheets 1" mesh screen	\$ 98.55	
		Sales tax and handling	6.90	105.45
12/30/50	Centennial Development Co.	2300 pump sta., 200 A Rail and fittings w/surcharge		162.20
2/30/51	Centennial Development Co.	22/18 raise repair		126.78
1/29/51	Graybar Electric Co.	H beams w/surcharge		400.25
1/17/51	Westinghouse Elec. Supply Co.	60 coils #4 Copperweld spin. wire		1,482.38
11/14/51	Westinghouse Elec. Supply Co.	4,388 lbs. 3/8" Copper-weld wire		185.47
7/18/51	Gough Industries, (3) Inc.	549 lbs. 3/8" Copper-weld wire		145.77
1/23/51	Nickerson Machinery Co.	In one bank, kva. 4160 v. Primary 240 v. secondary 230 ft. #1/0 cable, 2300 volt, complete with motor terminal box, less pot head		923.00
1/25/51	Salt Lake-Delta Freight Line	Freight on electric motor and cable		82.63
2/26/51	Structural Steel & Forge Co.	3 pc. wall pipe		198.00

CHIEF COMPLAINTS, MARCH 51

Statement of claimed cost of items with or without cost in
 interest of the Government's list of items

Additional items not on Operator's list (continued)

<u>Date</u>	<u>Vendor</u>	<u>Description</u>	<u>Amount</u>
2/14/51	Winfield H. Smith Corp. (5)	40:1 reducers, 40:1	\$212.75 ✓
2/15/51	M. O. Nelson Co.	12" 300 Ladiash F.S.	30.00
2/15/51	M. O. Nelson Co.	12" 300 Ladiash F.S.	30.00
3/22/51	G. E.	12" 300 Ladiash F.S.	244.62
3/5/51	G. E.	12" 300 Ladiash F.S.	344.00 ✓
3/18/51	G. E.	12" 300 Ladiash F.S.	214.11 ✓
4/6/51	The Galigher Co.	Victaulic couplings	211.65 ✓
4/12/51	Salt Lake Transfer Co.	Freight on couplings	6,324.42
4/4/51	M. O. Nelson Co.	12" 300 Ladiash F.S.	655.02
5/24/51	Westinghouse Elec. Corp (7)	8 0 flanges	74.10
6/12/51	D. & R. G. W. R. R.	Current transformers	157.29 ✓
7/16/51	G. E.	Freight on pipe	622.12
7/26/51	G. E.	Current transformers	80.25 ✓
7/13/51	G. E.	Current transformers	77.04 ✓
7/9/51	Westinghouse Elec. Corp.	Current transformers	160.32 ✓
		Type C T 2.5 150/5 ratio	160.50 ✓
Total additional items -----			\$19,644.14
Added, page 1 -----			2,575.59 X
Total -----			\$22,219.73
Total per Operator's list -----			\$118,741.82
Total items -----			\$140,961.55
Add: Fixed Fee, Foley Bros. for value in place of pumping plant -----			2,000.00
Grand Total -----			\$142,961.55

LIST OF EQUIPMENT ITEMS IN WHICH THE D. R. L. HAS AN INTEREST
AND WHICH THE UNIT COST WAS IN EXCESS OF \$50.00

Quantity Description

2	1	116CKL-5 Stage Double Belled Submersible Pawl Assemblies	53,000.00	
1	2	600 Pump Low Electric Motor Drive	2,971.50	
1	3	1602-124 Motor Complete	1,275.10	
1	4	8" Swenson Brass Check Valve	231.00	
2	5	20" Swenson Brass Check Valve	1,079.33	
2	6	12" Metal Mesh Screen		\$ 245.00
1	7	111202 Starter for 200 HP	1,000.00	
3	8	92A1033 Thyrite LTO Arresters		
7	9	Cat 137138 25KVA 2400 Volt Class 1D Single Phase Outdoor Capacitor Units	672.00	
20	10	Cat 137138 25KVAR 2400 Volt Class 1D SP Outdoor Capacitor Units	1,920.00	
3	11	Cat 6129026-G-5, 46 KV Type EF 2 Drop-out Fase Disconnecting Switches	264.00	
1	12	60 KVA Askarel Immersed Larkin Auto Transformer type ASD3, 3Phase, 60 cycles, class A insulated for 55° C temperature rise above ambient, 4160Y 2400 Y volts. Dimensions: 38" x 26" x 22"	701.00	
6	13	500 KVA, Askarel Immersed Larkin Auto Transformers type ASD, single phase, 60 cycles, 2400/4160Y volts to 1385/2400Y volts with tertiary windings for the suppression of telephone interfering harmonics, suitable for underground installation. Class A insulated for 55° C temperature rise above ambient.	11,899.20	
4	14	114725 W. 3 Phase 2400 Volt Capacitor	258.40	
1	15	27HY56 Transformers 2-2400-120/240 Serial 8564308 # 865 4308 10 KVA	237.36	308.50
136	16	ft. 1000 NOW BW Wire		
1	17	Y340 High Pressure (a)	145.00	
1	18	2883228 02 FK-33-2500 V 400A Oil Circuit Breaker	220.00	
1	19	(W) Class 11202 Starter with Heaters 2300 Volt, 3 Phase, 60 cycle, Oil immersed 450 HP	840.79	
5	20	1904E2705 Minneapolis Honeywell Modular Motors complete with A772ALK transformers, 115/60	276.25	
1	21	18" to 10" Vist. Reducer	188.49	
2	22	18" 300# Latish F & Slip on Flanged for 18" OD Steel Pipe		145.5
1	23	14" OD x 12" Latish x 12" Concentric Reducer		44.50
2	24	14" 300# Latish Low Pressure 12" 300# Latish Gate Valves 12" Flanged for 14" OD Steel Pipe	520.30	

RECEIVED
AUG - 6 1953

~~Quantity~~ ~~Description~~~~Amount~~~~Available~~

2	26	18" MMH Low Pressure Gate Valves for 18" OD Steel Pipe	\$ 942.30	
1	26	8" MMH AWWA NPS Flanged Gate Valve for 250# Working Pressure	94.90	
2	27	10" Low Pressure IBHM DB Gate Valve	252.60	
1	28	14" OD x 10" Ladish IN 45 Deg Lateral		\$ 221.78
1	29	18" OD Ladish XHY 90 Deg Weld Ell	261.94	
1	30	18" OD x 14" OD Ladish Concentric Reducer	82.55	
2	31	18" 300# LR Weld Ells		362.72
2	32	18 x 30" 300# Concentric Reducers		339.42
1	33	16 x 14" Concentric Reducer 300#		129.50
7	34	Type F-11 Oil Circuit Breaker	1,540.00	
2	35	600 HP 2300 Volt, 3 Phase, 60 cycle Westinghouse Reduced Voltage Starters, Auto Transformer Type, w/NEMA Type I Enclosure	7,104.00	
2	36	8" Wal 775-F 1 B Flanged Gate Valves \$505.96	252.98	252.98
1	37	Cat #407X24 Current Transformer type J 8 5 - 75/5 Amp		58.29
2	38	DL-2883171-G-7 HA-2 Lever Beam with 1 DL-6050121-G-3 Trip Coils SA TD	436.00	
3	39	DL-6155743-G-4 FK-142-4, 16-25, 4160V 600A	1,068.00	
1	40	DL-6155743-G-4 FK-142-4, 16-25, 4160V 600A	407.00	
1	41	121AC66A1A Rated 2.5/5 AMP Time Delay Relay over current relay	70.00	
6	42	1533190 (W) Type 3V Arresters	489.60	
		21140 48 ft. #2/0, 37 Strand 1 Conductor 5KV, 10/64 Eskerona, 5/64 Neoprene Cable @ 51.64	10,908.24	
		14860 44 ft. Ditto	7,667.76	
		6430 46 ft. Ditto	3,317.88	
		2207 40 ft. Ditto	1,138.81	
		409 47 ft. Ditto	211.04	
		168 48 sq. ft. 1/2" 42 x 96 IM Transite Board		138.01
1	49	M-9138376 G3 CR-9140 Grid Assemb. It. #1	246.00	
2	50	DL-6155743-G-4 FK-142-4, 16-25, 4160V 600 A.O.C.B.	394.15	
1	51	3000 KVA, OISC Larkin Power transformer ACP3, 3 phase 60 cycle class A insulated for 5% C temperature rise above ambient, 44,000/4160V delta volt, delta delta connected with four 21/23 full capacity taps below 44,000 normal voltage	11,694.00	
87	52	ft. 1000 MMH 600 V type R Stranded Wire		161.30
3	53	Cat 121AC51A1A Relays	174.00	
1	54	121AC51A3A Relay	58.00	
7	55	1114725 W. Enclosure type #7	452.80	

22.48

Quantity DescriptionEstimatedAvailable

2	57	Kyrren Jackson 6x10 1/2" Type DVS Horizontal Single Stage Split Case Centrifugal Pumps with coupling and base	\$6,028.00	
2	58	10x21 Section intake Pipes		\$ 305.00
1	59	8x10 Section intake Pipe		128.37
1	60	Spare Rotating Element Assembled and Balanced including bearings for 8x10 1/2" type DVS Pump	978.00	
2	61	600 HP, 2300 Volt, 3 Phase 2 Pole GE Motors	16,992.00	
2110	62	64 ft. 18" O.D. 8 Gauge Maylar Pipe, cold tar primed, Victaulic Grooves, 18 ft lengths for Water Pump Service at 250 lbs. P.S.I.	9,011.60	
10	63	18" Victaulic Elbows for 18" O.D. Maylar Pipe 90 deg. long Radius	706.10	
10	64	18" Victaulic Elbows 45° ditto	517.80	
2	65	18" O.D. to 1 1/4" O.D. Victaulic 45° Laterals 18 x 18 x 1 1/4" O.D.	195.14	
2	66	1 1/4" O.D. Victaulic 45° Lateral Nipples	104.68	
1	67	8 x 6 LR 300 Weld Ell		53.28
30	68	ft. 8" H Beam (1029 lbs.)	\$97.76	26.07
				71.69
2	69	12-ft. lengths 6" Suction Hose, each length complete with part C Evertite shank couplers on one end and other end with 6" Steel nipple with IPT strainer and black iron foot valve attached to withstand 200 ft. head	438.86	
1	70	Buysrus Erie Hydromucker for mine shaft sinking consisting of 3/8 cu. yd. heavy duty clamshell bucket; hydraulic operated by two single acting rams. Power unit skid mounted with 15 HP, 3 phase 60 cycle 220/440 volt; 1800 RPM Motor, rain-tight starting switch with V-volt drive to hydraulic pumps; 20 gallon tank and 2 - 45 ft. lengths hydraulic hose and valve levers arranged for rope pendant operation.	2,590.00	
			<hr/>	<hr/>
			\$115,762.38	\$2,979.44

FORTY-SEVENTH ANNUAL REPORT OF THE

Chief Consolidated Mining Company

OF ARIZONA

**FOR THE YEAR ENDING
DECEMBER
THIRTY-FIRST
NINETEEN HUNDRED
AND FIFTY-FIVE**

1955

RECEIVED
AUG - 1 1956

Chief Consolidated Mining Company

OF ARIZONA

Authorized Capital \$2,250,000.00
1,500,000 Shares, Common, \$1.00 Each
1,500,000 Shares, Preferred, \$.50 Each

OFFICE, SALT LAKE CITY, UTAH

OFFICERS

CECIL FITCH, *President* Eureka, Utah
CECIL FITCH, JR., *Vice-Pres. & General Manager* Eureka, Utah
W. W. WATSON, *Secretary & Treasurer* Salt Lake City, Utah

DIRECTORS

CECIL FITCH	HOWARD FITCH
C. W. WILKINS	MAHLON S. KEMMERER
W. W. WATSON	CECIL FITCH, JR.
HARRY J. PITTS	

WALKER BANK & TRUST COMPANY, *Registrar*
Salt Lake City, Utah

The Annual Meeting of Stockholders is held on
third Tuesday in April at the office of the com-
pany in Tucson, Arizona.

On or about March 16, 1956, the management will request proxies for the annual meeting to be held April 17, 1956, and a proxy statement and proxy in form as provided by the rules and regulations of the Securities and Exchange Commission will be mailed to the stockholders. This annual report is not a part of the proxy soliciting material, nor is it to be used as such.

DIRECTORS' REPORT

*To the Stockholders of the
Chief Consolidated Mining Co.*

As anticipated final results of our Company's operations during the year 1955 have been disappointing both to its shareholders and to its management. All shareholders were advised in our Third Quarter Report of the adverse physical conditions encountered on the 2800 and 2900 levels of our Chief No. 1 Mine, and of the management's decision to abandon all workings below the normal water level of this mine. Substantial sums spent in developing the lower levels, in an effort to control the conditions encountered on these levels and in the salvaging of valuable equipment, is reflected in the \$107,046.24 operating loss before depreciation as shown in the Auditor's statements within this report.

The closure of the lower levels made possible very substantial reductions in overhead costs which have now been accomplished. During the last three months of the year, operations conducted in the upper levels of the Chief No. 1 Mine, and particularly in our 98% owned Eagle and Blue Bell Mining Company's property, have greatly exceeded our immediate expectations both as to tonnage and grade of ore encountered. Production approximating 5,000 tons of ore per month during January and February of 1956 has been maintained at a profit. Prospects of this condition continuing during the immediate future is excellent, and our shareholders may look forward to more encouraging reports.

The Plutus Mining Company, a 93% owned subsidiary, is presently producing 500 tons per month of 24.6 oz. silver ore with good future prospects.

The Bear Creek Mining Company, operating the Jenny Lind Unit Lease, have completed their shallow hole drilling program for structure successfully. It is our understanding that deep drilling for mineralization will commence early this spring.

E. J. Longyear Company, operators of the Homansville Lease, have also completed their drilling program and are now considering the feasibility of underground exploration in this area.

During the year the Company's staff geologists have done considerable surface mapping and geo-chemical work on the Company's Maltida Claim. The results of these studies are encouraging, and the Company intends to start an exploration program in this area some time during the current year.

For some months past our Company, together with the Tintic Standard Mining Company, have jointly been engaged in negotiating a unit lease agreement with the Bear Creek Mining Company. This lease will involve our Company's Apex and Water Lily areas, comprising some 3,000 acres and all of the Tintic Standard Mining Company's property in that area. Several promising geologic targets have been developed in these areas, but will require the expenditure of several million dollars to fully explore the possibilities. It is anticipated that a satisfactory agreement will be consummated in the very near future wherein the Bear Creek Mining Company will furnish the necessary capital and conduct the operation. Our Company will participate in the net profits from these ventures whether from ores developed on our or Tintic Standard's property, but will not be required to furnish capital. Shareholders will be advised in more detail when the lease is finally signed. Success in this venture could open up an entirely new mining district with commensurate profits to all concerned in the venture.

For the Directors,

CECIL FITCH,

President.

Eureka, Utah
March 16, 1956

DEVELOPMENT AND EXPLORATION FOOTAGE

January 1, 1955 to December 31, 1955

CHIEF CONSOLIDATED MINING COMPANY:

No. 1 Shaft:

Drifting	3,297.5 feet
Raising	1,159.5 feet
Winzing	32.5 feet
18/411 Sub Shaft	127.5 feet
<hr/>	
Total	4,617.0 feet
Diamond Drilling	11,460.0 feet

No. 1 (Homansville Area) Property:

Diamond Drilling (by E. J. Longyear Co.) ... 2,623.0 feet

No. 1 (Jennie Lind Exp. Tract) Property:

Diamond Drilling (by Bear Creek Exploration) 3,261.0 feet

No. 3 (Gemini) Property:

Diamond Drilling 963.0 feet

PLUTUS MINING COMPANY:

Raising	105.0 feet
Diamond Drilling	2,029.0 feet

EAGLE & BLUE BELL MINING COMPANY:

Drifting	307.0 feet
Raising	84.0 feet
<hr/>	
Total	391.0 feet

GENERAL SUMMARY OF DEVELOPMENT WORK

1909 THRU 1955

Drifts	487,016.5 feet
Raises	129,508.5 feet
Winzes	19,782.5 feet
Shafts	6,636.5 feet
<hr/>	
Total	642,944.0 feet=121.8 miles
Prospect Drilling	235,176.0 feet

**Chief Consolidated Mining Com
and Eureka Machinery
Salt Lake C
CONSOLIDATED BALANCE SHE**

ASSETS

CURRENT ASSETS:

Cash on hand and in banks (Demand deposits)	\$ 37,031.70	
Cash in bank (Segregated for workmen's compensation insurance)	592.95	
Due from smelters	12,799.28	
Due from affiliated company (Current)	21,684.17	
Accounts receivable—Federal income tax refund (Since paid)	9,384.30	
Sundry accounts receivable	\$ 5,040.56	
Less Reserve for bad debts	430.07	
	<u>4,610.49</u>	
Inventories, supplies and parts	50,681.61	
TOTAL CURRENT ASSETS		\$ 136,784.50

INVESTMENTS:

In common stock at cost	82,466.62	
Less Valuation reserve	11,359.30	
	<u>71,107.32</u>	
In notes of affiliated companies	2,000.00	
Advances to affiliated companies	286.95	
	<u>2,286.95</u>	
TOTAL INVESTMENTS		73,394.27

FIXED ASSETS:

Plant and equipment	749,530.84	
Less Reserve for depreciation	297,770.14	
	<u>451,760.70</u>	
Mining claims and property	3,189,136.28	
TOTAL FIXED ASSETS		3,640,896.98

OTHER ASSETS:

Prepaid expense	476.22	
Insurance deposit	150.00	
	<u>626.22</u>	
TOTAL OTHER ASSETS		626.22
		<u><u>\$3,851,701.97</u></u>

pany, Plutus Mining Company
& Supply Company
ity, Utah
ET AS AT DECEMBER 31, 1955

EXHIBIT "A"

LIABILITIES

CURRENT LIABILITIES:

Note payable R. F. C. (Current portion)	\$ 27,180.00
Accounts payable	120,794.09
Accrued payrolls	18,243.36
Accrued interest payable	443.07
Accrued taxes	38,616.22

TOTAL CURRENT LIABILITIES \$ 205,276.74

LONG-TERM AND OTHER LIABILITIES:

Note payable to Reconstruction Finance Corporation	30,856.08
Unclaimed dividend checks	13,509.53
Reserve for workmen's compensation insurance	6,783.19

TOTAL LONG-TERM AND OTHER LIABILITIES 51,148.80

MINORITY SHAREHOLDER'S EQUITY IN PLUTUS MINING COMPANY:

Capital stock—82,112 shares	8,211.20
Capital assessments	17,611.56
Deficit (Exhibit "B")	(23,696.56)

TOTAL MINORITY INTEREST 2,126.20

CAPITAL STOCK AND SURPLUS:

CAPITAL STOCK:

Common—Non-assessable, authorized 1,500,000 shares of a par value of \$1.00 per share	1,500,000.00
Less Unissued and treasury	247,594.00
	1,252,406.00
Preferred—Non-assessable, authorized 1,500,000 shares of a par value of 50 cents per share	750,000.00
Less Unissued	618,375.50
	131,624.50

TOTAL CAPITAL STOCK OUTSTANDING 1,384,030.50

SURPLUS:

Earned (Exhibit "B")	1,486,812.71
Stock premium less discount	722,307.02
	2,209,119.73

TOTAL CAPITAL STOCK AND SURPLUS 3,593,150.23

\$3,851,701.97

See Footnotes on following page.

EXHIBIT "B"

**CHIEF CONSOLIDATED MINING COMPANY,
PLUTUS MINING COMPANY
AND EUREKA MACHINERY AND SUPPLY COMPANY
SALT LAKE CITY, UTAH**

**Consolidated Statement of Income and Surplus
for the Year Ended December 31, 1955**

INCOME:

Sales of ore \$1,061,894.44

EXPENSES:

General and administrative \$1,129,912.27

General taxes 24,598.27

Payroll taxes 14,430.14

TOTAL 1,168,940.68

Net Operating Income (Loss) before Depreciation (107,046.24)

Less Depreciation 50,111.38

Net Operating Profit (Loss) (157,157.62)

OTHER INCOME:

Interest \$ 3,139.87

Refund of Federal income taxes .. 6,891.26

10,031.13

TOTAL (147,126.49)

OTHER DEDUCTIONS:

Interest \$ 4,430.50

Loss on sale of capital assets 585.88

5,016.38

Net Profit (Loss) to Surplus (152,142.87)

Consolidated surplus January 1, 1955 1,615,259.02

CONSOLIDATED SURPLUS DECEMBER 31, 1955 \$1,463,116.15

SEGREGATED AS FOLLOWS:

Minority stockholders of Plutus Mining

Company (Deficit) (23,696.56)

Applicable to Chief Consolidated

Mining Company 1,486,812.71

TOTAL \$1,463,116.15

Footnotes to Consolidated Balance Sheet as at December 31, 1955

NOTE 1: There is included in the cost of mining claims and property approximately \$950,000.00 representing properties acquired for 500,000 shares of common stock issued at par at the time of incorporation and approximately 200,000 shares issued subsequently at market value.

NOTE 2: A contingent liability exists for repayment of funds advanced by the Defense Minerals Administration of the United States Government under its mineral exploration program in the amount of \$77,332.14, payable under a sliding scale of 1½% to 5% royalty on net smelter returns from ore, if and when produced, within a 15 year period from June 13, 1951.

NOTE 3: A contingent liability exists for payment of a retroactive wage increase covering the period July 1, 1951 to September 2, 1952, in the amount of \$19,338.56. The payment is contingent upon the Company realizing a monthly net operating profit and is computed monthly at a rate of 10% of the profit with no allowance for a monthly loss carryover. The expiration date of the claim is September 1, 1956.

AUDITORS' REPORT

*The President and Board of Directors,
Chief Consolidated Mining Company,
Salt Lake City, Utah.*

Gentlemen:

We have examined the consolidated balance sheet of the Chief Consolidated Mining Company, Plutus Mining Company and Eureka Machinery and Supply Company as at December 31, 1955 attached hereto as Exhibit "A", and the consolidated statement of income and surplus for the fiscal year then ended, attached hereto as Exhibit "B". Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances, without making a detailed audit of the transactions.

The mining properties are stated without provision for depletion. Likewise, no deduction for depletion appears on the statement of income.

In our opinion, the accompanying consolidated balance sheet and related statement of consolidated income and surplus present fairly the consolidated financial position of the above named companies as at December 31, 1955, and the results of operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except as follows:

No provision is made for depletion of the mine property which has been sustained in an unascertainable amount. If the amount of it were ascertainable, generally accepted accounting principles would require that depletion sustained to December 31, 1955 be provided for in the balance sheet and that depletion sustained in 1955 be provided for in the statement of income.

WELLS, BAXTER & MILLER,
Certified Public Accountants.

Salt Lake City, Utah,
February 25, 1956.

**EAGLE AND BLUE BELL MINING COMPANY
SALT LAKE CITY, UTAH**

Condensed Balance Sheet as at December 31, 1955

Current Assets	\$ 23,555.45
Less Current liabilities	21,698.89
<i>Net Working Capital</i>	1,856.56
Fixed and other assets	207,158.95
TOTAL	\$209,015.51
Less Other liabilities (including \$151,500.00 to parent company which is carried at \$1,000.00 by parent company)	152,667.96
NET WORTH	\$ 56,347.55

INCOME STATEMENT

For the Year Ended December 31, 1955

Ore sales	\$ 51,093.74
Less Operating expenses	54,934.79
<i>Net Operating Loss</i>	3,841.05
Other income	1,525.21
NET LOSS FOR YEAR	\$ 2,315.84

PRODUCTION, ASSAY VALUES, AND METAL PRICES, ETC.—JANUARY 1, 1955 TO DECEMBER 31, 1955

METAL CONTENTS:	NO. 1 (CHIEF) SHAFT 1954	NO. 1 (CHIEF) SHAFT 1955	NO. 4 (EUREKA HILL) SHAFT 1955	PLUTUS MINE 1955	TOTALS AND AVERAGES 1955
Gold	3,062 ozs.	2,342 ozs.	2 ozs.	45 ozs.	2,389 ozs.
Silver	698,684 ozs.	449,653 ozs.	646 ozs.	35,949 ozs.	486,248 ozs.
Lead in Lead Ores	2,770,527 lbs.	1,169,271 lbs.	20,661 lbs.	241,119 lbs.	1,431,051 lbs.
Lead in Zinc-Lead Ores	8,669,249 lbs.	8,068,583 lbs.	-----	-----	8,068,583 lbs.
Zinc in Zinc-Lead Ores	11,099,831 lbs.	9,480,509 lbs.	-----	-----	9,840,509 lbs.
ASSAY VALUES:					
Gold .....	.028 ozs.	.028 ozs.	.012 ozs.	.017 ozs.	.028 ozs.
Silver	6.473 ozs.	5.388 ozs.	2.031 ozs.	13.431 ozs.	5.635 ozs.
Lead in Lead Ores	2.86 %	3.182 %	6.497 %	4.517 %	3.375 %
Lead in Zinc-Lead Ores	7.29 %	6.206 %	-----	-----	6.206 %
Zinc in Zinc-Lead Ores	9.38 %	7.288 %	-----	-----	7.288 %
Average Gross Value per Ton	\$32.54	\$34.35	\$23.32	\$28.26	\$34.09
Smelting, Freight and Sampling per Ton ..	20.04	21.99	17.54	16.29	21.75
Average Net Value per Ton	<u>\$12.50</u>	<u>\$12.36</u>	<u>\$ 5.78</u>	<u>\$11.97</u>	<u>\$12.34</u>
CLASSIFIED TONNAGE PER TON:					
Dry Siliceous Ores	48,133	17,985	159	2,669	20,813
Silver-Lead Ores	363	386	-----	-----	386
Zinc-Lead Ores	59,436	65,087	-----	-----	65,087
Total	<u>107,932</u>	<u>83,458</u>	<u>159</u>	<u>2,669</u>	<u>86,286</u>
AVERAGE PRICES RECEIVED FOR METALS:					
Gold per Oz.	\$34.9125	\$34.9125	\$34.9125	\$34.9125	\$34.9125
Silver per Oz. ....	.90	.9029	.90	.9089	.9034
Lead per Lb. ....	.139	.144	.1500	.1511	.1485
Zinc per Lb. ....	.110	.119	-----	-----	.119

CHIEF CONSOLIDATED AND PLUTUS MINING COMPANIES GENERAL SUMMARY OF PRODUCTION

YEAR	GOLD OZS.	SILVER OZS.	LBS. LEAD (IN LEAD AND ZINC-LEAD ORES)	LBS. COPPER (IN COPPER ORES)	LBS. ZINC (IN ZINC LEAD ORES)	LBS. MANGANESE	DRY TONS	NET FROM SMELTERS	PROFIT FOR YEAR
1909 to 1919	50,067	12,369,776	62,823,420	332,383	2,188,373	360,716	453,547	\$ 8,726,120.64	\$3,155,847.51
1920	4,461	2,622,132	12,717,410	3,814	212,906	.....	82,430	2,032,369.83	357,380.45
1921	4,353	3,262,241	12,496,433	11,563	.....	.....	93,267	2,160,706.60	362,728.03
1922	11,931	4,437,033	19,779,418	957,825	.....	.....	133,790	3,528,776.13	729,417.83
1923	13,241	4,062,412	26,511,075	1,079,516	324,557	.....	143,369	3,389,959.88	731,589.33
1924	14,608	2,729,917	27,155,662	1,732,035	49,462	.....	126,221	2,186,917.62	263,175.92
1925	17,315	3,202,278	25,806,286	1,732,035	2,849,612	.....	173,783	2,892,620.33	564,609.85
1926	10,148	2,577,575	31,566,701	1,466,299	14,674,955	.....	159,315	2,559,176.08	580,127.63
1927	6,762	1,950,585	21,261,426	539,998	1,060,663	.....	113,981	1,527,374.50	199,064.70
1928	3,846	1,244,844	12,163,714	456,097	9,822	.....	58,733	919,067.67	92,186.85
1929	4,496	1,205,807	8,628,839	562,334	700,009	.....	73,500	719,111.54	131,540.40
1930	2,914	848,188	4,267,967	538,593	905,543	757,255	47,751	349,685.09	*74,733.47
1931	2,569	487,684	2,178,893	284,170	851,217	382,217	24,565	158,005.45	200,348.30
1932	897	88,845	381,251	104,449	160,824	.....	8,464	20,039.78	*204,266.95
1933	207	88,890	565,729	22,200	510,590	.....	5,595	32,948.15	*134,866.84
1934	1,049	331,792	1,055,128	62,578	26,674	.....	19,786	167,912.64	*65,575.19
1935	771	276,881	819,946	45,821	24,625	.....	18,735	156,472.83	186,713.19
1936	1,352	258,384	287,216	34,732	127,155	.....	18,939	163,538.26	*212,359.27
1937	1,674	324,518	1,424,416	121,811	1,095,635	42,079	33,849	213,193.80	*95,983.60
1938	1,575	307,696	1,278,101	106,233	816,749	.....	28,681	164,619.27	*112,607.36
1939	3,601	345,788	919,837	117,569	367,460	.....	40,337	223,577.21	5,240.38
1940	4,684	392,116	776,294	100,162	341,550	.....	46,528	277,311.52	*4,706.20
1941	3,470	361,832	1,448,574	74,436	2,064,340	527,984	56,931	256,648.21	*54,149.48
1942	2,866	290,665	2,247,966	37,246	4,257,034	.....	74,832	379,529.83	38,903.58
1943	1,282	232,727	3,562,404	25,857	6,293,351	.....	61,810	620,527.91	88,434.19
1944	1,322	291,479	5,076,239	77,303	10,232,763	.....	80,514	793,863.51	119,594.59
1945	1,244	301,959	4,305,951	55,234	7,731,831	.....	75,110	608,708.91	*21,516.50
1946	1,522	380,045	6,793,721	22,476	9,506,282	.....	85,128	959,758.19	78,510.01
1947	2,029	676,500	11,586,803	128,916	9,642,281	.....	93,676	1,264,014.47	50,201.32
1948	2,401	897,526	13,539,196	139,433	11,312,368	.....	118,093	1,709,053.58	188,353.56
1949	824,545	824,545	14,626,864	53,717	15,965,386	231,553	124,475	1,594,713.62	196,466.76
1950	3,602	959,885	17,164,096	77,713	16,763,732	106,730	169,474	1,464,545.34	30,425.77
1951	2,999	723,630	12,184,844	104,534	8,425,910	.....	125,318	1,336,408.12	*279,116.26
1952	2,323	632,443	10,510,620	82,822	7,067,699	.....	102,632	1,326,380.18	903,405.02
1953	2,984	574,692	9,110,847	102,650	5,904,661	20,250	114,070	903,405.02	*248,818.71
1954	3,093	713,367	11,537,598	78,456	11,099,831	.....	109,901	1,358,481.35	4,513.15
1955	2,387	485,602	9,478,973	61,195	9,486,555	.....	86,127	1,063,900.54	*152,142.87
Totals	198,367	51,762,279	403,589,868	10,774,869	163,042,405	2,398,784	3,383,247	\$48,209,443.60	\$6,821,848.05

*Loss

PLUTUS MINING COMPANY
GENERAL SUMMARY OF OPERATIONS
DEVELOPMENT WORK

Drifts 56,113.0 feet
 Raises 10,504.5 feet
 Winzes 3,195.0 feet

Total 69,812.5 feet = 13.2 miles

Prospect Drilling 6,320 feet

PRODUCTION RECORD

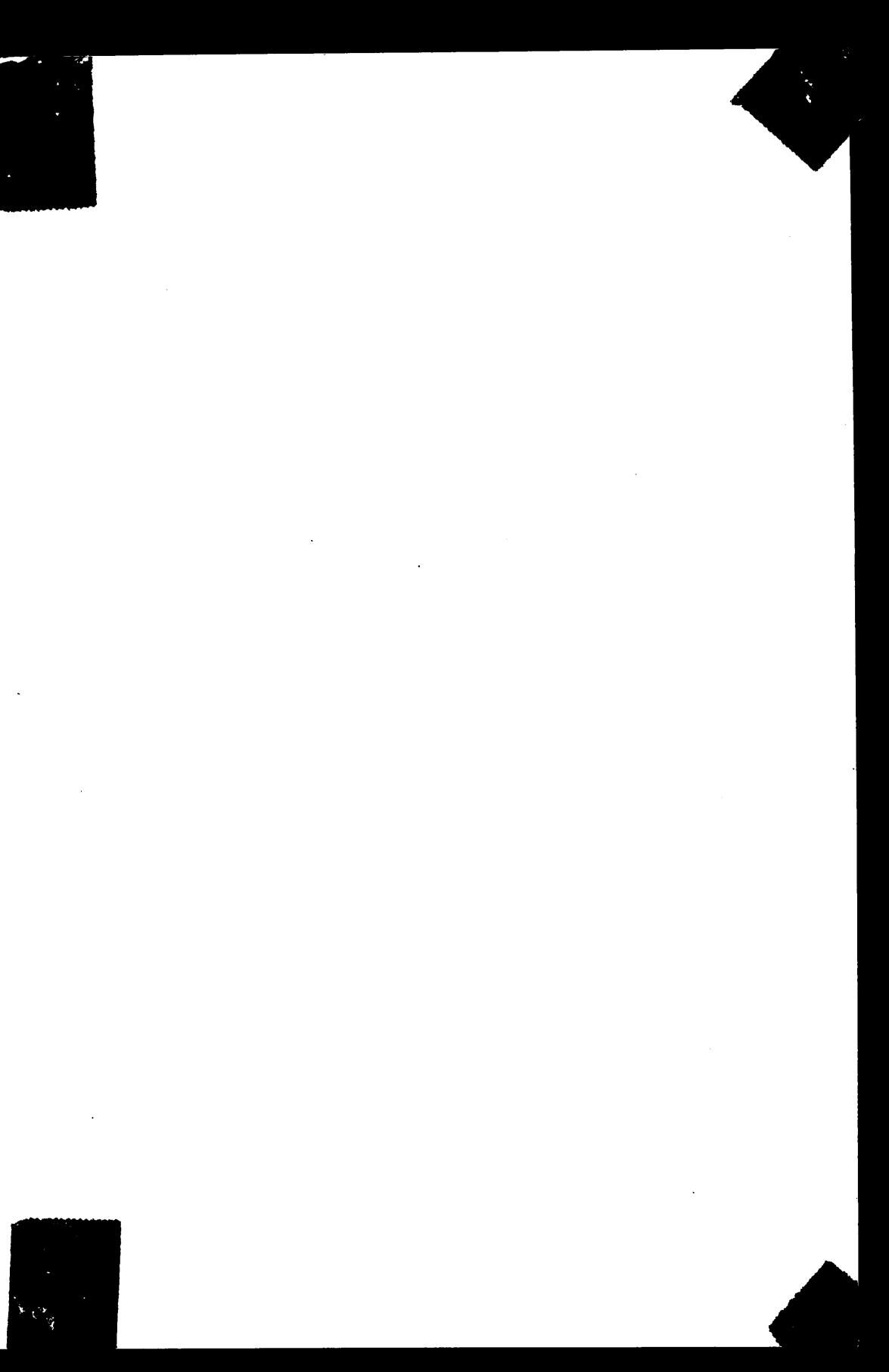
YEAR	GOLD OZS.	SILVER OZS.	LEAD LBS.	COPPER LBS.	DRY TONS	NET FROM SMELTERS	PROFIT FOR YEAR
1923 thru 1929	5,906	4,241,038	37,192,805	1,135,541	151,012	\$3,245,156.61	\$1,025,700.77
1930	1,100	612,022	2,238,709	179,287	21,907	218,814.92	*6,660.19
1931	683	340,100	941,535	159,802	12,467	87,862.98	1,796.45
1932	60	40,277	38,398	14,067	1,165	9,228.07	*6,714.75
1933	115	65,045	195,359	22,200	2,420	23,992.77	3,626.90
1934	488	228,106	373,028	51,414	9,801	116,104.10	30,369.90
1935	256	142,054	69,790	12,785	7,747	74,386.26	2,077.60
1936	94	76,982	32,675	.....	4,399	40,651.48	*15,737.82
1937	74	58,294	8,311	728	3,449	30,438.45	*973.45
1938	62	50,978	163,324	4,825	2,466	26,307.44	*11,264.80
1939	140	65,134	7,763	33,361	4,113	31,256.23	1,577.35
1940	176	68,336	.....	36,583	2,609	41,852.34	3,112.09
1941	57	21,776	10,550	13,892	879	13,351.08	*10,845.91
1942	34	15,330	7,824	8,772	854	9,597.00	*3,602.95
1943	10	4,711	.....	4,096	192	3,061.05	*3,499.00
1944	None	None	None	None	None	None	*2,802.20
1945	None	None	None	None	None	None	*147.83
1946	None	None	None	None	None	None	*1,649.00
1947	None	None	None	None	None	None	*14,094.26
1948	None	None	None	None	None	None	*30.83
1949	None	None	None	None	None	None	*132.40
1950	None	None	None	None	None	None	*136.32
1951	1	481	6,198	215	79	342.61	*145.45
1952	None	None	None	None	None	None	*136.88
1953	6	1,969	7,147	None	386	469.23	*12,252.23
1954	28	14,335	80,181	2,296	1,776	9,002.30	*25,377.73
1955	45	35,949	241,119	None	2,669	31,951.53	*189.18
Totals	9,335	6,082,917	41,614,716	1,679,864	230,390	\$4,013,826.45	\$951,867.88

*Loss

DIVIDENDS

No.	DATE PAID	RATE	NO. SHARES	AMOUNT
1	Feb. 3rd, 1913	10c	876,453	\$ 87,645.30
2	Aug. 4th, 1913	10c	876,621	87,662.10
3	Feb. 2nd, 1914	5c	876,764	43,838.20
4	Aug. 3rd, 1914	5c	876,764	43,838.20
5	Aug. 2nd, 1915	5c	880,521	44,026.05
6	Nov. 8th, 1915	5c	880,545	44,027.25
7	Feb. 17th, 1916	5c	880,676	44,033.80
8	May 15th, 1916	5c	882,963	44,148.15
9	Aug. 2nd, 1916	5c	882,991	44,149.55
10	Nov. 2nd, 1916	5c	882,991	44,149.55
11	Feb. 5th, 1917	5c	884,020	44,201.00
12	May 5th, 1917	10c	884,059	88,405.90
13	Aug. 4th, 1917	10c	884,223	88,422.30
14	Nov. 3rd, 1917	10c	884,223	88,422.30
15	Feb. 4th, 1918	10c	884,223	88,422.30
16	May 6th, 1918	10c	884,223	88,422.30
17	Aug. 3rd, 1918	12 $\frac{1}{2}$ c	884,223	110,527.88
18	Nov. 1st, 1918	12 $\frac{1}{2}$ c	884,228	110,528.50
19	Feb. 1st, 1919	12 $\frac{1}{2}$ c	884,232	110,529.00
20	May 1st, 1919	6 $\frac{1}{2}$ c	884,232	57,475.08
21	Aug. 1st, 1919	6 $\frac{1}{2}$ c	884,232	57,475.08
22	Nov. 1st, 1919	6 $\frac{1}{2}$ c	884,232	57,475.08
23	Feb. 2nd, 1920	10c	884,232	88,423.20
24	May 1st, 1920	10c	884,232	88,423.20
25	Aug. 2nd, 1920	10c	884,232	88,423.20
26	Nov. 1st, 1920	10c	884,232	88,423.20
27	Feb. 1st, 1921	5c	884,032	44,201.60
28	May 2nd, 1921	5c	884,032	44,201.60
29	Aug. 1st, 1921	5c	884,022	44,201.10
30	Nov. 1st, 1921	5c	884,022	44,201.10
31	Feb. 1st, 1922	5c	884,022	44,201.10
32	May 1st, 1922	5c	884,022	44,201.10
33	Aug. 1st, 1922	10c	884,305	88,430.50
34	Nov. 1st, 1922	10c	884,695	88,469.50
35	Feb. 1st, 1923	10c	892,215	89,221.50
36	May 1st, 1923	10c	889,215	88,921.50
37	Aug. 1st, 1923	10c	889,215	88,921.50
38	Nov. 1st, 1923	10c	894,153	89,415.30
39	Feb. 1st, 1924	10c	992,758	99,275.80
40	May 1st, 1924	10c	1,000,000	100,000.00
41	May 1st, 1925	10c	1,003,224	100,322.40
42	Nov. 1st, 1925	10c	1,138,705	113,870.50
43	Feb. 1st, 1926	10c	1,141,338	114,133.80
44	May 1st, 1926	10c	1,141,564	114,156.40
45	Aug. 1st, 1926	10c	1,141,846	114,184.60
46	Nov. 1st, 1926	10c	1,141,846	114,184.60
47	Feb. 1st, 1928	10c	1,142,860	114,286.00
48	Dec. 1st, 1949	5c	1,193,311	59,665.55

\$3,714,184.72



UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

DMA 1 & 1A

REFERENCE SLIP

DATE 1/28/57

REFERRED TO:

1. Code 500
2. 120
3. ~~110~~
4. ~~100~~
800

FOR:

----- Action	----- Recommendation
----- Approval	----- Record
----- Comment	----- of -----
----- Conference	----- Referring
----- Consideration	----- to -----
----- Filing	----- Reply for signa-
----- Instructions	----- ture of -----
----- Investigation	----- Rewriting
----- Initials	----- Signature
----- Mailing	----- Suggestions
----- Previous correspondence	----- <input checked="" type="checkbox"/> Your information

REMARKS:

If acceptable from an engineering
standpoint please surname below:

Code 500Code 120

Check (X) before the items needing attention.

J. L. Chambers

Initials of sender.

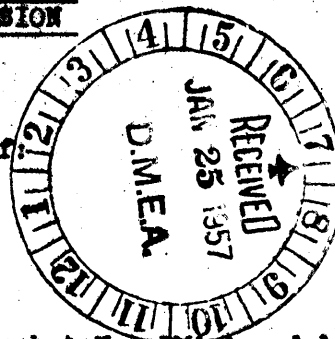
6/10-1

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

SECOND INTERIM AUDIT CERTIFICATE

I have examined the records and transactions of

Chief Consolidated Mining Company
608 Dooley Building
Salt Lake City, Utah



pertaining to Exploration Project Contract No. Idm-E4, Docket No. 135A 1 and 1A, dated June 13, 1951, Amendments Nos. 1 through 3, first amended contract dated June 16, 1953, as of June 13, 1951, second amended contract dated June 16, 1953 as of July 11, 1952, Amendments Nos. 1 through 4 to this contract and Termination Agreement dated January 30, 1956, covering a project for exploration of lead and zinc ores on property generally referred to as the Chief Consolidated Mine in Juab County, Utah, for the period June 13, 1951 to May 31, 1955.

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

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

Total cost as billed by Contractor	\$389,383.46
Plus reinstatement, Operator's error	176.79
Total true cost due	<u>\$389,560.25</u>

Exceptions: (See audit report for details)

Prior to this audit	\$ 0.00
During the audit	<u>2,659.86</u>
Total Accepted Costs	<u>2,659.86</u> ✓
	<u>\$386,900.39</u>

The contract calls for participation of exploration expenses by the United States Government as follows:

50% of \$350,874.83,	or	\$175,437.42
25% of 36,025.56,	or	9,006.39
Total		<u>\$184,443.81</u>

Therefore, payment to the contractor by the Government in the amount of one hundred eighty-four thousand, four hundred forty-three and 81/100ths Dollars

** \$184,443.81 **

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.

January 23, 1957

T. H. Brading, Auditor

SECOND INTERIM AUDIT REPORT

I INTRODUCTION

On July 14, 1956, a second interim audit (covering operations for the period June 13, 1951 to May 31, 1955) was made of the records and transactions pertaining to Exploration Project Contract No. Idm-E4, Booklet No. DMA 1 and 1A, dated June 13, 1951, Amendments Nos. 1 through 3, first amended contract, dated June 16, 1953, as of June 13, 1951, second amended contract, dated June 16, 1953, as of July 1, 1952, Amendments Nos. 1 through 4 to this contract, and Termination Agreement dated January 30, 1956, with the

Chief Consolidated Mining Company
608 Boely Building
Salt Lake City, Utah

covering a project for exploration of lead and zinc ores on property generally referred to as the Chief Consolidated Mine in Juab County, Utah.

Mr. Donald F. Finch, DMA Auditor, Denver, and Mr. W. E. Young, Mining Engineer, Salt Lake City, collaborated in the audit. Mr. W. W. Watson, Vice President of the Company, was consulted as required.

Prior to the on-site audit considerable time was devoted to pre-audit analysis in the Denver office of DMA.

II GENERAL INFORMATION ON RECORDS

The general books of the company are in the office of the Company at the address shown above.

The Operator's Monthly Report and Voucher Forms MF-104 were prepared under the direction of Mr. W. W. Watson from information in the General Ledger and monthly work sheets prepared in the Salt Lake office of the Company.

III SCOPE OF AUDIT AND FINDINGS

The audit was limited to ascertaining the accuracy, propriety and validity of the costs shown in the "Totals to Date" column of the Operator's Monthly Report and Voucher, as follows:

Project 1	June, 1953
Project 1A	June, 1953
Amended Contract	May, 1955

The audit disclosed an error in carrying forward certain totals on the part of the Operator in February, 1952, in the amount of \$176.79, and some errors in distribution; therefore, the audit findings presented below are those resulting after correction of error, and changes in distribution. In view of a prior audit by T. H. Brading, DMA Auditor, for the period from June 13, 1951 to April 30, 1952, unless otherwise specifically indicated, this audit was limited to the costs claimed by the Operator since that latter date.

The extent of the audit and the findings under each of the items follows:

(1) Independent Contracts

	<u>PRIOR AUDIT</u>	<u>MAY 1, 1952 TO JUNE 30, 1953</u>	<u>TOTAL AS CLAIMED</u>
Project 1	\$32,553.69	\$11,862.37	\$44,416.06
Project 1A	22,039.85	748.68	22,788.53
	<u>\$54,593.54</u>	<u>\$12,611.05</u>	<u>\$67,204.59</u>

On Project 1, invoices totaling \$8,839.73 for a total advance of 455 feet of drifting, at an average cost of \$19.4214 per foot, were examined. On Project 1A, invoice for May for \$686.43, preparatory work, was examined and found to be in order. In addition to the aforementioned invoices, June, 1953 invoices covering retroactive wage adjustments as follows, were examined:

Project 1	\$3,022.62
Project 1A	62.85
	<u>\$3,085.47</u>

All of above invoices were from Centennial Development Company.

The June, 1953 invoices covered retroactive payroll adjustments for the period July, 1951 to June 30, 1952, in line with union contract, and is authorized by second amended contract dated June 16, 1953, as of July 1, 1952. The increase was 17.49 percent plus applicable payroll taxes and compensation insurance, and represents the total amount due Centennial Development Company under their contract.

According to a published audit report for the year ended December 31, 1955, signed by Walls, Baxter and Miller, Certified Public Accountants, Salt Lake City, Utah, dated February 25, 1956, copies of which were furnished this auditor by Mr. W. W. Watson, Vice President of the Company, there was a contingent liability (at December 31, 1955) of \$19,338.56 covering retroactive pay increases for the period July 1, 1951 to September 31, 1952. This contingent liability was reconciled with the Operator's records during the on-site audit. Analysis follows:

Total liability for retroactive wage increase to Sept. 30, 1952		\$65,498.19
Paid to December 31, 1955	\$41,294.16	
Included in Current Liabilities	<u>4,865.47</u>	46,159.63
Balance December 31, 1955		<u>\$19,338.56</u>

The total due was divided as follows:

Chief Consolidated Mining Company Employees	\$32,984.52
Centennial Development Company Employees	12,513.67
Total	<u>\$45,498.19</u>

Inasmuch as it is against Government policy to participate in contingent liabilities, disallowance as follows is made:

Total claimed by Contractor:

Project 1	\$3,022.62
Project 1A	62.25
Total Claimed	\$3,084.87

Total wages due Centennial Development Company based on settlement with Union was \$12,513.67. Total payments, including payment made in July, 1956, were \$8,291.02, or 66.26%.

Total claimed as above:

66.26% of \$3,022.62 = \$2,002.79
 \$3,022.62 - \$2,002.79 = \$1,019.83, Disallowed Project 1

66.26% of \$62.25 = \$41.25
 \$62.25 - \$41.25 = \$21.00, Disallowed Project 1-A

Total allowable costs are as follows:

	<u>PROJECT 1</u>	<u>PROJECT 1A</u>	<u>TOTAL</u>
Amount claimed	\$44,416.06	\$22,788.53	\$67,204.59
Amount disallowed	1,019.83	21.00	1,040.83
Total costs allowed	<u>\$43,396.23</u>	<u>\$22,767.53</u>	<u>\$66,163.76</u>

Agreed Estimated Unit Costs (Amended Contract)

Amended contract dated July 16, 1953, effective July 1, 1952, provided for 323 feet of wine sinking at \$180.00 per foot, or a total of \$58,140.00. Total approved footage advance of 253.7 feet at \$180.00 per foot, a cost of \$45,666.00, was verified by checking monthly engineering reports of footage advanced. Attention is directed to the fact that a total advance of 254.7 feet is shown on Form MF-104A. This is deemed to be a typographical error as the cost of \$45,666.00 is the correct amount for a total advance of 253.7 feet.

(2) Labor and Supervision

	<u>PRIOR AUDIT</u>	<u>MAY 1, 1952 TO JUNE 30, 1953</u>	<u>TOTAL AS CLAIMED</u>
Project 1	\$ 412.19	\$ 72.09	\$ 484.28
Project 1A	2,875.36	504.00	3,379.36
	<u>\$3,287.55</u>	<u>\$576.09</u>	<u>\$3,863.64</u>

The amounts claimed on the June, 1953 MF-104 filed by the Operator covered retroactive wage increases as commented on under "Independent Contracts" (Item 1). Total wages as claimed and related disallowance for each project is shown in the next summary:

Total for all Company operations	\$52,984.52
Payments to July, 1956	\$38,003.14
\$38,003.14 : \$52,984.52 =	71.73%

	<u>PROJECT 1</u>	<u>PROJECT 1A</u>	<u>TOTAL</u>
Direct Labor claimed	\$ 72.09	\$ 504.00	\$ 576.09
71.73% Paid	51.71	361.52	413.23
28.27% Disallowed	<u>\$ 20.38</u>	<u>\$ 142.48</u>	<u>\$ 162.86</u>

Total labor considered to be an allowable cost is shown below:

	<u>PROJECT 1</u>	<u>PROJECT 1A</u>	<u>TOTAL</u>
Total Claimed	\$484.28	\$3,379.36	\$3,863.64
Disallowed	20.38	142.48	162.86
Total allowed cost	<u>\$463.90</u>	<u>\$3,236.88</u>	<u>\$3,700.78</u>

(3) Operating Materials and Supplies

Total allowable costs for this category are summarized herewith:

	<u>PROJECT 1</u>		<u>PROJECT 1A</u>		<u>TOTAL</u>
	<u>Prior Audit</u>	<u>May 1, 1952 to June 30, 1953</u>	<u>Prior Audit</u>	<u>May 1, 1952 to June 30, 1953</u>	
Fisher	\$ 0.00	\$0.00	\$1,601.12	\$ 0.00	\$1,601.12
Explosives	\$28.13	0.00	0.00	0.00	28.13
Pipe	11.04	0.00	52.78	0.00	63.82
Other	109.13	0.00	2,030.44	16.11	2,155.68

Copies of invoices dated in May, 1952 covering shipping charges on materials in the following amounts were examined:

Belta Bros. Lines	\$ 0.52
Railway Express Agency	2.19
Railway Express Agency	5.30
The Lang Company	
Set of matched V belts (3 @ \$2.70 each)	8.10
Total	<u>\$16.11</u>

Other Supplies is further broken down as follows:

Steel	\$490.89
Cement	78.27
Nuts and connections	775.59
Wire and cable	171.20
Oil and Grease	30.78
Electrical Supplies	268.19
Wire rope	196.22
Transportation	8.01
Hardware and Miscellaneous	136.53
Total	<u>\$2,155.68</u>

(4) Operating Equipment - Purchase

	<u>PRIOR ADJUT</u>	<u>MAY 1, 1952 TO JUNE 30, 1953</u>	<u>TOTAL AS CLAIMED</u>
Project 1	\$239,065.53	\$0.00	\$239,065.53
Project 1A	0.00	0.00	0.00
Total	<u>\$239,065.53</u>	<u>\$0.00</u>	<u>\$239,065.53</u>

Included in the above total is an amount of \$1,005.00 which covers cost of reels on which wire and cable were shipped. In view of the fact these reels are returnable for credit, this item is not considered to be a necessary cost to the project and is disallowed.

Total claimed	\$239,065.53
Disallowed	1,005.00
Not allowable cost	<u>\$238,060.53</u>

Operating Equipment - Rental

In November, 1951 a grouting machine was rented from Bayles Brothers Drilling Company, Salt Lake City, Utah, at a total cost of \$536.41. This cost is considered to be a necessary expense and is allowable.

(5) Initial Rehabilitation and Repairs

Not applicable to this contract.

(6) New Buildings, Improvements, etc.

Not applicable to this contract.

(7) Miscellaneous

Payroll Taxes

	<u>PRIOR ADJUT</u>	<u>MAY 1, 1952 TO JUNE 30, 1953</u>	<u>TOTAL AS CLAIMED</u>
Project 1	\$ 11.02	\$ 1.95	\$ 12.97
Project 1A	74.77	13.61	88.38
	<u>\$ 85.79</u>	<u>\$15.56</u>	<u>\$101.35</u>

Payroll taxes at the rate of 2.7% on \$72.09 on Project 1 and 2.7% on \$504.00 on Project 1A amounted to \$1.95 and \$13.61 respectively. Disallowance of 28.27% is made on these amounts as reflected in comment under Labor in a prior section of this report. Disallowance of the same percentage is accordingly made on payroll taxes shown in next summary.

	<u>CLAIMED</u>	<u>DISALLOW</u>	<u>TOTAL ALLOWED</u>
Project 1	\$ 12.97	28.27% of \$ 1.95 = \$.55	\$ 12.42
Project 1A	88.38	28.27% of \$13.61 = 3.85	84.53
	<u>\$101.35</u>	<u>28.27% of \$15.56 = \$4.40</u>	<u>\$ 96.95</u>

Liability Insurance

	<u>PRIOR AUDIT</u>	<u>MAY 1, 1952 TO JUNE 30, 1953</u>	<u>TOTAL CLAIMED</u>
Project 1	\$ 27.77	\$ 4.92	\$ 32.69
Project 1A	188.69	34.41	223.10
	<u>\$216.46</u>	<u>\$39.33</u>	<u>\$255.79</u>

Workmen's compensation insurance at the rate of .06827 on \$72.09 on Project 1 amounted to \$4.92, and at that same rate on \$504.00 on Project 1A, amounted to \$34.41 for the period under review. Disallowance of 28.27% is made on these amounts as reflected in comments under Labor in prior section of this report. Disallowance of this same percentage on Liability Insurance charged is made as shown in the next summary:

	<u>CLAIMED</u>	<u>DISALLOWED</u>	<u>ALLOWABLE CHARGE</u>
Project 1	\$ 32.69	28.27% of \$ 4.92 = \$ 1.39	\$ 31.30
Project 1A	223.10	28.27% of \$34.41 = \$ 9.73	213.37
	<u>\$255.79</u>	<u>28.27% of \$39.33 = \$11.12</u>	<u>\$244.67</u>

ContingenciesProrated Charges

These items are prorated on following bases:

Compressor: Proportion of compressing shifts devoted to project work as compared to total compressing shifts worked.

Hoisting: Proportion of cars of ore and waste handled for project as compared to total cars of ore and waste hoisted.

Power for Pumping: Main hoist and other major operations are metered. Other operations are prorated on basis of cars hoisted and compressing shifts working places as against total metered charges. Remaining KW hours give total power charges for pumping. At the time of the first interim audit all prorated charges were reviewed in detail with W. E. Young, Mining Engineer, Salt Lake City office, who checked monthly progress. It was the opinion of Mr. Young and this auditor that allocation of costs as charged were on a fair and equitable basis, and analysis of these charges follows:

PROJECT 1

	<u>PRIOR AUDIT</u>	<u>MAY 1, 1952 TO JUNE 30, 1953</u>	<u>TOTAL</u>
Compressing	\$9,148.23	\$2,311.38	\$11,459.61
Hoisting	3,217.42	2,304.60	5,522.02
Pumping	4,804.06	1,543.71	5,747.77

PROJECT 1A

Compressing	\$3,017.59	\$ 64.19	\$ 3,081.78
Hoisting	1,831.36	204.63	2,035.99
Pumping	981.02	--	981.02

TOTALS

Compressing	\$12,165.82	\$2,875.57	\$14,541.39
Hoisting	5,048.78	250.93	7,558.01
Pumping	5,185.08	1,543.71	6,728.79

A breakdown of the items claimed (excluding amount due Centennial Development Company) for retroactive wage increase as shown on Form MF-104 dated June, 1953 follows:

	<u>PROJECT 1</u>	<u>PROJECT 1A</u>
Labor	\$1,233.63	\$749.45
Payroll Taxes	33.31	20.23
Workmen's Compensation	84.88	51.16
	<u>\$1,351.16</u>	<u>\$820.84</u>

In view of the fact a portion of these charges was originally charged to Compressing and Hoisting, correction of distribution as follows was made:

	<u>PROJECT 1</u>	<u>PROJECT 1A</u>	<u>TOTAL</u>
Direct Labor	\$ 72.09	\$504.00	\$ 576.09
Payroll taxes	1.95	13.61	15.56
Workmen's Compensation	4.92	34.41	39.33
* Compressing	106.67	57.25	163.92
* Hoisting	1,165.53	211.57	1,377.10
Totals	<u>\$1,351.16</u>	<u>\$820.84</u>	<u>\$2,172.00</u>

* Disallowances are made as follows: (23.27% of the items above.)

	<u>PROJECT 1</u>	<u>PROJECT 1A</u>	<u>TOTAL</u>
Compressing (\$ 106.67)	\$ 39.16	(\$ 57.25) \$16.18	(\$ 163.92) \$ 46.34
Hoisting (\$1,165.53)	329.50	(\$211.57) 59.81	(\$1377.10) 389.31
Totals (\$1,272.00)	<u>\$359.66</u>	<u>(\$268.82) \$75.99</u>	<u>(\$1541.02) \$435.65</u>

<u>PROJECT 1</u>	<u>CLAIMED</u>	<u>DISALLOWED</u>	<u>ALLOWABLE CHARGE</u>
Compressing	\$11,459.61	\$ 30.16	\$11,429.45
Hoisting	5,322.02	329.50	5,192.52
Pumping	5,747.77	--	5,747.77
<u>PROJECT 1A</u>			
Compressing	3,081.78	16.18	3,065.60
Hoisting	2,035.99	59.81	1,976.18
Pumping	981.02	--	981.02
TOTAL			
Compressing	14,541.39	46.34	14,495.05
Hoisting	7,358.01	389.31	7,168.70
Pumping	6,728.79	--	6,728.79

IV CONCLUSIONS

The audit disclosed that all costs charged to this project, with the exception of disallowances aggregating \$2,659.86 as itemized in a preceding section of this report, are reasonable and proper under the terms of the contract.

The adjustments between "Items of Costs" as shown on the June, 1953, MF-104, the disallowances, reinstatement, and the accepted costs, as disclosed by this audit, are summarized in Exhibit "A" attached hereto.

At the conclusion of the on-site audit the findings were discussed in a general way with Mr. W. W. Watson, Vice President of the Company.

During the preparation of the report the findings were discussed with Mr. W. M. Traver, Executive Officer, EMMA Field Team, Region III.

January 23, 1957.

T. H. Brading
T. H. Brading, Auditor

CHIEF CONSOLIDATED MINING COMPANYContract Ida-E*AUDIT SUMMARY

	<u>TOTALS</u> <u>MF-104</u>	<u>CORRECTIONS</u> <u>OPERATOR'S</u> <u>ERROR</u>	<u>DISTRIBUTION</u>	<u>DISALLOWED</u>	<u>ALLOWED</u> <u>BY AUDIT</u>
(1) Independent Contract					
Drifting & Crosscutting	\$67,204.59		\$ 67,204.59	\$1,040.83	\$66,163.76
Agreed Estimated Costs	45,666.00		45,666.00		45,666.00
(2) Labor and Supervision					
Labor	5,270.63		3,863.64	162.86	3,700.78
Audit Disallowances	1,699.53				
Audit Adjustments 6/21/51	59.47				
(3) Operating Materials and Supplies					
Timber			1,601.12		1,601.12
Explosives	11.73		228.13		218.13
Pipe			63.82		63.82
Other	3,850.23	\$176.79	2,155.68		2,155.68
(4) Operating Equipment					
Purchases	240,705.59		239,065.53	1,005.00	238,060.53
Rental	536.41		536.41		536.41
(5) Initial Rehab. & Repairs					
(6) New Bldgs., Imprvm'ts, etc.					
(7) Miscellaneous					
Payroll Taxes	139.33		101.35	4.40	96.95
Liability Insurance	351.84		253.79	11.12	244.67
(8) Contingencies					
Prorated					
Compressing	14,310.54		14,541.39	46.34	14,495.05
Hoisting	6,247.84		7,558.01	389.31	7,168.70
Pumping	6,728.79		6,728.79		6,728.79
TOTALS	<u>\$389,383.46</u>	<u>\$176.79</u>	<u>\$389,560.25</u>	<u>\$2,659.86</u>	<u>\$386,900.39</u>

CHIEF CONSOLIDATED MINING COMPANY

Contract Ida-B4

PROJECT 1.

	<u>TOTALS</u>	<u>CORRECTIONS</u>			<u>ALLOWED BY ADIT</u>
	<u>JUNE, 1933</u> <u>NY-104</u>	<u>OPERATION'S</u> <u>EXPENSE</u>	<u>DISTRIBUTION</u>	<u>DISALLOWED</u>	
(1) Independent Contract Drifting & Raising	\$44,416.06		\$44,416.06	\$1,019.83	\$ 43,396.23
(2) Labor and Supervision					
Labor	1,645.02		464.28	80.38	463.90
Audit Disallowance	1,699.53				
Audit Adjustment 6/21/31	59.27				
(3) Operating Materials and Supplies					
Explosives	11.73		218.13		218.13
Pipe			11.04		11.04
Other	149.78	\$176.79	109.13		109.13
(4) Operating Equipment					
Purchases	240,705.59		239,065.53	1,005.00	238,060.53
Rental	536.41		536.41		536.41
(7) Miscellaneous					
Payroll taxes	44.33		12.97	.55	12.42
Liability Insurance	111.99		32.69	1.39	31.30
(8) Contingencies					
Forecasted					
Compressing	11,222.95		11,459.61	30.16	11,429.45
Hoisting	4,416.40		5,522.02	329.50	5,192.92
Pumping	5,747.77		5,747.77		5,747.77
TOTALS	<u>\$307,438.83</u>	<u>\$276.79</u>	<u>\$307,615.64</u>	<u>\$2,406.81</u>	<u>\$305,208.83</u>

CHIEF CONSOLIDATED MINING COMPANYContract Idm-B4PROJECT 1-A

	<u>TOTALS</u> <u>JUNE, 1953</u> <u>MF-104</u>	<u>CORRECTED</u> <u>DISTRIBUTION</u>	<u>DISALLOWED</u>	<u>ALLOWED</u> <u>BY AUDIT</u>
(1) Independent Contract Drifting and crosscutting	\$22,788.53	\$22,788.53	\$ 21.00	\$22,767.53
(2) Labor and Supervision Labor	3,624.81	3,379.36	142.48	3,236.88
(3) Operating Materials & Supplies Timber		1,601.12		1,601.12
Explosives				
Pipe		52.78		52.78
Track	3,700.45	2,046.55		2,046.55
Other				
(4) Operating Equipment				
(7) Miscellaneous Payroll taxes	95.00	88.38	3.85	84.53
Workmen's Compensation	239.85	223.10	9.73	213.37
(8) Contingencies Pro-rated				
Compressing	3,017.59	3,081.78	16.18	3,065.60
Hoisting	1,831.36	2,035.99	59.81	1,976.18
Pumping	981.02	981.02		981.02
TOTALS	<u>\$36,278.61</u>	<u>\$36,278.61</u>	<u>\$253.05</u>	<u>\$36,025.56</u>

SCHEDULE C

CHIEF CONSOLIDATED MINING COMPANY

Contract 14m-E4, Amended Contract

	<u>TOTALS</u> <u>MAY, 1955</u> <u>MF-104</u>	<u>ALLOWED</u> <u>BY</u> <u>AUDIT</u>
Agreed Estimated Costs -		
Shaft Sinking	<u>\$45,666.00</u>	<u>\$45,666.00</u>
TOTALS	<u>\$45,666.00</u>	<u>\$45,666.00</u>

Mr. Thomas H. Bradley
DMA Auditor
214 New Cumberland
Denver 2, Colorado

Re: Docket No. DMA 1 & 1A (Lead-Zinc)
Chief Consolidated Mining Company
Contract No. 14m-14

Dear Mr. Bradley:

Pardon me for not telling you sooner that you should
release the second interim Audit Report to Chief Con. The
Company will not know that it owes this additional amount unless
it receives the audit report. This matter has slipped my mind
until I received your letter dated August 25th.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Director
Contract Administration
and Audit Division

JLChambers/GMCC
August 27, 1958

cc: Docket

Admr. Reading File
Mr. Chambers

August 27, 1958



UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

224 New Customhouse
Denver 2, Colorado

August 25, 1958

OFFICIAL FILE COPY DMEA		
RECEIVED AUG 27 1958		
SIC	INITIALS	CODE
77	C	220 800
VIA AIR MAIL		

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

Re: Second Interim Audit Report
Chief Consolidated Mining Co.
Docket No. DMEA 1 & 1A
Contract No. Idm-E4

Dear Mr. Chambers:

On February 11, 1957, I wrote you as per the attached copy of letter regarding subject contract. Inasmuch as no response was received to my letter, I have not yet mailed the Second Interim Audit Report to Chief Con.

Attached is a photostat of a letter from the Operating Committee in which reference is made to the fact that the Operator neglects to consider that this Second Interim Audit Report by me showed an overpayment of \$1,236.92. This would indicate that the Operating Committee is of the opinion that the Operator had received a copy of the Second Interim Audit Report, which is not the case. Will you please advise me if you wish me to forward it at this time.

Sincerely yours,

T. H. Brading
T. H. Brading, Auditor

Enc.

224 New Customhouse
Denver 2, Colorado

August 25, 1958

EXTRA COPY
DIME A
RECEIVED
DATE
CODE
VIA AIR MAIL

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

Re: Second Interim Audit Report
Chief Consolidated Mining Co.
Docket No. DME 1 & 1A
Contract No. IDA-B4

Dear Mr. Chambers:

On February 11, 1957, I wrote you as per the attached copy of letter regarding subject contract. Inasmuch as no response was received to my letter, I have not yet mailed the Second Interim Audit Report to Chief Con.

Attached is a photostat of a letter from the Operating Committee in which reference is made to the fact that the Operator neglects to consider that this Second Interim Audit Report by me showed an overpayment of \$1,236.92. This would indicate that the Operating Committee is of the opinion that the Operator had received a copy of the Second Interim Audit Report, which is not the case. Will you please advise me if you wish me to forward it at this time.

Sincerely yours,


T. H. Brading, Auditor

Enc.



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

DMEA

DEPARTMENT OF THE INTERIOR

AUG 22 1958

AUG 25 1958

Mr. J. W. Townsend,
Alternate Acting Executive Officer
DMEA Field Team, Region III
224 New Customhouse Bldg.
Denver 2, Colorado

REGION III
DENVER, COLORADO

Re: Docket No. DMEA 1 & 1A (Lead-Zinc)
Chief Consolidated Mining Company
Chief No. 1 Mine
Juab and Utah Counties, Utah
Second Amended Contract No. Idm-E4

Dear Mr. Townsend:

We have your letter of August 8, with enclosures, covering the Government equity in equipment purchased under the cited contract.

The Operator's letter of August 6, 1958, neglects the fact that the Second Interim Audit by Brading showed an overpayment by the Government of \$1,236.92.

We do not consider the offer of \$5,000 as adequate but we would accept an offer of \$6,500. Under such an arrangement the Operator's indebtedness would be \$6,500 plus \$1,236.92, minus the \$1,500 of deferred salvage credit, or a net of \$6,236.92. Will you please see if such an arrangement can be made.

Sincerely yours,

George C. Sfridze
Chairman, Operating Committee

APPROVED:

[Signature]
Member, Bureau of Mines

A. S. Nelson
Member, Geological Survey

234 New Customhouse
Denver 2, Colorado

February 11, 1957

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

Re: Second Interim Audit Report
Chief Consolidated Mining Co.
Docket No. DMA 1 & 1A
Contract No. Idm-E4

Dear Mr. Chambers:

Upon my return this morning I find your letter of January 30, 1957, authorizing distribution of the subject report, and in reviewing the matter with Mr. Traver, he has suggested that we defer sending a copy of the audit report to the Operator until the subject referred to in his letter of January 24, 1957, to the Chairman of the Operating Committee concerning disposal of jointly owned property, is resolved.

I have agreed not to send a copy of the audit report to the Operator until I hear further from you.

Very truly yours,

THB:bh

cc-Traver

Subject ✓

Chron.

T. H. Brading
T. H. Brading, DMEA Auditor

FEB 15 1957

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

Re: Second Interim Audit Report
Chief Consolidated Mining Co.
Docket No. DPA 1 & 1A
Contract No. Idm-E4

Dear Mr. Brading:

I note and approve that the audit report will not be submitted to Chief Con until you hear further from me. After thinking the matter over I have decided that the audit report should not be furnished until further work has been done on the disposal of the equipment.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

2/15/57
JLChambers/wb

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

February 11, 1957

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

Re: Second Interim Audit Report
Chief Consolidated Mining Co.
Docket No. DMA 1 & 1A
Contract No. Idm-E4

Dear Mr. Chambers:

Upon my return this morning I find your letter of January 30, 1957, authorizing distribution of the subject report, and in reviewing the matter with Mr. Traver, he has suggested that we defer sending a copy of the audit report to the Operator until the subject referred to in his letter of January 24, 1957, to the Chairman of the Operating Committee concerning disposal of jointly owned property, is resolved.

I have agreed not to send a copy of the audit report to the Operator until I hear further from you.

Very truly yours,

T. H. Brading, DMEA Auditor

[illegible]

JAN 30 1957

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

Re: Audit Report
Chief Consolidated Mining Co.
Idm-F4, DMA 1 & 1A

Dear Mr. Prading:

Receipt is acknowledged of your Second Interim Audit Certificate and Report covering the above-cited project.

The report is acceptable and normal distribution is authorized after making one minor correction. On page 2, 4th paragraph, first sentence, please change the period after the word "Company" and insert a comma, and change the capital "T" in the word "There" to lower case.

You, of course, have noted that we had paid Chief Con \$185,680.73, which according to your audit makes an overpayment of \$1,236.92. The contract as you know has not been closed and there will probably be other claims made by the Government after the disposal of the equipment.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

JLChambers/wb
January 30, 1957

Copy to: Docket
Admr. Reading File
Mr. Chambers

*Part to Ofr. # 185,680.73
Valid for Audit 184,443.81
Overpaid \$ 1,236.92*

800
4 JAN 1957

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

Re: Chief Consolidated Mining Co.
Ida-E4, DREA-1 & 1A

Dear Mr. Brading:

First I want to apologize for the delay in answering your questions concerning the above-cited contract. The docket is so large and so much of the information was obtained by telephone messages between DREA and the operator that a complete record is hard to put together.

The Washington records indicate that by a letter dated November 4, 1952, Cecil Fitch, Jr., then Vice-President of Chief Consolidated Mining Company, requested that the contract be amended to provide for allowance of additional labor costs retroactive to July 1, 1951, resulting from a labor contract with the United Steel Workers of America, C. I. O., dated September 2, 1952, which provided for wage increases retroactive to July 1, 1951.

Mr. Fitch's letter stated the amount of such retroactive labor costs as \$5,256.87. For the reason stated in answer to your Question No. 1 below, and subject to the answers given below to your Questions No. 4 and 5, this office will not object to the total of \$5,256.87, divided as follows:

Project 1	\$4,373.78
Project 1A	<u>883.09</u>
Total	\$5,256.87

Your numbered questions are answered as follows:

(1) The figure \$327,218.21 set forth in Part B of Exhibit "A" of the Second Amended Contract, and in paragraph 4 of the First Amended Contract, does not constitute a maximum allowable, nor do the items which compose that amount constitute maximums, for the reason that both provisions stated that these figures were "subject to audit". Furthermore, insofar as concerns the item of "Retroactive Adjustment of Wages," Article 1 of Exhibit "A"

of the Second Amended Contract explicitly states that the First Amended Contract shall govern the settlement of work done prior to the Second Amended Contract (except in matters not here relevant); and Article 1 of Exhibit "A" of the First Amended Contract provides that its terms supersede those of the Original Contract. Therefore, since wages were not maximums under the First Amended Contract, the fact that wages were maximums under the Original Contract is not now relevant. If the retroactive wage costs otherwise allowable were actually incurred as set forth in Mr. Fitch's letter of November 4, 1952, those costs are not to be disallowed on the ground that they "exceeded maximums."

(2) The retroactive wage claim of \$883.09 appears to apply to Project 1A, rather than Project 1 as stated in your letter. In any event, the figure of \$63,000.00 shown on the Original Contract is not a maximum, having been superseded by the figure of \$63,999.54 in Part B of Exhibit "A" of the Second Amended Contract which incorporates Article 4 of Exhibit "A" of the First Amended Contract. As stated in the answer to Question 1 above, that figure is not a maximum.

(3) See answers to Questions 1 and 2 above.

(4) and (5) Any retroactive wage increases allowed under the Amended Contracts which have not been paid to the employees should be disallowed. The project is closed and we have been trying to get Chief Consolidated to make settlement for some time. This work was done on an actual-cost contract and since the company incurred no cost on the wages not actually paid to employees, the Government could not participate in any unpaid amount held by the company.

(6) All items should be disallowed. There should be no suspensions.

Our Associate Solicitor's office has approved the above opinions.

Your audit should be complete to date, but it should not be considered a final audit. It probably will be necessary for you to issue a report of review when settlement has been effected on all the equipment.

I trust the questions submitted in your letter of December 14th have been answered to your satisfaction, but if not, please detail any items not fully understood.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

JLChambers/ama
January 4, 1957

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

December 14, 1956

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

Re: Chief Consolidated Mining Company
Contract Idm-E4, Docket DMEA 1 & 1A

Dear Mr. Chambers:

I have some questions of contract interpretation that I would like a ruling on.

Please refer to the original contract, Exhibit A. Under Project 1 the total cost is \$63,000.00. On the first amended contract reference is made to Exhibit A without any figures being shown, but in paragraph 4 of this exhibit reference is made to the total allowable cost of \$327,218.21, of which the Government is obligated to pay 50%, or \$163,609.11 (subject to audit.)

On Exhibit B, Second Amended Contract, page 2, Section B under COSTS INCURRED UNDER ORIGINAL AND FIRST AMENDED CONTRACTS (SUBJECT TO AUDIT) PLUS COSTS TO BE INCURRED, this item is broken down as follows:

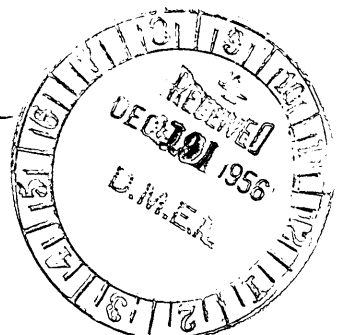
Costs (allowable) incurred under first contract:

Project 1	\$63,999.54
Project 1A (1/2)	17,697.76
Pumping System	240,705.59
Retroactive adjustment of wages	4,815.32
TOTAL	\$327,218.21

Question No. 1: -

Contract provides for retroactive adjustment of wages of \$4,815.32. Operator claimed on MF-104's dated June, 1953 as follows:

Project 1	\$4,373.78
Project 1A	883.09
Estimate	\$5,256.87
Excess	4,815.32
	\$ 441.55



Reference to the correspondence file shows that Cecil Fitch, President, wrote the Administrator on November 4, 1952, and that Exhibit B attached to this letter shows a breakdown of retroactive wages in the amount of \$5,256.87 as shown above.

Do the Washington files indicate who recommended the amount of \$4,815.32 under retroactive wage adjustment or the breakdown of this amount between projects 1 and 1A?

1. Is it the intent of the second amended contract to establish the components of the \$327,218.21 as allowable maximums?
2. Project 1 - Total at June 30, 1952 is \$63,999.54. To this amount must be added the retroactive wage claim shown above of \$883.09, which gives a grand total of \$64,882.63. Assuming that it is not the intent of the second amended contract to allow \$63,999.54 as an allowable maximum (I quote "subject to audit"), would the \$63,000.00 shown in the original contract be an allowable maximum?
3. Another assumption: If the \$63,000.00 is not an allowable maximum and the \$63,999.54 is, what portion of \$4,815.32 is allowable as cost of this project?
4. Assuming that the \$64,882.63 mentioned under Item (3) is allowable, would the disallowance for that portion of the retroactive wage increase mentioned in my letter of July 30, 1956 (which I now calculate to be \$253.05) be a disallowance or a suspension?
5. Project 1A - Is the portion of the retroactive wage increase covered in my letter of July 30 (\$1,401.81) be a disallowance or a suspension?
6. If above items are suspensions, how should they be shown in my audit report and certificate?

There is no doubt that Chief Consolidated Mining Company will file a claim covering costs of salvage and disposal of jointly-owned property as provided in the termination agreement. When this will be done is the question.

Under the circumstances, after you have given me your rulings on the questions in the foregoing paragraphs of this letter, what do you think of my submitting a second interim audit report based on all presently known factors? This would eliminate the necessity for reviewing facts, which thirty days or six months from now would be cold and require considerable time to review.

In view of the fact that payment in full to date has been made on claimed costs, the necessity of obtaining reimbursement from the operator on overpayments due to items disallowed, or withholding a portion of the salvage costs claimed, could be important. (For example: - one item to be disallowed is cost of reels in the amount of \$1,005.00).

For the reasons above, Mr. Traver and his staff are interested in having presently accepted total costs.

You can see from the above questions that I am in the process of writing a report. I have studied the rulings on contract interpretation following page 21 in the manual, and also the rulings in memorandum 8, but am still somewhat in doubt. Because of the operator's general attitude, I decided to submit the above data to you for counsel.

Sincerely yours,

T. H. Brading
T. H. Brading, DMEA Auditor



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

SEP 24 1956

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

Re: Chief Consolidated Mining Co.
Contract Ida-E4
Docket No. DMA 1 and 1A

Dear Mr. Brading:

In reply to your letter of September 18, 1956, relative to the return of reels on the project please be advised as follows.

If such reels were charged to the project and are returnable the cost of them should be disallowed as an unnecessary cost. If such reels were not charged to the project in the first place, their cost should not be subject to disallowance.

The above is applicable both to the Foley Construction Company and to the Eureka Machinery Company.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

JLChambers/wb
September 24, 1956

Copy to: Docket
Admr. Reading File
Mr. Chambers



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

RECEIVED

SEP 21 1956

224 New Customhouse
Denver 2, Colorado

September 18, 1956

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

Re: Chief Consolidated Mining Company
Contract Idm-El₄
Docket No. DMA 1 and 1A

Dear Mr. Chambers:

In connection with the audit of the subject contractor's records, there is one point I failed to discuss with you on your recent Denver visit.

Included in the supplementary list of equipment prepared by the writer and approved by W. E. Young, Mining Engineer, Salt Lake City Office, are reels in the amount of \$1,005.00.

Some of these reels were charged to Foley Construction Company and, in turn, billed by them to Chief Consolidated Mining Company; some are charged to Eureka Machinery Company; and the balance charged direct to Chief Consolidated Mining Company.

These reels, in all cases, are returnable for credit. At the time of the original audit, my notes indicate that the reels have not been returned, or, if they have, credit had not been passed on to Chief Consolidated Mining Company,

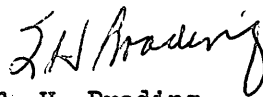
The question, Is Chief Consolidated Mining Company responsible for the return of these reels, which, in my opinion, are in the same category as drums or oil containers and subject to credit when returned by the Company? If, through neglect on the part of Chief Consolidated Mining Company or their subcontractor, Foley Construction Company, the reels were not returned, should the amount involved be listed as a disallowance?

as per 9/24/56

This point was discussed with W. E. Young in Salt Lake City and is covered by S. R. Wilson's memorandum of July 31, 1956 (copy of which is attached).

Your counsel will be appreciated.

Very truly yours,


T. H. Brading

Enclosure



UNITED STATES
DEPARTMENT OF THE INTERIOR

BUREAU OF MINES
1600 EAST FIRST SOUTH STREET
SALT LAKE CITY 12, UTAH

July 31, 1956

DMEA
Date Rec'd.

AUG 2 1956

BUREAU OF MINES
Denver, Colorado

Memorandum

To: W. M. Traver, Executive Officer, DMEA Field Team,
Region III

From: Stephen R. Wilson

Subject: Docket No. DMEA 1 and 1A (Lead-zinc), Contract Ida-E4,
Chief Consolidated Mining Co., Juab County, Utah.

Reference is made to a letter dated July 2, 1956 addressed to you from Chairman, Operating Committee, DMEA, and your responding memorandum dated July 9, 1956, both concerning liquidation of equipment and supplies jointly owned by the Government and Chief Consolidated Mining Co.

Discussions relative to the inventory were held in offices of the contractor July 10, 1956. Company officials present were Cecil Fitch, Jr. and W. W. Watson. Government representatives included T. H. Brading, D. W. Finch, S. R. Wilson, and W. E. Young.

Chief Consolidated Mining Co. is not interested in bidding on the jointly owned equipment and supplies. Company representatives apparently have no plan for reopening the lower workings of the mine and thus have no need for the equipment. During the discussions July 10, 1956, Mr. Watson stated that in his opinion the equipment is of special design and thus could be used only on a mining property with conditions parallel to those on the Chief Consolidated property. This may be true for part of the equipment, but the majority of the items could be utilized on many properties. Mr. Watson contends that because of the special type equipment, representatives of mining companies and used mining equipment dealers will not be interested in bidding on the equipment, thus he believes it to be futile to request bids.

W. E. Young inspected the inventory on the property January 18 and 19, 1956. A memorandum dated January 26, 1956, including the identifiable jointly owned equipment was prepared by Young and copies were mailed to your office. Part of the

equipment is stored in a building on the surface with company-owned equipment of the same type. Considerable equipment also has been stacked on the 1800-foot level. Many of the smaller items have lost their identities because of confusion with company-owned items. It does not appear feasible to have an engineer and auditor conduct further checking of the inventory on the property.

Chief Consolidated Mining Co. submitted a "List of Equipment Items in which the D.M.E.A. Claims an Interest and which the Unit Cost was in Excess of \$50.00." However, T. H. Brading, DMEA auditor, has added a number of items to the contractor's list. Brading's tabulation was prepared after the above-mentioned discussions with company officials.

W. E. Young has not included wire reels in his inventory of equipment and supplies made January 18 and 19, 1956. None were noted on the property. However it appears probable that the company may have returned some of the reels for credit. Others may have been unfit for further use and destroyed.

Letter to Mr. Wilson
Stephen R. Wilson



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

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

Re: Chief Consolidated Mining Co.
Docket DMEA-1 & 1A, Contract Ida-24

Dear Mr. Breeding:

Please refer to your letter of August 6, 1956, relative to the contingent liability mentioned in your letter of July 30, 1956. I did not catch my error until after your letter had been mailed. My thought then was that I could explain later if you inquired about the matter.

You are correct in the matter of disallowing \$705.93 in lieu of \$19,328.56.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

JLChambers/wb
August 9, 1956

Copy to: Docket
Admr. Reading File
Mr. Chambers



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

RECEIVED
AUG - 8 1956

224 New Customhouse
Denver 2, Colorado

August 6, 1956

AIR MAIL

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

Re: Chief Consolidated Mining Company
Docket No. DMEA-1 & 1A, Contract Idm-E4

Dear Mr. Chambers:

Please again refer to my letter of July 30, 1956, regarding subject contract. I do not feel that I made myself clear in that letter, as I did not recommend a suspension of \$19,338.56 against the subject contract.

The schedule attached to the letter recommended a disallowance of \$705.93, and not the full amount of the contingent liability, which is applicable to both DMEA and Company operations. I don't see how we would be justified in recommending a suspension of \$19,328.56 when the total cost claimed by the Operator was \$5,256.87, with Government participation of \$2,407.66.

Will you please advise me in this regard.

Sincerely yours,

T. H. Brading
T. H. Brading, Auditor



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

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

AUG - 8 1956

Re: Chief Consolidated Mining Co.
Docket No. DMEA-1 and 1A
Contract IDA-24

Dear Mr. Brading:

I agree fully with your letter of July 30, 1956, that a suspension in the amount of \$19,338.56 should be made against the above-cited contract for the reason that the Government does not participate in a contingent liability. The expenses must be actually incurred and payable in a reasonable time. I believe it would be better to make this a suspension rather than a disallowance and to hold the contract open until further consideration is given the matter.

I discussed this point with our legal counsel who expressed agreement with our viewpoint. I am asking the division in charge of lead ores to write a letter for the Operating Committee to Mr. Traver setting forth his own thoughts on the matter.

Sincerely yours,

Jay L. Chambers, Chief
Contract Administration
and Audit Division

JLChambers/wb
August 20, 1956

Copy to: Docket
Admr. Reading File
Mr. Gr iswold
Mr. Chambers



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

RECEIVED
AUG - 1 1956

224 New Customhouse
Denver 2, Colorado

July 30, 1956

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

Re: Chief Consolidated Mining Co.
Docket No. DMEA-1 and 1A
Contract Idm-E4

Dear Mr. Chambers:

I am enclosing annual report of subject company, together with balance sheet at December 31, 1955, certified to by Wells, Baxter and Miller, Certified Public Accountants.

Under Exhibit "B", Note 3, is a statement concerning a contingent liability at December 31, 1955, for payment of retroactive pay increase for the period July 1, 1951 to September 3, 1952, in the amount of \$19,338.56. Also enclosed is a letter from Mr. W. W. Watson, Vice-President of the Company, regarding this matter.

In an application for amendments to Exploration Project Contract Idm-E4, dated November 4, 1952, the details of the Government's share of this retroactive wage increase is set forth. The June, 1953 Form MF-104 was filed in July, 1953, and paid in August for the Government's portion of the retroactive wage increase.

We reconciled the amount of the contingent liability at December 31, 1955, as shown by the auditors' report, and verified the amount set up as a current liability at that date by checking this amount to the General Ledger. The schedule attached shows our version of the amount of the Government's liability which is overpaid at the time of the audit.

When we discussed the possibility of a disallowance with Mr. Watson he was somewhat perturbed. He went on to say, as he repeats in his letter, that the expiration date of the contingent liability had been extended every year since the agreement had been signed and no doubt would be renewed again this year; further, that it was the intention of the company to pay the balance of the retroactive wages.

Giving consideration to the present plans of the company to lease all the ground involved in the DMEA contract, there is a question in our minds as to the eventual liquidation of the contingent liability.

We agreed to submit the question to you before recommending the disallowance. In view of the statements in Mr. Watson's letter, should this overpayment be disallowed? Your ruling in this matter will be appreciated.

Sincerely yours,

Enc.


T. H. Brading, Auditor

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AUG - 1 1956

CHIEF CONSOLIDATED MINING COMPANY

OVERPAYMENT OF GOVERNMENT'S SHARE OF RETROACTIVE WAGE INCREASE, AT JULY 19, 1956

Total liability for retroactive wage increase September, 1952 \$65,498.19
Paid to July 19, 1956 46,294.16

$$\frac{\$46,294.16}{\$65,498.19} = 70.68\%$$

	<u>Total</u>	<u>Government's Share</u>
Project #1	\$4,373.78	\$2,186.89
Project #1-A	<u>883.09</u>	<u>220.77</u>
	\$5,256.87	\$2,407.66

PROJECT #1:

$$\$4,373.78 \times 70.68\% = \$3,091.39$$

$$\$4,373.78 - \$3,091.39 = \$1,282.39$$

$$50\% \text{ of } \$1,282.39 = \$641.20$$

PROJECT #1-A

$$\$883.09 \times 70.68\% = \$624.17$$

$$\$883.09 - \$624.17 = \$258.92$$

$$\$258.92 \times 25\% = \$64.73$$

Total overpaid Project #1	\$641.20
Total Overpaid Project #1-A	<u>64.73</u>
Total Overpaid	<u><u>\$705.93</u></u>

Chief Consolidated Mining Co.

608 DOOLY BUILDING

SALT LAKE CITY, UTAH

July 25, 1956

RECEIVED
AUG 1 1956

Mr. Thomas H. Brading, Auditor
Defense Minerals Exploration Agency
Region IV
224 New Customhouse Building
Denver, Colorado

Dear Mr. Brading:

During your recent audit we discussed the fact that this Company still owed an amount of retro-active wages to employees, and that the Government had participated to some extent in the total of these retro-active wages.

It was noted that in our agreement with our employees to pay this retroactive wage that it will expire September 2, 1956. It was further noted that this agreement with our employees had expired annually on September 2 during the years since the retro-active wage had become a liability, and that this Company had renewed this agreement from year to year.

This letter is to assure you that it is the intention of our Company to pay these retro-active wages in accordance with the terms of our agreement with our employees (i.e., 10% of certain profits). It is assumed that this agreement to pay retroactive wages will be renewed for another year during our current labor negotiations. In the event the agreement should not be renewed, or any other contingency arise whereby the full amount is not paid, we will advise your office immediately.

Yours very truly



W. W. Watson
Vice President

WWW:ALC

JUN 29 1956

Mr. W. A. Traver
 Incentive Officer
 BMA Field Team, Region III
 224 New Customhouse Bldg.
 Denver 2, Colorado

Re: Docket No. BMA-1 & 1A (Lead-Zinc)
 Chief Consolidated Mining Company
 Chief No. 1 Mine
 Utah & Utah Counties, Utah
 Second Amended Contract No. LCM-54

Dear Mr. Traver:

We have your memorandum of June 22, with enclosures, covering the cited contract. We note that you now have received from this Operator a listing of salvaged equipment items. Therefore, will you now designate an engineer to check this equipment inventory as soon as possible. It is desirable that an auditor participate in such checking, if at all feasible.

When the checking has been completed you should then advise the Operator that it must promptly take action toward effecting disposal of the equipment. When bids have been received they should be forwarded to us with your comments.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

APPROVED:

P. F. Yopes

Member, Bureau of Mines

Thor H. Kilsgaard

Member, Geological Survey

WHR:swold/er 6/27/56

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Adm & File

Op. Committee

Base Metals

Mr. Bishop, USNM

Mr. Kilsgaard, USGS

Mr. Jay Chambers, BMA

Chron.



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

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

JUN 22 1956

Re: Chief Consolidated Mining Company
Contract Idm-K4, Docket DDM 1214

Dear Mr. Brading:

Reference again is made to your letter of June 5, 1956, and to my reply of June 8, 1956, in which I answered the last two questions of your letter. The discussion on the other points of your letter has been delayed for further consideration. I can now say, however, that the matter of disposal of equipment will be left largely in the hands of the representative engineer and the Audit Division which will be represented by you.

Chief Con has requested that the Washington office establish minimum salvage prices for all the salvageable material in which we hold an interest. This procedure would not be very good for a number of reasons: (1) the price established here might delay the disposition of the property because it might be unreal; (2) there doubtless would be a number of pieces of correspondence back and forth because it would be impossible for us to include all the material from the records that we have; and (3) an engineer on the job would know so much more about it than an engineer here.

It is my understanding that Mr. Traver will assign an engineer to work with you on the closing of the project.

In regard to the adjustments to be made on the vouchers, I think my letter of June 8 could be applied to all the adjustments to be made. It is your duty and responsibility to make both allowances and disallowances whenever needed.

Sincerely yours,

(Signed) J. L. Chambers

Joy L. Chambers, Chief
Contract Administration
and Audit Division

JLChambers/wb
June 22, 1956

Copy to: Docket
Admr. Reading File
Mr. Chambers



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

JUN - 8 1956

Mr. Thomas H. Brading
DMA Auditor
224 New Courthouse Building
Denver 2, Colorado

Re: Chief Consolidated Mining Company
Contract ID#-E4, Docket DMA 1A1A

Dear Mr. Brading:

Reference is made to your letter of June 5, 1956, relative to the proposed final audit of the above-cited contract. It appears that the main features of your letter are established in the last two questions asked at the end of the letter.

In regard to the first, there is no necessity of advising the Operator to file a corrected MF-104. In answer to your second question, it is the auditor's privilege and duty in making exceptions to determine, first, if there are disallowances, second, if there are allowances to be added to the Operator's claim. This, in my opinion, would be the correct way to handle the situation.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

JLChambers/wb
Jun 8, 1956

Copy to: Docket
Admr. Reading File
Mr. Chambers



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

RECEIVED

JUN - 7 1956

June 5, 1956

224 New Customhouse
Denver 2, Colorado

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

Re: Chief Consolidated Mining Company
Contract Idm-E4, Docket No. DMA 1 & 1A

Dear Mr. Chambers:

In connection with the final audit of the subject Operator's records, there are several questions I would like your counsel on: -

1. Disposal of Equipment - As I am sure you know, there has been some correspondence between the Executive Officer, DMEA Field Team, Region III, and the Operating Committee regarding the establishing of values on jointly owned equipment. I have prepared an analysis of the components charged to this account which I am attaching herewith. Sooner or later we are going to be asked for this and I thought it would be a good idea for you to have this data to review before rendering an opinion.

2. In February, 1952 the Operator made an error of \$176.79 in carrying totals of "Materials" forward. These amounts (November, 1951 - \$54.39 and January, 1952 - \$122.40) were paid by the Finance Officer in the month in which the amounts were claimed.

3. On the voucher paid September 26, 1951 a disallowance of \$79.29 was made. This was prior to the period when the Finance Office was listing the disallowances and attaching a "Disallowance Schedule" to the Executive Officer's Docket. Correspondence in the Finance Officer's files indicated that the Operator was advised regarding the disallowance. After some additional correspondence an amount of \$59.47 was reinstated by the Finance Officer. The difference between \$79.29 and \$59.47 is \$19.82 which is the amount I disallowed at the time of the audit. The Operator never did reclaim the \$59.47, and the first indication in the files that he was aware of this matter is shown on the final MF-104 dated March, 1955, where this amount is shown in the "Total" column.


This whole matter is somewhat hazy to me, but I vaguely recall we discussed this item when we were in Salt Lake together in June of 1952.

As I see the situation, it boils down to this: -
The figure of \$307,438.85 is understated \$176.79, and no reclaim of the \$59.47 has ever been made. Will it be in order for me to

- (1) Advise the Operator to file a corrected MF-104 showing the \$176.79 and a reclaim of the \$59.47 ?
- (2) Make these adjustments in my final audit report ? If so, how will I show the increase in the Operator's claim ?

With the background of this contract, I thought it prudent to submit these questions for your consideration and counsel.

Sincerely yours,



T. H. Brading, Auditor

Enc.

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JUN - 7 1956

CHIEF CONSOLIDATED MINING COMPANY
ANALYSIS OF "PUMPING SYSTEM" CHARGES

Contract Idm-E4

Docket No. DMA 1 & 1A

	<u>June, 1951</u> <u>Voucher</u>	<u>August, 1951</u> <u>Voucher</u>	<u>Total</u>
Equipment	\$42,998.06	\$ 38,568.90	\$ 81,566.96
Pipe and Fittings	12,073.60	12,710.67	24,784.27
Cable	24,565.15	1,006.54	25,571.69
Track and Accessories		151.84	151.84
Fixed Fee	1,000.00	1,000.00	2,000.00
Material and Supplies 1/	2,399.02	11,373.34	13,772.36
Labor, etc. 2/	15,274.54	77,663.22	92,937.76
	\$98,310.37	\$142,474.51	\$240,784.88
Less: Net Disallowance		19.82 3/	19.82
	<u>\$98,310.37</u>	<u>\$142,454.69</u>	<u>\$240,765.06</u>

MF-104 6/30/51 to 6/30/53 dated 3/29/53 shows: -

Pumping System	\$240,705.59
Audit Adjustment 6/27/51	59.47 3/
	<u>\$240,765.06</u>

1/ Supplies includes hardware, electrical fittings and wire, explosives, timber, cement and other materials and installing equipment.

2/ Labor includes labor, supervision, taxes, insurance and rental of equipment.

3/ Applicable to labor.

MAY 24 1956

Mr. W. M. Traver, Executive Officer
 BMAA Field Team, Region III
 214 New Customhouse Building
 Denver 2, Colorado

Re: Docket No. INRA-1 & 1A (lead-zinc)
 Chief Consolidated Mining Company
 Chief No. 1 Mine
 Jack & Utah Counties, Utah
 Second Amended Contract No. 14m-24

Dear Mr. Traver:

This is with reference to your letter of May 7, with enclosures, covering Government property equities under the cited contract.

We approve of the Operator's first suggestion that a Government auditor and engineer participate in the inventory, and advise in property disposal matters. Regarding the second point brought up by the Operator that, in many instances, two bona-fide bids would be difficult to obtain, such requirement may be waived, at the Government's discretion.

We note the company's other suggestion that the Government establish a minimum price for the various items, below which no sale could be made except by special arrangement. We question the wisdom of such an arrangement, it could lead to endless delays and complications.

We feel that the auditor-engineer team should go a step further than the first suggestion of the Operator in that they should, in co-operation with the Operator, make definite arrangements looking toward prompt equipment disposal and liquidation of this account.

Our Contract Administration and Audit Division will request Mr. Harding to participate in the inventory; will you therefore please request an engineer to co-operate with the auditor.

Sincerely yours,

APPROVED:

/s/ Robert W. Geehan

Member, Bureau of Mines

Thor H. Kiilgaard

Member, Geological Survey

W. S. Martin
 ACTING Chairman, Operating Committee
 WRG:risold/er 5/22/56
 Copy to: Docket

Adm R File

Op. Committee

Base Metals

Mr. Bishop, USRM

Mr. Kiilgaard, USGS

Mr. Jay Chambers,
 Chron.

FEB 16 1956

Mr. W. A. Traver, Executive Officer
 DMEA Field Team, Region III
 224 New Customhouse Building
 Denver 2, Colorado

Re: Docket No. DMEA-1 & 1A (Lead-Zinc)
 Chief Consolidated Mining Company
 Chief No. 1 Mine
 Juab & Utah Counties, Utah
 Second Amended Contract No. 102-14

Dear Mr. Traver:

We have your memorandum of January 11, with enclosures, covering jointly owned equipment under the cited contract.

We note that the management has requested permission from DMEA to allow the Nickerson Pump Company to sell the equipment for them. We can appreciate the fact that a forced sale could result in much of the material being dumped at absurdly low prices; certainly it is decidedly to the best interest of the Government that sales be arranged on the most favorable basis possible. You may therefore approve of such selling arrangements as you believe will result most advantageously.

Mr. W. E. Young, in his inventory, lists certain equipment as presently being in use by the Operator. If this company desires to retain such equipment, it will, of course, have to negotiate with you regarding purchase of the Government's equity therein.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

APPROVED:

/s/ Robert W. Geeshen

Member, Bureau of Mines

Thor H. Kiilsgaard

Member, Geological Survey

WRG:riswold/er 2/9/56

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Op. Committee

Base Metals

Mr. Bishop, USBM

Mr. Kiilsgaard, USGS

Mr. Chambers, DMEA

Chron.



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

224 New Customhouse
Denver 2, Colorado

January 31, 1956

Memorandum

To: Chairman, Operating Committee, DMEA

From:- Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA 1 and 1A (Lead-Zinc), Contract Idm-El4,
Chief Consolidated Mining Company, Juab County, Utah

In conjunction with the liquidation of the Government's interest in the jointly owned property acquired under Contract Idm-El4, we are enclosing for your information the original and three copies of an inventory prepared by W. E. Young, Mining Engineer, Bureau of Mines, and transmittal thereof by Stephen R. Wilson dated January 27, 1956. The inventory is incomplete as to all property involved because of its inaccessibility.

/s/

W. M. Traver

Enclosures

C

U

P

Y



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
1600 EAST FIRST SOUTH STREET
SALT LAKE CITY 12, UTAH

January 27, 1956

RECEIVED
FEB - 3 1956
DMEA
Date Rec'd,

JAN 30 1956

BUREAU OF MINES
Denver, Colorado

Memorandum

To: W. M. Traver, Executive Officer, MEKA Field Team, Region III

From: Stephen R. Wilson

Subject: Bucket No. MEKA-1 and 1A (Lead-Zinc), Contract Ida-B4, Chief Consolidated Mining Co., Juab County, Utah. Your memorandum of January 13, 1956

Attached are nine copies of a memorandum prepared by W. E. Young relative to jointly owned equipment held under the subject contract. The inspecting engineer visited the property January 18 and 19, 1956, and made an inventory of property accessible above the present water level.

Virtually all jointly owned equipment has been removed to the surface and to areas above the 2200-foot level. All is salvageable.. The inspecting engineer's memorandum includes a list of equipment that he was able to inventory on the property. Numerous items are covered, and he was unable to actually view each piece.

Stephen R. Wilson
Stephen R. Wilson

Enclosure

cc: J. B. Clesner

S. R. Wilson

January 26, 1956

W. E. Young

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FEB - 3 1956

Decket No. BMA-1 and 1A (lead-silver), Second Amended Contract 142-24, Chief Consolidated Mining Co., Chief No. 1 mine, Juab and Utah Counties, Utah

An inventory of jointly owned property was made at the Chief mine January 18 and 19. Jointly owned material principally consists of electrical and pumping equipment. Some truck and pipe was salvaged from the 2700-foot level which is jointly owned. The following is a list of material at the mine:

1 Transformer, 3,000-kv.a., 44,000-volt primary, 4160-volt secondary, type AGP3, 3-phase, 60-cycles, class A, insulated for 55° C. temperature rise above ambient, 44000/4160V delta volt, delta delta connected with 4 2 1/2 percent full-capacity taps below 44,000 normal voltage	\$11,694.00
1 Lightning arrester, station type SV, outdoor, single-pole unit, type S, No. 1533123	1,513.68
3 Fuses, power-type BMA-1 "DE-100", dropout, 44,000-volt	260.00
2 Breakers, oil circuit, 800-amp., 4160-volt, 3-pole, 3-phase, 90,000-amp., type D-30 main breaker	\$22.50
1 Lightning protection, cable-type S. No. 1114725, type FR intercom capacitor, 3-phase, 4160-volt, and 3 type FD special S. No. 1533190 lightning arresters on cable	489.60
2 Breakers, oil circuit, 600-amp., 4160-volt, 3-pole, FX 142-416-25	380.00
(The above equipment is in place on the surface, throughout the mine to the 1800-foot level, and is in use.)	
6 Auto Transformers, "Larkin", 4160-volt to 2300-volt, 900-kv.a., serial Nos. L-799-1 through L-799-6	10, 829.00
1 Control panel, GE, GEI-820-1740 (All control panel and component parts belong to Chief Consolidated Mining Co. except 2 timing relays)	104.00

2 Pumps, horizontal type, 8 x 10 x 14, BWH-2499H, 600-hp., 2300-volt, 3900-g.p.m., at 575-foot head -----	\$ 6,038.00
2 Motors, 600-hp., for above -----	16,992.00
2 Breakers, GE, oil circuit, 2500-volt, 400-amp., serial No. 248328048H -----	
2 Starters, reduce voltage, 600-hp., 2300-volt, 3-phase, 60-cycle -----	7,104.00
1 Breaker, oil circuit (no name plate) -----	
1 Pump, #6 ST, 2-stage L-R -----	2,575.50
1 Motor, #6 GE-124, rotor, complete -----	1,295.16
2 Pumps, 14CHL, 5-stage, submersible, bowl assemblies only, B-J, 450-hp. -----	3,360.80

(In addition to the above pumps, there are 7 pumps on the 1800-foot level. Two pumps were lost in the 2900-foot level pump. Purchase orders show that bowl assemblies for 3 pumps were purchased. These were probably installed in Chief Consolidated Mining Company-owned pumps, but which pumps are not known.)

2 Breakers, GE, oil circuit, FK 142-416-25, 4160-volt, 600-amp.	
1 Relay, GE, time-over current, 121A0661A	
6 Jack switches, single-pole throwout, 5,000-volt, 400-amp.	
1 Transformer, air-cooled, 37½-kv.a., 3-phase, 2300- 440- 220-volt	
3 Transformers, single-phase, 25-kv.a., 2300- 220- 400-volt	
1 Breaker, circuit	
1 Transformer, control, 2300-volt to 230-volt, 230-volt to 110-volt, 10-kv.a.	

- 1 Line starter, Westinghouse, 350-hp., 2300-volt, style 1254860
- 1 Lightning arrester, 450-hp., Westinghouse, 2300-volt, style 1254861
- 1 Lightning arrester
- 1 Capacitator, GE, 400-amp., 2500-volt, Cat. No. 26322802
- 1 Capacitator, switch circuit breaker, Fli, Westinghouse
- 1 Lightning arrester, set, for rotating equipment
- 1 Magnetic starter, 90-hp., 440-volt
- 1 Switch, 200 amp., fusible disconnect
- 1 Lightning arrester
- 2 Breakers, Westinghouse, Fli, oil circuit
- 7 Transformers, 200-amp.
- 1 Magnetic starter, GE, CR7004R20, 700-hp., 2300-volt
- 1 Lightning arrester, set
- 1 Magnetic switch, GE, CR7004R1B, 350-hp., 2300-volt
- 2 Breakers, Westinghouse, Fli, oil circuit
- 10 Transformers, current
- 2 Magnetic switches, GE
- 2 Lightning protectors
- 2 Breakers, Westinghouse, oil circuit, 200-amp., 4500-volt
- 3 Jack Switches, single-pole, 400-amp.

The above equipment is stored in a building on the surface along with other company-owned equipment of the same type. Considerable equipment, consisting of material similar to the above, and also smaller electrical equipment, is piled on the 1800-foot level, preparatory to being moved to the surface. This could not be inventoried because the quarters are too confined to permit moving the equipment.

An attempt was made to inventory the 18-inch Victaulic pipe and valves, which workmen are in the process of removing and storing on the 1800-foot level in every available opening. Some of the valves have been brought to the surface, but most of them are buried deep, under stored equipment, along with other company-owned pipe and valves.

The water has risen to the 2200-foot level. All material except the two sinker pumps was removed ahead of the water and salvaged. The management plans to remove all cable and pipe from the 2200-foot to the 1800-foot level.

The management has requested permission from DMEA to allow Nicholson Pump Co. to sell the equipment for them. Because of the specialized nature of most of the equipment, bids from dealers would be much below the actual value. There is probably enough equipment, which, if sold on the second-hand market, would repay the remaining part of the loan. However, it is likely the company would lose considerable money on any forced deal of this kind.

W. E. Young
W. E. Young

JAN 10 1956

Mr. W. M. Traver
Executive Officer
BMA Field Team, Region III
724 New Customhouse Building
Denver 2, Colorado

Re: Locket M. BMA-1 & 1a (Lead-Zinc)
Chief Consolidated Mining Company
Chief No. 1 Mine
Juni & Utah Counties, Utah
Second Amended Contract No. 100-24

Dear Mr. Traver:

We have your letter of December 23 referring to the property settlement under the cited contract. You are correct in stating: "... either completion of the work or termination of the contract is a prerequisite to the settlement of the Government's interest in the jointly owned property".

However, we were hopeful that the operator might be willing to negotiate an acceptable offer, in which case property settlement matters could have been included in an agreement of mutual termination. If it is not willing to do so, then we obviously must first take action to terminate the project due to the operator's presently being in default and thereafter proceed with the disposal of the property. You are incorrect in stating that the operator would be in default on March 15, 1956 (expiration date of the contract); it is already in default.

We repeat that it is quite out of the question that we make a gift of the Government's equipment equity to the operator; such royalty payments as have been made were in accordance with the terms of the contract and have nothing to do with property settlement matters. Naturally, if royalty payments had equalled the total of the Government's contribution, the equipment account would have been closed, but such is not the case.

Actually, the matter of equipment disposal is clearly covered in Article 11 of the First Amended Contract, and the operator's responsibility is clearly defined therein. Please advise us as soon as possible regarding the list of equipment, indicating items

which are salvageable, together with the operator's best offer. If such offer is not acceptable, we must then terminate the project due to default and require the Operator to secure bids from at least three equipment dealers. Failure on its part to do so would then force us to take further action.

Let us emphasize again that what we are trying to do is negotiate a deal with the Operator that results in the greatest return to the Government of the money expended by it. We are aware that a forced sale of highly specialized equipment perhaps would render only a small return; hence, we do not desire to resort to it except as a last resort. It seems obvious that the equipment should be of more value to the Operator than to a third party. Therefore, we are willing to negotiate a settlement rather than to demand a settlement in cash.

It is our understanding that the act of the Operator in defaulting in completion of the work and allowing the lower levels of the mine to flood has cut us off from a certain source of royalty. Hence, if the Operator would be willing to add additional lands, some of which are presently producing, we might be inclined to negotiate an equipment settlement on such a basis.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

APPROVED:

/s/ Robert W. Geehan
Member, Bureau of Mines

Thor H. Killsgaard
Member, Geological Survey

WKGriswold/bjl (1/3/55)

Copy to: Locket
Admr. R. File
Op. Committee
Base Metals
Mr. Bishop
Mr. Killsgaard
Mr. Jay Chambers
Chron.

DEC 14 1950

Mr. M. H. Traver
Executive Officer
BMA Field Team, Region III
224 New Castleman Building
Denver 2, Colorado

Re: Report No. BMA-1 & 1A (Lead-Zinc)
Chief Consolidated Mining Company
Chief No. 1 Mine
Jack & Stark Counties, Utah
Second Amended Contract No. 100-114

Dear Mr. Traver:

We have your memorandum of November 28, relative to the Government's equity in equipment purchased under the cited contract.

It would appear that this Operator is not inclined to make an equitable offer. The suggestion of Mr. Nelson "that the subsequently agreed upon amount of the Government's interest in the property be considered as having been defrayed as a part of royalty payments already made" is far from being acceptable. In effect, we would be making this company a present of the Government's substantial equity. If, on the other hand, the Operator will agree to the Government receiving royalty on production from additional areas presently being operated, and if such areas show promise of yielding substantial amounts of ore, we might be inclined to come to some such arrangement.

Neither are we in accord that the contract be officially terminated prior to the property settlement. You will recall that work on the project was stopped by the Operator without prior consultation with the Government. The reason given for the stoppage of work on the project was that the over-all mine operation was not yielding a profit; yet there was nothing in the exploration contract which made project work contingent upon profits from the mining operations. Certainly the Operator would not want the Government to, experts, terminate the contract because of the Operator's default, when instead, the Government might be inclined to

enter into a termination agreement with the Operator, which would dispose of all problems under the contract. The Operator should be reminded that, if the Government terminates the contract, ex parte, and the Operator fails to satisfactorily dispose of the property, the Government may enter upon the land and dispose of the property.

We note your statement "Therefore it will be difficult for us to negotiate the settlement without some idea as to the minimum of a settlement amount or percentage that would be acceptable to your office." It is difficult for us to make a definite statement at this time. Actually we are not clear as to just what items remain salvageable. Please let us have a list of equipment, indicating which is recoverable, and your comments thereon. It would seem that the proper procedure would be for the Operator to ask for bids from at least three equipment dealers, in accord with our usual practice, and that we accept the most favorable offer, if satisfactory.

These ideas are the framework within which we would negotiate a settlement with the Operator and should afford a basis upon which to initiate negotiations with this company. Please keep us informed.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

APPROVED:

/s/ Robert W. Geehan
Member, Bureau of Mines

Thor H. Kiilgaard
Member, Geological Survey

WBR:swold/er (rewritten 12/8/55)

Copy to: Desk
Adm & File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilgaard, USGS
Mr. Jay Chambers
Chron.



Dept. of the Interior

UNITED STATES **Defense Minerals Exploration Admin.**
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

WASHINGTON 25, D. C.

44X4701(01) Revolving Fund, Defense
Production Act, Interior (Allocated
Working Fund to Office of the Secy.)

May 27, 1955

TO: Mr. U. N. Grover, Executive Officer
1221 Field Team, Region 3
Bureau of Mines
224 New Customhouse Building
Denver 2, Colorado

SUBJECT: Payment for Exploration Work

Re: Memo:

LETTER MAY 27 AND YOUR LETTER MAY 11, AND DO NOT FORGET THAT CHIEF C. PROBLEMS IS BEING
NOT BEING THE EXPLORATION UNIT UNDER CHIEF PLAN TO STOP SOME OPERATIONS AND
SUSPENDED WORK.

GEORGE C. SELFIDGE
CHAIRMAN, OPERATING COMMITTEE

JChambers:nn - 5/27/55

Copy to: Adm. R. File
Mr. Selfridge
Miss Curtin
Bureau of Mines, Audit Div., Rm. 2509
Operating Committee
Confirmation
Chron.
Mail & Files

UNITED STATES

Budget Bureau No. 42-R1036.5

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

TERMINATION AGREEMENT, DATED JANUARY 30, 1956

Month of March, 1958 Docket No. DMEA 1 and 15 Contract No. 10m-24
Operator's Name Chief Consolidated Mining Company Minerals Lead-Zinc
Address 608 Dooly Building, Salt Lake City, Utah
Contract Amount, \$ _____ Government Participation: 50 % Amount, \$ _____

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 } Contracts: Short Form						
Drilling.....						
Bulldozing.....						
Crosscutting.....						
Drifting.....						
(2) Labor and Supervision:						
Labor.....						
Supervision.....						
Technical Services.....						
(3) Operating Mat'ls. and Supplies:						
Timber.....						
Explosives.....						
Pipe.....						
Track.....						
(4) Operating Equipment:						
Rental.....						
Purchase.....						
Depreciation.....						
(5) Initial Rehabilitation and Repairs..						
(6) New Bldgs., Improvements, etc..						
(7) Miscellaneous:						
Repairs to Equipment.....						
Sampling and Analysis.....						
Payroll Taxes.....						
Liability Insurance.....						
(8) Contingencies (specify):						
<u>Salvage of Pumping Equipment</u>	<u>6173.56</u>	<u>none</u>	<u>6173.56</u>	<u>6117.80</u>		<u>6,117.80</u>
TOTALS.....	<u>6173.56</u>		<u>6173.56</u>	<u>6,173.36</u>		<u>6,173.56</u>

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

Date April 23, 1958 Payee Chief Consolidated Mining Co.

Per [Signature] Title Vice 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:

\$ 1558.90
Signature [Signature] (Authorized Certifying Officer)

Date 7/18/58 Voucher No. 20ma 59-5
(See other side)

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. Idm-E4 in accordance with the terms of the contract.

Signature M. H. Howe Title Mining Engineer Date May 14, 1958

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature [Signature] Title alternate acting Executive Officer Date JUL 16 1958

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a

third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

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

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

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

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

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

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

TERMINATION AGREEMENT, DATED JANUARY 1956

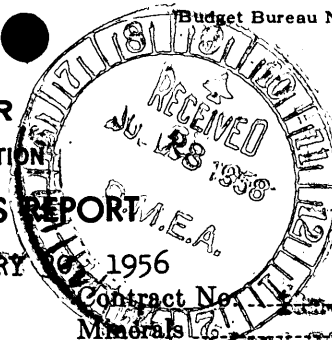
Docket No. DMEA 1-2-1A

Month of March 1956

Operator's Name Chief Consolidated Mining Company

Address 603 DEWY BUILDING, SALT LAKE CITY, UTAH

Contract No. 1-2-1A
Minerals 1381-2100



OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting.....								
Crosscutting.....								
Raising.....								
Shafts.....								
Winzes.....								
Drilling: Core.....								
Churn.....								
Auger.....								
Stripping.....								
Trenching.....								
Test Pits.....								
Roads and Trails.....								
TOTAL DISTRIBUTED COSTS.....							TOTAL COSTS AUTHORIZED BY CONTRACT	
Operating Equipment Purchased.....								
Initial Rehabilitation and Repairs.....								
New Buildings, Improvements, etc.....								
Salvage of Pumping Equip.....								
TOTAL COSTS.....								

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

REMARKS:

Date April 23, 1958 Operator Chief Consolidated Mng. Co.
Per [Signature] Title Vice President

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)

M. H. Howe
Mining Engineer
May 14, 1958

DMEA
DEPARTMENT OF THE INTERIOR
APR 24 1958
REGION III
DENVER, COLORADO

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.

EX-100
PME

JUL 20 1958

7/28 CDM 100
800

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

FINAL DISTRIBUTION

MADE JUL 24 1958

Administrative Audit Difference Statement

Chief Consolidated Mining Co.
400 Barclay Building
Salt Lake City, Utah

Date: July 21, 1958

Payee's

Reference: March 1958

Comments:

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

Amount Claimed	\$	<u>6,175.96</u>
Difference	\$	<u>55.76</u>
Amount Approved	\$	<u>6,120.20</u>

The reason for the difference was due to:

Under the provisions of the Termination Agreement, only those salvage costs incurred on and subsequent to January 30, 1956, are allowable. Review of the Operator's records reveals that the reported costs for January 1956 were incurred prior to January 30, 1956, and are therefore not allowable.

Disallowed Salvage Costs for January 1956

Direct Labor	.....	\$53.13
Western's Compensation Insurance (\$53.13 X .0496)	.....	2.63
Total amount disallowed	.....	<u>55.76</u>

Withhold an amount of \$1,500.00 from reimbursement to the Operator pending liquidation of the balance of jointly owned equipment.

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

Very sincerely yours,

N. E. Stokes
Audit Section

*Should be P of 2 or including pay roll taxes
Submitted 7/27/58*

CHIEF CONSOLIDATED MINING COMPANY
608 Dooly Building
Salt Lake City, Utah

Summarized Statement of Cost of Salvaging Jointly
owned Equipment incurred subsequent to and under
terms of Termination Agreement,
dated January 30, 1956, Docket DMEA 1 and 1A,
Second Amended Contract Idm-E4

<u>Item</u>	<u>Amount</u>	<u>Total</u>
Direct Labor Year 1956 per detail attached	\$ 745.00 ✓	
" " " 1957 " " "	64.39	
" " " 1958 " " "	<u>4,720.98</u>	
<u>Total Direct Labor</u>		\$5,530.37
 Sundry Supplies 1958		 34.76
Proportion of Hoisting Electric Power 1958		160.30
 Social Security Taxes Paid, 1956 (\$745.00 x .02)	14.90 ✓	
" " " 1957 (\$64.39 x .0225)	1.45	
" " " 1958 (\$4,720.98 x .0225)	<u>106.22</u>	
<u>Total Social Security Taxes</u>		122.57
 Unemployment Compensation Taxes 1956 (\$745.00 x 1.0%)	7.45 ✓	
" " " 1957 (\$64.39 x 1.8%)	1.16	
	<u>00.14</u>	