PROJECT SUMMARY REPORT

By: W. P. Klugescheid August 16, 1955

1. Docket No. DMEA-3073 (Lead-Zinc)
Contract No. Idm-E605
Property: Dosser-Maki-Lotze Prospect
Stevens County, Washington

Operator: Grandview Mines, Inc.
310 Radio Central Bldg.
Spokane 4, Washington

Operator's Property Rights: Lessee
Owners' Consents to Lien dated September 26, 1953, September 28, 1953, and September 26, 1953.

2. Contract dated September 22, 1953. To complete - 13 months.

Work Authorized

Work to be done in two stages, the work on Stage II to be undertaken only if, in the opinion of the Government, the results of Stage I indicate the advisability of further exploration.

STAGE I

Diamond drill four holes not in excess of 2,000 feet at locations shown on attached map entitled "Proposed Diamond Drilling at Grandview Mines, Stevens County, Washington."

STAGE II

Diamond drill not in excess of 3,200 feet of holes.

Agreed Unit Costs

Diamond drill 5,200 feet @ $7.00/ft.	$36,400.00
Government's participation @ 50%	18,200.00

Amendments

No. 1 Dated January 14, 1954

Allows a recess from November 22, 1953 to not later than July 1, 1954. No increase in total cost of the project.

Work Completed

3,885 feet of diamond drilling @ $7.00	$27,195.00
Government's participation @ 50%	13,597.50

Termination agreement signed October 28, 1954.

3. Audit - Report of Review issued November 12, 1954.

Total cost as billed by Contractor Exceptions - None	$27,195.00
Total accepted costs	$27,195.00
Government's participation @ 50%	$13,597.50

4. Certification of Discovery - none issued.

5. Comments

The purpose of the project was to explore for lead-zinc ore by diamond drilling the down-dip extension of a gossan which was exposed by bull-dozing and trenching during the summer of 1952. Channel samples cut across the gossan showed values in lead and zinc. The diamond drilling program was intended to test this zone at a depth sufficient to encounter the sulphide portion of the ore body and to test its extension laterally and at depth.

Nine diamond drill holes were completed for a total length of 3,885 feet.

The holes were all drilled to the north of the exposed gossan zone which, on the surface, strikes east-west and dips approximately 60° north.

The diamond drilling intersected only a strong pyrite zone containing very sparse amounts of galena and sphalerite. The Field Team did not recommend a Certification of Discovery. They do not consider the pyrite to be of commercial value as there is no market for it in the northwest at the present time and there are larger known bodies of this type which are not now being exploited.

Northeastern Stevens County, Washington, is underlain by a thick series of phyllite, schist, slate, marble, and dolomite of early Paleozoic age. Granitic intrusive rocks crop out in the northern and southern part of the area. The Dosser-Maki-Lotse property is in the south-eastern part of the area near a contact between granodiorite and dolomite.

The contact between the dolomite and the granitic rocks is an intrusive contact, in this area, as no faulting has been found along it.

Ore minerals occur at widely scattered localities within the dolomite. The ore minerals consist of galena and sphalerite in a pyritic, siliceous gangue.

No lead-zinc ore body is indicated by the drilling.

W. P. Klugescheid

W. P. Klugescheid

WPK/er

Copy to: Docket
Base Metals
Chron.

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Grandview Mines, Inc.
310 Radio Central Building
Spokane 4, Washington

alt Betty

pertaining to Exploration Project Contract No. Idm-E605, Docket No. DMEA 3073, including Amendment No. 1, for the period of September 22, 1953 to September 10, 1954, covering a project for the exploration of lead-zinc on property known as Dosser-Maki-Lotze Prospect, located in Stevens County, State of Washington.

My review included an examination of the Monthly Reports (Forms MF-104) and supporting documents attached thereto, comparison of the costs claimed with the contract and pertinent schedules, consultation with the Government representative who visited and examined the project, and a determination of the reasonableness and propriety of the costs.

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

> All of the costs incurred were under a contract provision for payment by the Government on the basis of agreed estimated costs of units of work actually performed.

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

Total Cost as billed by Contractor	$27,195.00
Exceptions	None
Total Accepted Cost	$27,195.00

The contract calls for a 50 percent participation of exploration expenses by the United States Government. Therefore, payment to the Contractor by the Government in the amount of Thirteen thousand five hundred ninety seven and 50/100 Dollars

--$13,597.50--

is considered valid and proper, provided that the Regional Executive Officer, the Administrator, or other competent official has accepted or will accept the project as having otherwise met the terms of the contract.

C. A. Turner, Auditor

November 12, 1954

DIVISION COPY

RECEIVED

(Authority: Operating Committee letter dated 9/27/54)

TERMINATION AGREEMENT

It is agreed this 28th day of October, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Grandview Mines, Inc., hereinafter called the "Operator," parties to that certain Exploration Project Contract Idm-E605, Docket No. DMEA-3073, dated September 22, 1953, hereinafter called the "Contract," that:

1. Effective September 10, 1954, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

2. The Government shall contribute only to the fixed unit costs of work performed prior to said effective date.

3. Any work or operations prosecuted or costs incurred by the Operator beginning with said effective date, except as otherwise provided in this termination agreement, shall be for the sole account of the Operator without contribution by the Government.

4. The Operator shall promptly perform all winding-up and settlement actions provided for in the Contract, including the rendering of the final report and final account.

5. All rights of the Government provided for in the Contract with respect to a certification of discovery or development and a percentage royalty and lien for its payment are preserved.

6. The Operator hereby releases and agrees to save the Government harmless from all claims or demands under or arising out of said Contract, except as otherwise provided in this termination agreement.

IN WITNESS WHEREOF, these parties have executed this agreement as of the day and year first above written.

THE UNITED STATES OF AMERICA

By A. E. Weissenborn
A. E. Weissenborn, Exec. Officer
DMEA Field Team, Region II

GRANDVIEW MINES, INC.
(Operator)

By Karl W. Jasper
President

DIVISION COPY

EXPLORATION PROJECT CONTRACT
GRANDVIEW MINES, INC.
(DOSSER-MAKI-LOTZE PROSPECT)
DOCKET NO. DMEA-3073

AMENDMENT NO. 1

It is agreed this 14th day of January, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Grandview Mines, Inc., that Exploration Project Contract Idm-E605, Docket No. DMEA-3073, dated September 22, 1953, is amended effective November 22, 1953, as follows:

1. During the period from November 22, 1953, to not later than July 1, 1954: (a) the project work shall be recessed; (b) the Government shall not contribute to any costs incurred by the Operator; and (c) the Operator shall save the Government harmless from any and all claims, and preserve and protect the project work and any property in which the Government has an interest.

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

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

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

GRANDVIEW MINES, INC.

By Karl W. Jasper
Karl W. Jasper, Pres.

MF-200 (A)
(February 1952)

DOCKET NO. DMEA-3073

COMMODITY Lead-Zinc

Division Copy

Idm-E605

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

EXPLORATION PROJECT CONTRACT[1]
(Short Form)

IT IS AGREED this 22nd day of September, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] GRANDVIEW MINES, INC., a corporation duly organized and existing under and by virtue of the laws of the State of Washington, 310-311 Radio Central Building, Spokane 4, Washington

hereinafter called the "Operator," as follows: and as set forth in Annexes I and II attached hereto and made a part hereof.

ARTICLE 1. *Authority for contract.*—This agreement is entered into under the authority of the Defense Production Act of 1950, as amended, pursuant to DMEA Order 1 entitled "Government Aid in Defense Exploration Projects."

ARTICLE 2. *Operator's property rights.*—With respect to ~~that certain land situated~~ the mineral rights in the State of Washington, County of Stevens, described as follows:[3] ~~xxxx~~ set forth in Annex I

the Operator represents and undertakes:[4]

(*a*) ~~That the Operator is the owner in possession and entitled to possession, and that the property is subject only to the~~

(*b*) That the Operator is a lessee, in possession and entitled to possession, and the Owner's Consent to Lien is attached.

The Operator shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of the exploration project without any allowance for the use, rental value, depreciation, depletion, or other cost of acquiring, owning, or holding possession thereof.

ARTICLE 3. *Exploration project.*—The Operator, within 30 days from the date of this contract shall commence work on a project of exploration for[5] Lead-Zinc

in or upon the described land; and shall bring the project to completion within a period of 13 months from the date of this contract. The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided. The work shall be performed by the Operator or by independent contractor or contractors efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmen's compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed.. The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

ARTICLE 4. *Costs of the project.*—The agreed, estimated costs of performing the work, expressed in terms of units of work to be performed (per foot of drifting, per foot of drilling, per cubic yard of material to be moved, etc.) are set forth in Exhibit "A," attached hereto. The Government will pay 50 percent of these agreed, estimated costs, as they accrue, for units of work actually performed that conform with the description or specifications for the work set forth in this contract, in an aggregate total amount not in excess of $18,200.00 which is 50 percent of $36,400.00 the agreed, estimated total cost of the project in which the Government will participate: *Provided,* That until the Operator's final report and final accounting have been rendered to the Government and any final check or auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract. The Government may, as it sees fit, make payments direct to the Operator's independent contractors, if any, for the account of the Operator, rather than to the Operator.

ARTICLE 5. *Reports, accounts, audits.*—(*a*) *Progress reports.* The Operator shall provide the Government with monthly reports of units of work performed under the contract, in quintuplicate (five copies), upon forms provided by the Government. These progress reports shall be certified by the Operator, and shall constitute both the Operator's invoice of units of work performed on the project during the period covered by the report and his voucher for repayment by the Government, unless the Government requires the use of a standard voucher form with invoice attached. Progress reports shall include surface and/or underground engineering-geological maps or sketches showing the progress of the exploration, with assay-reports on samples taken concurrently with the advance in mineralized ground.

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] State name, address, and nature of organization if any.
[3] Give legal description or enough to identify the property, particularly excluding any land or interest therein to which the Government's lien is not to attach or the production from which is not to be subject to the Government's percentage royalty.
[4] Strike out the provision not applicable.
[5] Name of mineral or minerals.

(*b*) *Final report.*—Upon completion of the exploration work or termination of the contract the Operator shall provide the Government with an adequate geological and engineering report, in quintuplicate (five copies), including an estimate of ore reserves resulting from the exploration work.

(*c*) *Compliance with requirements.*—If, in the opinion of the Government, any of the Operator's reports are insufficient or incomplete, the Government may procure the making or completion of such reports and attachments as an expense of the exploration work; and the Government may withhold approval and payment of any vouchers depending upon insufficient or incomplete reports.

(*d*) *Accounts and audits.*—The Operator shall keep suitable records and accounts of the units of work performed, which the Government may inspect and audit at any time. The Government may at any time require a check of the work performed and an audit of the Operator's records and accounts, by a certified public accountant or otherwise, the cost thereof to be treated as a cost of the project. The Operator shall keep and preserve said records and accounts for at least 3 years after the completion of the project or the termination of this contract. Upon the completion of the project or termination of the contract the Operator shall render a final account and statement of work performed to accompany his final report.

ARTICLE 6. *Repayment by Operator.*—(*a*) If, at any time, the Government considers that a discovery or a development from which production may be made has resulted from the exploration work, the Government, at any time not later than 6 months after the Operator has rendered the required final report and final account, may so certify in writing to the Operator. The certification shall describe broadly or indicate the nature of the discovery or development. In the event of such certification, any minerals mined or produced from the land described in Article 2 within 10 years from the date of this contract, including any mined or produced before the certification, shall be subject to a percentage royalty which the Operator or his successor in interest shall pay to the Government, upon the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, until the total amount contributed by the Government, without interest, is fully repaid, or said 10 years have elapsed, whichever occurs first, as follows: See Annex II, substituted for that part of 6(a) preceding the colon:

(1) One and one-half (1½) percent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(2) One and one-half (1½) percent of any such net amounts, plus one-half (½) percent of such net amounts for each additional full fifty cents ($0.50) by which such net amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such net amounts.

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

(*b*) As here used, "net smelter returns," "net concentrator returns," and "other net amounts realized from the sale or other disposition," mean gross revenue from sales, or if not sold, the market value of the material after it is mined in the form in which and the place where it is held. In the case of integrated operations in which the material is not disposed of as such, these terms mean what is or would be the gross income from mining operations for percentage depletion purposes in income-tax determination.

(*c*) To secure the payment of its percentage royalty, the Government shall have and is hereby granted a lien upon the land described in Article 2 and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

(*d*) This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

ARTICLE 7. *Assignment, transfer, or loss of Operator's interest.*—Without the written consent of the Government, the Operator shall not assign or otherwise transfer or hypothecate this contract or any rights thereunder. The Operator shall not make any voluntary nor permit any involuntary transfer or conveyance of the Operator's rights in the land described in Article 2, without making suitable provision for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof; *Provided*, that mere failure by the Operator to maintain the Operator's rights in the land, without any consideration running to the Operator other than relief from the cost of maintaining such rights (as by surrender of a leasehold, failure to perform assessment work, or failure to exercise an option), coupled with complete abandonment by the Operator of all interest in or operations on the land for a period of 10 years from the date of this contract, shall not constitute such a transfer or conveyance. Should the Operator make or permit any transfer or conveyance in violation of this provision, the Operator shall be and remain liable for payment to the Government of the same amounts, at the same times, as would have been paid under the terms of the percentage royalty on production. If for any reason the net smelter returns, net concentrator returns, or other net amounts realized from the sale or other disposition of such production are not available as a means of measuring the amount of the Operator's liability, the amount thereof shall be estimated as well as may be, and in the event of dispute as to such estimates, the determination thereof by the Administrator of Defense Minerals Exploration Administration or by his successor shall be final and binding upon the Operator.

ARTICLE 8. *Termination and completion.*—The Government may, at any time, by written notice to the Operator, terminate this contract: (*a*) If the Operator fails to provide his share of the money necessary to prosecute operations pursuant to the terms of the contract; (*b*) if the Operator, in the opinion of the Government, fails to prosecute operations pursuant to the terms of the contract; or (*c*) if, in the opinion of the Government, operations up to the time of the notice have not indicated the probability of making any worth while discovery and in the opinion of the Government further operations are not justified.

ARTICLE 9. *Changes and added provisions* .....

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

GRANDVIEW MINES, INC.
(Operator)

By Karl W. Jasper

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

Pmbur
Chamber

I, E. K. Barnes certify that I am the secretary of the corporation named as Operator herein; that Karl W. Jasper, who signed this contract on behalf of the Operator, was then President of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

E. K. Barnes [CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—86329-1

EXPLORATION PROJECT CONTRACT
GRANDVIEW MINES, INC.
DOCKET NO. DMEA-3073

ANNEX I

With reference to Article 2 of the contract form, the Operator has leased the mineral rights in the following properties in T. 39 N., R. 41 E., W. M.:

A - (Dosser Lease)

In Sec. 27, that part of Government Lot 5, except the north 450 feet thereof, lying south and east of the county road.

In Sec. 34, the S½ of the NE¼; Government Lot 1; that part of the SE¼ of the NW¼ lying south and east of Deep Creek; that part of Government Lot 2 lying south and east of Deep Lake and Deep Creek.

B - (Maki Lease)

In Sec. 35, the SW¼ of the NE¼, S½ of the NW¼, and NW¼ of the SW¼.

C - (Lotze Lease)

In Sec. 34, the NE¼ of the NE¼
In Sec. 35, the N½ of the NW¼
In Sec. 26, the S½ of the SW¼

excepting approximately 2 square acres in the extreme northwest corner, which area is enclosed by a line running 416 feet east from the northwest corner of the S½ of the SW¼ of Sec. 26; thence 208 feet south; thence 416 feet west; and thence north 208 feet to the point of beginning.

The properties are indicated on the maps attached hereto and made a part hereof entitled "Grandview Mines, Inc., Dosser-Maki-Lotze Prospect, Docket No. DMEA-3073," and "Proposed Diamond Drilling at Grandview Mines, Stevens County, Washington (Property East of Deep Lake), Docket No. 3073, Pb, Zn."

Department of the Interior
Bureau of Mines Information
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ANNEX _____

The following provisions are in lieu of all of paragraph (a) of Article ____ which precedes the colon:

If the Government considers that a discovery or development from which production may be made has resulted from the exploration work, the Government, at any time not later than six months after a sufficient, complete, final report and final account referred to in the contract has been rendered, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development. The Operator, or his successor in interest, shall pay to the Government a royalty on all minerals mined or produced from the land described in Article 2, as follows: (1) Regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification of discovery or development, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first, unless the Government waives its right to a royalty; or (2) if the Government makes a certification of discovery or development, for a period of ten years from the date of the contract, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first. Said royalty shall be a percentage of the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production (including any bonuses), in whatever form disposed of, including ore, concentrates, or metal, as follows:

EXPLORATION PROJECT CONTRACT
GRANDVIEW MINES, INC.
DOCKET NO. DMEA-3073

EXHIBIT "A"

Description of the Work

The purpose of this project is to explore by diamond drilling for lead-zinc. The work shall be done in two stages. Upon the completion of Stage I, if in the opinion of the Government the results indicate the advisability of further exploration work, the work under Stage II shall be undertaken. The depth, size, and inclination of all drill holes, any change in their location in Stage I, and their location in Stage II shall be subject to prior Government approval.

Stage I

Diamond drill four holes not in excess of 2000 feet at locations shown on attached map entitled "Proposed Diamond Drilling at Grandview Mines, Stevens County, Washington (Property East of Deep Lake), Docket No. 3073, Pb, Zn."

Stage II

Diamond drill not in excess of 3200 feet of holes.

Agreed Unit Costs

Diamond drill 5200 feet @ $7.00/ft.	1/ $36,400.00
Government Participation at 50%	$18,200.00

1/ This includes all costs of mobilization, preparation of roads and drill sites, necessary churn drilling through overburden, diamond drilling, core boxes, assaying, bookkeeping, engineering, supervision, and all costs necessary to complete the work of the project.

MF-203
(Revised July 1, 1953)

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of Washington, County of Stevens, described as follows:1/

SW¼NE¼, S½NE¼, and N½SW¼, all in Sec. 35, Twp. 39 N. R. 41 EWM

which is the subject of a proposed exploration project contract, hereinafter called the "contract", between the United States of America, hereinafter called the "Government", and

2/ Grandview Mines, 310 Radio Central Bldg., Spokane 4, Washington

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production (as set forth on the reverse side hereof) and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

NOW THEREFORE, the undersigned, in consideration of said contract and as an inducement to the Government to enter into same, undertakes and agrees as follows:

1. The Government's equity in and right to dismantle, sever, take possession of, and remove and dispose of facilities, buildings, fixtures, equipment, or other items as provided in the contract, or any amendment thereof, shall prevail over and be prior and superior to any conflicting or adverse rights of the undersigned, and the Government is authorized to enter upon the land for such purposes.

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract, or any amendment thereof, there is hereby granted to the Government a lien upon the land above referred to and upon any production of minerals therefrom, until said royalty is fully paid or ten years have elapsed from the date of the contract, whichever occurs first.

3. The undersigned shall commit no act nor assert any claim that may contravene or conflict with the lien, claim, or rights of the Government under the provisions of said contract. This agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of the undersigned.

4. Changes and added provisions _____

Dated this 26th day of September, 1953.

Kathe Mabi [Seal]

_____ [Seal]

_____ [Seal]

1/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in book _____ page _____ official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

2/ Insert the name of the Operator as it will appear in the exploration project contract.

3/ Mining or production from the land is not required, and in the absence of production there is no obligation to repay the Government.

Repayment by Operator.--a. Certification.--If at any time the Government considers that a discovery or development from which production may be made has resulted from the exploration work, the Government, at any time not later than six months after the Operator has rendered the final report and final account, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

b. Percentage royalty.--The Operator, or his successor in interest, shall pay to the Government a royalty on all minerals mined or produced from the land described in Article 2,--(1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification of discovery or development, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first, unless the Government waives its right to a royalty; or (2) if the Government makes a certification of discovery or development, for a period of ten years (or other period fixed by the contract) from the date of the contract, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first. Said royalty shall be a percentage of the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, as follows:

(a) One and one-half ($1\frac{1}{2}$) percent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(b) One and one-half ($1\frac{1}{2}$) percent of any such net amounts, plus one-half ($\frac{1}{2}$) percent of such net amounts for each additional full fifty cents ($0.50) by which such net amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such net amounts.

(For instance: the percentage royalty on a net amount of five dollars ($5.00) per ton, would be one and one-half ($1\frac{1}{2}$) percent; on a net amount of ten dollars ($10.00) per ton, three and one-half ($3\frac{1}{2}$) percent.)

c. Definitions.--As here used, "net smelter returns", "net concentrator returns", and "other net amounts realized from the sale or other disposition", mean gross revenue from sales; or if not sold, the market value of the material after it is mined in the form in which and the place where it is held. In the case of integrated operations in which the material is not disposed of as such, these terms mean what is or would be gross income from mining operations for percentage depletion purposes in income tax determination.

d. Lien for Payment.--To secure the payment of its percentage royalty, the Government shall have and is hereby granted a lien upon the land described in Article 2 and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

e. Notice to Purchasers.--The Operator shall notify any purchaser of the production of the Government's royalty interest, and shall authorize and direct the purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets; but failure or refusal by the purchaser to comply shall not relieve the Operator of liability to pay any royalty falling due.

f. No Obligation to Produce.--This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

MF-203
(Revised July 1, 1953)

OWNER'S CONSENT TO LIEN

DEPARTMENT OF THE INTERIOR
Bureau of Land Management
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WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of Washington, County of Stevens, described as follows:1/

That part of Government Lot 5, Section 27, Township 39, North, Range 41 E.W.M., except the north 450 feet thereof, lying south and east of the County Road;- The South half of the Northeast quarter (S½NE¼); Government Lot 1; that part of the Southeast quarter of the Northwest Quarter(SE¼NW¼) lying south and east of Deep Creek; That part of Governmen Lot 2 lying south and east of Deep Lake and Deep Creek; all in Section 34, Township 39, North, Range 41, E.W.M.,

which is the subject of a proposed exploration project contract, hereinafter called the "contract", between the United States of America, hereinafter called the "Government", and

2/ Grandview Mines, 310 Radio Central Bldg., Spokane 1, Washington

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production (as set forth on the reverse side hereof) and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

NOW THEREFORE, the undersigned, in consideration of said contract and as an inducement to the Government to enter into same, undertakes and agrees as follows:

1. The Government's equity in and right to dismantle, sever, take possession of, and remove and dispose of facilities, buildings, fixtures, equipment, or other items as provided in the contract, or any amendment thereof, shall prevail over and be prior and superior to any conflicting or adverse rights of the undersigned, and the Government is authorized to enter upon the land for such purposes.

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract, or any amendment thereof, there is hereby granted to the Government a lien upon the land above referred to and upon any production of minerals therefrom, until said royalty is fully paid or ten years have elapsed from the date of the contract, whichever occurs first.

3. The undersigned shall commit no act nor assert any claim that may contravene or conflict with the lien, claim, or rights of the Government under the provisions of said contract. This agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of the undersigned.

4. Changes and added provisions _____

Dated this 28th day of September, 1953.

George A Dosser [Seal]

Helen Dosser [Seal]

_____ [Seal]

1/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in book _____ page _____ official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

2/ Insert the name of the Operator as it will appear in the exploration project contract.

3/ Mining or production from the land is not required, and in the absence of production there is no obligation to repay the Government.

Repayment by Operator.--a. Certification.--If at any time the Government considers that a discovery or development from which production may be made has resulted from the exploration work, the Government, at any time not later than six months after the Operator has rendered the final report and final account, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

b. Percentage royalty.--The Operator, or his successor in interest, shall pay to the Government a royalty on all minerals mined or produced from the land described in Article 2,--(1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification of discovery or development, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first, unless the Government waives its right to a royalty; or (2) if the Government makes a certification of discovery or development, for a period of ten years (or other period fixed by the contract) from the date of the contract, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first. Said royalty shall be a percentage of the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, as follows:

(a) One and one-half (1½) percent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(b) One and one-half (1½) percent of any such net amounts, plus one-half (½) percent of such net amounts for each additional full fifty cents ($0.50) by which such net amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such net amounts.

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

c. Definitions.--As here used, "net smelter returns", "net concentrator returns", and "other net amounts realized from the sale or other disposition", mean gross revenue from sales; or if not sold, the market value of the material after it is mined in the form in which and the place where it is held. In the case of integrated operations in which the material is not disposed of as such, these terms mean what is or would be gross income from mining operations for percentage depletion purposes in income tax determination.

d. Lien for Payment.--To secure the payment of its percentage royalty, the Government shall have and is hereby granted a lien upon the land described in Article 2 and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

e. Notice to Purchasers.--The Operator shall notify any purchaser of the production of the Government's royalty interest, and shall authorize and direct the purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets; but failure or refusal by the purchaser to comply shall not relieve the Operator of liability to pay any royalty falling due.

f. No Obligation to Produce.--This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

MF-203
(Revised July 1, 1953)

OWNER'S CONSENT TO LIEN

DEPARTMENT OF THE INTERIOR
Bureau of Land Management
RECEIVED

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of Washington, County of Stevens, described as follows:1/

~~NE¼NE¼ of Section 34; N½NW¼ of Section 35; S½SW¼ of Section 26; ex-~~ cepting approximately two square acres in the extreme northwest corner, ~~which area is described in said option to purchase, all in Township~~ 39 North, Range 41 E.W.M.

which is the subject of a proposed exploration project contract, hereinafter called the "contract", between the United States of America, hereinafter called the "Government", and

2/ ~~Grandview Mines, 310 Radio Central Bldg., Spokane 4, Washington~~

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production (as set forth on the reverse side hereof) and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

NOW THEREFORE, the undersigned, in consideration of said contract and as an inducement to the Government to enter into same, undertakes and agrees as follows:

1. The Government's equity in and right to dismantle, sever, take possession of, and remove and dispose of facilities, buildings, fixtures, equipment, or other items as provided in the contract, or any amendment thereof, shall prevail over and be prior and superior to any conflicting or adverse rights of the undersigned, and the Government is authorized to enter upon the land for such purposes.

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract, or any amendment thereof, there is hereby granted to the Government a lien upon the land above referred to and upon any production of minerals therefrom, until said royalty is fully paid or ten years have elapsed from the date of the contract, whichever occurs first.

3. The undersigned shall commit no act nor assert any claim that may contravene or conflict with the lien, claim, or rights of the Government under the provisions of said contract. This agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of the undersigned.

4. Changes and added provisions **Item 2 includes barite.**

Dated this 26th day of September, 1953.

Albert G. Lobe [Seal]

Eva M. Lobe [Seal]

[Seal]

1/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in book _____ page _____ official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

2/ Insert the name of the Operator as it will appear in the exploration project contract.

3/ Mining or production from the land is not required, and in the absence of production there is no obligation to repay the Government.

Repayment by Operator.--a. Certification.--If at any time the Government considers that a discovery or development from which production may be made has resulted from the exploration work, the Government, at any time not later than six months after the Operator has rendered the final report and final account, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

b. Percentage royalty.--The Operator, or his successor in interest, shall pay to the Government a royalty on all minerals mined or produced from the land described in Article 2,--(1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification of discovery or development, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first, unless the Government waives its right to a royalty; or (2) if the Government makes a certification of discovery or development, for a period of ten years (or other period fixed by the contract) from the date of the contract, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first. Said royalty shall be a percentage of the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, as follows:

(a) One and one-half ($1\frac{1}{2}$) percent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(b) One and one-half ($1\frac{1}{2}$) percent of any such net amounts, plus one-half ($\frac{1}{2}$) percent of such net amounts for each additional full fifty cents ($0.50) by which such net amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such net amounts.

(For instance: the percentage royalty on a net amount of five dollars ($5.00) per ton, would be one and one-half ($1\frac{1}{2}$) percent; on a net amount of ten dollars ($10.00) per ton, three and one-half ($3\frac{1}{2}$) percent.)

c. Definitions.--As here used, "net smelter returns", "net concentrator returns", and "other net amounts realized from the sale or other disposition", mean gross revenue from sales; or if not sold, the market value of the material after it is mined in the form in which and the place where it is held. In the case of integrated operations in which the material is not disposed of as such, these terms mean what is or would be gross income from mining operations for percentage depletion purposes in income tax determination.

d. Lien for Payment.--To secure the payment of its percentage royalty, the Government shall have and is hereby granted a lien upon the land described in Article 2 and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

e. Notice to Purchasers.--The Operator shall notify any purchaser of the production of the Government's royalty interest, and shall authorize and direct the purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets; but failure or refusal by the purchaser to comply shall not relieve the Operator of liability to pay any royalty falling due.

f. No Obligation to Produce.--This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

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

RECEIVED
NOV 22 1954

November 12, 1954

Mrs. Myrtle Purdy
Certifying Officer
DMEA Field Team, Region II
1201 N. Division Street
Spokane 2, Washington

Re: Docket No. DMEA 3073 (lead-zinc)
Grandview Mines, Inc.
Dosser-Maki-Lotze Prospect
Stevens County, Washington
Contract No. Idm-E605

Dear Mrs. Purdy:

The subject contract was terminated by mutual agreement before completion of the work. All work performed was completed to the satisfaction of the Government.

The Operator has submitted a final report evaluating the results of the work, which has been accepted as satisfactory by the Executive Officer.

There are no items of equipment, materials or supplies in which the Government has an equity.

The Field Team will not recommend a Certification of Discovery on the project.

It is requested that the Operator's final invoice be paid after the final audit is made, since all contract requirements have been met.

Sincerely yours,

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

cc: DMEA (2)
USBM (2)

COPY

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

November 4, 1954

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

Re: Docket No. DMEA-3073 (Lead-Zonc)
Grandview Mines, Inc.
Dosser-Maki-Lotze Prospect
Stevens County, Washington
Contract No. Idm-E605

Dear Mr. Selfridge:

Enclosed are the original and two signed copies of an agreement mutually terminating the cited contract.

Distribution of this agreement is being made in the usual manner.

Sincerely,

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

Enclosure
cc: Finance Office w/encl.
USBM (2)
Puffett

Department of the Interior
Defense Minerals Administration
RECEIVED
NOV 8 - 1954

So. 157 Howard Street
Spokane 4, Washington

October 29, 1954

Mr. Karl W. Jasper, President
Grandview Mines, Inc.
310-311 Radio Central Building
Spokane 4, Washington

Re: Docket No. DMEA-3073 (lead-zinc)
Dosser-Maki-Lotze Prospect
Stevens County, Washington
Contract No. Idm-E605

Dear Mr. Jasper:

In your letter of September 7, 1954, you requested termination of the above-cited contract because, on the basis of results to date, further expenditures under the contract were not warranted. Our Washington office has agreed to a mutual termination agreement.

Enclosed are the original and 6 copies of this agreement, effective September 10, 1954. Would you please sign all copies, retain that copy marked for the Operator, and return the rest to this office.

Since this was a unit cost contract, the Government does not have an equity in any materials, supplies, or equipment; you have furnished us with a final engineering report, which has been accepted as adequate; and your final MF-104 has been received. As is customary, we are obliged to withhold approximately 10 percent of the amount due you on your last MF-104, which was in the amount of $4,081.00, pending a final audit. As soon as this audit review is made, we shall close out the contract.

We regret that the project was unsuccessful in finding lead and zinc. It's too bad pyrite does not have more value!

Very truly yours,

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

cc: Wash. (2)

XXXXXXXXXXXXXXXX
So. 157 Howard Street
Spokane 4, Washington

OCT 25 1954

October 15, 1954

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

Re: Docket No. DMEA-3073 (lead-zinc)
Grandview Mines, Inc.
Dosser-Maki-Lotze Prospect
Stevens County, Washington
Contract No. Idm-E605

Dear Mr. Selfridge:

This is in reference to your letter of September 27, 1954, wherein the Field Team is requested to investigate the possibility of the pyrite ore body becoming of value within the next 10 years as a source of sulphur. We think that this is a very unlikely possibility, for it does not seem probable that pyrite ore bodies in this area are very likely to compete with the sulphuric acid produced from the Trail smelter and the Bunker Hill smelter, which has just gone into the production of sulphuric acid. There are pyrite bodies in the Cascades in Washington which, being much larger, undoubtedly would be mined before the Dosser-Maki-Lotze body which, after all, is of no tremendous size. As a matter of fact the Grandview management told us some time ago that they had made some inquiries in this direction but did not receive enough encouragement to follow this up.

It is our opinion then that although there is a possibility that pyrite ore bodies in this area may be mined as a source of sulphur at some time in the future, it will be much more than 10 years before such bodies as occur in the Dosser-Maki-Lotze prospect can be mined for this purpose.

By Field Team, Region II

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

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

cc: USBM (2)
Puffett

SEP 27 1954

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

Re: Docket No. DMEA-3073 (Lead-Zinc)
Grandview Mines, Inc.
Dosser-Maki-Leize Prospect
Stevens County, Washington
Contract No. Idm-F605

Dear Mr. Weissenborn:

In reference to your letter of September 9, 1954, regarding the cited contract, we are in agreement with you that this contract should be terminated. This is your authority to terminate the contract by mutual agreement.

Please investigate the possibility of the pyrite ore body becoming of value within the next ten years as a source of sulphur. If this should appear possible, the Government's right to royalty should be preserved.

We would appreciate receiving the Field Team final report at your earliest convenience.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

APPROVED:
J. H. Hedges

Member, Bureau of Mines

Thor H. Kiilsgaard

Member, Geological Survey

JWAlt/WRGriswold/bjl (9/24/54)
(rewrite)

Copy to: Docket
Admr. R. File
Op. Committee
Base Metals
Mr. Bishop
Mr. Kiilsgaard
Chron.

[illegible]
So. 157 Howard Street
Spokane 4, Washington

September 9, 1954

Alt
Betty

Mr. George H. Wolfridge, Chairman
Operating Committee, [illegible]
Department of the Interior
Washington 25, D. C.

Re: Docket No. [illegible]-3073 (Local-Lane)
Grandview Mines
Dosser-Kirl-Lotze
Stevens County, Washington
Contract No. [illegible]-60

Dear Mr. Wolfridge:

In our letter of September 3 we enclosed a report from Grandview Mines regarding the Dosser-Kirl-Lotze contract and briefly discussed the results of the drilling under that contract.

In a letter dated September 7, copies of which are enclosed, Karl [illegible] Dosser, President of the company, has made a formal request to terminate the contract on the basis that results to date do not warrant further expenditures under the contract. Of the 5,2[illegible] feet of drilling allowed under the contract, 3,[illegible] feet have been utilized and 1,315 feet remain. We agree with the Grandview Mines Company that further drilling would not be justified and recommend termination of the contract by mutual agreement on the basis of the improbability of making a discovery. We ask you please authorize us to terminate the contract.

[illegible] Field Area, Region II

[illegible], Executive Officer
(U. S. Geological Survey)

[illegible], Director
(U. S. Bureau of Mines)

Enclosure
cc: [illegible](2)
[illegible]
Certifying Officer

September 7, 1954

D M E A Field Office
U S G S
Mineral's Deposit Branch
S 157 Howard
Spokane, Washington

Attn: Mr. Puffet

Dear Sir:

Please be informed at this time that Grandview Mines wishes to terminate the D M E A Contract number 3073 commonly known as the Dosser,Maki, Lotz Diamond Drilling Contract.

We feel that results up to the present time do not warrant further expenditures under this contract and that minerals of insufficient values and quantities necessitate our discontinuance of the work on this ground.

Very truly yours,

/s/

Kark W. Jasper, President
GRANDVIEW MINES

C
O
P
Y

[redacted]
So. 157 Howard Street
Spokane 4, Washington

September 8, 1954

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

Re: Docket No. DMEA-3073 (lead-zinc)
Grandview Mines, Inc.
Danner-Maki-Lotus Prospect
Stevens County, Washington
Contract No. [illegible]

Dear Mr. Selfridge:

Attached are the original and 2 copies of a final report from Grandview Mines, Inc., summarizing the results of the diamond drilling on the Danner-Maki-Lotus property in Stevens County, Washington. It is acceptable to the Field Team.

The object of the project was to explore an iron-stained gossan. Six diamond drill holes were drilled and the results of the drilling have indicated a body of massive pyrite. Company engineers estimate that about 165,000 tons of this material have been indicated by the drilling. The body averages about 16 feet thick and assays 33.5 percent iron. 0.2 ounce silver, 0.3 percent lead, 0.0075 ounce gold, and less than 0.1 percent zinc.

On the basis of these assays no Certification of Discovery or Development will be recommended.

A final Field Team report will be prepared as soon as practicable.

By Field Team, Region II

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

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

Enclosure
cc: USGS (2)
Certifying Officer
Paffett

General Summa[illegible] of Diamond Drilling Results fr[illegible] Lotze D.D. holes #1 to #9, Drilled Under DMEA Docket No. 3073.

Drilling on this project was initiated with the intention of exploring the projected extension at depth of a gossan about 80 feet wide and several hundred feet long, which on the surface across about 40 feet of its width and for a distance of about 150 feet of its length assayed a little over 2% lead; plus 1 Oz. Ag; and plus 40% Fe. The mineralized surface material is all oxidized and the gossan is composed mainly of limonitic iron oxides and other oxidation products, with minor cherty and dolomitic material.

Nine holes were drilled for a total length of 3885 feet. The holes were all drilled to the north of the exposed gossan which on the surface strikes east-west and dips about 60° north. The gossan lies within a bed of blue-gray dolomite which underlies black thin-bedded slate. Slate, dolomite, and gossan all have about the same strike and all dip to the north at 60° and less.

Primary sulfide mineralization was first intersected in D. D. Hole #1 about 300 feet down dip from the outcropping gossan. This mineralization was composed of 15.5 feet of almost solid pyrite which assayed 35.7% Fe, 0.1 oz. Ag, 0.4% Pb, and 0.2% Zn. Similar mineralization of substantial width was encountered in D. D. #4, #5, and #6, holes adjacent to #1 on the east, northeast, and north. The pyrite band varied from 6 to 30 feet thick in these holes.

Holes #2, #3, and #7 to the west and north of D. D. #1 did not encounter significant mineralization. Holes #8, about 300 feet to the east of #1, and #9 to the north, both cut the same dolomite band in which the strong pyrite zones were found but in each of these holes the thickness of the solid pyrite bands was only about one foot. It is possible that the thick pyrite zone continues down dip towards the northeast between holes #8 and #9. The purpose of this project, however, was to outline a possible ore body of lead and zinc and as drilling in hole #9, a distance of almost 800 feet down dip from the exposed gossan did not show an increase in lead and zinc mineralization, drilling and further exploration was discontinued.

A body of pyrite with minor precious metal content was outlined by holes #1, #4, #5, and #6. This pyrite body can reasonably be expected to be continuous for 300 feet from south to north down its dip at about 35 to 40 degrees, and for 200 feet east and west along its strike, and to average about 16 feet thick assaying about 33.5% Fe, 0.2 oz. Ag, 0.3% Pb, 0.0075 oz. Au, and less than 0.1% Zn. 125,000 tons of ore of this type is available as a result of the drilling. Continuity of the heavy pyrite zone downward and to the northeast could only be demonstrated by continued drilling. Holes drilled to the north and east would be little if at all longer than holes drilled under this project as the surface slope to the north is about the same as the expected northward dip of the mineralized zone.

Assays for sulfur were not made. The sulfur content of the pyrite ore, estimated from the iron-sulfur ratio in pyrite, would be about 38.5%.

RECEIVED
BUREAU OF MINES
AUG 16 1954
SPOKANE, WASH.

RECEIVED
SEP 7 1954
U. S. G. S.
SPOKANE, WASH

Grandview Mines
Dosser-Maki-Lotze Prospect
Stevens County, Washington
Contract Idm-E605
Docket No. DMEA 3073 (lead-zinc)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
~~XXXXXXXXXXXXXXXXXX~~
No. 157 Howard Street
Spokane 4, Washington

June 17, 1954

Grandview Mines
Suite 510-511 Radio Central Building
Spokane 4, Washington

Re: Docket No. DMA-3075 (Lead-Zinc)
Grandview Mines
Foster-Mann-Lotus Prospect
Stevens County, Washington
Contract No. 1dr-3605

Gentlemen:

Diamond drilling of Stage I of the above contract has been successful in partially outlining a fairly large body of pyrite containing scattered quantities of lead-zinc mineralization. These results suggest the pyrite could be a halo around a lead-zinc ore body. For this reason it is believed the property warrants further exploration.

The contract specifies that work under Stage II can be undertaken only by approval of the Government. Therefore, you may accept this letter as DMEA's approval of the drilling authorized under Stage II.

By Field Team, Region II

King G. Agnew, Acting Executive Officer
U. S. Bureau of Mines

Thor H. Kalliguri, Acting Director
U. S. Geological Survey

cc: DMEA (2)
USBM (2)
Puffett
Cert. Officer

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

FEB 18 1954

Mr. A. E. Weinzenbern
Executive Officer
DMEA Field Team, Region II
South 197 Howard Street
Spokane 4, Washington

Re: Docket No DMEA-2929 (Lead-Zinc)
Marthauer Prospect
Grandview Mines, Inc.
Contract Idm-5587
and
Docket No DMEA-3073 (Lead-Zinc)
Dunner-Maki-Lotus Prospect
Grandview Mines, Inc
Contract Idm-5605
Stevens County, Washington

Dear Mr. Weinzenbern:

This responds to your letter of January 19 informing us of the recess amendments executed in connection with the subject contracts and raising the question, in general, as to the necessity for such recess amendments in connection with short-form contracts.

In connection with the question raised, your letter stated that Government contribution is required under the short-form contract only for units of work performed; that the contract does not require that the Operator work continuously, so long as the work is completed within the time stated in Article 3; and that winter shutdowns are usually taken into account when estimating the time for completion of the project. In these circumstances, your letter concluded that an informal understanding with the Operator, confirmed either by a letter or by a statement in the monthly report that the Operator intends to shut down for winter, would suffice and make unnecessary a formal agreement.

We concur in the understanding which you have of the necessity for formal recess agreements in connection with short-form contracts. However, there may be occasions when, under a short-form contract, a recess is desired by the Operator for reasons other than winter weather. In such cases, it might be well to have a formal agreement with the

Operator specifying the date when work should be resumed. Then, in the event that work was not resumed as specified in the formal agreement, the Operator's default would be clear.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Approved:

J. H. Hedges

Member, Bureau of Mines

Philip W. Guild

Member, Geological Survey

HCRubin/emd
2/10/54
Copy to: Docket (2)
Adm. R. File
Op. Comm.
Mr. Kimmel
Mr. Bishop
W. R. Grimmald (2)
J. L. Hoffland
H. C. Rubin
chron.
pending

February 5, 1954

Memorandum

To: Chief Counsel

From: Base Metals Division

Subject: Reply to letter of January 19, 1954, from [illegible] Weissenborn, Executive Officer, Region II, regarding Docket No. [illegible]-3023 (Lead-Zinc), Contract No. Idm-[illegible]05, Grandview Mines, Inc., Dosser-Maki-Lotze Prospect, and Docket No. [illegible]-2929 (Lead-Zinc), Contract No. Idm-[illegible]587, Grandview Mines, Bartbauer Prospect

Will you please answer [illegible] Weissenborn's letter of January 19, 1954. He would like an opinion regarding the reopening of unit cost contracts.

/s/

J. W. Alt

JWAlt/bjl

Copy to: Docket (2)
Base Metals (2)
Chron

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

XXXXXXXXXXXXXXXXX
No. 157 Howard Street
Spokane 4, Washington

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

Re: Docket No. DME-5073 (lead-zinc)
Dosser-Mahl-Lotze Prospect
Contract Idm-5605
and
Docket No. DME-[illegible] (lead-zinc)
Hartbauer Prospect
Contract Idm-5671

Dear Mr. Selfridge:

In response to your letter of January 6, we have obtained an amendment to the two above-mentioned contracts permitting a winter recess until July 1, 1954. Naturally, the operator hopes to resume operations before that date but bad mud conditions have sometimes made an early start to drilling rather costly. As we interpret the standard form of the amendment, the Dosser-Mahl-Lotze project, for instance, would be recessed from November 22, 1953, to not later than July 1, 1954, which means, as we understand it, that the operator could start work sooner than July 1 without any amendment to the contract.

We have not always made amendments to permit recess of unit-cost contracts because we are somewhat unclear as to the situation. With a unit-cost contract, no cost is incurred by the Government unless work is actually done. There is nothing in the contract which states that the operator must work continuously on the contract, the only provision is that he must do the work in such a manner as to bring the contract to a close at a specified time. Usually winter shutdowns have been taken into consideration in fixing the duration of the contract. We have thought therefore that a simple understanding with the operator, confirmed either by means of a letter or by a statement in his monthly report attached to his MF-104 form that he intends to shut down for winter would be sufficient and make unnecessary a formal amendment. In the case

of an actual-cost contract the situation is in some respects the same, but there is a difference in that there has to be a clear understanding that the Government will not contribute to any costs incurred during the shutdown, and therefore a formal amendment is usually desirable.

We would appreciate your comments on this matter of recessing of unit-cost contracts.

Sincerely yours,

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

cc: USBM (2)
Puffett

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

Betty

January 14, 1954

Mr. Karl W. Jasper, President
Grandview Mines, Inc.
310-311 Radio Centeral Building
Spokane, Washington

Re: Docket No. DMEA-3073 (Lead-Zinc)
Dosser-Maki-Lotse Prospect
Contract Idm-E605
and
Docket No. DMEA-2929 (Lead-Zinc)
Hartbauer Prospect
Contract Idm-E587

Dear Mr. Jasper:

In accordance with our telephone conversation of this morning, I am enclosing copies of amendments to the two Grandview contracts to permit winter recess.

You will note that the amendments state that the project work shall be recessed during the period from November 22, 1953 (or December 5, 1953) to not later than July 1, 1954. In my interpretation, the words "not later than" will not prevent the starting of work sooner than July 1, if this is practicable.

Please sign all copies of the amendment, retain for your own files those marked "Operator's Copy," and return the rest to us.

Sincerely yours,

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

C
O
P
Y

JAN - 8 1954

Mr. [illegible] Meisenborn
Executive Officer
[illegible] Field Mgr., Region II
South 157 Howard Street
Spokane 8, Washington

Re: Docket No. [illegible] 3073 ([illegible])
Meadview Mines, Inc.
Queen-Laki-Lotse Project
Stevens County, Washington
Contract No. [illegible]-4605

Dear Mr. Meisenborn:

We have received the Operator's Monthly Report and Voucher (Form [illegible]-104) for the above contract for the month of November 1953. On this report it states: "Partial payment, $250.00 withheld. Project is recessed for winter."

If you have not already done so, and if in agreement, will you please prepare an amendment allowing the Operator to recess the work of this contract from the time that work had stopped until the date that you think operations should be resumed.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Concurred:

J. H. Hedges

Member, Bureau of Mines

D. M. Larrabee

Member, Geological Survey

Jwatt/amj (1-6-54)

CC to: Docket
Adm. F. File
Op. Committee
Base Metals Div.
Mr. Kinkel
Mr. Bishop
Chron.

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

So. 157 Howard Street
Spokane 4, Washington

October 1, 1953

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

Re: Docket No. DMEA-3073 (lead-zinc)
Grandview Mines, Inc.
Dosser-Maki-Lotze Prospect
Stevens County, Washington
Contract Lim-8605

Dear Mr. Selfridge:

Enclosed are the original and two signed copies of the above-referenced contract. Distribution of this contract is being made in the usual manner.

Regarding the third paragraph of your letter dated September 22, 1953, forwarding the contract to the field for signature, we wish to point out that the designation of Lots 1, 2, and 5 is a descriptive surveying term only and should not be construed with ground owned by the Government.

Sincerely yours,

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

Enclosure

cc: Finance Officer w/encl.
USBM (2)
Puffett

500

Notebook

SEP 22 1953

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

Re: Docket No. DMVA-3073 (Lead-Zinc)
Grandview Mines, Inc.
Dosser-Mari-Lotze Prospect
Stevens County, Washington

Dear Mr. Weissenborn:

We are enclosing the original and five copies of the above contract, signed by this office for the Government, together with Annex I, Exhibit "A" (1 page), and two maps, and annex II

In reference to a telephone conversation with Mr. Thor Kiilsgaard on September 15, 1953, regarding the Owners' Consents to Lien for the above contract, we have consulted the Chief Counsel's Office and have been advised that it will be necessary to have the revised forms of the Owners' Consent to Lien executed as requested in our letter of September 8, 1953. The old executed forms are not acceptable because various amounts of money were stipulated on these forms, and also because it is now required that the revised forms be used as they conform to the terms stipulated in the contract. When the revised forms have been properly executed please attach them to the contract.

The Chief Counsel's Office advises that inquiry should be made of the lessors as to their right to lease or sublease Government Lots 1, 2, and 5 to the Operator. If they have the right to lease or sublease this property, then the contract may be delivered to the Applicant. If you have any doubt as to the Applicant's rights in these Government lots, the matter should be referred to the Washington office for further study.

If the contract meets with your approval, kindly present it to the Applicant for approval and signature and, when completed, distribute the copies in the usual manner. In the event that the contract is not satisfactory and cannot be amended within your delegated authority, return all copies with your recommendation concerning any modification.

It will be necessary to insert in the contract, in the space provided under Article 3, the number of days from the date of the contract in which work shall commence.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Enclosures 6

APPROVED:

J. H. Hedges

Member, Bureau of Mines

A. R. Kinkel, Jr.

Member, Geological Survey

JWAlt/bjl (9/21/53)

Copy to: Docket
Admr. R. File
Op. Committee
Base Metals
Mr. Bishop
Mr. Kinkel
Chron.

P.S. In Item 4 of the Owner's Consent to Lien for the Lotze property, insert "Item 2 includes barite".

DMFA

JWAlt/bjl

3669 4058

Notebook

September 16, 1953

A. F. Weissenborn, Executive Officer, DMFA Field Team, Region II, Spokane Washington

Re phone conversation with Killegaard September 15 regarding Docket DMFA-3073, Grandview Mines Inc. Have new Owner's Consents to Lien forms signed per letter September 8. Air mail letter follows.

George C. Selfridge
Chairman, Operating Committee

JWAlt/bjl

Copy to: Docket
Admr. R. File
Op. Committee
Base Metals
Audits
Mr. Bishop (USBM)
Mr. Kinkel (USGS)
Chron.

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

500

Notebook

September 15, 1953

Memorandum for the Files

Subject: Grandview Mines, Inc., Dosser-Maki-Lotze Prospect, Docket No. DMEA-3073 (Lead-Zinc)

In a telephone conversation of this date with Mr. Thor Kiilsgaard, he asked if it would not be possible to use the Owner's Consents to Lien that were executed on the old forms.

It was the advice of the Chief Counsel's Office that the Applicant be required to execute on the revised Owner's Consent to Lien forms. On September 8, we informed the Field Team of the above suggestion and requested them to have the Applicant obtain the signatures of the lessors on the revised Owner's consent to Lien forms. We informed Mr. Kiilsgaard that we would take this matter up with legal again, and would teletype him the results of the conversation.

Legal again informed us that the executed revised Owner's Consents to Lien forms would be necessary, that these were revised to conform with the terms of the contract, and that furthermore the old forms submitted with the application stipulated various amounts of money for the different leases.

J. W. Alt

J. W. Alt

SEP 8 - 1953

Mr. [illegible] Weissenborn, Executive Officer
Mid-Field Team, Region II
South 157 Howard Street
Spokane 2, Washington

Re: Docket No. [illegible] 3073 (Land- Inc)
Grandview Mines, Inc.
Lesser-Yaki-Lotze Prospect
Stevens County, Washington

Dear Mr. Weissenborn:

We are returning the Owner's Consents to Lien, which accompanied the application. It will be necessary for the applicant to obtain the signatures of the lessors on the revised Owner's Consent to Lien forms. When these forms have been signed, they can be held in your office and attached to the contract when it is mailed to you for the operator's signature.

The contract will be ready for mailing as soon as we receive the information requested in our letter to you dated September 3, 1953.

Sincerely yours,

Ernest Wm. Ellis

ACTING [illegible] Leasing Committee

Enclosure
MAY WILL:

W. H. Hedges

Member, Bureau of Mines

A. R. Kinkel, Jr.

Member, Geological Survey

JMAnt/hmj (9/3/53)
CC to: Docket
Adm. R. File
Ch. Committee
Base Metals Div.
Mr. Kinkel
Mr. Bishop
Chron.

500

Notebook

SEP 3 1953

Air Mail

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

Re: Docket No. DMEA-3073 (Lead-Zinc)
Grandview Mines, Inc.
Dosser-Taki-Lotze Prospect
Stevens County, Washington

Dear Mr. Weissenborn:

With reference to the above application, and for your information, we are enclosing a copy of the memorandum of September 3, 1953, from the Chief Counsel regarding the property rights of the Applicant.

The contract has been prepared and is now in our Legal Division where it is being completed. When the points brought up by the Chief Counsel have been properly clarified, the copies of the covering documents must be mailed to us for legal review and approval, after which the usual contract and copies will be mailed to you.

Sincerely yours,

Ernest Wm. Ellis

ACTING Chairman, Operating Committee

Enclosure
APPROVED:

M. H. Kline
Member, Bureau of Mines

A. R. Kinkel, Jr.
Member, Geological Survey

JWAlt/hmj (9/2/53)
CC to: Docket
Adm. R. File
Op. Committee
Base Metals Division
Mr. Kinkel
Mr. Bishop
Chron.

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

September 3, 1953

Memorandum

To: The Administrator
Through: Mr. W. R. Griswold

From: Chief Counsel

Subject: Grandview Mines, Inc., Docket No. DMEA-3073 (Lead-Zinc)

At Division request, the contract in this case is being prepared. However, your attention is invited to the fact that the Operator has only an option to purchase the mineral rights in the property owned by Albert G. and Eva M. Lotze. A deed to this "property" has been placed in escrow with the Seattle First National Bank to be delivered after payments due in 1952, 1954, 1955, 1956, and 1957 have been made for a total purchase price of $20,000.

The sellers have signed an Owner's Consent to Lien. However, there is no explicit permission in any of the agreements allowing the Operator to enter upon the property and mine it before the purchase is consummated by payment of the full purchase price. Since some of the project work is to be conducted on this property, before a contract can be entered into, the Operator must obtain a written statement from Albert G. and Eva M. Lotze to the effect that the Operator now has the right to exercise its mineral rights in the property, and as long thereafter as it does not default in making payments.

The Dosser lease leases to the Operator all or part of Government Lots 1, 2, and 5. Inquiry should be made of the lessors as to their right to lease Government property to the Operator. If this is a sublease, the lessors' own lease should be examined to ascertain whether subleasing is permissible. It may be that the use of the term "Government Lot" is only a method of description and that the property is not really Government property at all.

AEKane/emd
Copy to: Docket
W.R.Griswold
J.L.Hofflund
A.E.Kane
chron.

/S/ AEKane
for J. L. Hofflund
Chief Counsel

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

Notebook

September 1, 1953

MEMORANDUM FOR THE FILES

Subject: Docket No. DMEA-3073, Grandview Mines, (Dosser-Maki-Lotze Prospect), Stevens County, Washington.

On September 1, 1953, I discussed with Mr. Kane the legality of the Applicant's property rights regarding the Lotze Option to purchase agreement. I referred him to the letter of August 21, 1953, and map that had been received from Mr. Thor Kiilsgaard of Region II.

Mr. Kane was of the opinion that everything was in good order and that it would be all right to proceed with the drawing up of the contract.

J. W. Alt

J. W. Alt

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

August 20, 1953

Docket Pending

Memorandum for the Files

Subject: Docket No. DMEA 3073, Granview Mines (Dosser-Maki-Lotze Prospect), Stevens County, Washington

On August 20, 1953, I phoned Mr. Thor Kiilsgaard, Region II, in regard to the above application. I told him that the Option to purchase and the Modification of Agreement for the Lotze Property do not give the Operator the right to mine and explore until it takes title and that we have no evidence in our files that it has taken title. Therefore the Applicant will have to give us evidence that it has the right to mine or explore by ownership or lease.

J. W. Alt

J. W. Alt

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

August 19, 1953

MEMORANDUM FOR THE FILES

Subject: Docket No. DMEA 3073, Grandview Mines, Inc.
(Dosser-Maki-Lotze Prospect), Stevens County, Washington.

On August 19, 1953, I phoned Mr. Thor Kiilsgaard, Region II, in regard to a property map for the above application. I told him that we had received the map from them but that this map would not suffice because it does not show the locations of these properties and the exceptions as made in the leases of the Dosser and Lotze properties.

I informed Mr. Kiilsgaard that the contract would be drawn in 2 stages on the short form. Stage I would allow 4 holes and 2,000 feet of diamond drilling. Stage II would be allowed, if approved by the Government, after the completion of Stage I. This stage would allow 3,200 feet of diamond drilling. He was also informed that this contract would be drawn up and would be presented to the Legal Department while we are waiting for the map.

J. W. Alt

J. W. Alt

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

August 11, 1953

Pending

Memorandum for the Files

Subject: Docket No. DMEA 3073 Grandview Mines
Dosser-Maki-Lotze Prospect, Stevens County,
Washington (Lead-Zinc)

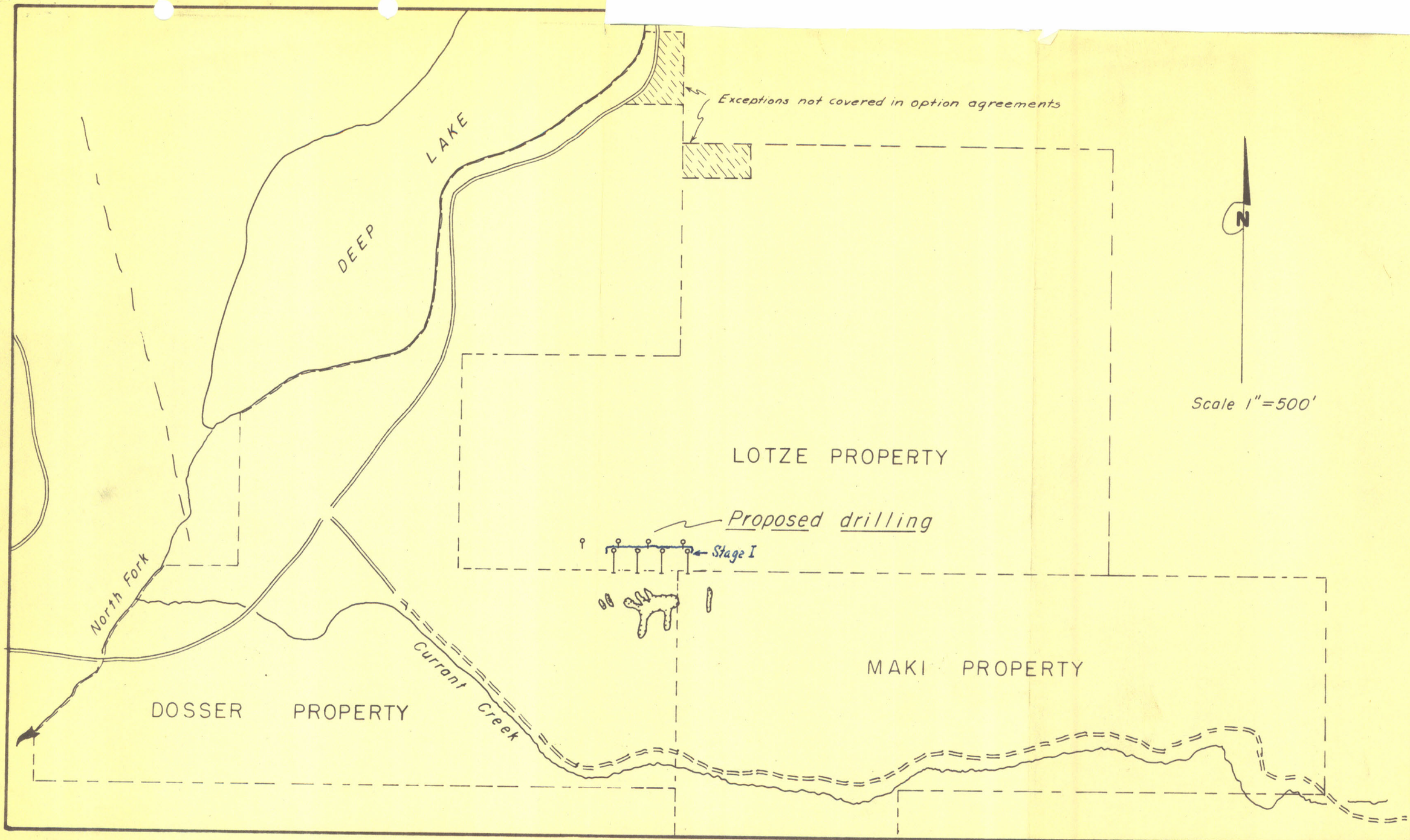
After completing the conversation with Mr. Kiilsgaard regarding Docket No. DMEA 3071, I talked to him in reference to the above application and informed him that we would need a map showing where these claims are located. We received a map from them, but this map does not show the location of the claims and on this map it shows the location of 8 drill holes which would be for 4,000 feet of diamond drilling. The Applicant requests 10 drill holes or 5,200 feet of diamond drilling. I asked Mr. Kiilsgaard if it was their intention to reduce the amount of drilling by only showing the location of 8 drill holes.

Mr. Kiilsgaard said he would take the matter up with the person who was familiar with the project.

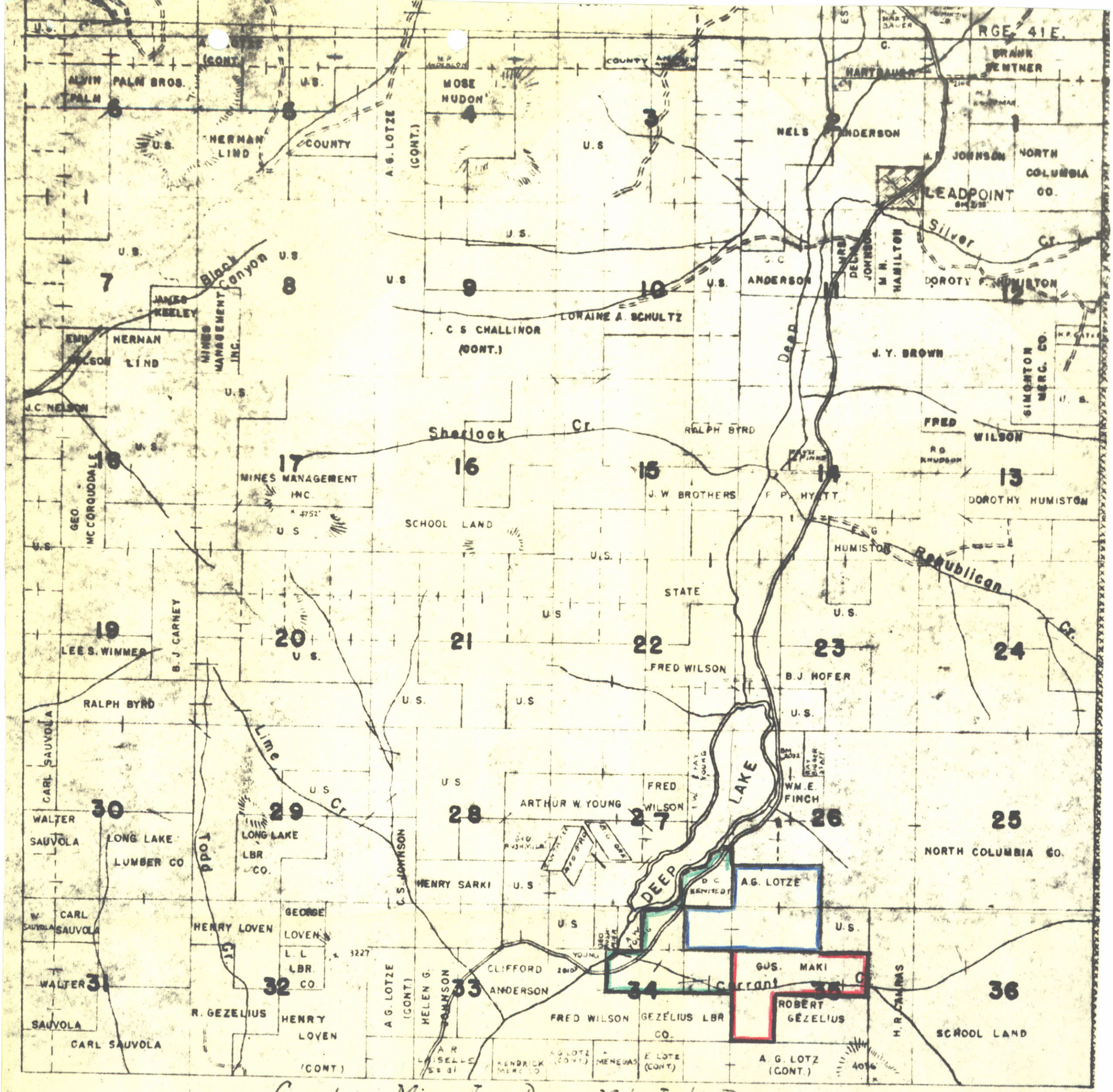
J. W. Alt

J. W. Alt

U. S. Department of the Interior.



Proposed diamond drilling at Grandview Mines, Stevens County. Washington. (Property East of Deep Lake)—Docket No. 3073-Pb, Zn.—



Grandview Mines, Inc., Dosser-Maki-Lotze Prospect
Docket No. DMEA-3073.